



Lindeteves - Jacoberg Limited

RENOWNED

BRAND NAME

RELIABLE

PRODUCTS & SERVICES

RESILIENT

AMID ECONOMY VOLATILITY

ANNUAL
REPORT
2015

CORPORATE PROFILE

Lindeteves-Jacoberg Limited is an established electric motors company. Our trademark **Brook Crompton** brand has been at the forefront of major technological breakthroughs in this arena, and is active in the supply of high-efficiency electric motors that also fulfil client needs for reliability and cost-effectiveness.

Through its commitment to quality and service, the Group has forged long-standing relationships with leading customers around the world. Always ready to devise solutions that satisfy the unique requirements of every client, we offer robust and versatile products that are widely deployed in sectors ranging from marine, mining and oil & gas to HVAC (heating, ventilation, air conditioning).

To bolster our position in key regions and facilitate our expansion to new markets, we have taken decisive steps to strengthen our supply chain and distribution channel.

Our expanded sales and marketing teams are moving rapidly to widen our client base across the continents. Under the flagship of **Brook Crompton**, *Brook Crompton UK Limited* covers the markets in the United Kingdom, the Middle East, North Africa and Continental Europe; *Brook Crompton USA, Inc* and *Brook Crompton Limited (Canada)* covers the North America market and *Brook Crompton Asia Pacific Pte Ltd* covers the Asia Pacific market.

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Under our
RENOWNED

brand name, BROOK CROMPTON, backed with decades of
global presence in the electric motors market, we have cultivated
a culture of offering **RELIABLE**
products and services.

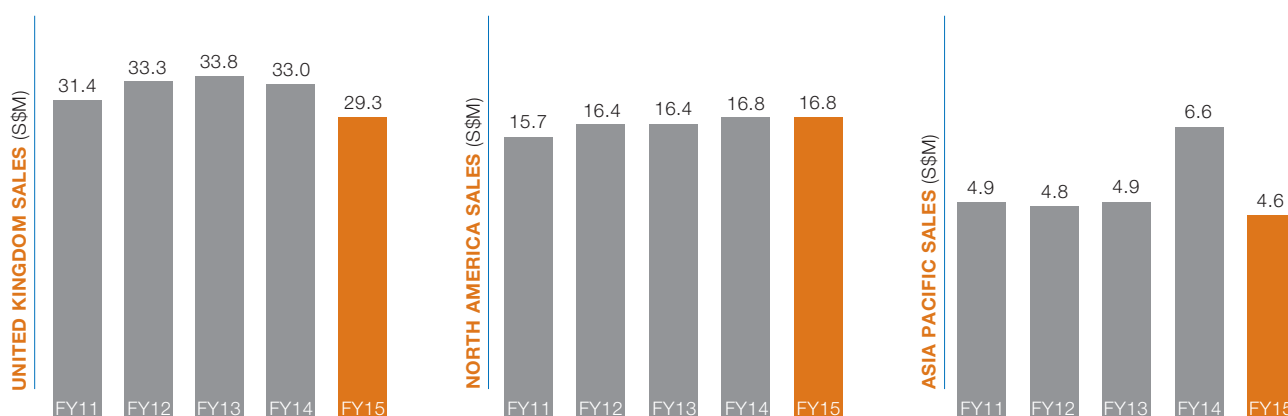
With the support of our strong team of suppliers, we manage a
wide range of products with varying capacity and efficiency which
cater to different categories of market segment, thus enabling us

to stay **RESILIENT**
in the face of economy and market volatility
seen over the past two years.

FINANCIAL HIGHLIGHTS

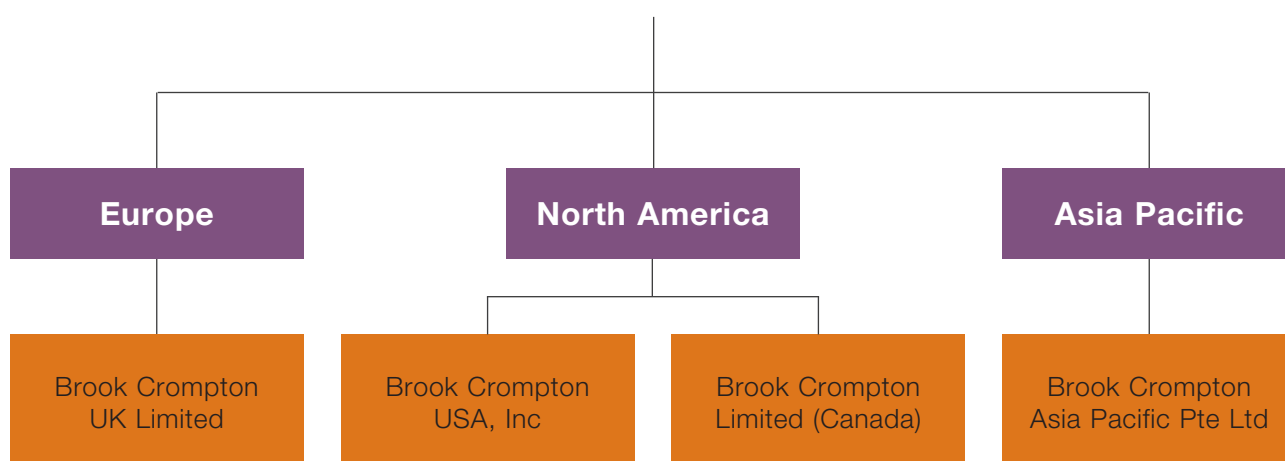
	FY2011	FY2012	FY2013	FY2014	FY2015
INCOME STATEMENT (S\$'000)					
Turnover	52,019	54,387	55,179	56,326	50,764
Profit/(Loss) from continuing operations	(4,259)	17,851	9,028	(16,593)	3,441
Total Profit/(Loss) attributable to shareholders	(4,259)	17,851	9,028	(16,593)	3,441
STATEMENT OF FINANCIAL POSITION (S\$'000)					
Non-current assets	2,475	2,616	6,613	5,170	3,078
Current assets	27,336	30,215	31,414	34,578	37,007
Current liabilities	42,281	17,179	14,440	14,038	14,291
Non-current liabilities	498	9,482	6,893	3,538	239
Shareholders' fund	(12,968)	6,170	16,694	22,172	25,555
STATEMENT OF CASHFLOWS (S\$'000)					
Net cash generated from (used in) operating activities	(5,139)	5,691	6,134	8,001	3,719
Net cash generated from (used in) investing activities	(54)	(298)	(149)	155	(195)
Net cash generated from (used in) financing activities	4,423	(3,517)	(4,654)	(3,612)	(4,692)
Cash & cash equivalents at the beginning of financial year	1,219	465	2,378	4,037	8,602
Effect of exchange rate fluctuation on cash held	16	37	328	21	338
Cash & cash equivalents at the end of financial year	465	2,378	4,037	8,602	7,772

SALES BY GEOGRAPHICAL SEGMENT



CORPORATE STRUCTURE

Lindeteves - Jacoberg Limited



Note: All are wholly-owned subsidiaries of the Company

GEOGRAPHIC PRESENCE



CHAIRMAN STATEMENT

“AS SINGAPORE CELEBRATED ITS GOLDEN JUBILEE YEAR, THE COMPANY RECEIVED THE PRESTIGIOUS GOLDEN JUBILEE BUSINESS AWARD IN RECOGNITION OF OUR ACHIEVEMENTS AND CONTRIBUTIONS IN THE BUSINESS COMMUNITY.”

DEAR VALUED SHAREHOLDERS,

The year 2015 was a challenging year not just for our Lindeteves-Jacoberg group but also for the whole economy. During the year, we experienced a slow down of the global economy which was also fueled by a plummeting of the fuel price to below US\$30 per barrel. Our revenue was consequently down by 9.9%, while gross profit fell by 11.3% as many of our end-users who were in the oil and gas industry have scaled back on committing to new projects.

In view of the highly competitive electric motor market where profit margins were being squeezed, we have implemented measures to streamline our processes. Together with our major shareholders who are also our major suppliers, we have managed to strategise ways to meet our customers' needs with reliable, prompt services and delivering quality products. Our ability to respond to market demand swiftly gave us a competitive edge against our competitors. This is a vital attribute for the business as the electric motor market is getting saturated with companies compressing their profit margins to stay afloat.

As part of our marketing strategy to promote our brand name Brook Crompton, the holding company of the Group will be undergoing a branding revamp in April 2016 whereby our holding company name will be changed from Lindeteves-Jacoberg Limited to Brook Crompton Holdings Ltd, pending approval of our shareholders at the coming EGM on 28th April 2016. This is to facilitate our marketing efforts of increasing public awareness of the brand name and reflect the Group's business global reach. The move will also allow us

to better align the Group's brand identity as the sole distributor of the Brook Crompton brand of motors for the purpose of creating a clearer identity.

Brook Crompton is a well-known global provider of electric motors for over 40 years with distribution network spanning the United Kingdom, Middle East, North Africa, Continental Europe, North America and the Asia-Pacific region. Together with the joint efforts of our major shareholders, the Group aims to widen and extend its existing sales channels. For consistency, all our subsidiaries' company name bear the brand name Brook Crompton and the region in which it operates.

Barring unforeseen circumstances, we expect fuel prices as an important indicator for the global economic development to remain on a low level. We therefore expect the global economy facing a difficult situation reaching the levels of the year 2015. This would also apply a number of challenges to our group which we will have to master especially in the area of sales and marketing. Nevertheless, we will continue to consolidate our stable position in the electric motors industry amidst challenging conditions as we strive to work closely with our suppliers, strengthen our sales channel and implement cost-savings initiatives across the board.

As Singapore celebrated its Golden Jubilee year, the Company received the prestigious Golden Jubilee Business Awards jointly commissioned by the ACRA, Singapore Business Federation and DP group. We were



amongst one of the 50 recipients to receive this award in recognition of our achievements and contributions in the local business community over the decades. We will continue to stay relevant and competitive as we progress into the next 50 years and beyond.

Acknowledgements

On behalf of the Board of Directors, I would like to extend a warm welcome to Prof Wang Xiangyao who joined us as an Independent Director in April 2015. We look forward to working together with Prof Wang in taking the Group forward.

I would like to express my gratitude to the Board of Directors for their invaluable guidance and advice that has steered the Group towards stability. I would also like to extend my deepest appreciation to the management and staff for staying resilient and committed during these challenging times. Last but not least, I want to thank our shareholders, clients and business partners for their staunch support and faith in our business model and strategy.

ANDREAS SCHINDLER
Chairman

STATEMENT

CEO

“ WE REMAIN COMMITTED TO FULFILLING CUSTOMERS’ DEMAND BY PROVIDING A WIDER RANGE OF PRODUCTS AND INVESTING IN MODIFICATION LINE. ”

FINANCIAL REVIEW

Financial Performance

For the twelve months ended 31 December 2015 (FY2015), Lindeteves-Jacoberg Limited and its subsidiaries (the Group) suffered a 9.9% drop in sales to S\$50.8 million. This was attributed to performance from Brook Crompton UK and Brook Crompton Asia Pacific, while sales from North America stayed at almost the same level as preceding year.

Correspondingly, gross profit for the reporting year stood at S\$17.9 million against S\$20.1 million in the previous year, while maintaining the gross profit margin of 35.2% and 35.7% respectively.

In the absence of a one-time loss on liquidation of dormant subsidiaries of S\$22.6 million, total expenses continued to drop by 7.9% to S\$13.3 million against S\$14.4 million in FY2014. Cost-saving mainly came from lower professional fees and financing cost, as we pared down the Euro loan extended by our intermediate holding company, Wolong Investment GmbH. Additionally, there was a contribution from an unrealized gain of S\$0.7 million in fair value of derivatives compared with the adverse position in previous year of S\$0.2 million.

However this was neutralized by the unrealized foreign exchange loss arising from revaluation of payables and overdraft facility held in unfavourable currencies. Distribution and marketing expenses gained 1.7% to S\$8.0 million as we continued to penetrate newer market.

As such, profit before tax stood at S\$5.0 million as compared with a loss of S\$15.5 million in FY2014 which included a one-time loss on liquidation of subsidiaries.

Cash Flow and Balance Sheet Highlights

In FY2015, net cash generated from operation declined from S\$8.0 million to S\$3.7 million due to reduced sales and an increase in inventories held for a wider range of products to meet customers’ needs. The Group accelerated loan repayment to Wolong Investment GmbH with the continuing profit generated from operation. The Wolong Investment loan was reduced to S\$1.7 million from the previous S\$5.9 million. As at 31 December 2015, net cash position was S\$7.8 million as compared to S\$8.6 million in the previous year. Meanwhile, shareholders’ equity increased from S\$22.2 million in FY2014 to S\$25.6 million in FY2015.

BUSINESS REVIEW

North America

For the financial year 2015, some of our major customers reduced their orders due to the downturn in the oil and gas industry. Hence, sales from the US dropped by 10% compared with the preceding year. Nevertheless, this was partially offset by the strengthening of the US dollar against the Singapore dollar. Concurrently, sales in Canada for the same reporting period surged by 11%. As a result, overall sales in North America translated into Singapore dollar was comparable with that of 2014.

Overall gross margin for the North America market was lower than that of FY2014, depressed by competitive pricing in the industry.

During the year, we have enhanced our inventory system to better manage our inventory as it was a major asset for our North America market. Special focus was given to track inventory usage to help us maintain an adequate range of products to satisfy our optimal stock holding level.

CEO STATEMENT

Additionally, as the US market has a wide geographical spread, transportation is thus a major consideration of our cost as we need to ensure timely delivery of products to our customers. To better manage our delivery schedule, we have set up warehouses at strategic locations and regularly assess their viability. We will continue to explore other feasible options, such as third party warehouses and enhanced consignee management, to facilitate our warehousing needs.

Asia Pacific

Sales in the Asia Pacific region had decreased by about 30%, although gross margin improved. The drop in sales was due to the poor regional economy, the dip in fuel price which adversely affected the oil and gas industry as well as the weakening of the currencies of our trading partners. Petronas, for which we are one of the selected licensed electric motor suppliers, announced that it would scale back on its call for tender and was relooking at separate sourcing alternatives to cut cost. The weakening of the currencies for some of our customers meant that their inventory holding power had reduced leading to reduced sales order.

As such, we had formulated a new sales team to penetrate into other newer markets, such as Korea and Japan, in an attempt to diversify our sales focus. These markets would take time to develop but our sales team has successfully established contact with Australia and other Asian regions. We will continue to source for funding to expand into new markets.

UK and Middle East

Sales contributed by the UK and Middle East regions dipped by about 11%, while gross margin remained stable. This geographical segment still maintained its position as the biggest revenue contributor of the Group, comprising 58% share of total revenue. Similarly, sales were affected by the drop in fuel prices. FY2015 saw the scaling down of some major British oil companies, such as BP cutting back 20% of its workforce in the North Sea.

To stay resilient in face of tough market

2015 has been a tough year for the Group. Nevertheless, we have been working closely with our suppliers to secure certification of products for global distribution, as well as pooling our resources to enhance

our market reach, so as to achieve a win-win situation for both parties in this synergistic alliance. This unity provides us with the ability to stay resilient under stiff competition. We remain committed to fulfilling various customers' demand by providing a wider range of products and investing in modification line.

As the Company's loan obligation to our intermediate holding company would be near completion in 1H2016, the Company is well poised to stabilise its market presence for market expansion. This would also have a positive impact of reducing our foreign exchange risk exposure.

CHEN YINGZHU

Chief Executive Officer

BOARD OF DIRECTORS

MR ANDREAS SCHINDLER,
CHAIRMAN,
NON-INDEPENDENT,
NON-EXECUTIVE DIRECTOR.

