OUR MISSION

"We are committed to scaling new heights by nurturing trust with our partners, whilst providing value-added services and excellence in quality."

CONTENTS

TSH Corporation Limited

CHAIRMAN'S STATEMENT

"The Group continues to present a strong balance sheet with total cash balances of S$20.26 million out of net assets of S$45.90 million and net asset value per share of 19.09 cents as at 31 December 2014."

Mr. Wong Weng Foo John
Chairman

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of TSH Corporation Limited and its subsidiaries (the "**Group**") for the financial year ended 31 December 2014 ("**FY14**").

FINANCIAL HIGHLIGHTS

The revenue of the Group decreased by S$27.41 million or 52.3% to S$25.00 million in FY14, and the gross profit of the Group has similarly dropped by S$7.87 million or 53.9% to S$6.73 million.

As a result, the Group reported S$1.04 million profit for the year, a drop of S$1.57 million or 60.1% from previous year, and earnings per ordinary share of 0.43 cents for FY14. The net asset value per ordinary share continued to increase moderately by 0.54 cents or 2.9% from 18.55 cents as at 31 December 2013 to 19.09 cents as at 31 December 2014.

OPERATIONS HIGHLIGHTS

Consumer Electronic Products business
The revenue of the Consumer Electronic Products business decreased by S$16.96 million or 53.2% to S$14.89 million. This was due mainly to the reduced orders from a major customer and the sales to new customers did not pick up as planned. This resulted in a sharp drop in profit before taxation of this business by S$2.09 million from S$2.29 million in FY13 to S$0.19 million in FY14.

Homeland Security Services business
The revenue of the Homeland Security Services business decreased by S$10.34 million or 57.3% to S$7.71 million. This was due mainly to the absence of similar major project completed in 2013 and the disposal of a subsidiary, Explomo Security Services Pte Ltd, in 2013. As a result, the operating profit before taxation of this business has decreased by S$0.64 million or 53.6% to S$0.56 million in FY14.

Property business
With the approval of the shareholders to diversify into Property business in 2014, we have invested S$16.07 million in development properties as at 31 December 2014, and this business will contribute to the income of the Group upon completion of development of the properties.

Corporate and Others business
The revenue of the Corporate and Others business has remained about the same at S$2.39 million, compared to S$2.51 million in FY13. The profit of this business decreased by S$1.00 million or 75.7% to S$0.32 million in FY14 due mainly to lower net interest income and cessation of the library related services.

DIVIDENDS

The Company does not propose to pay nor has it declared any dividend in respect of FY14.

PROSPECTS

Barring any unforeseen circumstances, we are cautiously optimistic about the prospects of all the businesses of the Group.

We will continue to focus on expanding our clientele base and markets to grow the businesses, and establish a reputation in the market for our new property business to enhance shareholders' value.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to all shareholders and business partners throughout the past year for their confidence, continued support and involvement. In particular, I would also like to convey special thanks to the directors and all employees for their unfailing dedication, adaptability and commitment during the year.

Mr Wong Weng Foo John
Chairman

CORPORATE PROFILE

The main businesses of TSH Corporation Limited ("**TSH**" or the "**Company**") are the Homeland Security Services business, the Consumer Electronic Products business and the Property business. The Consulting business has shown promising growth but has yet to develop into a major business of the Group.

HOMELAND SECURITY SERVICES BUSINESS

Our interest in the Homeland Security Services business is carried out by a wholly-owned subsidiary, Explomo Technical Services Pte Ltd ("**Explomo Technical**").

Explomo Technical was incorporated in 1988 and is involved in the following businesses:

(a) Defence Related Materials Disposal and Recycling Services;

(b) Land Remediation Services;

(c) Security Consultancy Services;

(d) Civil Defence Shelter Services; and

(e) Supply and choreography of pyrotechnic and firework displays.

The Defence Related Materials Disposal and Recycling Services refer to demilitarisation of ammunition in an ecologically sound and environmental friendly way using plant and equipment or open disposal services. Besides that, the services include the supply and installation of demilitarisation plant and equipment for customers. During the 26 years of operating history, we have recycled/disposed of several thousand tons of ammunition and explosives stockpile and assisted in the supply and installation of demilitarisation plant and equipment locally and overseas.


Safety Briefing

The Land Remediation Services refer to the detection and clearance of unexploded ordnance ("**UXO**") from designated areas so as to render those areas safe from hazards posed by UXO found in both military and civilian settings. We have performed land remediation services around the region since 1997.


Men at work

During the year, we have substantially completed the overseas explosives remedial survey project awarded in November 2013, pending client's clearance of certain sites for the remaining area.

We have been qualified by the Kuwait authority to participate in activities involving ordnance clearance in Kuwait since 2012. Under Kuwait's Environment Rehabilitation Program, the contractor of each construction or environment clearance project has to appoint an approved land remediation company to carry out ordnance detection and clearance works before any works begin.

The Security Consultancy Services refer to the conduct of bomb searches, sweeps and related security protective measures and training. The services are offered to any entity, public or private, that wishes to improve its protection against bomb threats and other security issues.

The team can be activated within 24 hours, and we have the capability to tap into our pool of resources to activate and form additional teams as and when required.

HOMELAND SECURITY SERVICES BUSINESS - *continued*

Inspection of Gas Filters

The Civil Defence Shelter Services refer to the supply of civil defence shelter ventilating components and the provision of related engineering and testing services for civil defence applications.

This business started in 2000 and its integrated services include:-

- selection of shelter ventilating components, which include ventilating units, explosion protection valves, filters and related furnishings;
- site installation or provision of supervision;
- conduct of tests for completed civil defence shelters such as air-tightness, airflow regime and overpressure, and air-conditioning and mechanical ventilation system integrity; and
- after sales customer service and maintenance for equipment.

The current projects of this business include the provision of civil defence equipment for Downtown Line Stage 2.

Positioning of floating platform

The supply and choreography of pyrotechnic and firework displays are carried out for the entertainment industry locally and overseas since 1989. Prominent projects involved include the Singapore Youth Olympic Games opening and closing ceremonies, Resorts World Sentosa's opening ceremonies, pyrotechnic effects in Resorts World Sentosa's Universal Studios theme park, Singapore National Day Parade, IMF Singapore shows, South Asian Games, New Year Eve countdown, River Hong Bao, Singapore Fireworks Celebration, America Independence Day celebration in Singapore, Grand opening of Esplanade Theatres by the Bay, Commonwealth Games in Kuala Lumpur, grand opening of Petronas Twin Towers in Kuala Lumpur, Sesame Street grand opening, and concerts, such as Phantom of the Opera, Rihana and the Killer Tour, etc.

We aim to become the preferred creative defence related materials recycling/disposal solutions provider in the industry locally and overseas.

In addition, we will also continue to provide high quality and value added pyrotechnic and firework display services to strengthen our reputation as a reliable premium fireworks service provider in the entertainment industry locally and overseas.