Mr Schindler was appointed as a Director of the Company and Chairman of the Board of Directors on 13 August 2012, after taking the helm at the Company's immediate holding company, ATB Austria Antriebstechnik AG ("ATB") as Chief Executive Officer in July 2012. He has been a pivotal member of the ATB management team since he joined the ATB Group in 2007, playing a key role in its restructuring. He also serves as Managing Director for some of ATB's operational units. Before joining the ATB Group, he held senior management positions at companies including Frantschach Packaging (now part of the Mondi Group) and Procter & Gamble. He earned a Masters in Business Administration from the Vienna University of Economics and Business after obtaining a diploma in electrical engineering from a technical college in Austria.

Mr Schindler is also a member of the Audit Committee and Remuneration Committee. He will be retiring pursuant to Article 104 of the Company's Constitution at the Company's forthcoming AGM scheduled on 28th April 2016. The Board has recommended to the shareholders his re-election at the forthcoming AGM.

MS CHEN YINGZHU,
EXECUTIVE DIRECTOR CUM
CHIEF EXECUTIVE OFFICER.

Ms Chen was appointed as the Director cum Chief Executive Officer of the Company on 1 March 2015. Before Ms Chen joined the Company, she served as the Chief Financial Officer of our immediate holding company ATB Austria Antriebstechnik AG. She also held directorship in several companies within the ATB and Wolong group. Following her appointment in the Company she relinquished all her positions in ATB and remains as Managing Director in Hong Kong Wolong Holding Group Co. Ltd under the Wolong Group. She brought with her over twenty years of managerial experience whilst with the Wolong Electric Group, mainly in connection with the Wolong's international trade. Ms Chen received her degree in management and marketing at Zhejiang University, and the China Europe International Business School.

Ms Chen is also a member of the Nominating Committee with effect from 1 March 2015.

Having been appointed as a director on 1 March 2015, she was last re-elected as a Director of the Company on 27th April 2015.

BOARD OF DIRECTORS

DR KNUT UNGER,
LEAD INDEPENDENT DIRECTOR.

Dr Unger was appointed as a Director of the Company on 01 August 2007. After completing his legal training in Germany, he participated in a European Community programme designed to help develop the judicial systems of emerging democracies in Eastern Europe. He has since worked as a solicitor in both Germany and Singapore. He is currently a partner at Luther LLP, where he primarily advises on European investment projects in Southeast Asia. He also serves on the advisory boards for various German and Austrian investments in Singapore, Malaysia and Hong Kong. Dr Unger holds a PhD in law from the University of Freiburg.

Dr Unger is also the Chairman of Nominating Committee and Remuneration Committee and a member of Audit Committee. He will be retiring pursuant to Article 104 of the Company's Constitution at the Company's forthcoming AGM scheduled on 28th April 2016. The Board has recommended to the shareholders his re-election at the forthcoming AGM.

PROF WANG XIANGYAO,
INDEPENDENT DIRECTOR.

Prof Wang was appointed as an Independent Director of the Company on 27th April 2015, following the outgoing of Mr Volker Zuleck on the same date. Prof Wang is also the Independent Director in Hangzhou Hengsheng Electronics Ltd.Co, Zhejiang Yasha Decoration Ltd. Co and Wolong Electric Group Co., Ltd. Prof Wang obtained his PhD in Accountancy in 1997. He has accumulated over 30 years of working experience in the financial field with commercial corporate exposure. Prof Wang is currently the president of the School of Accountancy, Zhejiang University of Finance and Economics and has been the professor in this faculty since 2002.

Prof Wang is the Chairman of the Audit Committee, member of the Nominating Committee and Remuneration Committee. Having been appointed as a director on 27th April 2015, he will be retiring pursuant to Article 108 of the Company's Constitution at the Company's forthcoming AGM scheduled on 28th April 2016. The Board has recommended to the shareholders his re-election at the forthcoming AGM.

MANAGEMENT TEAM

MS CHEN YINGZHU

(APPOINTED ON 1 MARCH 2015)
CHIEF EXECUTIVE OFFICER,
LINDETEVES-JACOBURG LIMITED

The CEO plays a crucial role in steering the Group and stabilising its businesses, secures strategic growth, responsible for the Group's overall performance, and oversees alignment of business strategies of the major shareholders with the Group, for the objective of optimising resources to create synergies for all units.

MS ELAINE TAN BEE LIN

CHIEF FINANCIAL OFFICER,
LINDETEVES-JACOBURG LIMITED

Ms Tan became Chief Financial Officer of the Company in January 2011. When she joined the Company as Group Financial Controller in 2008, she brought with her several years of experience in related fields at a statutory board, a listed company and a Big Four accounting firm. She is a Fellow of the Association of Chartered Certified Accountants in the UK and holds a Master of Business Administration from the University of Hull in Yorkshire, UK.

MR RICHARD EASON

CHIEF SALES OFFICER,
LINDETEVES-JACOBURG GROUP

Mr Eason was appointed as Chief Executive Officer of Brook Motors Ltd (the subsidiary of Brook Crompton UK Limited) in April 2009, in charge of developing distribution markets in the UK, Europe and the Middle East. After the restructuring of the Lindeteves-

Jacoburg Group in September 2010, he came under the direct employment of Brook Crompton UK Limited. He now holds the position as Chief Sales Officer, responsible for the sales strategies for the Group. He also oversees the overall operations in North America. Before joining the Group, he spent over 20 years in the electric motors and drives sector. Mr Eason holds a bachelor in environmental sciences from the Lancaster University in the UK.

MR PAUL HOPLEY

MANAGING DIRECTOR,
BROOK CROMPTON UK LIMITED

Mr Hopley was appointed as Managing Director of Brook Crompton UK Ltd, the Group's largest revenue earner, in 2013 and is responsible for overseeing the sales administration, procurement, operations and finance in the UK. His previous engagements include the roles of Chief Operating Officer & Chief Finance Officer within the UK business. He has been employed in various Financial & Administrative roles with Brook Crompton in UK since first joining the company in 1977 and has extensive knowledge of its business operations.

MR SIMON CHUNG

VP FINANCE AND OPERATIONS
BROOK CROMPTON NORTH AMERICA

Mr Chung joined Brook Crompton Canada in February 2010. For his current position, he is overall in charge of financial matters and controlling function for North America operations, including the control of inventories, which form major asset of the Group.

Mr Chung has close to 15 years of working experience in financial and controlling fields in various industries. Graduated from University of Western Ontario and Wilfrid Laurier University, he is a Certified Public Accountant, also a Certified Management Accountant with the Society of Management Accountants of Ontario.

MR JEFF CASSEY

VP SALES,
BROOK CROMPTON USA

Mr Casey joined Brook Crompton USA in March 2013 as VP Sales. He is responsible for the sales and marketing activities covering the North America markets. He has over 25 years of working experience in the electric motor industry. Before he joined Brook Crompton he was with Regal-Beloit working in the related field. Mr Casey has an Associate's Degree in Manufacturing Engineering and a Bachelor's Degree in Management & Communications.

MR GEORGE TAY

DIRECTOR, BROOK CROMPTON
ASIA PACIFIC PTE LTD

Mr Tay became Director of Brook Crompton Asia Pacific Pte Ltd (the former Western Electric Asia Pte Ltd) in 1992. Having been with the Lindeteves-Jacoburg Group since 1985, he has played a major role in developing its distribution operations and widening its market share in the Asian region. Mr Tay holds a bachelor in business administration, a diploma in electrical engineering and graduate diplomas in marketing and management studies.

THE ELECTRIC MOTORS MARKET REVIEW

“ Brook Crompton – The Original Innovator – Keeping Industry Turning ”



INTRODUCTION

Electric motors are used in a widely varied range of industrial applications, including driving fans, pumps, compressors and conveyors across sectors that range from manufacturing to water treatment to building services.

Traditionally, demand has been driven by increasing automation and growth in the construction of power plants and manufacturing facilities across the globe. In recent years this has been supplemented by the requirement to comply with increasing stringent regional legislation with regard to motor efficiency, driven by the demand for carbon emission reduction. 2015 saw a significant variation from this trend, with significant impact on the global industrial economy as a result of the low oil and gas prices throughout the year.

SIZE, GROWTH & OUTLOOK

The major independent market surveys for electric motor sales have yet to be published, however data is available from customers, competitors and from industry bodies or manufacturers associations such as NEMA. Data presented during 2015 by research business IHS indicated that the rate of growth in 2014 had slowed down, with a CAGR forecast for low voltage motors global market of 5.0% from 2015 to 2019, compared with a single year growth of 6.6% in 2013.

Whilst the impact of the oil and gas industry started to be felt in 2014, the most significant impact was from the 2nd quarter of 2015 onwards, and so the predicted figure of global CAGR for 2016 to 2020 is likely to be lower than the estimate published based on 2014 market data.

Industry bodies for resellers in the USA have published data indicating a market contraction in 2015 of 5% compared to 2014's numbers.

The regional spread of CAGR continues to show the highest forecast growth in the Asia Pacific region with the European market showing the lowest growth.

World Market for LV Motors by Region

Revenues (US\$M)

Region	2014 (\$M)	2019 (\$M)	CAGR 14-19
Americas	3,660.3	4,468.5	4.1%
Asia Pacific	5,857.3	8,032.2	6.5%
EMEA (Europe, Middle East & Africa)	4,718.4	5,643.6	3.6%
Total	14,235.9	18,144.3	5.0%

The trend towards high efficiency products continues, with implementation of regulations in areas where prior to 2015 no efficiency

regulations were in place, for instance Saudi Arabia, in Europe with the introduction of IE3 efficiency as a minimum standard from 15 KW, and the widening of the scope of the regulations in both Europe and North America so as to include the variety of products covered by the regulations.

In 2016, the next tranche of products will be included into the USA statute book by the Department of Energy.

Specifically, IE1 product market size globally is forecast to fall 11% by 2019, while IE2 increases by 7%, and IE3 (Premium) efficiency increases by 16%. As DC motors are replaced by cost effective AC motor and drive systems, the DC motors market presence would likely fall by as much as 18%.

This growth expectation due to increased regulation of energy efficiency, will be offset by the impact of certain business areas, and very specifically the oil and gas industry. The impact of the fall in oil price in 2014 has continued throughout 2015, and as projects incepted prior to the oil price fall have been completed, investment for new projects has not been available. A deeper impact is felt by the end users in this market focusing on reducing their costs which also has a direct cost impact on its manufacturing sources.

THE ELECTRIC MOTORS MARKET REVIEW

Industrial end-users are currently in a phase of emergency maintenance, rather than upgrading for process performance reasons. This is further evidenced by restructuring and ultimately job cutting, plant closure or mothballing of facilities in certain cases.

Projects in the oil and gas segment that were approved prior to this do continue but at a much reduced pace. The projects that are determined as strategically critical for their backers are proceeding, but with targets for reduced capital outlay. In the UK market, the economic situation has resulted in a severe impact to the steel manufacturing segment, with closures of the majority of UK steel plants.

The knock-on effect of the market contraction is a surplus of production capacity of industrial products, from all the major manufacturing regions, which has resulted in a noticeable market price reduction as manufacturers seek to fill their production facilities.

The attention of industrial equipment suppliers continues to be water treatment, purification and transmission segment with ongoing investment seen in the water segment in the Middle East, Asia Pacific and Africa. Whilst regionally, the continent of Africa offers opportunities as investment in infrastructure continues.

The opening up of the Iran market potentially offers projects, especially the upgrading of an aging infrastructure. It is early days in this process, it is unclear as of yet how

this market can be best developed, and there is a reluctance within certain banking institutions to embrace these opportunities. What is for certain, is that this is a high profile opportunity and the competition to establish a business within this reopened market will be intense.

The core applications for our LV motor products continue to be for pumping, fans and compressors, and these dominate the market landscape with 2016 anticipated to show growth of up to 6% in the pump sector.

The point at which the return to the investment cycle returns is unclear. Frost & Sullivan suggested 2017 to 2018 for a recovery, however if the price remains low, there is the possibility that smaller producers would not be able to sustain their production as they would be in a loss making position. This could signal opportunities for bigger players to consolidate their market position.

OUR PRODUCTS & SERVICES

Backed by more than 110 years of technical and design expertise, the Group – through its Brook Crompton brand – delivers consistently reliable electric motors to a global market.

Trusted to power various industrial activities across diverse market sectors, the robust design of these electric motors drives fans, pumps, compressors, conveyors and much more – every second of every day.

Driven by technology and innovation, Brook Crompton has one of the widest available ranges of electric motors for operation in all industry

segments, is able to, and has been meeting for over 110 years the appropriate efficiency standards and explosion protection standards for territories all around the globe.

Renowned for their adaptability, these motors can be modified to suit the needs of different market sectors, with technical support from the company's knowledgeable team readily available to ensure selection of the correct motor for any application. For bespoke situations and complete flexibility, Brook Crompton will design and manufacture products that fulfil individual customer specifications.

The company has a long-standing reputation for efficient customer service, supporting clients worldwide through its global distribution network.

Shaping the future of electric motors, Brook Crompton is focused on supplying high efficiency drive solutions for the industry, lower the costs of ownership throughout the motor lifespan and reduce the impact on the environment, thereby promoting greater sustainability.

Our products are found in every segment, in every region.

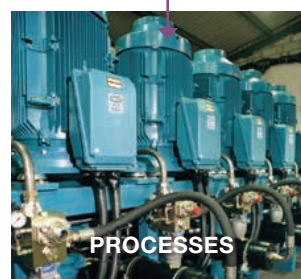
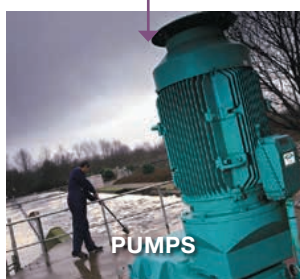
RICHARD EASON
Chief Sales Officer

PRODUCT APPLICATION



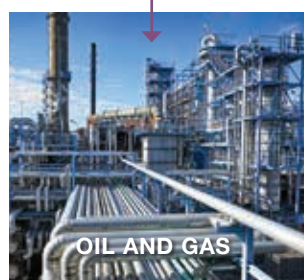
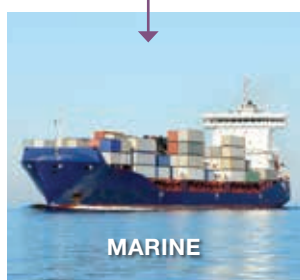
Distribution:

Alliance with suppliers for distribution of electric motors to various users via established sales channel



Industrial Application:

Partnership with electric motor users for strategic geographical market outreach



CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance within the Company and its subsidiaries as part of its mission to enhance shareholder value for the long term. The Company's corporate governance policies and practices are guided by the corporate governance principles set out in the revised Code of Corporate Governance 2012 (the 'Code') issued on 2 May 2012.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board regularly reviews the Group's strategic business plans, the assessment of key risks by management and the financial performance of the Group to enable the Group to meet its objectives. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance, including the adequacy of internal controls and risk management system. To keep pace with new laws, regulations, changing commercial risks and financial reporting standards, all directors attend specifically tailored briefings conducted by professionals from time to time.

Matters which are specially reserved for the Board's approval include, amongst others, key management compensation, major investments, corporate restructuring, merger and acquisition, major undertakings and disposal/acquisition of assets which are not in the ordinary course of business.