CONSUMER ELECTRONIC PRODUCTS BUSINESS


CES exhibition

Our interest in the Consumer Electronic Products business is carried out mainly by a wholly-owned subsidiary, WoW Technologies (Singapore) Pte Ltd (“**WoW**”).

WoW was incorporated in March 2010 and is involved in the design and development of consumer electronic products, which include headphones, earphones, speakers and accessories for mobile phones and tablets.

In February 2015, WoW terminated Reliance Communications, LLC., a company incorporated in the United States of America (“**USA**”), as its exclusive distributor of certain consumer electronic products in the USA and Canada after it has failed to meet the minimum purchases condition.

In addition, we are engaged in the original design and manufacture of digital imaging products through a wholly-owned subsidiary, Vigorhood Photoelectric Shenzhen Co., Ltd (“**Vigorhood**”), incorporated in 2004. The operations of Vigorhood was kept at its minimal during the year.

We will continue to focus on providing quality and creative products to our customers, and expanding our customer base and geographical footprint to create awareness of our products in the industry.

PROPERTY BUSINESS


Project at Orrong Road

Our interest in the Property business is held through a wholly-owned subsidiary, TSH Land Pte Ltd (“**TSH Land**”). Currently, we are restricted to carry out the Property business only in the states of Victoria and New South Wales in Australia.

This business commenced when we acquired TSH Land (formerly known as Gaw Pte Ltd) on 28 May 2014. Since then, we have purchased 2 properties for redevelopment with the details as follows:

Description and Location	Tenure	Site Area (square metre)	Estimated Gross Floor Area (square metre)	Estimated Year of Completion	Interest held by the Group 2014 %	Interest held by the Group 2013 %
Residential						
Orrong Road, Toorak, Melbourne, Australia	Freehold	2,055	2,954	**	**100**	–
St Georges Road, Toorak, Melbourne, Australia	Freehold	1,749	*	*	**100**	–

*　Under planning stage
**　Plan to build is subject to market response

We strive to establish the reputation of providing premium and quality houses in the industry, hence we are starting our projects in Toorak, an address that Melburnians aspire to live in.

CONSULTING BUSINESS

Our interest in the Consulting business is carried out by a wholly-owned subsidiary, Explomo Consulting Pte Ltd ("**Explomo Consulting**").

Explomo Consulting was incorporated in August 2010 and is principally engaged in Events Management Services.

The Events Management Services provide a vast range of specialised sports management services, especially in the area of endurance sports. The services include:

POSB PAssion Run for Kids

NTUC Income Run 350

- Customisation and organisation of sports events with institutions, schools, associations and corporate companies, at both national and regional levels;

- Effective planning and management of clients' events, covering all aspects such as manpower, logistics planning and support, publicity and risk management;

- Branding and marketing consultancy services to position clients as industry leaders;

- Provision of programmes and training workshops to develop professional knowledge and sports awareness in Singapore; and

- Provision of state-of-the-art sports systems and equipment such as RFID race management and timing system.

We have successfully organised numerous mega-scale endurance sports, lifestyle and charitable events, and they include POSB PAssion Run for Kids, PAssion Fun Around the Bay, Home TeamNS-New Balance REAL Run, Orange Ribbon Walk, Run for Hope, Green Corridor Run, Jardine's MINDSET Challenge (Vertical Marathon), and Love Your Heart Run. In addition, we have provided race timing solutions and consultancy services for a half-marathon in Kuching, Sarawak.

During the year, we have successfully managed the NTUC Income Run 350 with more than 10,000 participants.

The Human Resource Services include the recruitment, screening, training and deployment of outsourced manpower requirements.

During the year, in view of the limited growth potential, we have stopped providing the ***Library Services***, which offer services like manpower to operate information centre or resource library, collection development, cataloguing, accessioning and physical processing of materials, implementation and maintenance of library management system, and training workshops for client's ongoing capacity building initiatives for their staff.

With our proven track record and active engagement in the industry, we will continue to expand our clientele base by retaining existing clients and reaching out to new local and overseas clients.

CORPORATE STRUCTURE

- As at 31 December 2014

TSH Corporation Limited

- WoW Technologies (Singapore) Pte Ltd 100%
  - Tracker Shine Limited 100%
  - Vigorhood Photoelectric Shenzhen Co., Ltd 100%
- Starmo International Pte Ltd 100%
  - Explomo Magic Pte Ltd 100%
  - Explomo Technical Services Pte Ltd 100%
  - TechnoPlus Pte Ltd 100%
- TSH Land Pte Ltd 100%
  - TSH Development Australia Pty Ltd 100%
    - 631 Orrong Road Pty Ltd 100%
    - 631 Orrong Road Unit Trust 100%
    - 106 St Georges Road Pty Ltd 100%
    - 106 St Georges Road Unit Trust 100%
    - Glyndefox Pty Ltd 100%
    - Glyndefox Unit Trust 100%
- Explomo Consulting Pte Ltd 100%

Consumer Electronic Products

Homeland Security Services

Property

Consulting Services

Aero Systems Pte Ltd, which is in the process of liquidation, is not included in the structure above.

BOARD OF DIRECTORS

Dr. Lye Chee Fei Anthony
Group Chief Executive Officer and Executive Director

Mr. Wong Weng Foo John
Non-Executive Chairman and Independent Director

Mr. Tan Dah Ching
Independent Director

Mr. Teo Kok Woon
Non-Executive Director

NOMINATING COMMITTEE

Mr. Tan Dah Ching
Chairman

Mr. Teo Kok Woon
Mr. Wong Weng Foo John

REMUNERATION COMMITTEE

Mr. Wong Weng Foo John
Chairman

Mr. Tan Dah Ching
Mr. Teo Kok Woon

AUDIT COMMITTEE

Mr. Wong Weng Foo John
Chairman

Mr. Tan Dah Ching
Mr. Teo Kok Woon

COMPANY SECRETARY

Ms. Chan Lai Yin (appointed on 9.2.2009)

REGISTERED OFFICE

62 Burn Road
#06-01 TSH Centre
Singapore 369976
Tel : (65) 6281 2105
Fax : (65) 6281 2106
Email : contact@tshcorp.com.sg
Website : www.tshcorp.com.sg

COMPANY REGISTRATION NO.

200003865N

AUDITORS

Ernst & Young LLP
Engagement Partner: Gajendran Vyapuri (with effect from financial year ended 31 December 2013)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

PRINCIPAL BANKERS

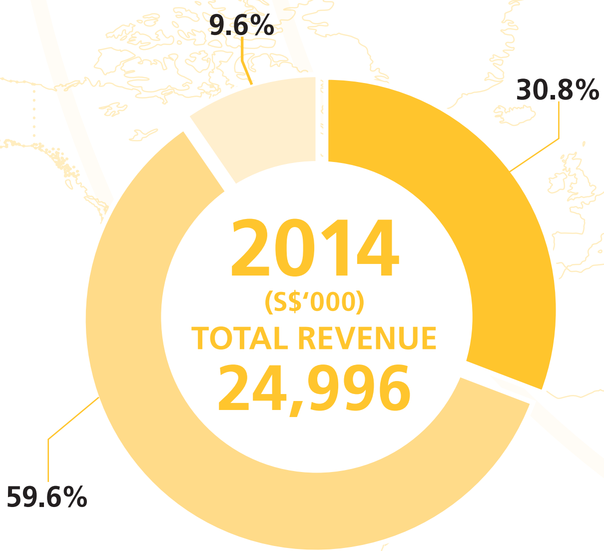
Australia and New Zealand Banking Group Ltd
CIMB Bank Berhad
DBS Bank Ltd
Malayan Banking Berhad
RHB Bank Berhad
Standard Chartered Bank
United Overseas Bank Ltd

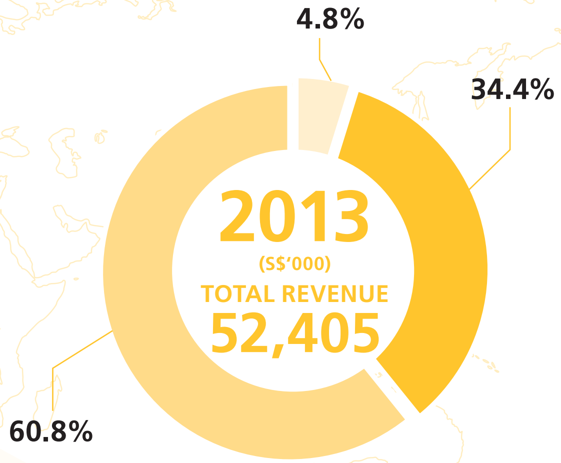
FINANCIAL HIGHLIGHTS

	FY10 S$'000	FY11 S$'000	FY12 S$'000	FY13 S$'000	FY14 S$'000
Revenue (External Parties)					
Homeland Security Services	28,954	16,512	22,316	18,050	7,714
Consumer Electonics Products	27,335	18,348	27,012	31,845	14,888
Corporate and Others	93	609	1,918	2,510	2,394
Total Group Revenue	**56,382**	**35,469**	**51,246**	**52,405**	**24,996**
Profit/(Loss) before exceptional items, share of results of associates and taxation	**5,077**	**(3,118)**	**591**	**4,800**	**965**
Share of results of associates	1,072	27	-	-	-
Exceptional items	-	(5,856)	-	(1,567)	-
Profit/(Loss) before taxation	**6,149**	**(8,947)**	**591**	**3,233**	**965**

	Cents	Cents	Cents	Cents	Cents
Basic Earnings/(Loss) Per Share ("EPS")	**2.58**	**(3.54)**	**0.22**	**1.09**	**0.43**
Net Asset Value Per Share	**20.71**	**17.23**	**17.42**	**18.55**	**19.09**
Net Gearing Ratio	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

REVENUE BY BUSINESS DIVISION



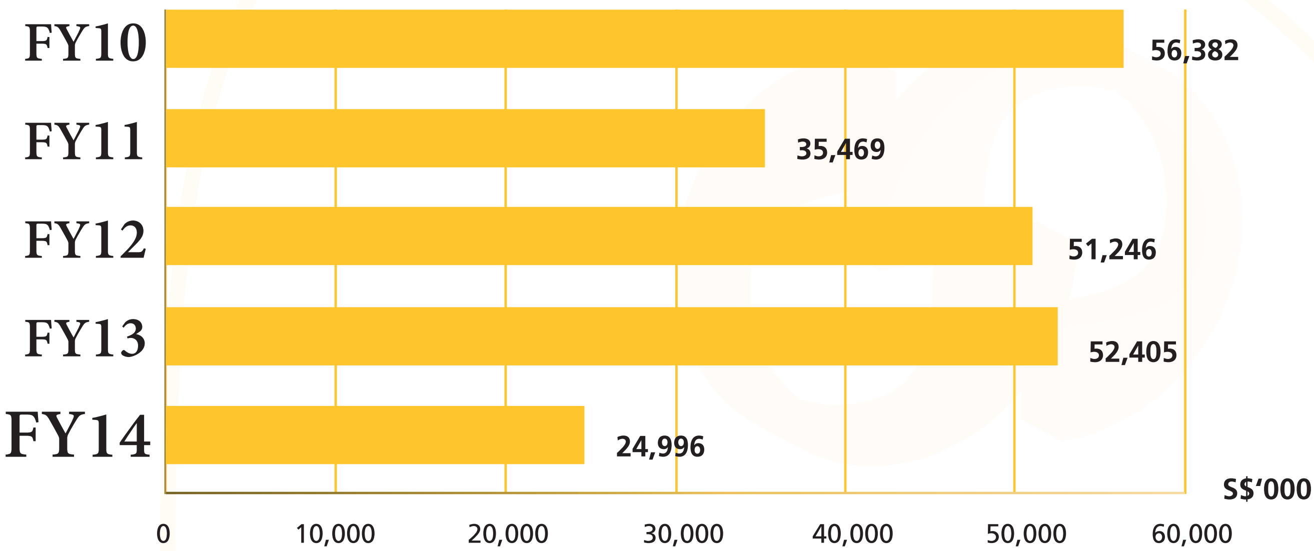


Homeland Security Services

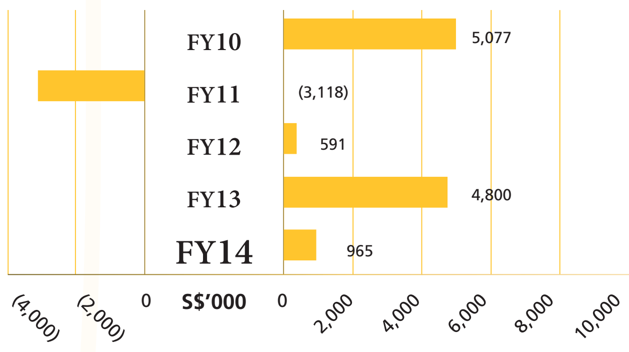
Consumer Electronic Products

Corporate and Others

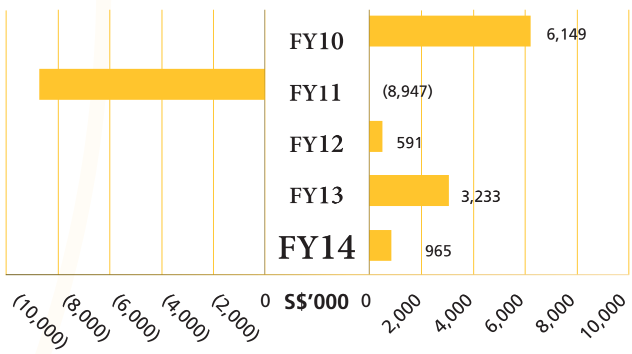
REVENUE (EXTERNAL PARTIES)