Principle 2: Board Composition and Guidance

The composition of the Board as at 31 December 2015 is as follows:

Mr Andreas Schindler	Non-Executive Non-Independent Director & Chairman
Ms Chen Yingzhu	Executive Director cum Chief Executive Officer
Dr Knut Unger	Lead Independent Director
Prof Wang Xiangyao	Independent Director

The Board meets at least four times a year in order to review the performance of the preceding quarter, projections and to review and approve announcements. Members of the Board meet and hold discussion regularly outside the scheduled meetings to deliberate on operational issues and provide continuing advice to management as the need arises. In the financial year ended 31 December 2015, four Board Meetings were held.

As at year ended 31 December 2015, the Board comprised four (4) members, three (3) of whom are non-executive directors, where two (2) are independent directors. To facilitate effective decision making, the Board proactively seeks to maintain an appropriate balance and diversity of skills, experience, gender, and knowledge among the directors. The Board has strong industry knowledge, expertise and experience in areas of engineering, law, finance and business management. A short description of each director's background is presented under Board of Directors section of this Annual Report.

The Board is supported by three committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The scope of duties for each committee is dictated by the latest Code of Corporate Governance guidelines.

During the financial year, two new Directors were appointed. A formal letter of appointment setting out the directors' duties and responsibilities was issued to the new Directors. The newly appointed Directors were given briefing on the business activities and the governance practices of the Company.

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

The attendances of the Directors at the meetings of the Board and Board Committees during the financial year ended 31 December 2015 are as follows:

Director	Appointment	Resignation	Board of Directors				Audit Committee				Nominating Committee		Remuneration Committee
			26-Feb-15	27-Apr-15	13-Aug-15	26-Feb-15	26-Feb-15	27-Apr-15	13-Aug-15	12-Nov-15	26-Feb-15	27-Apr-15	
1 Dr Knut Unger (Appointed as Member of AC on 1 August 2007) (Appointed as Chairman of NC and RC on 1 Aug 2007 and redesignated to NC and RC member on 19 January 2009) (Redesignated to NC and RC Chairman on 27 April 2015 from member)	1.8.2007	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2 Volker Felix Zuleck (Appointed as AC, NC and RC Chairman on 19 Jan 2009) (Retired on 27 April 2015 and relinquish his position as the Chairman of the AC, NC and RC)	7.11.2008	27.04.2015	✓	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	N/A	✓
3 Wolfgang Kloser (Appointed as an Executive Director and Chief Executive Officer and AC Member on 17 January 2011) (Appointed as NC member on 25 March 2013) (Resigned on 28 February 2015 and relinquish as the member of the NC Member)	17.01.2011	28.02.2015	✓	N/A	N/A	✓	N/A	N/A	N/A	N/A	✓	N/A	N/A
4 Andreas Schindler (Appointed as Non-Independent Non-Executive Director and Chairman of Board and RC member on 13 August 2012) (Appointed as AC member on 25 March 2013)	13.08.2012	-	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	✓
5 Chen Yingzhu (Appointed as an Executive Director and Chief Executive Officer and NC Member on 01 March 2015)	01.03.2015	-	N/A	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	✓	N/A
6 Wang Xiangyao (Appointed as Independent Director and AC Chairman, NC and RC Member on 27 April 2015)	27.04.2015	-	N/A	✓	✓	✓	N/A	✓	✓	✓	N/A	N/A	N/A

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

Principle 3: Role of Chairman and Chief Executive Officer (CEO)

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman, Mr Andreas Schindler, is a Non-executive Non-Independent Director responsible for leading the Board and facilitating its effectiveness, ensuring the Board members are provided with accurate, timely and clear information and approves the agenda of each Board meeting. The Chairman monitors communications between the Company and its shareholders, between Board and Management and between independent and non-independent directors with a view to encourage constructive relation and dialogue between them.

Since the Chairman is not an Independent Director, Dr Knut Unger was appointed to act as the Lead Independent Director and Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman, CEO or Chief Financial Controller has failed to provide satisfactory resolution, or when such contact is inappropriate.

The CEO, appointed during the year, Ms Chen Yingzhu, was an Executive Director responsible for the business direction and operational decisions of the Group. The Chairman and the CEO are not related.

Principle 4 and 5: Board Membership and Performance

The composition of Nominating Committee (NC) is outlined below. Majority of the members including the NC Chairman, are independent and non-executive directors.

Dr Knut Unger	Chairman of the NC, Lead Independent Director
Prof Wang Xiangyao	Member, Independent Director
Ms Chen Yingzhu	Member, Executive Director & CEO

The NC meets as and when necessary, at least once a year. Its term of reference follows closely the latest Corporate Governance for compliance that sets out its roles and responsibilities amongst the selection and nomination process and recommendation of appointing new directors to the Board and re-election of retiring directors at the Company's Annual General Meeting.

The Constitution of the Company provides for at least one-third of the directors except the Managing Director to retire and subject themselves to re-election by shareholders at every Annual General Meeting and for all directors to do so at least once in every three years.

Dr Knut Unger would have served for a period of nine years as at 1 August 2016. The NC has performed a rigorous review to assess his independence and was satisfied that he maintains an appropriate degree of independence when fulfilling his role as an independent director. Dr Unger will be retiring by rotation pursuant to Article 104 of the Constitution of the Company at the Company's forthcoming AGM. Dr Unger, being eligible, has offered himself for re-election. Following the review by NC, the Board has recommended his re-election to the shareholders for approval at the AGM.

Prof Wang Xiangyao was newly appointed during the year. Pursuant to Article 108 of the Constitution, he will have to retire at the forthcoming Annual General Meeting. Pursuant to Article 104, Mr Andreas Schindler shall retire at the forthcoming AGM by rotation. These two Directors, being eligible, have offered themselves for re-election. Following the review by NC, the Board has recommended their re-election to the shareholders for approval at the AGM.

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

In the nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. The NC also reviews annually the following key performance criteria:

- Independence of the independent director
- Board performance in discharging principle functions
- Board committee performance
- Performance evaluation of individual director

The NC has a set of procedures in place for carrying out the evaluation of the Individual Directors, the Board and the Board Committees.

The last evaluation was conducted in February 2016. Based on the review, the NC was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Committees.

At the Board meeting, the Board has determined, taking into account the views of the NC, that each of the Independent Directors is independent based on his self-declaration and the Board's opinion that there were no circumstances which would likely affect or appear to affect their judgment.

Under Guideline 4.4 of the Code, the Board is to determine the maximum number of listed company board representations which any Director may hold. The Board agreed with the NC not to fix the maximum number as it is of the opinion that it will depend on many factors including the demand of each listed company on the time of the director, the principal commitments the director has and his ability to contribute.

The information on each director's qualifications, shareholdings, relationships (if any), directorship and other principal commitments is presented in the "Board of Directors" and "Directors' Statement" of this Annual Report.

Principle 6: Access to Information

Directors are furnished with sufficient information in the form of board papers prepared by the Management prior to board meeting in sufficient time for the directors' review. The Board has full access to the Management and the Company Secretary for records and other information as they may require. Each director may also seek such independent professional advice on any Company matters as he may require, at the Company's expense.

As and when there are changes to the Code of Corporate Governance, Listing Rules and the Companies Act, the Company Secretary will update the Board at the Board Meeting.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure of Remuneration

The composition of RC members as at 31 December 2015 is outlined below. All members are non-executive directors, the majority of whom, including the Chairman, is independent.

Dr Knut Unger	Chairman of the RC, Lead Independent Director
Prof Wang Xiangyao	Member, Independent Director
Mr Andreas Schindler	Member, Non-independent Non-executive Director

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

The scope of roles and responsibilities for the RC are dictated by the latest Code of Corporate Governance guidelines.

The RC reviews and recommends to the Board for approval, the reasonableness of the contracts of service of executive director and key management personnel. The RC also reviews the appropriateness of compensation for independent directors, executive directors and key management. The remuneration package for executive director and key management consists of fixed and variable components. The fixed component comprises basic salary, pension fund, Central Provident Fund. The variable component comprises bonus that is linked to the performance of the individual, the Group as well as respective entity level.

The remuneration of the directors for the financial year 2015 is shown to the nearest thousand dollars and that of the key management personnel is shown in the band of S\$250,000:

Directors	Remuneration S\$ '000	Fee %	Salary %	Allowances %	Bonus %	Total %
<i>Below S\$250,000</i>						
Ms Chen Yingzhu*	93	Nil	79	Nil	21	100
Dr Knut Unger	45	100	Nil	Nil	Nil	100
Prof Wang Xiangyao*	30	100	Nil	Nil	Nil	100
Mr Volker Zuleck*	15	100	Nil	Nil	Nil	100
Mr Wolfgang Kloser*	36	19	55	Nil	26	100

* Note: Mr Wolfgang Kloser resigned on 28 February 2015, Mr Volker Zuleck retired on 27 April 2015, Ms Chen Yingzhu was appointed on 1 March 2015 and Prof Wang Xiangyao was appointed on 27 April 2015.

	Fee %	Salary %	Allowances %	Bonus %	Post Employment Benefit %	Total %
Top 5 key management personnel						
<i>Below S\$250,000</i>						
Ms Elaine Tan	Nil	84	Nil	13	3	100
Mr Simon Chung	Nil	66	11	13	10	100
Mr George Tay	Nil	75	3	17	5	100
<i>S\$250,000 to S\$500,000</i>						
Mr Richard Eason	Nil	70	6	19	5	100
Mr Paul Hopley	Nil	59	7	22	12	100

There are no employees of the Company who are immediate family members of a director or CEO.

The aggregate total remuneration paid to the director and the top five key management are shown in note 27 of the Financial Statement.

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Principle 12: Risk Management and Internal Controls

Principle 13: Internal Audit

The Board, with the assistance from the Audit Committee ('AC'), is responsible for the governance of risk by ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and determined the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

The scope of roles and responsibilities for the AC are dictated by the latest Code of Corporate Governance guidelines. The AC assists the Board in the following areas:

- Determine the Group's level of risk tolerance and risk policies.
- Oversee management in the formulation, update and maintenance of an adequate and effective risk management framework in addressing material risks including material financial, operational, compliance and information technology (IT) risks.
- Review the Group's risk profile regularly and the adequacy of any proposed action.
- Review the adequacy of the Group's internal controls, including financial, operational, compliance information technology controls at least annually.
- Review the effectiveness of the company's internal audit function.

Since FY 2012, the Group has in place an Enterprise Risk Management ('ERM') Framework which governs the risk management process in the Group. Through this framework, risks capabilities and competencies are continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, inter alia, financial, operational, compliance and IT risks faced by the Group. The key risks of the Group are deliberated by the Management and reported to the AC. The AC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-a-vis the external and internal environment which the Group operates in.

Complementing the ERM framework is a Group-wide system of internal controls. The Group has in place a risk management process that requires the Group to perform a Control Self Assessment ('CSA') to assess the effectiveness of their internal controls.

In addition, to ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. The internal audit function for financial year 2015 was undertaken by the internal audit department of the immediate holding company of the Group. The Internal Auditors report directly to the Chairman of the AC on internal audit matters. To ensure adequacy of internal audit functions, the AC receives and approves the internal audit plan on an annual basis.

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

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board has received assurance from the CEO and CFO that, as at 31 December 2015:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances: and
- Group's risk management and internal control systems were adequate and effective to address key financial, operational, compliance and information technology risks.

Based on the review of the key risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the consultants and internal auditors, reviews performed by management and the AC; and the aforesaid assurances from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and the risk management system were adequate as at 31 December 2015.

Principle 11: Audit Committee

The composition of AC as at 31 December 2015 is outlined below.

Prof Wang Xiangyao	Chairman of the AC, Independent Director
Dr Knut Unger	Member, Lead Independent Director
Mr Andreas Schindler	Member, Non-independent Non-executive Director

The AC comprises three directors, the majority of whom, including the Chairman, are independent. All members of this Committee are non-executive. The Board is of the view that all the members of the AC are appropriately qualified to discharge their responsibilities.

The AC meets at least four times a year, primarily to review the Company's financial performance, projections and announcements of each quarter which are tabled to the Board. The AC meets on other occasions informally to deliberate on matters within its purview.

Apart from its terms of reference relating to risk management and internal controls stated above, the AC also undertakes the following:

- Review the external auditors' proposed audit scope and approach and ensure no restrictions or limitations have been placed on the scope. The AC also reviews all reports and recommendations from the external auditors.
- Review the quarterly and full year financial statements of the Company and the respective announcements before recommending to the Board for approval for release to the SGX-ST.
- Make recommendations to the Board regarding the appointment of the external auditors.
- Consider the independence of the external auditors annually, including reviewing the range of services provided in the context of all non-audit services bought by the Company, seeking to balance maintenance of objectivity and value for money. The audits of the Company and its Singapore incorporated subsidiaries are undertaken by KPMG LLP.
- Review Interested Party transactions.

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

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

During the financial year under review, the AC met with the external auditors once without the presence of the Management. The Company confirms compliance with Rule 712 and 715 of the Listing Manual in engaging KPMG LLP as the external auditors. The AC assesses the independence of the external auditors annually. The Audit Committee noted that the external auditors had not performed any non-audit services for the financial year ended 31 December 2015, and is satisfied that the independence of the external auditors has not been impaired. The aggregate amount of the fees paid to the external auditors is disclosed under note 21 in the Notes to the Financial Statements. The AC has recommended the re-appointment of KPMG LLP as the Company's external auditors for the financial year ending 31 December 2016.

The Company has in place the whistle blowing policy.

INTERESTED PERSON TRANSACTIONS (IPT)

The AC reviews the Group's IPT for assurance that the transactions are executed at normal commercial terms and do not prejudice the interests of the Group and its minority shareholders. At the Annual General Meeting held on 27 April 2015, shareholders of the Company approved a General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions with ATB, Wolong Holding Group Co. Ltd and any of its associates and its group of subsidiaries.

The interested person transactions presented in the format pursuant to Rule 907 of the Listing Manual of the SGX-ST is tabled below:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	YTD		YTD	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>General Transactions</u>				
ATB Nordenham GmbH	-	-	498	791
ATB Sever d.o.o.	-	-	788	228
ATB Tamel S.A.	-	-	13,137	13,950
ATB Schorch GmbH	-	-	790	192
Wolong Electric Group Co Ltd	-	-	13,596	4,944
ATB Special Products Ltd	-	-	189	-
ATB Morley Ltd	-	-	280	-
	-	-	29,278	20,105

The Company regularly conducts independent check for compliance of Interested Person Transactions under the Group.

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2015

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights and responsibility

Principle 15: Communication with shareholders

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business. The Company encourages shareholder participation during the Annual General Meeting (AGM) which is held in a central location in Singapore. Resolutions are passed through a process of voting by poll and shareholders are entitled to vote in accordance with established voting rules and procedures. The poll results for each resolution put forth are presented during the AGM.

The Company has a communication policy that allows the company to effectively communicate with its shareholders:

- Providing the shareholders in a timely manner, with balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to quarterly announcements of financial results, other price sensitive public reports and reports to regulators.
- Ensuring the Company regularly and in a timely manner conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. Such disclosures will be in a manner as required by applicable laws and requirements.
- Disclosing in the Company's annual report the number of board meetings held in the year, and meetings of specialised committees established by the Board. Board and committee meeting attendance represent a part and not the full reflection of the contributions of Board members to the Company.
- Enabling shareholders full opportunity to participate effectively and to vote and to communicate their views at Annual General Meetings. The Directors and external auditors are available to attend to any queries that the shareholders may have.
- Providing public access to websites of the Company and all its subsidiaries under Brook Crompton.

Minutes of the general meetings will be made available to the shareholders upon request.

DEALING IN SECURITIES

The Company has adopted its own internal codes in line with Rule 1207(19) of the Listing Manual of the SGX-ST applicable to all its officers in relation to dealings in the Company's securities. The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. In addition, the Directors and officers of the Company are discouraged from dealing in the Company's securities on short term considerations.

MATERIAL CONTRACTS

Saved as disclosed under Corporate Governance, in the Directors' Report and in the Financial Statements, the Company and its subsidiaries did not enter into any material contracts involving the interests of the directors or controlling shareholder during the financial year and no such material contracts still subsist at the end of the financial year.

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DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages 28 to 82 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Mr Andreas Schindler
 Dr Knut Unger
 Prof Wang Xiangyao (Appointed on 27 April 2015)
 Ms Chen Yingzhu (Appointed on 1 March 2015)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the 'Act'), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings registered in name of director	
	At beginning of the year/date of appointment	At end of the year
Dr Knut Unger		
Lindeteves-Jacoberg Limited – ordinary shares	200,000	10,000*
Chen Yingzhu		
Wolong Electric Group Co Limited – ordinary shares	191,788	–

* After shares consolidation of 20 existing issued ordinary shares into 1 new ordinary share on 5 May 2015.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

DIRECTORS' STATEMENT

Except as disclosed under the Share Options section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are:

Prof Wang Xiangyao (Chairman)	Independent
Dr Knut Unger	Independent
Mr Andreas Schindler	Non-Executive

The Audit Committee performs the functions specified in Section 201B of the Act, the Singapore Exchange Securities Trading Limited ('SGX-ST') Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- (i) assistance provided by the Company's officers to the internal and external auditors;
- (ii) quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- (iii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Chen Yingzhu

Director

Andreas Schindler

Director

5 April 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Lindeteves-Jacoberg Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Lindeteves-Jacoberg Limited ('the Company') and its subsidiaries ('the Group'), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 82.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

5 April 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets					
Property, plant and equipment	4	2,216	2,396	30	55
Subsidiaries	5	–	–	12,195	8,101
Investment property	6	–	–	–	–
Intangible assets	7	–	1	–	1
Other receivables	8	–	–	–	–
Deferred tax assets	9	862	2,773	–	–
Non-current assets		3,078	5,170	12,225	8,157
Inventories	10	17,396	13,260	–	–
Trade and other receivables, including derivatives	11	9,715	10,449	4,649	5,706
Prepayments		440	586	7	8
Cash and cash equivalents	12	9,456	10,283	1,075	1,471
Current assets		37,007	34,578	5,731	7,185
Total assets		40,085	39,748	17,956	15,342
Equity					
Share capital	13	149,642	149,642	149,642	149,642
Accumulated losses		(143,429)	(146,858)	(152,356)	(159,965)
Other reserves	14	19,342	19,388	18,650	18,650
Equity attributable to owners of the Company/Total equity		25,555	22,172	15,936	8,327
Liabilities					
Borrowings	19	13	11	–	–
Loan from intermediate holding company	15	–	3,001	–	3,001
Retirement benefit liabilities	16	191	173	–	–
Deferred tax liabilities	9	35	353	–	–
Non-current liabilities		239	3,538	–	3,001
Borrowings	19	1,699	1,708	–	–
Loan from intermediate holding company	15	1,736	2,927	1,736	2,927
Trade and other payables, including derivatives	17	10,641	9,049	282	949
Current tax liabilities		95	246	2	138
Provision for warranty	18	120	108	–	–
Current liabilities		14,291	14,038	2,020	4,014
Total liabilities		14,530	17,576	2,020	7,015
Total equity and liabilities		40,085	39,748	17,956	15,342

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Revenue	20	50,764	56,326
Cost of sales		(32,905)	(36,200)
Gross profit		17,859	20,126
Other income		413	1,353
Distribution and marketing expenses		(8,014)	(7,880)
Administrative expenses		(5,811)	(6,358)
Finance income/(expense)	22	754	(137)
Others expenses		(200)	(22,621)
Profit/(loss) before tax		5,001	(15,517)
Tax expense	23	(1,560)	(1,076)
Profit/(loss) for the year, representing profit/(loss) attributable to owners of the Company	21	3,441	(16,593)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (cents)	24	9.7	(46.8)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Profit/(loss) for the year		3,441	(16,593)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Retirement benefit plan remeasurements	16	(17)	(194)
Tax on items that will not be reclassified to profit or loss	9	5	52
		(12)	(142)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences reclassified to profit or loss on liquidation of subsidiaries	21	–	22,586
Foreign currency translation differences – foreign operations		(46)	(373)
		(46)	22,213
Other comprehensive income for the year, net of tax		(58)	22,071
Total comprehensive income for the year, representing total comprehensive income attributable to owners of the Company		3,383	5,478

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Note	Share capital \$'000	Attributable to owners of the Company			Total equity \$'000
			Capital reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	
Group						
At 1 January 2014		149,642	18,650	(21,475)	(130,123)	16,694
Total comprehensive income for the year						
Loss for the year		-	-	-	(16,593)	(16,593)
Other comprehensive income						
Retirement benefit plan remeasurements	16	-	-	-	(194)	(194)
Foreign currency translation differences reclassified to profit or loss on liquidation of subsidiaries	21	-	-	22,586	-	22,586
Foreign currency translation differences – foreign operations		-	-	(373)	-	(373)
Tax on other comprehensive income	9	-	-	-	52	52
Total other comprehensive income		-	-	22,213	(142)	22,071
Total comprehensive income for the year		-	-	22,213	(16,735)	5,478
At 31 December 2014		149,642	18,650	738	(146,858)	22,172

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Note	Share capital \$'000	Attributable to owners of the Company			Total equity \$'000
			Capital reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	
Group						
At 1 January 2015		149,642	18,650	738	(146,858)	22,172
Total comprehensive income for the year						
Profit for the year		-	-	-	3,441	3,441
Other comprehensive income						
Retirement benefit plan remeasurements	16	-	-	-	(17)	(17)
Foreign currency translation differences – foreign operations		-	-	(46)	-	(46)
Tax on other comprehensive income	9	-	-	-	5	5
Total other comprehensive income		-	-	(46)	(12)	(58)
Total comprehensive income for the year		-	-	(46)	3,429	3,383
At 31 December 2015		<u>149,642</u>	<u>18,650</u>	<u>692</u>	<u>(143,429)</u>	<u>25,555</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

Note	Group	
	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Profit/(loss) after tax	3,441	(16,593)
Adjustments for:		
Depreciation and amortisation	204	208
Tax expenses	1,560	1,076
Interest expense	223	488
Interest income	(9)	–
Reversal of impairment losses on inventories	(591)	(907)
(Gain)/loss on disposal of property, plant and equipment	(4)	1
Gain on disposal of investment property	–	(344)
(Reversal of) impairment losses recognised on trade and other receivables	(32)	29
Provision for warranty	35	146
Loss on liquidation of subsidiaries	–	22,586
Retirement benefit plan expense	227	230
Net change in fair value of derivatives	(743)	222
Net foreign exchange gains	(177)	(643)
	4,134	6,499
Changes in:		
Inventories	(3,549)	2,295
Trade and other receivables, including derivatives	1,041	(316)
Prepayments	152	(104)
Trade and other payables, including derivatives	2,208	(25)
Provision for warranty	(24)	(161)
Retirement benefit contribution paid	(206)	(205)
Cash from operating activities	3,756	7,983
Income tax (paid)/refunded	(37)	18
Net cash generated from operating activities	3,719	8,001
Cash flows used in investing activities		
Acquisitions of property, plant and equipment	(208)	(285)
Interest received	9	–
Proceeds from disposal of property, plant and equipment	4	12
Proceeds from disposal of investment property	–	428
Net cash (used in)/generated from investing activities	(195)	155

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015 \$'000	2014 \$'000
Cash flows from financing activities			
Proceeds from finance lease		23	–
Repayment of finance lease		(32)	(35)
Repayment to immediate holding company		(503)	–
Repayment to intermediate holding company		(4,129)	(3,482)
Interest paid		(51)	(95)
Net cash used in financing activities		(4,692)	(3,612)
Net (decrease)/increase in cash and cash equivalents		(1,168)	4,544
Cash and cash equivalents at 1 January		8,602	4,037
Effects of exchange rate fluctuations on cash held		338	21
Cash and cash equivalents at 31 December	12	7,772	8,602
Attributable net assets of subsidiaries liquidated during the year are as follows:			
Liquidation			
Carrying amount of net assets liquidated		–	–
Loss on liquidation of subsidiaries	21	–	(22,586)
Foreign currency translation reserve realised		–	22,586
Cash and cash equivalents of subsidiaries liquidated		–	–
		–	–

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 April 2016.

1. DOMICILE AND ACTIVITIES

Lindeteves-Jacoberg Limited (the Company) is a public limited company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ('SGX-ST'). The address of its registered office and principal place of business is 100 Cecil Street, #07-01/02 The Globe, Singapore 069532.

The principal activities of the Company consist of investment holding and provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in note 5 of the financial statements.

The immediate holding company is ATB Austria Antriebstechnik AG ('ATB'), incorporated in Austria. The ultimate holding company is Wolong Electric Group Co. Ltd. ('Wolong Electric'), incorporated in the People's Republic of China.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ('FRS').

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 9 – utilisation of tax losses
- Note 10 – valuation of inventories
- Note 11 – valuation of trade receivables

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in foreign operations (see below) which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. 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 are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation, are recognised in other comprehensive income, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Buildings on freehold land	50 years
Leasehold land and buildings	Lease term, being not more than 50 years
Plant, machinery and office equipment	4 to 12 years

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

3.4 Investment property

Investment property is property held either to earn rental income and/or for capital appreciation. Investment property is measured at cost on initial recognition and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment property (Continued)

Depreciation is calculated based on the cost of an investment property less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment property from the date that they are available for use.

The estimated useful lives of investment property for the current and comparative years are 50 years.

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

3.5 Intangible assets

Measurement

Computer software licences that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

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

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of computer software licences for the current and comparative years are 4 to 5 years.

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

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. A write-down on cost is made when the cost is not recoverable or if the selling prices have declined below cost.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables of the Group comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash balances. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Non-derivative financial liabilities (Continued)

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities of the Group comprise loans and borrowings, and trade and other payables.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. The Group does not trade derivative financial instruments for speculative purposes.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. All changes in fair value are recognised in profit or loss immediately.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

Non-derivative financial assets (Continued)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

Non-financial assets (Continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

Warranty

A provision for warranty is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Employee benefits (Continued)

Defined benefit plans

A defined benefit plan is a post-employment benefit pension plans other than a defined contribution plan. Defined benefit plans typically define the amount of benefits that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised on the statements of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for recognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Revenue

Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue (Continued)

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

License fee income

License fee income is recognised upon sales of electric motors by related parties that bear the Group's trademark.

Commission income

Commission income is recognised upon sales of goods by related parties for customers introduced by the Group.

Dividend income

Dividend income is recognised on the date that the Group's right to receive payment is established.

3.12 Finance costs

Finance costs comprise interest expense on borrowings and net change in fair value of derivatives. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.13 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax expense (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflect the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leases

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.15 Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

3.17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Company is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Company. The Group does not plan to adopt these standards early.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for the adoption by the Company on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transaction Involving Advertising Services*.
- FRS109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Company.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings on freehold land \$'000	Leasehold land and buildings \$'000	Plant, machinery and office equipment \$'000	Total \$'000
Cost				
At 1 January 2014	2,658	215	8,338	11,211
Additions	43	–	242	285
Disposals	–	–	(18)	(18)
Effects of movements in exchange rates	(101)	(3)	(90)	(194)
At 31 December 2014	2,600	212	8,472	11,284
Additions	91	–	117	208
Disposals	–	–	(82)	(82)
Effects of movements in exchange rates	(282)	4	145	(133)
At 31 December 2015	2,409	216	8,652	11,277
Accumulated depreciation				
At 1 January 2014	747	211	7,873	8,831
Depreciation	45	4	141	190
Disposals	–	–	(5)	(5)
Effects of movements in exchange rates	(29)	(3)	(96)	(128)
At 31 December 2014	763	212	7,913	8,888
Depreciation	45	–	158	203
Disposals	–	–	(82)	(82)
Effects of movements in exchange rates	(83)	4	131	52
At 31 December 2015	725	216	8,120	9,061
Carrying amounts				
At 1 January 2014	1,911	4	465	2,380
At 31 December 2014	1,837	–	559	2,396
At 31 December 2015	1,684	–	532	2,216

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant, machinery and office equipment \$'000
Company	
Cost	
At 1 January 2014	188
Additions	22
At 31 December 2014	210
Additions	2
At 31 December 2015	212
Accumulated depreciation	
At 1 January 2014	132
Depreciation	23
At 31 December 2014	155
Depreciation	27
At 31 December 2015	182
Carrying amounts	
At 1 January 2014	56
At 31 December 2014	55
At 31 December 2015	30

The carrying amount of property, plant and equipment held by the Group under finance lease amounted to \$48,000 (2014: \$55,000).

Security

As at 31 December 2015, properties of the Group with a carrying amount of \$1,684,000 (2014: \$1,837,000) were pledged as security to secure bank borrowings (note 19).

NOTES TO THE FINANCIAL STATEMENTS

5. SUBSIDIARIES

	Company	
	2015	2014
	\$'000	\$'000
Equity investments at cost	65,702	64,487
Impairment losses	(53,699)	(56,578)
	12,003	7,909
Discount implicit in interest-free loan to a subsidiary	192	192
	12,195	8,101

Discount implicit in interest-free loan to a subsidiary represents the difference between fair value of the interest-free loan to its subsidiary and the loan amount at inception. The loan has been fully repaid in 2014.

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Ownership interest	
			2015 %	2014 %
<i>Held by the Company</i>				
Brook Crompton UK Limited ¹	Distribution of electric motors	United Kingdom	100	100
Brook Crompton Limited ²	Distribution of electric motors	Canada	100	100
Brook Crompton USA Inc ²	Distribution of electric motors	United States of America	100	100
Brook Crompton Asia Pacific Pte Ltd ³	Distribution of electric motors	Singapore	100	100

⁽¹⁾ Audited by KPMG LLP, United Kingdom

⁽²⁾ Audited by KPMG LLP, Canada

⁽³⁾ Audited by KPMG LLP, Singapore

In the previous financial year, the Group completed the liquidation of certain of its subsidiaries. Upon liquidation, the cumulative foreign currency translation reserves related to those subsidiaries were reclassified to the profit or loss and form the loss on liquidation of subsidiaries amounting to \$22,586,000.

NOTES TO THE FINANCIAL STATEMENTS

5. SUBSIDIARIES (CONTINUED)

Movements in allowance for impairment losses in respect of investments in subsidiaries of the Company during the year are as follows:

	Company	
	2015	2014
	\$'000	\$'000
At 1 January	56,578	72,977
Reversal of impairment losses	(2,879)	(16,399)
At 31 December	53,699	56,578

During the year, the Company performed an impairment review to assess the recoverable amount of the investment in subsidiaries. The estimate of the recoverable amount of the subsidiaries were based on the net asset value which approximates fair value less cost to sell, as the net asset value comprises mainly monetary assets and liabilities.

Based on this assessment, an impairment loss previously made on a subsidiary amounting to \$2,879,000 was no longer required and was reversed to the Company's profit or loss account in the current financial year.

In 2014, reversal of impairment loss of \$16,399,000 was due to the liquidation of certain of its subsidiaries.

6. INVESTMENT PROPERTY

	Group and Company	
	2015	2014
	\$'000	\$'000
Cost		
At 1 January	-	898
Disposal	-	(898)
At 31 December	-	-
Accumulated depreciation and impairment losses		
At 1 January	-	799
Depreciation	-	15
Disposal	-	(814)
At 31 December	-	-
Carrying amount		
At 31 December	-	-

In 2014, the investment property was disposed at the net selling price of PHP15,336,000 (equivalent to \$428,000).