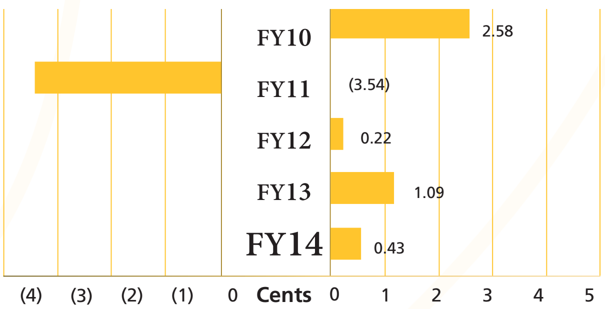
Profit/(Loss) before exceptional items, share of results of associates and taxation



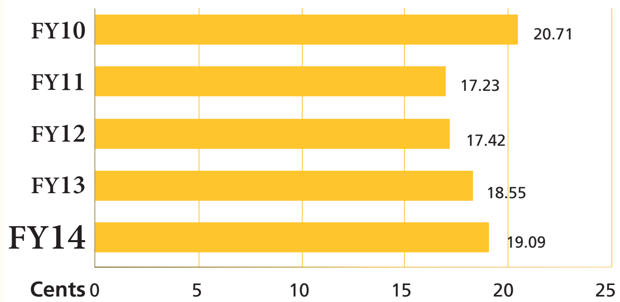
Profit/(Loss) before taxation



EPS



Net Asset Value Per Share



OPERATIONS REVIEW

TSH Corporation Limited (the "**Company**") organises its operational investment platforms into four (4) main businesses, namely the Homeland Security Services business, the Consumer Electronic Products business, Property business and the Corporate and Others business.

These platforms are organised and managed separately according to the nature of products and services provided, with each business representing a strategic business unit that offers different products and services to different markets.

OVERALL

INCOME STATEMENT

The revenue of the Group decreased by S$27.41m or 52.3% from S$52.40m in FY13 to S$25.00m in FY14. The lower revenue was attributed to the decrease in the revenue of all the businesses except for Property business which commenced during the year.

The gross profit of the Group decreased by S$7.87m or 53.9% from S$14.59m in FY13 to S$6.73m in FY14 as a result of the lower revenue. The gross profit margin has remained about the same as FY13 as the cost of sales has decreased in line with the revenue.

The profit for the year of the Group decreased by S$1.57m or 60.1% from S$2.62m in FY13 to S$1.04m in FY14 mainly as a result of lower revenue. This is moderated mainly by the decrease in general and administrative expenses, selling and marketing expenses and other operating expenses.

The general and administrative expenses decreased by S$1.32m or 26.3% from S$5.01m in FY13 to S$3.69m in FY14 mainly due to lower staff costs and disposal of a subsidiary, Explomo Security Services Pte Ltd ("**Explomo Security**") in 2013.

The selling and marketing expenses decreased by S$1.59m or 40.7% from S$3.91m in FY13 to S$2.32m in FY14 in line with the lower revenue of the Consumer Electronic Products business.

The other operating expenses decreased by S$1.08m or 90.1% from S$1.20m in FY13 to S$0.12m in FY14 due mainly to higher exchange gain recognised of S$0.33m and absence of impairment of property, plant and equipment of S$0.25m and amortisation of development costs of S$0.26m recorded in 2013.

BALANCE SHEET

The Group non-current assets decreased by S$0.34m or 2.0% from S$16.80m as at 31 December 2013 to S$16.46m as at 31 December 2014 due to the depreciation of property, plant and equipment.

The Group current assets increased by S$2.47m or 6.0% from S$40.89m as at 31 December 2013 to S$43.36m as at 31 December 2014. The decrease was due mainly to:

- the investment in development properties of S$16.07m with the commencement of Property business in FY14; and
- higher gross amount due from customers for contract work-in-progress of S$0.64m mainly as a result of costs incurred for ongoing projects.

However, the increase was moderated by the decrease in total cash balances of S$13.06m or 39.2% consisting of fixed deposits and cash and bank balances, and the decrease in trade and other receivables of S$1.22m mainly as a result of refund of bonds of S$0.88m.

The Group current liabilities increased by S$1.29m or 16.7% from S$7.68m as at 31 December 2013 to S$8.96m as at 31 December 2014. The increase was due to higher trade and other payables of S$2.27m attributed mainly to higher purchases near the year end, and moderated mainly by decrease in provision for taxation of S$0.61m as a result of lower profit.

The Group non-current liabilities decreased by S$0.45m or 8.4% from S$5.41m as at 31 December 2013 to S$4.96m as at 31 December 2014 due mainly to the repayment of borrowings.

STATEMENT OF CASH FLOWS

The cash and cash equivalents decreased by S$13.01m in FY14, mainly attributable to cash flows used in financing activities of S$7.66m and operating activities of S$5.36m.

The cash flows used in financing activities of S$7.66m in FY14 was related mainly to the repayments of loan due to third parties for the Property business.

The cash flows used in operating activities in FY14 was related mainly to the purchases of development properties and increase in gross amount due from customers for contract work-in-progress, but moderated by cash generated from operations, decrease in trade and other receivables and increase in trade and other payables.

HOMELAND SECURITY SERVICES BUSINESS

The revenue of this business dropped by S$10.34m or 57.3% from S$18.05m in FY13 to S$7.71m in FY14 mainly due to the disposal of Explomo Security and the absence of a major project to replace the completed project in Taiwan. These explained the decrease in revenue from Taiwan and Singapore in FY14.

As a result, the profit before exceptional items and taxation of this business decreased by S$0.64m or 53.6% from S$1.20m in FY13 to S$0.56m in FY14.

As this business is project-based, the challenges lie mainly in securing new projects, obtaining sufficient financial resources to carry out the projects and managing them. We endeavour to maintain our utmost quality services to foster our ties with existing partners so as to gain trust and more business opportunities with them, and to explore other markets to grow the business. We are also monitoring our costs carefully to ensure that they are kept at its optimal level without compromising on quality.

CONSUMER ELECTRONIC PRODUCTS BUSINESS

The revenue of this business fell by S$16.96m or 53.2% from S$31.84m in FY13 to S$14.89m in FY14 as a result of the decrease in orders from a major customer and orders from new customers did not pick up as planned. These explained the decrease in revenue from the USA of S$15.46m from S$27.15m in FY13 to S$11.68m in FY14.

The significant fall in revenue also led to the plunge in profit before exceptional items and taxation of this business by S$2.09m from S$2.29m in FY13 to S$0.19m in FY14 despite the absence of amortisation of development costs and impairment of property, plant and equipment totalling S$0.51m recorded in 2013.

This business has relatively low barriers to entry and is highly competitive. The increasing costs in PRC and the ability to source and launch new products on time may affect the performance of this business.

The USA and Europe consumer markets, which are the major markets of this business, are directly affected by the economic uncertainties. These uncertainties may hamper the demand for our products.

We are cautiously handling our sales in USA and Europe to minimise losses arising from higher credit risk exposures and endeavour to expand the customer base and geographical area to further improve the performance of the business.

PROPERTY BUSINESS

This business just commenced after the approval of the shareholders in 2014. We have purchased 2 properties for redevelopment amounting to S$16.07m. There was no sale and development during the year, hence there was no income and minimal expenses during the year.