NOTES TO THE FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS

	Group and Company	
	2015	2014
	\$'000	\$'000
Computer software licenses		
Cost		
At 1 January and 31 December	<u>46</u>	<u>46</u>
Accumulated amortisation		
At 1 January	<u>45</u>	<u>42</u>
Amortisation	<u>1</u>	<u>3</u>
At 31 December	<u>46</u>	<u>45</u>
Carrying amounts		
At 31 December	<u>-</u>	<u>1</u>

8. OTHER RECEIVABLES – NON-CURRENT

	Company	
	2015	2014
	\$'000	\$'000
Amounts due from subsidiaries	<u>4,650</u>	<u>4,506</u>
Impairment losses	<u>(4,650)</u>	<u>(4,506)</u>
	<u>-</u>	<u>-</u>

The Company' exposure to foreign currency risk is disclosed in note 26.

The amounts due from subsidiaries are unsecured, interest-free and repayments are not expected within the next 12 months. The directors consider the amounts due from subsidiaries to approximate their fair values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER RECEIVABLES – NON-CURRENT (CONTINUED)

Movements in allowance for impairment losses in respect of other receivables of the Company during the year are as follows:

	Company	
	2015 \$'000	2014 \$'000
At 1 January	4,506	4,427
Reversal of impairment losses	–	–
Effect of movements in exchange rates	144	79
At 31 December	4,650	4,506

9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property, plant and equipment	–	–	(306)	(353)
Retirement benefit liabilities	50	44	–	–
Provision	11	9	–	–
Tax loss carry-forwards	1,072	2,720	–	–
Deferred tax assets/(liabilities)	1,133	2,773	(306)	(353)
Set-off tax	(271)	–	271	–
Net deferred tax assets/(liabilities)	862	2,773	(35)	(353)

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in deferred tax assets/(liabilities) of the Group during the financial year are as follows:

Group	At 1 January 2014 \$'000	Recognised in profit of loss (note 23) \$'000	Recognised in other comprehensive income* \$'000	Effect of movements in exchange rates \$'000	At 31 December 2014 \$'000	Recognised in profit of loss (note 23) \$'000	Recognised in other comprehensive income* \$'000	Effect of movements in exchange rates \$'000	At 31 December 2015 \$'000
Deferred tax assets									
Provision	-	9	-	-	9	3	-	(1)	11
Retirement benefit liabilities	-	30	10	4	44	6	5	(5)	50
Tax losses carried forward	4,082	(1,323)	-	(39)	2,720	(1,682)	-	34	1,072
	4,082	(1,284)	10	(35)	2,773	(1,673)	5	28	1,133
Deferred tax liabilities									
Property, plant and equipment	(382)	16	-	13	(353)	10	-	37	(306)
Retirement benefit assets	(40)	-	42	(2)	-	-	-	-	-
	(422)	16	42	11	(353)	10	-	37	(306)

* Net recorded in other comprehensive income amounting to \$5,000 (2014: \$52,000).

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

At 31 December, deferred tax assets relating to the following temporary differences have not been recognised:

	Group	
	2015 \$'000	2014 \$'000
Provision	–	63
Unutilised tax losses	1,924	1,790
	1,924	1,790

The unutilised tax losses of the Group are available for carry forward and set-off against future taxable profits subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Group operates. Tax losses of \$1,924,000 (2014: \$1,229,000) will expire between 2025 and 2030. The remaining temporary differences do not expire under current tax legislation.

In accordance with the accounting policy of the Group as set out in note 3.13, deferred tax benefits amounting to approximately \$327,000 (2014: \$304,000) have not been recognised in the financial statements.

10. INVENTORIES

	Group	
	2015 \$'000	2014 \$'000
Goods for resale	17,037	12,946
Spare parts	359	314
	17,396	13,260

In 2015, the cost of inventories recognised as an expense and included in cost of sales amounted to \$33,330,000 (2014: \$36,978,000).

In 2015, the reversal for write-down of inventories to net realisable value, due to management's reassessment of the margins earned on sales of aged inventories, amounted to \$591,000 (2014: \$907,000) for the Group. These are included under cost of sales.

Inventory obsolescence

A review is made periodically of inventory for excess stocks, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory.

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables:				
– non-related parties	9,725	10,607	–	–
– related corporations	54	128	–	–
Impairment losses	(417)	(466)	–	–
	9,362	10,269	–	–
Non-trade amounts due from:				
– subsidiaries	–	–	4,545	5,548
– immediate holding company	45	–	45	–
– related corporations	24	92	19	87
Sundry receivables	60	87	40	68
Impairment losses	–	(2)	–	–
	60	85	40	68
Derivatives	224	–	–	–
Goods and services tax recoverable	–	3	–	3
	9,715	10,449	4,649	5,706

The Group's and the Company's exposure to credit, foreign currency and liquidity risks are disclosed in note 26.

Non-trade amounts due from subsidiaries, immediate holding company and related corporations are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES (CONTINUED)

The ageing of trade and other receivables at the reporting date is:

	Gross 2015 \$'000	Impairment losses 2015 \$'000	Gross 2014 \$'000	Impairment losses 2014 \$'000
Group				
Not past due	5,732	–	6,199	–
Past due 1 – 90 days	3,469	–	4,010	–
Past due 91 – 180 days	115	–	217	(30)
Past due more than 180 days	816	(417)	491	(438)
	<u>10,132</u>	<u>(417)</u>	<u>10,917</u>	<u>(468)</u>
Company				
Not past due	3,340	–	4,320	–
Past due 1 – 90 days	118	–	318	–
Past due 91 – 180 days	113	–	248	–
Past due more than 180 days	1,078	–	820	–
	<u>4,649</u>	<u>–</u>	<u>5,706</u>	<u>–</u>

Based on historical payment behaviours and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available, the Group and the Company believe that the unimpaired amounts are still collectible.

Source of estimation uncertainty

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade and other receivables balance, credit worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than that estimated.

Movements in allowance for impairment losses in respect of trade and other receivables of the Group and the Company during the year are as follows:

	Note	2015 \$'000	2014 \$'000
Group			
At 1 January		468	477
(Reversal of) impairment losses recognised	21	(32)	29
Impairment utilised		(3)	(1)
Effect of movements in exchange rates		16	(37)
At 31 December		<u>417</u>	<u>468</u>

NOTES TO THE FINANCIAL STATEMENTS

12. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and in hand		9,456	10,283	1,075	1,471
Bank overdrafts	19	(1,684)	(1,681)	–	–
Cash and cash equivalents in consolidated statement of cash flows		<u>7,772</u>	<u>8,602</u>	<u>1,075</u>	<u>1,471</u>

The Group's and the Company's exposure to foreign currency risk are disclosed in note 26.

13. SHARE CAPITAL

	Group and Company	
	2015 No. of shares '000	2014 No. of shares '000
Fully paid ordinary shares, with no par value:		
In issue at 1 January	709,178	709,178
Shares consolidation	(673,719)	–
In issue at 31 December	<u>35,459</u>	<u>709,178</u>

On 5 May 2015, the Company consolidated 20 existing issued ordinary shares into 1 new ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

Capital consists of total shareholders' equity. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued capital, accumulated losses and other reserves.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

14. OTHER RESERVES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Translation reserve	692	738	–	–
Capital reserve	18,650	18,650	18,650	18,650
	19,342	19,388	18,650	18,650

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Capital reserve represents:

- (i) the deemed capital injection arising from the waiver by its former ultimate holding company of amounts paid on behalf of the Company in 2008; and
- (ii) the difference between fair value of the interest-free loan from its intermediate holding company and the loan amount at inception (note 15).

15. LOAN FROM INTERMEDIATE HOLDING COMPANY

	Group and Company	
	2015 \$'000	2014 \$'000
Current portion, at amortised cost	1,736	2,927
Non-current portion, at amortised cost	–	3,001
	1,736	5,928

Loan from intermediate holding company arose from a summary judgement sum granted to a former subsidiary by the Singapore High Court on 30 September 2011.

On 1 April 2012, the summary judgement sum was assigned to the intermediate holding company through two independent parties. Pursuant to the assignments, the Company was liable to the intermediate holding company.

On 5 April 2012, the Company entered into a deed of settlement with the intermediate holding company in respect of the summary judgement sum. Pursuant to the deed of settlement, the Company shall pay to the intermediate holding company €8,465,833 (approximately \$13,508,000) in five instalments in accordance with the following repayment schedule, in full and final settlement of the summary judgement sum:

- i. €253,333 on or before 15 December 2012;
- ii. €2,190,000 on or before 15 December 2013;
- iii. €2,098,750 on or before 15 December 2014;
- iv. €2,007,500 on or before 15 December 2015; and
- v. €1,916,250 on or before 15 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

15. LOAN FROM INTERMEDIATE HOLDING COMPANY (CONTINUED)

This loan is unsecured, interest-free and has fixed repayment schedules. Accordingly, this interest-free loan was stated at fair value at inception and the difference between the fair value and the loan amount at inception was recognised in capital reserve as part of shareholders' equity (note 14). Fair value at inception was determined based on expected future principal cash flows, discounted at an interest rate of 5% per annum. The loan is subsequently measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in profit or loss over the term of the loan.

16. RETIREMENT BENEFIT LIABILITIES

	Group	
	2015 \$'000	2014 \$'000
Present value of retirement benefit obligations	(2,381)	(2,301)
Fair value of plan assets	2,190	2,128
Retirement benefit liabilities	(191)	(173)

Movement in the present value of retirement benefit obligations

	Group	
	2015 \$'000	2014 \$'000
Retirement benefit obligations at 1 January	(2,301)	(2,720)
Included in profit or loss		
Current service costs	(219)	(164)
Interest costs	(102)	(131)
Settlement	–	(70)
	(321)	(365)
Included in other comprehensive income		
Remeasurements – actuarial loss*	(31)	(311)
Others		
Benefits paid by the plan	10	995
Effect of movements in exchange rates	262	100
	272	1,095
Retirement benefit obligations at 31 December	(2,381)	(2,301)

Retirement benefit obligations relate to an unfunded pension plan of a subsidiary. The obligation is the actuarial present value of benefits due to past and present employees.

NOTES TO THE FINANCIAL STATEMENTS

16. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

Movement in the fair value of plan assets

	Group	
	2015 \$'000	2014 \$'000
Fair value of plan assets at 1 January	2,128	2,768
Included in profit or loss		
Interest income	94	135
Included in other comprehensive income		
Return on plan assets, excluding interest income*	14	117
Others		
Contributions paid in the plan	206	205
Benefits paid by the plan	(10)	(995)
Effect of movements in exchange rates	(242)	(102)
	(46)	(892)
Fair value of plan assets at 31 December	2,190	2,128

* Net recorded in other comprehensive income amounting to \$17,000 (2014: \$194,000).

Expense recognised in profit or loss

		Group	
	Note	2015 \$'000	2014 \$'000
Current service costs		(219)	(164)
Net interest on net retirement benefit liabilities		(8)	4
Settlements		-	(70)
Total included in employee benefits expense	21	(227)	(230)

The expense is recognised in the following line items in the profit and loss:

	Group	
	2015 \$'000	2014 \$'000
Distribution and marketing expenses	(159)	(112)
Administrative expenses	(68)	(118)
	(227)	(230)

NOTES TO THE FINANCIAL STATEMENTS

16. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

The financial actuarial assumptions used are as follows:

	Group	
	2015 %	2014 %
Discount rate	4.2	4.3
Future pension increment	3.0	3.0

17. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables:				
– non-related parties	1,700	2,451	–	–
– related corporations	7,087	3,145	–	–
	8,787	5,596	–	–
Non-trade amounts due to:				
– immediate holding company	4	–	4	–
– related corporations	24	–	4	–
Advance from:				
– immediate holding company	–	546	–	546
Accrued staff costs	744	700	78	129
Other accruals for operating expenses	1,082	1,698	196	274
Trade and other payables	10,641	8,540	282	949
Derivatives	–	509	–	–
	10,641	9,049	282	949

The non-trade amounts due to immediate holding company and related corporations are unsecured, interest-free and repayable on demand.

The advance from immediate holding company is non-trade, unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to foreign currency and liquidity risks are disclosed in note 26.

NOTES TO THE FINANCIAL STATEMENTS

18. PROVISION FOR WARRANTY

The Group provides after sales support for warranty claims by customers. Warranty on the products sold by the Group is provided by the Group's suppliers. A provision is recognised at the reporting date for after sales support of warranty claims based on past experience of the level of support provided for repairs and returns.

Movements in provision for warranty of the Group during the year are as follows:

	Group	
	2015 \$'000	2014 \$'000
At 1 January	108	122
Provision made during the year	35	146
Provision utilised during the year	(24)	(161)
Effect of movements in exchange rates	1	1
At 31 December	120	108

19. BORROWINGS

		Group	
	Note	2015 \$'000	2014 \$'000
Current			
Bank overdrafts	12	1,684	1,681
Finance lease		15	27
		1,699	1,708
Non-current			
Finance lease		13	11

The Group's and the Company's exposure to foreign currency, interest rate and liquidity risks are disclosed in note 26.

NOTES TO THE FINANCIAL STATEMENTS

19. BORROWINGS (CONTINUED)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	2015		2014	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Bank overdrafts	USD	Prime Lending Rate+1.5%	2015	1,684	1,684	1,681	1,681
Finance lease	USD	5.0	2016	9	8	33	30
Finance lease	CAD	6.2	2016	2	1	9	8
Finance lease	CAD	5.8	2019	21	19	–	–
				<u>1,716</u>	<u>1,712</u>	<u>1,723</u>	<u>1,719</u>

The bank overdrafts of \$1,683,773 (2014: \$1,681,000) are secured on properties held by a subsidiary with carrying amounts of \$1,684,000 (2014: \$1,837,000) (see note 4).