CORPORATE AND OTHERS BUSINESS

The revenue of this business has remained about the same despite the cessation of library related services due mainly to the continued growth of events management services.

The profit before exceptional items and taxation of this business decreased by S$1.00m or 75.7% from S$1.32m in FY13 to S$0.32m in FY14 mainly due to lower interest income, higher interest expense and cessation of the library related services.

The Corporate and Others business is made up of mainly project-based businesses and faces similar challenges as the Homeland Security Services business. In addition, these businesses also have relatively low barriers to entry and are highly competitive.

We endeavour to monitor the operational costs tightly and to improve the operational efficiency of the businesses to mitigate any decline in margins due to competition and increasing costs.

BOARD OF DIRECTORS

Mr. Wong Weng Foo John
Non-Executive Chairman and Independent Director

Dr. Lye Chee Fei Anthony
Group Chief Executive Officer and Executive Director

Mr. Tan Dah Ching
Independent Director

Mr. Teo Kok Woon
Non-Executive Director

Mr. Wong Weng Foo John
Non-Executive Chairman and Independent Director

Mr. Wong currently chairs the Audit and Remuneration Committees and is a member of the Nominating Committee.

He was the General Partner at General Atlantic Partners, LLC, a worldwide private equity firm, and the Group Managing Director for Hong Leong Corporation. Previously, he was also the Vice Chairman of China Yuchai Ltd, Managing Director of IBM Singapore, Sri Lanka and Brunei, a Trustee of Singapore Management University, and a Director of the Singapore Institute of Management, Asia Dekor Holdings Limited, Asia Dekor Pte Ltd and Goodpack Limited.

Mr. Wong holds a MBA from Brunel University (UK) and completed the Advanced Management Programme at the University of Hawaii.

Dr. Lye Chee Fei Anthony
Group Chief Executive Officer and Executive Director

Dr. Lye is responsible for the Group's overall business growth, strategic initiatives and direction.

He has over 18 years of operating, management and investing experience, ranging from stock-broking to start-up investments and entrepreneurship. He has spent the last 13 years successfully developing new ideas and companies, with a particular focus on emerging trends and consumer electronics.

Dr. Lye is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a member of the Institute of Explosive Engineers, Singapore. He read Strategy and Innovation at Oxford University and holds a MBA from Imperial College of Science and Technology London, a Doctorate degree in Management where his research focused on the connections between corporate strategy, guanxi, comparative business systems and cultures and a MBA (Accountancy) from Nanyang Technological University.

Mr. Tan Dah Ching
Independent Director

Mr. Tan currently chairs the Nominating Committee and is a member of the Audit and Remuneration Committees.

He has over 10 years of experience in Corporate Finance. He was a Business Development Manager at Swissco Holdings Limited in charge of corporate finance activities. Prior to that, he worked as an Investment Manager at Kim Seng Holdings Pte Ltd and was an Issue Manager at Genesis Capital Pte Ltd.

Mr. Tan holds a Bachelor degree in Chemical Engineering from the National University of Singapore.

Mr. Teo Kok Woon
Non-Executive Director

Mr. Teo is a member of the Audit, Nominating and Remuneration Committees.

He is the Chairman of Cockpit International Pte Ltd and the Group Executive Director of Goodearth Realty Pte Ltd (family business in hotel and property investment).

He holds a Bachelor degree in Business Administration from the Royal Melbourne Institute of Technology University.

EXECUTIVE MANAGEMENT TEAM

HEAD OFFICE

Dr. Lye Chee Fei Anthony
Group Chief Executive Officer

Mr. Ng Kim Chew
Group Chief Financial Officer

SUBSIDIARIES

Explomo Technical Services Pte Ltd ("Explomo Technical")

Mr. Lee Kim Chye James
Chief Executive Officer and Director

Mr. Tan Wei Cheng Benjamin
Chief Operating Officer

HEAD OFFICE

Dr. Lye Chee Fei Anthony
Group Chief Executive Officer

Mr. Ng Kim Chew
Group Chief Financial Officer

Mr. Ng joined the Company since March 2004 and he is also an executive director of WoW Technologies (Singapore) Pte Ltd and Explomo Consulting Pte Ltd and TSH Land Pte Ltd. He oversees the functions of corporate finance, risk management, audit, tax, human resource and administration, treasury, and operational and financial reporting of the Group.

Prior to joining us, he was a manager of the assurance & advisory business services division of Ernst & Young LLP, Singapore.

He is a Fellow of Association of Chartered Certified Accountants and a Chartered Accountant with the Institute of Singapore Chartered Accountants. He also holds a MBA from National University of Singapore.

SUBSIDIARIES

Explomo Technical Services Pte Ltd ("Explomo Technical")

Mr. Lee Kim Chye James
Chief Executive Officer and Director

Mr. Lee has been at the helm of Explomo Technical since 1993. He is responsible for the development and charting of the business strategies of the Homeland Security Services business of the Group.

Prior to setting up Explomo Technical, he was a military ammunition officer with the Singapore Armed Forces (SAF) from 1971 to 1990, and he was an Explosives & Industrial Safety Manager with Singapore Defence Industries from 1990 to 1993. In addition, he has also held many secretarial appointments with committees involving explosives safety at the national level while in military service.

He holds a MBA from Preston University. He is also the Vice President of the Institute of Explosives Engineers, Singapore, and a certified graphologist with International School of Handwriting Analysis, USA.

Mr. Tan Wei Cheng Benjamin
Chief Operating Officer

Mr. Tan joined Explomo Technical in 2003 and he is responsible for the marketing and operations of the businesses of Explomo Technical.

He holds a Bachelor degree in Business Administration (Business Finance) from Royal Melbourne Institute of Technology University.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of TSH Corporation Limited (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company (the "**Shareholders**").

The Company believes that, the Code of Corporate Governance 2012 (the "**Code**") serves as a practical guide in defining duties and responsibilities of the Board. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") requirements.

A. BOARD MATTERS

Principle 1 : The Board's Conduct of Affairs

The Board recognises that it is collectively responsible for the success of the Company by setting strategic objectives and strives to protect and enhance long-term shareholders' value.

The Board's principal functions include:

(a) approving broad policies, strategies and objectives of the Company;
(b) monitoring the performance of the management (the "**Management**");
(c) overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
(d) approving annual budgets, major funding proposals, investment and divestment proposals;
(e) assuming responsibility for the corporate governance framework of the Company; and
(f) considering sustainability issues as part of its formulation of the Group's strategic directions.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interest of the Group.

Matters which are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets and major undertakings (other than in the ordinary course of business), approval of financial results and interested person transactions.

Certain functions have been delegated to various board committees, namely, the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (individually, the "**Board Committee**" and collectively, the "**Board Committees**"). Further information regarding the functions of the respective Board Committees is set out in the later part of this report.