Finance lease

At 31 December, the Group had obligations under finance leases that are repayable as follows:

	2015			2014		
	Future minimum lease payments \$'000	Interest \$'000	Present value of minimum lease payments \$'000	Future minimum lease payments \$'000	Interest \$'000	Present value of minimum lease payments \$'000
Group						
Within 1 year	16	1	15	28	1	27
Within 2 to 5 years	15	2	13	14	3	11
	<u>31</u>	<u>3</u>	<u>28</u>	<u>42</u>	<u>4</u>	<u>38</u>

20. REVENUE

	Group	
	2015 \$'000	2014 \$'000
Sale of goods	<u>50,764</u>	<u>56,326</u>

NOTES TO THE FINANCIAL STATEMENTS

21. PROFIT/(LOSS) FOR THE YEAR

The following items have been included in arriving at profit/(loss) for the year:

	Note	Group	
		2015 \$'000	2014 \$'000
Audit fees paid to:			
– auditor of the Company		109	192
– other auditors		129	127
Non-audit fees paid to:			
– auditor of the Company		–	–
– other auditors		–	–
Spare parts and goods for resale		37,466	35,610
Changes in inventories of spare parts and goods for resale		(4,136)	1,368
Depreciation and amortisation		204	208
Employee benefits expense*		7,786	7,465
(Gain)/loss on disposal of property, plant and equipment		(4)	1
Gain on disposal of investment property		–	(344)
(Reversal of) impairment losses recognised on trade and other receivables	11	(32)	29
Rental income		(57)	(75)
Reversal of inventories impairment	10	(591)	(907)
Operating lease expense		1,179	1,401
Loss on liquidation of subsidiaries		–	22,586
Employee benefits expense*			
Salaries, wages and other benefits		6,355	6,151
Employer's contributions to defined contribution plans, including Central Provident Funds and social security charges		1,204	1,084
Employer's contribution to retirement benefits plan	16	227	230
		7,786	7,465

22. FINANCE (INCOME)/EXPENSE

	Group	
	2015 \$'000	2014 \$'000
Interest expense:		
– bank overdrafts	47	90
– finance lease	4	5
– loan from intermediate holding company	172	393
Interest income	(9)	–
Net foreign exchange gain	(225)	(573)
Net change in fair value of derivatives	(743)	222
	(754)	137

NOTES TO THE FINANCIAL STATEMENTS

23. TAX EXPENSE

	Group	
	2015 \$'000	2014 \$'000
Current tax expense		
– Singapore	2	2
– Foreign	32	68
	34	70
Deferred tax expense	1,663	1,268
	1,697	1,338
Overprovision in prior years	(137)	(262)
	1,560	1,076
 Reconciliation of effective tax rate		
Profit/(loss) before tax	5,001	(15,517)
Tax calculated at tax rate of 17% (2014: 17%)	850	(2,638)
Effects of different tax rates in other countries	(45)	232
Income not subject to tax	(79)	(109)
Expenses not deductible for tax purposes	926	4,015
Tax incentive	(3)	–
Current year losses for which no deferred tax asset was recognised	67	–
Utilisation of previously unrecognised unutilised tax losses	(9)	(162)
Changes in unrecognised temporary differences	(10)	–
Overprovision in prior years	(137)	(262)
	1,560	1,076

24. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share at 31 December 2015 was based on the profit/(loss) attributable to ordinary shareholders of \$3,441,000 (2014: loss of \$16,593,000), and a weighted average number of ordinary shares outstanding of 35,459,000 (2014: 35,459,000*), calculated as follows:

	Group	
	2015 \$'000	2014 \$'000
Basic and diluted earnings/(loss) per share is based on:		
Profit/(loss) attributable to ordinary shareholders	3,441	(16,593)

NOTES TO THE FINANCIAL STATEMENTS

24. EARNINGS/(LOSS) PER SHARE (CONTINUED)

	Number of ordinary shares	
	2015	2014
	(note 13)	*
	'000	'000
Weighted average number of ordinary shares during the year applicable to basic and diluted earnings per share	35,459	35,459

* The Company consolidated 20 existing ordinary shares into 1 new ordinary share on 5 May 2015. For comparative purpose, the weighted average number of shares outstanding and diluted earnings/(loss) per share for financial year ended 31 December 2014 have been adjusted for them to be stated on a comparable basis.

As the Group has no dilutive potential ordinary shares, the diluted earnings per share is also the basic earnings per share.

25. OPERATING LEASES

Operating lease commitments – where the Group is a lessee

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 31 December, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2015	2014
	\$'000	\$'000
Within 1 year	922	894
Within 2 to 5 years	2,064	2,214
After 5 years	1,711	2,106
	4,697	5,214

Operating lease commitments – where the Group is a lessor

As at 31 December, the future minimum lease payments under non-cancellable leases are as follows:

	Group	
	2015	2014
	\$'000	\$'000
Within 1 year	21	21
Within 2 to 5 years	21	41
	42	62

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to the following financial risks:

- market risk
- credit risk
- liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee is entrusted for the development and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by outsourced Internal Audit, holding company Internal Audit or any other consultant service provider which undertakes both regular and ad hoc reviews of risk management.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of the respective entities in the Group. The currencies giving rise to this risk are primarily the US Dollar ('USD'), Euro dollar ('Euro') and British Pound Sterling ('GBP').

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

Purchases of electric motors in non-functional currencies formed bulk of the currency risk exposure of one of its subsidiaries, i.e., Brook Crompton UK Limited. Management minimises such risk through purchasing of foreign currency forward contracts and foreign exchange call options based on forecasted purchases within a fixed period.

The Group's and the Company's currency exposures to various currencies are as follows:

	Euro \$'000	USD \$'000	GBP \$'000
Group			
2015			
Cash and cash equivalents	427	487	699
Trade and other receivables	1,211	2,040	3,165
Borrowings	–	(1,684)	–
Loan from intermediate holding company	(1,736)	–	–
Trade and other payables	(2,435)	(2,985)	(1,677)
Net exposure	<u>(2,533)</u>	<u>(2,142)</u>	<u>2,187</u>
2014			
Cash and cash equivalents	2,068	485	1,219
Trade and other receivables	1,941	1,501	4,160
Borrowings	–	(1,681)	–
Loan from intermediate holding company	(5,928)	–	–
Trade and other payables	(3,927)	(618)	(35)
Net exposure	<u>(5,846)</u>	<u>(313)</u>	<u>5,344</u>
Company			
2015			
Cash and cash equivalents	2	8	692
Trade and other receivables	–	830	3,164
Loan from intermediate holding company	(1,736)	–	–
Trade and other payables	(4)	–	–
Net exposure	<u>(1,738)</u>	<u>838</u>	<u>3,856</u>
2014			
Cash and cash equivalents	51	3	1,216
Trade and other receivables	–	549	4,157
Loan from intermediate holding company	(5,928)	–	–
Trade and other payables	(551)	–	–
Net exposure	<u>(6,428)</u>	<u>552</u>	<u>5,373</u>

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

Sensitivity analysis

A 5% strengthening of the following currencies against Singapore dollar at the reporting date would increase/(decrease) profit or loss by the amounts shown below. There is no impact on equity. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Euro	(127)	(292)	(87)	(321)
USD	(107)	(16)	42	28
GBP	109	267	193	269

A 5% weakening of the above currencies against Singapore dollar would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to changes in interest rates related primarily to borrowings. The directors monitor the interest rates of the Group's borrowings, where possible, in order to maintain the best borrowings interest rates that the Group can obtain in order to reduce interest expense. The ability of the Group to manage the impact of changes in market interest rates on the Group's borrowings is dependent on the support of the Group's bankers and other financial institutions.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing borrowings was:

	Group		Company	
	Carrying amount		Carrying amount	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial liabilities	28	38	–	–
Variable rate instruments				
Financial liabilities	1,684	1,681	–	–

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (Continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 1.5% in interest rates at the end of the financial year would (decrease)/increase profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	Profit before tax		Profit before tax	
	1.5%	1.5%	1.5%	1.5%
	Increase	Decrease	Increase	Decrease
	\$'000	\$'000	\$'000	\$'000
2015				
Financial liabilities/Cash flow sensitivity (net)	<u>(25)</u>	<u>25</u>	<u>-</u>	<u>-</u>
2014				
Financial liabilities/Cash flow sensitivity (net)	<u>(25)</u>	<u>25</u>	<u>-</u>	<u>-</u>

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

For trade receivables, the Group adopts the policy of dealing only with customers of good credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties and are at acceptable risk.

Credit exposure to an individual counterparty is restricted by credit limit that is approved by the responsible officer based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the responsible officer.

The Group's and Company's major classes of financial assets are cash balances and trade receivables.

Cash and cash equivalents are placed with financial institutions which are regulated.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region is as follows:

	Note	Group	
		2015 \$'000	2014 \$'000
By geographical area:			
Singapore		76	191
Asia Pacific (excluding Singapore)		528	559
United Kingdom		5,517	5,917
North America		2,175	2,115
Europe		389	1,461
Middle East		659	26
Others		18	–
	11	9,362	10,269

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

To maintain liquidity, apart from relying on funds generated from its operations, the Group also maintains a continuing relationship with the bankers and other financial institutions for their continuing support and pursues options to raise additional working capital when the need arises.

Estimation of fair value

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting dates. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

The fair value of derivative instruments is determined using broker quote at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Estimation of fair value (Continued)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000
2015				
Non-derivative financial liabilities				
Bank overdrafts	1,684	(1,684)	(1,684)	–
Finance lease	28	(31)	(16)	(15)
Loan from intermediate holding company	1,736	(1,780)	(1,780)	–
Trade and other payables*	10,641	(10,641)	(10,641)	–
	<u>14,089</u>	<u>(14,136)</u>	<u>(14,121)</u>	<u>(15)</u>
Derivative financial instruments				
Forward exchange contracts used for hedging (gross-settled):				
– Outflow	3,015	(3,015)	(3,015)	–
– Inflow	(3,109)	3,109	3,109	–
Foreign exchange call options	(130)	130	130	–
	<u>(224)</u>	<u>224</u>	<u>224</u>	<u>–</u>
	<u>13,865</u>	<u>(13,912)</u>	<u>(13,912)</u>	<u>–</u>
2014				
Non-derivative financial liabilities				
Bank overdrafts	1,681	(1,681)	(1,681)	–
Finance lease	38	(42)	(28)	(14)
Loan from intermediate holding company	5,928	(6,293)	(3,223)	(3,070)
Trade and other payables*	8,540	(8,540)	(8,540)	–
	<u>16,187</u>	<u>(16,556)</u>	<u>(13,472)</u>	<u>(3,084)</u>
Derivative financial instruments				
Forward exchange contracts used for hedging (gross-settled):				
– Outflow	5,453	(5,453)	(5,453)	–
– Inflow	(5,240)	5,240	5,240	–
Foreign exchange call options	296	(296)	(296)	–
	<u>509</u>	<u>(509)</u>	<u>(509)</u>	<u>–</u>
	<u>16,696</u>	<u>(17,065)</u>	<u>(13,981)</u>	<u>(3,084)</u>

* Excludes derivatives (shown separately).

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Estimation of fair value (Continued)

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000
Company				
2015				
Non-derivative financial liabilities				
Loan from intermediate holding company	1,736	(1,780)	(1,780)	–
Trade and other payables	282	(282)	(282)	–
	<u>2,018</u>	<u>(2,062)</u>	<u>(2,062)</u>	<u>–</u>
2014				
Non-derivative financial liabilities				
Loan from intermediate holding company	5,928	(6,293)	(3,233)	(3,070)
Trade and other payables	949	(949)	(949)	–
	<u>6,877</u>	<u>(7,242)</u>	<u>(4,182)</u>	<u>(3,070)</u>

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Fair value – hedging instruments \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Group						
31 December 2015						
Financial assets measured at fair value						
Trade and other receivables	11	224	–	–	224	224
Financial assets not measured at fair value						
Trade and other receivables	11	–	9,491	–	9,491	9,491
Cash and cash equivalents	12	–	9,456	–	9,456	9,456
		–	18,947	–	19,171	19,171
Financial liabilities measured at fair value						
Trade and other payables	17	–	–	–	–	–
Financial liabilities not measured at fair value						
Loan from intermediate holding company	15	–	–	(1,736)	(1,736)	(1,736)
Trade and other payables	17	–	–	(10,641)	(10,641)	(10,641)
Bank overdrafts	19	–	–	(1,684)	(1,684)	(1,684)
Finance lease	19	–	–	(28)	(28)	(28)
		–	–	(14,089)	(14,089)	(14,089)
31 December 2014						
Financial assets measured at fair value						
Trade and other receivables	11	–	–	–	–	–
Financial assets not measured at fair value						
Trade and other receivables	11	–	10,449	–	10,449	10,449
Cash and cash equivalents	12	–	10,283	–	10,283	10,283
		–	20,732	–	20,732	20,732
Financial liabilities measured at fair value						
Trade and other payables	17	(509)	–	–	(509)	(509)
Financial liabilities not measured at fair value						
Loan from intermediate holding company	15	–	–	(5,928)	(5,928)	(5,928)
Trade and other payables	17	–	–	(8,540)	(8,540)	(8,540)
Bank overdrafts	19	–	–	(1,681)	(1,681)	(1,681)
Finance lease	19	–	–	(38)	(38)	(38)
		–	–	(16,187)	(16,187)	(16,187)

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (Continued)

	Note	Fair value – hedging instruments \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Company						
31 December 2015						
Financial assets not measured at fair value						
Trade and other receivables	11	–	4,649	–	4,649	4,649
Cash and cash equivalents	12	–	1,075	–	1,075	1,075
		–	5,724	–	5,724	5,724
Financial liabilities not measured at fair value						
Loan from intermediate holding company	15	–	–	(1,736)	(1,736)	(1,736)
Trade and other payables	17	–	–	(282)	(282)	(282)
		–	–	(2,018)	(2,018)	(2,018)
31 December 2014						
Financial assets not measured at fair value						
Trade and other receivables	11	–	5,706	–	5,706	5,706
Cash and cash equivalents	12	–	1,471	–	1,471	1,471
		–	7,177	–	7,177	7,177
Financial liabilities not measured at fair value						
Loan from intermediate holding company	15	–	–	(5,928)	(5,928)	(5,928)
Trade and other payables	17	–	–	(949)	(949)	(949)
		–	–	(6,877)	(6,877)	(6,877)

Fair value measurement

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

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2: 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); and
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value measurement (Continued)

Group	Level 2 \$'000
2015	
Derivative instruments	<u>224</u>
2014	
Derivative instruments	<u>(509)</u>

27. RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors of the Company, directors of subsidiaries and members of the management team are considered as key management of the Group.

The remuneration of key management personnel of the Group for the financial year are as follows:

	Group	
	2015 \$'000	2014 \$'000
Salaries, fees and other short-term employee benefits	1,494	1,516
Post-employment benefits	104	102
	<u>1,598</u>	<u>1,618</u>

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

Other related party transactions

	Group	
	2015 \$'000	2014 \$'000
Administrative fee income from immediate holding company	1	–
Administrative fee income from related corporations	10	14
Commission income from related corporations	43	66
Interest expense charged by intermediate holding company	(172)	(393)
License fee received from a related corporation	599	556
Purchase of inventories from related corporations	(25,586)	(19,336)
Recharge of expenses by immediate holding company	(7)	(42)
Recharge of expenses to immediate holding company	–	61
Recharge of expenses by related corporations	(1)	(12)

NOTES TO THE FINANCIAL STATEMENTS

27. RELATED PARTIES (CONTINUED)

Other related party transactions (Continued)

	Group	
	2015 \$'000	2014 \$'000
Recharge of expenses to related corporations	12	–
Guarantee fees to immediate holding company	(18)	–
Rental income received from a related corporation	36	36
Sale of motors to related corporations	62	88

The related corporations refer to fellow subsidiaries under the ultimate holding company.

Outstanding balances as at 31 December 2015, arising from sale/purchase of goods and services, are set out in notes 11 and 17, respectively.

28. OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker.

The Group's primary business is in the distribution of electric motors. Management manages and monitors the business from a geographical segment perspective. The following are the three main geographical segments for the Group:

- Asia Pacific
- United Kingdom
- North America

Sales are based on the region in which the entity is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

Information regarding the results of each reportable segment is included below. Performance is measured based on the geographical segment's profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	United Kingdom \$'000	North America \$'000	Asia Pacific \$'000	Corporate \$'000	Total \$'000
Group					
2015					
Total segment sales	29,364	19,359	4,629	–	53,352
Elimination of intersegment sales	(19)	(2,568)	(1)	–	(2,588)
Sales to external parties	29,345	16,791	4,628	–	50,764

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (CONTINUED)

	United Kingdom \$'000	North America \$'000	Asia Pacific \$'000	Corporate \$'000	Total \$'000
Group					
2015					
Segment results	5,343	(345)	357	(683)	4,672
Interest expense, net	9	(51)	–	(172)	(214)
Depreciation and amortisation	(59)	(113)	(3)	(29)	(204)
Net change in fair value of derivatives	743	–	–	–	743
Gain on disposal property plant and equipment	4	–	–	–	4
Profit/(loss) before tax	6,040	(509)	354	(884)	5,001
Segmental assets	20,405	16,870	1,593	1,217	40,085
The above assets include:					
Non-current assets	1,069	1,973	6	30	3,078
Capital expenditure:					
– Property, plant and equipment	61	144	1	2	208
Segment liabilities	3,668	8,260	582	2,020	14,530
2014					
Total segment sales	33,020	18,926	6,581	–	58,527
Elimination of intersegment sales	(47)	(2,154)	–	–	(2,201)
Sales to external parties	32,973	16,772	6,581	–	56,326
Segment results	6,660	1,305	359	(680)	7,644
Interest expense	–	(94)	–	(394)	(488)
Depreciation and amortisation	(55)	(110)	(3)	(40)	(208)
Net change in fair value of derivatives	(222)	–	–	–	(222)
Loss on disposal property plant and equipment	(1)	–	–	–	(1)
Gain on disposal investment property	–	–	–	344	344
Loss on liquidation of subsidiary	–	–	–	(22,586)	(22,586)
Profit/(loss) before tax	6,382	1,101	356	(23,356)	(15,517)
Segmental assets	21,945	14,042	2,068	1,693	39,748
The above assets include:					
Non-current assets	2,842	2,264	8	56	5,170
Capital expenditure:					
– Property, plant and equipment	124	131	8	22	285
Segment liabilities	5,021	4,682	858	7,015	17,576

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (CONTINUED)

The distribution business is operated in the following countries:

	Group Revenue	
	2015	2014
	\$'000	\$'000
Singapore	4,628	6,581
United Kingdom	29,345	32,973
United States	10,853	11,089
Canada	5,938	5,683
	50,764	56,326

	Group Non-current assets	
	2015	2014
	\$'000	\$'000
Singapore	36	64
United Kingdom	1,069	2,842
United States	226	252
Canada	1,747	2,012
	3,078	5,170

LETTER TO SHAREHOLDERS

LINDETEVES-JACOBURG LIMITED (the “Company”)

(Incorporated in the Republic of Singapore)
(Company Registration No.: 194700172G)

6 April 2016

Directors:

Mr Andreas Schindler
Ms Chen Yingzhu
Dr Knut Unger
Prof Wang Xiangyao

Registered Office:

100 Cecil Street
#07-01/02 The Globe
Singapore 069532

To: The Shareholders of Lindeteves-Jacoburg Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR TRANSACTIONS WITH INTERESTED PERSONS OF THE COMPANY (THE GENERAL MANDATE)

1. BACKGROUND

We refer to (a) the Notice of the 68th Annual General Meeting (“2016 AGM”) of Lindeteves-Jacoburg Limited (the “Company”) dated 6 April 2016 (the “Notice of AGM”) accompanying the Annual Report of the Company for the financial year ended 31 December 2015 (the “2015 Annual Report”) in relation to the convening of the 2016 AGM of the Company which is scheduled to be held on 28 April 2016, and (b) Ordinary Resolution 8 in relation to the renewal of the General Mandate under the heading “Special Business” set out in the Notice of the 2016 AGM.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE

2.1 The Existing General Mandate

At the General Meeting held on 27 April 2015 (the “AGM”), shareholders of the Company (“Shareholders”) approved the renewal of the General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions falling within the categories of ATB Interested Person Transactions described in the Company’s circular to Shareholders dated 29 November 2006.

2.2 Proposed Renewal of the General Mandate

The General Mandate was expressed to continue to be in force until the conclusion of the next Annual General Meeting of the Company, being the forthcoming 2016 AGM. Accordingly, the directors of the Company (the “Directors”) propose that the General Mandate be renewed at the forthcoming 2016 AGM. The particulars of the interested person transactions in respect of which the General Mandate is sought to be renewed remained unchanged.

LETTER TO SHAREHOLDERS

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE (CONTINUED)

2.3 Details of the General Mandate

Details of the General Mandate, including the rationale for and the benefits to the Company, the review procedures for determining transaction prices with interested persons and other general information in relation to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), are set out in the Appendix to this letter.

2.4 Confirmation of Audit Committee

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee of the Company confirms that:

- (a) the methods or procedure for determining the transaction prices under the General Mandate have not changed subsequent to the 2015 AGM; and
- (b) the methods or procedure referred to paragraph 2.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 3.1 The interest of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Knut Unger	10,000	0.03	–	–
Andreas Schindler	–	–	–	–
Chen Yingzhu	–	–	–	–
Wang Xiangyao	–	–	–	–
Substantial Shareholders				
ATB Austria Antriebstechnik AG	–	–	23,439,519 ⁽²⁾	66.10
Wolong Investments GmbH	–	–	23,439,519 ⁽³⁾	66.10
Wolong Holding Group GmbH	–	–	23,439,519 ⁽⁴⁾	66.10
Hongkong Wolong Holding Group Co Ltd	–	–	23,439,519 ⁽⁵⁾	66.10
Wolong Electric Group Co Ltd	–	–	23,439,519 ⁽⁶⁾	66.10
Wolong Shunyu Investment Co Ltd	–	–	23,439,519 ⁽⁷⁾	66.10
Wolong Holding Group Co Ltd	–	–	23,439,519 ⁽⁸⁾	66.10

LETTER TO SHAREHOLDERS

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONTINUED)

- (1) The percentage shareholding interest is based on the issued share capital of 35,458,818 shares as at the Latest Practicable Date.
- (2) ATB Austria Antriebstechnik AG ("ATB") is deemed to be interested in the 23,439,519 ordinary shares held under the name of nominee – CIMB Securities(Singapore) Pte Ltd.
- (3) Wolong Investments Gmbh (Wolong Investments) holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act, Cap. 50. ("the Act").
- (4) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (5) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (6) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of HongKong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (7) Wolong Shunyu Investment Co. Ltd ("Wolong Shunyu") holds 38.07% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (8) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Wolong Shunyu and holds 12.67% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

3.2 Abstention from voting

ATB, Wolong and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2016 AGM.

Further, each of the persons mentioned in this paragraph 3.2 undertakes to decline to accept appointment to act as proxies for other Shareholders of the Company at the 2016 AGM or Ordinary Resolution 8 unless the Shareholder concerned shall have been given specific instructions as to the manner in which his votes are to be cast.

4. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the General Mandate (the "Independent Directors") are Dr Knut Unger, and Prof Wang Xiangyao. The Independent Directors having considered, inter alia, the terms, the rationale and the benefits of the General Mandate, are of the view that the General Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution 8 relating to the General Mandate set out in the Notice of AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors jointly and severally accept responsibility for the accuracy of the information contained in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts and opinions expressed in this letter are fair and accurate and that there are no material facts the omission of which would make any statement in this letter misleading.

LETTER TO SHAREHOLDERS

6. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

7. SGX-ST

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this letter.

Yours faithfully

LINDETEVES-JACOBURG LIMITED
Prof Wang Xiangyao

Singapore

THE APPENDIX

1. CHAPTER 9 OF THE LISTING MANUAL

- 1.1 Chapter 9 of the Listing Manual ("Chapter 9") governs transactions which a listed company or any of its subsidiaries or associated companies proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its minority shareholders.
- 1.2 For the purposes of Chapter 9:
- (a) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9;
 - (b) an "associate" in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "associate" in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
 - (c) an "associated company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
 - (d) a "controlling shareholder" is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
 - (e) an "entity at risk" means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
 - (f) an "interested person" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
 - (g) an "interested person transaction" means a transaction between an entity at risk and an interested person; and
 - (h) a "transaction" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of products and services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business and whether or not entered into directly or indirectly.

THE APPENDIX

- 1.3 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:
- (a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated net tangible assets ("NTA"); or
 - (b) the aggregate value of all transactions entered into with the same interested person during the same financial year is equal to or more than 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year, and shareholders' approval (in addition to an immediate announcement) is required where:
 - (c) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA; or
 - (d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited consolidated NTA. The aggregate will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

For the purposes of aggregation, interested person transactions below S\$100,000 each are to be excluded.

- 1.4 Part VIII of Chapter 9 allows a listed company to seek a General Mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A General Mandate granted by shareholders is subject to annual renewal.

2. RATIONALE FOR THE GENERAL MANDATE

- 2.1 The Directors believe that the General Mandate is in the interests of the Group for the following reasons:-
- (a) The ATB/Wolong Interested Persons are in a similar business as the Group and as such, there are opportunities for the Group to leverage on the products and services provided by the ATB/Wolong Interested Persons. In fact, one of the reasons stated by ATB for acquiring control of the Group was to acquire a significant stake in a complementary business with regard to product range and market presence. The General Mandate will allow the Group to take advantage of such opportunities, thereby increasing its revenue.
 - (b) Timely delivery is an essential element in the Group's business. If the Company were required to seek Shareholders' approval on each occasion it deals with the ATB/Wolong Interested Persons, it would make it unviable for the ATB/Wolong Interested Persons to transact with the Group.

The General Mandate would facilitate such transactions with the ATB/Wolong Interested Persons being carried out in a timely manner.

THE APPENDIX

- (c) If the Company is constantly required to seek Shareholders' approval for transactions with the ATB/Wolong Interested Persons, the Company would have to expand administrative time and resources as well as incur additional expenses associated therewith. The proposed General Mandate would allow such resources and time to be channelled towards the Company's other objectives.

- 2.2 The General Mandate and the renewal thereof on an annual basis are intended to facilitate the ATB/Wolong Interested Person Transactions in the ordinary course of business of the Group which the Directors envisage likely to be transacted with some frequency from time to time with the ATB/Wolong Interested Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3. CLASSES OF ATB/WOLONG INTERESTED PERSONS

The proposed General Mandate will apply to the transactions set out in paragraph 4.2 below proposed to be carried out with the following classes of persons: (a) ATB; (b) Wolong Group Holding Co. Ltd ("Wolong"), who is holding company of ATB; and (c) any associate (as defined in the Listing Manual) of ATB or Wolong.

4. SCOPE OF THE GENERAL MANDATE

- 4.1 Chapter 9 of the Listing Manual governs transactions by a listed company as well as transactions by its subsidiaries and associated companies that are considered to be at risk with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with all other transactions conducted with the same interested person during the financial year exceeds certain materiality thresholds, the listed company is required to seek its shareholders' approval for that transaction.

The materiality thresholds are:-

- (a) 5% of the listed group's latest audited consolidated NTA; or
- (b) 5% of the listed group's latest audited consolidated NTA, when aggregated with all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

However, Chapter 9 of the Listing Manual permits a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials that may be carried out with the listed company's interested persons.

As mentioned, in light of the fact that the Group and the ATB/Wolong Interested Persons are in similar businesses, it is envisaged that in the ordinary course of their businesses, certain transactions (as more particularly set out in paragraph 4.2 below) between the Group Companies and the ATB/Wolong Interested Persons may occur from time to time. Such ATB/Wolong Interested Person Transactions would be transactions in the ordinary course of business in the Group.

Accordingly, the General Mandate is being proposed to enable the group of companies (Group Companies) to, in the ordinary course of business, enter into the categories of ATB/Wolong Interested Person Transactions set out in paragraph 4.2 below with the ATB/Wolong Interested Persons, provided such transactions are entered into on an arm's length basis and on normal commercial terms, and are not prejudicial to the interest of the Company and its minority Shareholders.

THE APPENDIX

The General Mandate does not cover any transaction between a Group Company and any ATB/Wolong Interested Person that is below S\$100,000 in value, as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

4.2 Types of Transactions under the Scope of the General Mandate

The ATB/Wolong Interested Person Transactions to be covered by the General Mandate would include the following classes of transactions which are entered into during the Group's normal course of business. The General Mandate does not cover any purchase or sale of assets, undertakings or businesses from or to the ATB/Wolong Interested Persons.

(a) *Trading of electric motors and components*

As the Group Companies and the ATB/Wolong Group each specialise in the manufacture and trading of different categories of electric motors, occasions may arise from time to time where it is necessary for the Group Companies to sell or purchase electric motors and components from the ATB/Wolong Group. Currently, the Group Companies are in the business of trading high voltage and low voltage industrial electric motors whereas the ATB/Wolong Group specialises in the production of electric motors.

The sale and purchase prices for such electric motors and components to be sold or bought from the ATB/Wolong Group are determined by the sales or purchasing departments of the relevant Group Companies on the same bases as if the relevant Group Company were dealing with an unrelated third party.

The Group will benefit from having access to a wide range of electric motors and components at competitive quotes from the ATB/Wolong Group, in addition to obtaining quotes from or transacting with unrelated third parties.

(b) *Production and sub-contracting services*

Transactions in this category of services include the provision of sub-contracting services by companies within the Group to the ATB/Wolong Group at an agreed contracted price for the contract period. As both the ATB/Wolong Group and the Group Companies are in a similar business of producing electric motors, the ATB/Wolong Group may on occasions outsource the production of certain electric motors to a Group Company. Such sub-contracting arrangements would benefit the Group, as it would enable excess production capacities of any Group Company to be utilised more effectively in providing a source of additional income for the Group. The price would be based on a cost-plus-margin formula or on a fixed cost (inclusive of margin) per unit motor or component to be produced during the specific contract period.

(c) *Storage and warehousing of electric motors and components*

Transactions falling within this category are the provision of storage services for electric motors and components to the ATB/Wolong Group by the Group Companies at an agreed storage fee. Such fees are negotiated for the contractual period and are based on the prevailing rental rates for similar storage and warehouse space available on the market.

It is expected that the sharing of storage and warehousing facilities with the ATB/Wolong Group would enable the Group Companies to save on rental costs.

THE APPENDIX

(d) Receipt of financial assistance

This category covers transactions between companies within the Group and the ATB/Wolong Interested Persons, which may include (i) the borrowing of money from the ATB/Wolong Interested Persons and (ii) the provision of guarantees, indemnities or security by the ATB/Wolong Interested Persons in favour of the Group's creditors in respect of borrowings which are incurred by the Group. The Group may seek financial assistance from the ATB/Wolong Interested Persons in cases where there are insufficient funds for the Group's operations.

The cost of borrowing will be based on the prevailing rates of interest had the relevant company within the Group borrowed from the market. Commission rates (if any) which are charged by the ATB/Wolong Interested Persons for the provision of such guarantees or indemnities will be benchmarked against commission rates quoted by reputable financial institutions.

As any interest payable by the Group Companies to the ATB/Wolong Interested Persons would be no less favourable than what is offered in the market, the provision of financial assistance by the ATB/Wolong Interested Persons would also allow the Group Companies ready access to funds in an expedient manner to meet the Group Companies' liquidity and working capital needs.

(e) Management support services

The Group may, from time to time, receive or provide management and support services from/ to the ATB/Wolong Interested Persons in the areas of financial and treasury advice, investment risk review, governmental relations, strategic development, management information systems, internal audit and human resources management and development ("management support services"). By having access to and providing such management support services, the Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of the ATB/Wolong Interested Persons.

5. REVIEW PROCEDURES FOR THE ATB/WOLONG INTERESTED PERSON TRANSACTIONS

To ensure that the ATB/Wolong Interested Person Transactions are conducted on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally no more favourable than those extended to unrelated third parties, as a general practice, the relevant company within the Group will only enter into an ATB/Wolong Interested Person Transaction if the terms offered by/extended to an ATB/Wolong Interested Person are no less/more favourable than terms offered by/extended to unrelated third parties. To this end, the Group will adopt the procedures set out below.

5.1 All ATB/Wolong Interested Person Transactions (except storage and warehousing and financial assistance)

The Company will monitor the ATB/Wolong Interested Person Transactions which are covered by the General Mandate by implementing the following review and approval procedures:

- (a) Quotations will be obtained from the relevant ATB/Wolong Interested Person and at least two other similar unrelated third party providers to determine if the price and terms offered by such ATB/Wolong Interested Person are fair and reasonable. In determining if the price and terms offered by the relevant ATB/Wolong Interested Person are fair and reasonable, factors such as (but not limited to) quality, specification compliance, track record, experience and expertise, preferential rates, rebates or discounts accorded for bulk purchases may also be taken into account.

THE APPENDIX

- (b) Where it is not possible to obtain quotations from unrelated third parties and in order to determine whether the terms of the transaction with the relevant ATB/Wolong Interested Person are fair and reasonable, the designated approving party will assess whether the pricing and terms of the transaction is in accordance with the Group's usual business practices and pricing policy, the prevailing industry norms and whether they are consistent with the usual margins for the same or substantially similar types of transactions entered into with unrelated third parties. A written recommendation will be submitted to the designated approving parties by the relevant sales or purchasing personnel of the relevant Group Company.

(c) *Threshold Limits*

Transactions less than €100,000 each in value will be reviewed and approved by the designated management levels in accordance with the Group's procedures on the delegation of authority.

Transactions exceeding €100,000 but less than €300,000 each in value will be reviewed and approved by the Managing Director and the Financial Controller of the relevant company within the Group.

Transactions exceeding €300,000 but less than €1,000,000 each in value will be reviewed and approved by the Group Chief Executive Officer.

Transactions exceeding €1,000,000 each in value will be reviewed and approved by the Audit Committee.

The aforementioned approvals shall be obtained before the transactions are entered into or carried out.

5.2 Storage and warehousing

In relation to storage and warehousing services for electric motors and components, the agreed storage fees should be no less favourable than prevailing rental rates. In the event that market rental rates are not readily available, the relevant company within the Group shall adopt the procedures set out in paragraph 5.1(b).

The threshold limits as set out in paragraph 5.1(c) shall also apply for purposes of reviewing and approving any ATB/Wolong Interested Person Transaction which involves the provision of storage and warehousing services.

5.3 Financial Assistance

In relation to financial assistance, the borrowing of funds from any ATB/Wolong Interested Person should be at rates and on conditions no less favourable than those quoted by a reputable financial institution licensed by the Monetary Authority of Singapore or, in the case of borrowings made by the Group's foreign subsidiaries, at rates quoted by reputable financial institutions located in the relevant foreign jurisdictions.

In relation to the provision of guarantees, indemnities or security by the ATB/Wolong Interested Persons in favour of the Group's creditors, in respect of borrowings which are incurred by the Group, any commission rates (if any) which are chargeable by the ATB/Wolong Interested Persons for the provision of such guarantees or indemnities shall be at rates no less favourable than that quoted by reputable financial institutions.

In cases where, for any reason, information relating to the prevailing interest/commission rates chargeable by such financial institutions is unavailable, the relevant company within the Group shall adopt the procedures set out in paragraph 5.1(b) above.

All financial assistance transactions will be reviewed and approved by the Group Chief Executive Officer. Any financial assistance transaction which exceeds €3,000,000 each in value will be reviewed and approved by the Audit Committee.

THE APPENDIX

5.4 General Administrative Procedures for the ATB/Wolong Interested Person Transactions

The Company will also implement the following administrative procedures in respect of transactions proposed to be entered into with the ATB/Wolong Interested Persons:–

- (a) A register will be maintained by each company within the Group to record all ATB/Wolong Interested Person Transactions which are entered into pursuant to the General Mandate. The annual internal audit plan shall incorporate a review of all ATB/Wolong Interested Person Transactions entered into pursuant to the General Mandate.
- (b) The person authorised to approve those transactions must not have a direct or indirect interest in the transactions. In instances where the authorised person has a direct or indirect interest in any ATB/Wolong Interested Person Transaction, he/she shall not take part in the approval process for such ATB/Wolong Interested Person Transactions. Such ATB/Wolong Interested Person Transactions shall be subject to the approval of such other non-interested persons who are authorised to approve transactions within that threshold limit or the next higher approving authority who has no direct or indirect interest in such transactions.
- (c) On a quarterly basis, the Audit Committee will review all ATB/Wolong Interested Person Transactions.

The managing director and the financial controller of the relevant company within the Group shall submit a declaration form to the Head Office of the Group at the end of each financial quarter, stating that all ATB/Wolong Interested Persons Transactions have been fairly and reasonably executed and are consistent with the guidelines and review procedures for ATB/Wolong Interested Person Transactions. Persons authorised to approve the relevant ATB/Wolong Interested Person Transactions shall also make a declaration when approving the relevant ATB/Wolong Interested Person Transactions, confirming that he/she does not have a direct or indirect interest in the relevant ATB/Wolong Interested Person Transactions.

- (d) The Internal Auditor/management of the Company will periodically review the established guidelines and procedures for the ATB/Wolong Interested Person Transactions to ensure compliance. The results of these reviews will be reported to the Audit Committee.
- (e) On the basis of these periodic reviews by the Internal Auditor/management and in the event the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the ATB/Wolong Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the ATB/Wolong Interested Persons.
- (f) The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Company as they deem appropriate.

For the purpose of the approval process, if any member of the Audit Committee has an interest in a transaction to be reviewed by the Audit Committee, he will abstain from any decision making by the Audit Committee in respect of the transaction. Accordingly, where any member of the Audit Committee has an interest in the transaction to be reviewed by the Audit Committee, the approval of that transaction will be undertaken by the remaining member(s) of the Audit Committee.

6. DISCLOSURE IN ANNUAL REPORT

Disclosure has been made in the section on Interested Person Transactions in this Annual Report of the aggregate value of transactions in excess of S\$100,000 conducted with Interested Persons (as described in paragraph 3 of the appendix to this letter) pursuant to the existing General Mandate during the financial year ended 31 December 2015 and disclosure shall be made in the Annual Reports for subsequent financial years that the General Mandate continues in force in accordance with the requirements of Chapter 9.

ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

Number of shares issued : 35,458,818
 Class of shares : Ordinary shares fully paid
 Voting rights : One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	774	15.90	47,843	0.14
100 – 1000	2,847	58.47	1,114,134	3.14
1,001 – 10,000	1,100	22.59	3,640,480	10.27
10,001 – 1,000,000	146	3.00	6,097,010	17.19
1,000,001 AND ABOVE	2	0.04	24,559,351	69.26
TOTAL	4,869	100.00	35,458,818	100.00

TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CIMB SECURITIES (SINGAPORE) PTE LTD	23,484,060	66.23
2	DBS NOMINEES PTE LTD	1,075,291	3.03
3	LIU WENYING	800,900	2.26
4	OCBC SECURITIES PRIVATE LTD	395,846	1.12
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	341,478	0.96
6	IYER ANJALI SUBRAMANIAN	176,175	0.50
7	CITIBANK NOMINEES SINGAPORE PTE LTD	172,901	0.49
8	HO SIN CHAN	162,000	0.46
9	OCBC NOMINEES SINGAPORE PTE LTD	146,742	0.41
10	TEH CHIN HUAT	142,000	0.40
11	GO MEI LIN	129,350	0.36
12	CHIN MIN KWONG	105,000	0.30
13	PHILLIP SECURITIES PTE LTD	104,852	0.30
14	CHONG SOHHAR HAROLD	100,000	0.28
15	CITIBANK CONSUMER NOMINEES PTE LTD	86,775	0.24
16	CHEW POH KWAN MARGARET	81,500	0.23
17	LIM MUI CHOO	77,900	0.22
18	FORTE CAPITAL MANAGEMENT PTE LTD	62,000	0.17
19	CHAN SEK KEONG	60,500	0.17
20	ANG YIAN HIONG	60,000	0.17
TOTAL		27,765,270	78.30

ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2016

Name	DIRECT INTERESTS		DEEMED INTERESTS	
	No. of Shares	%	No. of Shares	%
ATB Austria Antriebstechnik AG	–	0.00%	23,439,519 ⁽¹⁾	66.10
Wolong Investments Gmbh	–	0.00%	23,439,519 ⁽²⁾	66.10
Wolong Holding Group Gmbh	–	0.00%	23,439,519 ⁽³⁾	66.10
Hongkong Wolong Holding Group Co Ltd	–	0.00%	23,439,519 ⁽⁴⁾	66.10
Wolong Electric Group Co Ltd	–	0.00%	23,439,519 ⁽⁵⁾	66.10
Wolong Shunyu Investment Co. Ltd	–	0.00%	23,439,519 ⁽⁶⁾	66.10
Wolong Holding Group Co Ltd	–	0.00%	23,439,519 ⁽⁷⁾	66.10

Notes:

- (1) ATB Austria Antriebstechnik AG's ("ATB") interest in the 23,439,519 shares were held under the name of nominees – CIMB Securities (Singapore) Pte Ltd.
- (2) Wolong Investments Gmbh (Wolong Investments) holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act, Cap. 50. ("the Act").
- (3) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (4) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (5) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of HongKong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (6) Wolong Shunyu Investment Co. Ltd ("Wolong Shunyu") holds 38.07% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (7) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Wolong Shunyu and holds 12.67% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

Percentage of Shareholding in the Hands of the Public

Based on the information available to the Company as at 18 March 2016, 33.87% of the issued capital of the Company was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 68th Annual General Meeting of Lindeteves-Jacoberg Limited (the “Company”) will be held at 3 Church Street, Level 8 Samsung Hub, Singapore 049483 on Thursday, 28 April 2016 at 9.30 am to transact the following businesses:–

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and the Directors’ Report and Auditors’ Report for the financial year ended 31 December 2015. **(Resolution 1)**
2. To approve the payment of Directors’ fees of up to S\$90,000 for the financial year ending 31 December 2016 (31 December 2015: S\$90,000). **(Resolution 2)**
3. To re-elect the following Directors:–
 - (a) Mr Andreas Schindler, retiring pursuant to Article 104 of the Company’s Constitution. **(Resolution 3)**

Mr Andreas Schindler will, upon re-election as Director of the Company, remain as the Chairman of the Board of Directors and a member of the Audit Committee and Remuneration Committee.
 - (b) Dr Knut Unger, retiring pursuant to Article 104 of the Company’s Constitution. **(Resolution 4)**

Dr Knut Unger will, upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).
 - (c) Prof Wang Xiangyao, retiring pursuant to Article 108 of the Company’s Constitution. **(Resolution 5)**

Prof Wang Xiangyao will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).
4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions with or without modifications:–

6. AUTHORITY TO ISSUE SHARES

“That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806(2) of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:–

- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, “Instruments”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

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

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

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company’s total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company’s total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

- (a) new shares arising from the conversion or exercise of convertible securities,
- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
- (c) any subsequent bonus issue, consolidation or subdivision of the Company’s shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the 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 the earlier.” (See Explanatory Note 1) **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

7. APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

“That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“Chapter 9”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Appendix to the Company’s letter to shareholders dated 06 April 2016 (the “Letter”), with any party who is of the Classes of Interested Persons described in the Appendix to the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix to the Letter (the “General Mandate”);
- (b) such General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company 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 may consider expedient or necessary or in the interests of the company to give effect to the General Mandate and/or this Resolution”. (See Explanatory Note 2)

(Resolution 8)

BY ORDER OF THE BOARD

Ang Siew Koon, ACIS

Company Secretary

Singapore, 06 April 2016

Explanatory Note:-

1. Resolution 7, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

For the purpose of Resolution 7, 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 Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

2. Resolution 8 is to renew effective up to the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by the Company in general meeting) the General Mandate to enable the Company, its subsidiaries and associated companies that are considered to be “entities at risk” to enter, in the ordinary course of business, into the types of mandated transactions with specific classes of the Company’s interested persons. The General Mandate which was previously approved by shareholders at the Annual General Meeting of the Company held on 27 April 2015 will be expiring at the forthcoming 68th Annual General Meeting. Particulars of the General Mandate and the Audit Committee’s confirmation (pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited) in respect of the proposed renewal of the General Mandate, are contained in the Company’s letter to shareholders dated 06 April 2016.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member who is not a relevant intermediary may appoint not more than two proxies to attend and vote at the Meeting.
2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the first named proxy may be treated as representing 100% of the shareholding and the second name proxy as an alternate to the first named.
3. A member who is a relevant intermediary 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 member. Where such member 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" means:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A proxy need not be a member of the Company.
5. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
6. The instrument appointing a proxy must be deposited at the registered office of the Company at 100 Cecil Street, #07-01/02 The Globe, Singapore 069532 not later than 48 hours before the time appointed for the 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) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) 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."

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LINDETEVES-JACOBURG LIMITED

(Company Registration No. 194700172G)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

*I/We _____ (Name) NRIC/Passport No. _____
of _____ (Address)
being *a member/members of Lindeteves-Jacoburg Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

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or failing him, Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, at the 68th Annual General Meeting of the Company to be held at 3 Church Street, Level 8 Samsung Hub, Singapore 049483 on Thursday, 28 April 2016 at 9.30 am and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements and the Directors' Report and Auditors' Report for the financial year ended 31 December 2015.		
2.	To approve the payment of Directors' fees of up to S\$90,000 for the financial year ending 31 December 2016.		
3.	To re-elect Mr Andreas Schindler pursuant to Article 104 of the Company's Constitution.		
4.	To re-elect Dr Knut Unger pursuant to Article 104 of the Company's Constitution.		
5.	To re-elect Prof Wang Xiangyao pursuant to Article 108 of the Company's Constitution.		
6.	To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise the Directors to issue shares.		
8.	To approve the renewal of the General Mandate for interested person transactions.		

Dated this _____ day of _____ 2016

Total Number of Shares Held

Signature(s) of Member(s)/Common Seal

* Delete accordingly

IMPORTANT. Please read notes overleaf

Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the 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 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.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company 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 its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.
6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 100 Cecil Street, #07-01/02 The Globe, Singapore 069532 not later than 48 hours before the time set for the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares

AFFIX
STAMP

The Company Secretary
LINDETEVES-JACOBBERG LIMITED
100 Cecil Street
#07-01/02 The Globe
Singapore 069532

entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending 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) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) 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."

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CORPORATE INFORMATION

BOARD OF DIRECTORS

ANDREAS SCHINDLER

Chairman/Non-Executive &
Non-Independent Director

CHEN YINGZHU

Executive Director &
Chief Executive Officer

KNUT UNGER

Member/Lead Independent Director

WANG XIANGYAO

Independent Director

AUDIT COMMITTEE

WANG XIANGYAO

Chairman & Independent Director

KNUT UNGER

Member/Lead Independent Director

ANDREAS SCHINDLER

Member/Non-Executive
& Non-Independent Director

NOMINATING COMMITTEE

KNUT UNGER

Chairman and Lead Independent
Director

WANG XIANGYAO

Member/Independent Director

CHEN YINGZHU

Member/Executive Director & CEO

REMUNERATION COMMITTEE

KNUT UNGER

Chairman and Lead Independent
Director

WANG XIANGYAO

Member/Independent Director

ANDREAS SCHINDLER

Member/Non-Executive &
Non-Independent Director

COMPANY SECRETARY

ANG SIEW KOON, ACIS

REGISTERED OFFICE

100 Cecil Street,
#07-01/02, The Globe
Singapore 069532
Tel No: (+65) 6227 0308
Fax No: (+65) 6227 0605
Email: mgt@linjacob.com

REGISTRAR, AGENT AND TRANSFER OFFICER

TRICOR BARBINDER SHARE REGISTRATION SERVICES

(a division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

KPMG LLP

16 Raffles Quay #22-00
Singapore 048581
(appointed from financial year ended
31 December 2012)

**Audit Partner: Jeya Poh Wan
Suppiah**



Lindeteves - Jacoberg Limited

Co. Reg. No: 194700172G

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