The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

The Board conducts regular scheduled meetings. During the financial year ended 31 December 2014 ("**FY14**"), the Board conducted two (2) regular scheduled meetings. Ad-hoc meetings are convened as and when circumstances require. The Company's Articles of Association (the "**Articles**") allow Board meetings to be conducted by way of teleconferencing, provided that the requisite quorum of at least two (2) Directors are present. Minutes of all Board meetings and Board Committee meetings are circulated for review and confirmation, enabling the respective members to keep abreast of matters discussed at such meetings.

A. BOARD MATTERS - *continued*

Principle 1 : The Board's Conduct of Affairs - *continued*

The number of Board meetings and Board Committee meetings held in FY14 and the attendance of each Board member at those meetings are as follows:

Attendance Record of the Board and Board Committee Meetings

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Directors	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lye Chee Fei Anthony	2	2	-	-	-	-	-	-
Teo Kok Woon	2	2	2	2	1	1	1	1
Wong Weng Foo John	2	2	2	2	1	1	1	1
Tan Dah Ching*	1	0	1	0	-	-	-	-
Ng Teck Sim Colin*	1	0	1	0	1	0	1	0

Note:
*Mr Tan Dah Ching was appointed as Director on 7 April 2014 and Mr Ng Teck Sim Colin resigned as Director on 31 March 2014. The Board and Audit Committee meetings were held in February and August 2014, and the Remuneration and Nominating Committees meetings were held in February 2014.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as director. New Directors, upon appointment, will also be briefed on the Company's business and governance practices. All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

The Directors may also attend other trainings, conference and seminar that have a bearing on their duties and contribution to the Board, organised by professional bodies, regulatory institutions and corporations at his own or the Company's expense.

Principle 2 : Board Composition and Guidance

The Board comprises four (4) Directors. The key information of the Board members is set out under "Principle 4: Board Membership" of this report. The Group Chief Executive Officer ("**CEO**") is the only Executive Director. The three (3) remaining Directors are Non-executive Directors.

The Board members as of the date of this report are:

Lye Chee Fei Anthony	(CEO)
Wong Weng Foo John	(Non-executive Chairman and Independent Director)
Tan Dah Ching	(Independent Director)
Teo Kok Woon	(Non-executive Director)

There is a strong and independent element on the Board with Independent Directors making up half of the Board composition. The requirement of the Code that at least one-third of the Board consists of independent directors is satisfied.

A. BOARD MATTERS - *continued*

Principle 2 : Board Composition and Guidance - *continued*

The current size of the Board is appropriate to facilitate effective decision making, taking into account the scope and nature of the operations of the Company. The Board will continue to review the size of the Board on an ongoing basis. As a team, the Board collectively provides core competencies in the areas of finance and business.

The Non-executive Directors review the performance of the Management of the Company on a regular basis and are encouraged to meet regularly without the Management's presence in order to facilitate a more effective check on the Management.

Principle 3 : Chairman and CEO

The roles of the Chairman and CEO are separate and their responsibilities are clearly defined to ensure an appropriate balance of power and authority within the Company.

As the Chairman, Mr Wong Weng Foo John is responsible for, among others, exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board, ensuring effective communication with Shareholders and promoting high standards of corporate governance.

The CEO, Dr Lye Chee Fei Anthony, is responsible for managing the businesses of the Company and implementing the Board's decisions.

All major decisions made by the CEO are reviewed by the AC. The CEO's performance and appointment to the Board is reviewed annually by the NC and his remuneration package is reviewed annually by the RC.

Principle 4 : Board Membership

Recommendation for nominations of new Directors and retirement of Directors are made by the NC and considered by the Board as a whole.

As at the date of this report, the NC comprises the following members, the majority of whom including the Chairman are Independent Directors:

Tan Dah Ching	(Chairman)
Wong Weng Foo John	(Member)
Teo Kok Woon	(Member)

A. BOARD MATTERS - *continued*

Principle 4 : Board Membership - *continued*

The principal functions of the NC stipulated in the terms of reference are summarised as follows:

(a) Reviews and makes recommendations to the Board on all Board appointment and re-appointment;

(b) Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) Reviews the Board's succession plans for Directors, in particular, the Chairman and the Chief Executive Officer;

(d) Determines the independence of the Board;

(e) Assesses the effectiveness of the Board and contribution of each Director; and

(f) Reviews training and professional development programmes for the Board.

When reviewing the appointment and re-nomination of Directors, NC will consider their independence, qualifications, performance and contributions. Where new appointments are required, the NC will consider recommendations for new Directors, review their qualifications and meet with such candidates before a decision is made on a selection. The NC strives to ensure that the Board has a mix of skills, attributes and abilities when recommending to the Board. In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new Directors.

In accordance with the provisions of the Articles, one-third of the Directors (except the Managing Director) shall retire from office at every Annual General Meeting ("**AGM**") and a retiring Director shall be eligible for re-election at the said AGM. All Directors shall retire from office at least once every three (3) years. As the Articles provides for the Managing Director not to be subject to re-election, the Director who holds the office of Managing Director will not be subject to re-election. The NC had recommended to the Board that Mr Wong Weng Foo John be nominated for re-appointment at the forthcoming AGM. In making their recommendations, the NC evaluates such Director's contribution and performance, such as his attendance at meetings of the Board or Board Committee, and where applicable, his participation, candour and special contributions.

In addition, newly appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM following his appointment.

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

At the forthcoming AGM, Mr Wong Weng Foo John will be retiring pursuant to Article 107 of the Company's Articles of Association. Mr Wong being eligible for re-election have offered himself for re-election. Please refer to the Notice of AGM for the resolution put forth for his proposed re-election and re-appointment.

Mr Wong Weng Foo John is a director and Shareholder holding 3.23% interest in the capital of the Company. Mr Wong is deemed to have a business relationship with the CEO, Dr Lye Chee Fei Anthony, and Mr Teo Kok Woon, a director and substantial Shareholder of the Company, through his investment in JKF Capital Pte Ltd ("**JKF**"), a company which Mr Wong, Dr Lye and Mr Teo are the directors and shareholders. JKF is a private company incorporated in Singapore to invest shop houses in Penang, Malaysia. JKF has no business dealings with the Company or any of the Group's subsidiaries or transactions which falls under the description of interested person transactions under Rule 904 of the Catalist Rule. Saved as disclosed, Mr Wong has no relationship (including immediate family relationships) with other Directors, the Company or other 10% Shareholders of the Company.

A. BOARD MATTERS - *continued*

Principle 4 : Board Membership - *continued*

The NC had conducted a review on Mr Wong's independence and based on Mr Wong's involvement and contribution in the Board/Board Committees meetings, his investment in JKF in the context of his overall portfolio of investments, his character and judgement in discharging his duties as an Independent Director. The Board with the concurrence of the NC is satisfied that the existence of the abovementioned business relationship does not affect the independence of Mr Wong as an Independent Director of the Company.

Please refer to the "Board of Directors" section in the Annual Report for the profile of the Directors. The shareholdings of the individual Directors of the Company are set out below.

The NC is responsible for determining annually whether a Director is independent, with reference to the guidelines set out in the Code. Each NC member does not take part in determining his own re-nomination or independence. Each Director is required to submit a return of independence to the Company Secretary as to his independence, who in turn submits the returns to the NC. The NC reviews the returns and determines the independence of each of the Directors and makes its recommendation to the Board. An Independent Director shall notify the NC immediately if, as a result of a change in circumstances, he no longer meets the criteria for independence. The NC shall review the change in circumstances, and make its recommendation to the Board.

The NC has assessed the independence of the Directors and is satisfied that there are no relationships or circumstances which were likely to affect, or could appear to affect, the Directors' judgement or which would deem any of the Independent Directors not to be independent.

None of the Independent Directors have served on the Board of the Company for a period exceeding nine (9) years. As and when Independent Directors serve beyond nine (9) years, the NC performs a particularly rigorous review to assess the independence of the relevant directors.

The NC is of the opinion that the Board is able to exercise objective judgement on corporate affairs independently and no individual or small group of individuals dominates the Board's decision making process.

Although some of the Non-executive Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors of the Company. The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold should not be more than four (4). The NC is satisfied that sufficient time, attention, resources and expertise has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

Key information regarding the Directors of the Company are as follows:

Name of Director	Dr Lye Chee Fei Anthony
Shareholding in the Company (as at 21 Jan 2015)	7,882,400 (direct interest) 32,046,400 (deemed interest)
Board Committees served	None
Date of first appointment as Director	3 September 2003
Date of last re-election as Director	5 April 2004. Not required as CEO.
Present directorships in other listed companies	Nil
Past directorships in other listed companies (within the last 3 years)	Nil

A. BOARD MATTERS - *continued*

Principle 4 : Board Membership - *continued*

Name of Director	Mr Teo Kok Woon
Shareholding in the Company (as at 21 Jan 2015)	68,250,728 (deemed interest)
Board Committees served	AC, NC & RC
Date of first appointment as Director	11 August 2006
Date of last re-election as Director	30 April 2014
Present directorships in other listed companies	Nil
Past directorships in other listed companies (within the last 3 years)	Nil

Name of Director	Mr Wong Weng Foo John
Shareholding in the Company (as at 21 Jan 2015)	2,385,000 (direct interest) 5,386,666 (deemed interest)
Board Committees served	AC, NC & RC
Date of first appointment as Director	6 September 2006
Date of last re-election as Director	30 April 2012
Present directorships in other listed companies	Nil
Past directorships in other listed companies (within the last 3 years)	Goodpack Limited

Name of Director	Mr Tan Dah Ching
Shareholding in the Company (as at 21 Jan 2015)	Nil
Board Committees served	AC, NC & RC
Date of first appointment as Director	7 April 2014
Date of last re-election as Director	30 April 2014
Present directorships in other listed companies	Nil
Past directorships in other listed companies (within the last 3 years)	Nil

Details of other principal commitments of the Directors have been disclosed under "Board of Directors" section in the Annual Report.

A. BOARD MATTERS - *continued*

Principle 5 : Board Performance

A formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board is conducted annually by having the Directors complete a questionnaire. The findings are analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

For FY14, the NC, in assessing the contribution of each Director, had considered his attendance and participation at Board meetings and Board Committee meetings, his qualifications, experience and expertise and the time and effort dedicated to the Group's business and affairs, including the Management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the Board as a whole, both quantitative and qualitative criteria were considered. Such criteria included consideration of the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director. The Board has also assessed the effectiveness of each Board Committee.

Principle 6 : Access to Information

The Board is provided with timely and complete information. In meetings where the Group's financial performance is presented, the Group's actual results are compared with budgeted results. For other matters where the Board is required to make decisions, the Management provides the Board with sufficient background and explanatory information on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered.

The Directors are given free access to the Group's operational facilities and have direct access to the Management and Group Chief Financial Officer to have a better understanding of the Group's business operations.

The Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board meetings and Board Committee meetings. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board as a whole is updated on risk management and the key changes in the relevant regulatory requirements and accounting standards.

For FY14, the Management provided the members of the Board with management accounts on a half-yearly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting. The Management updates the Board on the business of the Company from time to time.

The Board (whether individually or as a group) has, in the furtherance of its duties, access to independent professional advice, if necessary, at the Company's expense.

B. REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies

As at the date of this report, the members of the RC comprise the following Non-executive Directors, majority of whom including the Chairman are independent:

Wong Weng Foo John	(Chairman)
Tan Dah Ching	(Member)
Teo Kok Woon	(Member)

The Chairman of the RC, Mr Wong Weng Foo John, has a good working knowledge of human resource and executive compensation from his many years of general management experience.

The functions of the RC contained in its written terms of reference include, among others, (i) the setting up of a framework of remuneration and implementation of formal and transparent processes by which the remuneration packages of all the Executive Directors (in the form of service agreements) and at least the key executives (in terms of aggregate remuneration) are formulated and endorsed by the Board; and (ii) to consider long-term incentives schemes for Executive Directors and key management personnel and review their eligibility for benefits under the schemes.

No RC member or any Director is involved in deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

Directors' fees are recommended by the RC and submitted for endorsement by the Board. Directors' fees are subject to approval by Shareholders at the AGM.

In FY14, the RC met to discuss and review the service agreements and remuneration of the CEO as well as the key executives.

Principle 8 : Level and Mix of Remuneration

In setting the remuneration packages of the Executive Director, the RC takes into account the respective performance of the Group and the individual.

According to the service agreement of the Executive Director:

(a) the term of service is for a fixed period subject to review thereafter;

(b) the remuneration of the Executive Director includes, among others, a fixed salary and a variable performance bonus, which is designed to align the Executive Director's interests with that of the Shareholders; and

(c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Director.

The Independent and Non-executive Directors do not have any service agreements with the Company. Independent Directors are paid a basic fee for sitting on any of the Board Committees. Save for Directors' fees, which have to be approved by the Shareholders at every AGM, the Independent and Non-executive Directors do not receive any remuneration from the Company.

B. REMUNERATION MATTERS

Principle 8 : Level and Mix of Remuneration - *continued*

The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or option in place.

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

Principle 9 : Disclosure on Remuneration

A breakdown of the level and mix of remuneration paid/payable to each Director in remuneration bands of S$250,000 for FY14 are as follows:

Remuneration bands	Fees %	Salary %	Bonus %	Other Benefits %	Total %
Below S$250,000					
Ng Teck Sim Colin*	100[1]	—	—	—	100
Tan Dah Ching#	100[1]	—	—	—	100
Teo Kok Woon	—	—	—	—	—
Wong Weng Foo John	100[1]	—	—	—	100
S$500,001 to S$750,000					
Lye Chee Fei Anthony	—	83.6	5.6	10.8	100

* Mr Ng Teck Sim Colin resigned as an Independent Director on 31 March 2014.
\# Mr Tan Dah Ching was appointed as an Independent Director on 7 April 2014.
1 The Director's fee is subject to approval by Shareholders at the forthcoming AGM.

The Company does not think it is in the interest of the Company to disclose the Directors' remuneration in dollar terms for commercial sensitivity reasons, and that the current disclosure on a named basis and in bands of S$250,000 including the provision of a breakdown in percentage terms is sufficient.

The Director's fee payable to Mr Ng Teck Sim Colin for the tenure of his service in 2014 is S$12,329. Save for the Director's fee, Mr Ng Teck Sim Colin did not receive any other remuneration.

For FY14, the Group has 3 key management personnel ("**KMP**"). The Company does not believe it to be in its interest to disclose the name and remuneration of its KMP or in bands of S$250,000, having regard to the sensitive human resource environment and so as not to hamper its efforts to retain and nurture its talent pool. The annual aggregate remuneration paid to the KMP of the Group (excluding Directors) is S$551,100.00.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO or the KMP.

None of the employees whose remuneration exceeds S$50,000 during FY14 are immediate family members of the Directors or substantial Shareholders.

C. ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

The Board accepts that it is accountable to the Shareholders while the Management is accountable to the Board. The Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis, which has been assessed by the Board to be sufficient. The Board provides the Shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis. Such responsibility is extended to the other price-sensitive public reports and reports to regulators (if required).

The Board takes adequate steps to ensure compliance with regulatory requirements.

Principle 11 : Risk Management and Internal Controls

The Company does not have a Risk Management Committee. However, the Group regularly reviews its business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The internal auditors will be tasked to regularly review all significant control policies and procedures and highlight all significant matters to the senior management, the AC and the Board.

For the financial year under review, the CEO and the Group Chief Financial Officer have provided their confirmation and assurance to the Board on (i) the integrity of the Company's financial statements and that it gives a true and fair view of the Group's operations and finances, and (ii) the effectiveness of the Group's risk management and internal controls systems.

With the concurrence of the AC, the Board is of the opinion that the system of internal controls and risk management processes maintained by the Group's management throughout the financial year is adequate for the Group. The AC constantly reviews the effectiveness of internal controls and the risk management processes adopted by the Group by considering reviews performed by the Management, and the internal assessment performed by the internal audit team. The Board, with the concurrence of the AC, is satisfied that the Group has a robust and effective internal control system addressing financial, operational, compliance, information technology risks and risk management which is adequate to meet the needs of the Group in its current business environment.

Principle 12 : Audit Committee

The AC comprises three (3) Non-executive Directors, majority of whom including the Chairman are independent. Majority of the AC possess the appropriate accounting experience and/or related financial management expertise. The members of the AC as at the date of this report are as follows:-

Wong Weng Foo John	(Chairman)
Tan Dah Ching	(Member)
Teo Kok Woon	(Member)

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of, the Management and full discretion to invite any Director or senior manager to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

C. ACCOUNTABILITY AND AUDIT - *continued*

Principle 12 : Audit Committee - *continued*

The responsibilities of the AC contained in its written terms of reference include:

(a) reviewing the half-year and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(b) reviewing the scope and results of the external and internal audits, and to evaluate, with the assistance of internal auditors, the adequacy of the systems of internal and accounting controls, risk management and compliance;

(c) reviewing the cost effectiveness of the external audit and, where the external auditors provide a substantial volume of non-audit services to the Company and/or the Group, to review the nature, extent and costs of such services so as to avoid an erosion of the independence and objectivity of the external auditors;

(d) recommending to the Board the nomination for re-appointment of the external auditors and their level of audit fee; and

(e) reviewing the interested person transactions, and improper activities of the Company, if any.

In FY14, the AC met two (2) times. Details of the members' attendance at AC meetings in FY14 are provided under Principle 1 of this report.

The Company has put in place a whistle-blowing policy, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about the possible corporate improprieties in matters of financial reporting or other matters. Details of the whistle-blowing policies and arrangements have been made available to all employees of the Group.

The AC performed the following functions in FY14:

(a) External Auditors

For FY14, the AC reviewed together with the external auditors:

(i) the audit plan (including, among others, the nature and scope of the audit before the commencement of audit and the risk management issues of the Group);
(ii) their consideration of financial controls in areas which could have a material impact on the financial statements;
(iii) their audit report;
(iv) the assistance given to them by the Company's officers;
(v) the financial statements of the Group; and
(vi) the interested person transactions of the Group.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

The AC conducts a review of the nature and extent of non-audit services provided by the external auditors to satisfy itself that such services do not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

C. ACCOUNTABILITY AND AUDIT - *continued*

Principle 12 : Audit Committee - *continued*

(a) External Auditors - *continued*

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The AC constantly bears in mind the need to maintain a balance between independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money considerations. The aggregate amount of fees payable to the external auditors for audit and non-audit services for the financial year under review amounted to S$127,000 and S$17,000 respectively.

The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. The AC gives its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors. The AC is satisfied that the Company's external auditors are able to meet the audit requirements and statutory obligation of the Company. The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the Company's external auditors at the forthcoming AGM.

The AC met up once with the external auditors without the Management in FY14.

The Auditors, Ernst & Young LLP, are appointed to audit the Group's Singapore-incorporated subsidiaries except for audit exempted subsidiaries. The Company is of the view that the auditing firm for its foreign-incorporated subsidiary is suitable. The Company is therefore in compliance with Rule 712 and Rule 716 of the Catalist Rules.

(b) Review of financial statements

For FY14, the AC reviewed the half-year and full year financial statements of the Group, including announcements relating thereto, to Shareholders and the SGX-ST.

(c) Review of interested person transactions and material contracts

Saved as disclosed herein, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, each Director or controlling Shareholder either still subsisting as at 31 December 2014, or, if not then subsisting, entered into since 31 December 2013.

The Company monitors all its interested person transactions and ensures that all transactions with interested persons are reported in a timely manner for review by the AC and that the transactions are conducted on an arms' length basis.

During FY14, the aggregate value of transactions entered by the Group with Colin Ng & Partners LLP and Tricor CNP Corporate Services Pte Ltd for the provision of legal and professional services was less than S$100,000. Mr Ng Teck Sim Colin (a former Director who has resigned from the Company on 31 March 2014) is the founding partner of Colin Ng & Partners LLP, which in turn has an indirect interest in Tricor CNP Corporate Services Pte Ltd. Apart from the above, there were no other interested person transactions during the financial year.

The Company has not obtained a Shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules.

C. ACCOUNTABILITY AND AUDIT - *continued*

Principle 13 : Internal Audit

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the Shareholders and the Group's assets. The system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Company has outsourced its internal audit function to Foo Kon Tan LLP, a qualified professional firm which meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The role of the Internal Auditor is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC. The internal audit reports are submitted to the AC for review and copies are provided to the Management for follow-up actions. The Internal Auditor reports to the AC Chairman.

The Board, with the assistance of the AC, assesses the effectiveness of the system of internal controls of the Group by considering reviews performed by the Management, and the internal assessment performed by the Internal Auditor.

The AC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the Internal Auditor to perform its function. The AC also reviews the Internal Auditor's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 : Shareholder Rights
Principle 15 : Communication with Shareholders
Principle 16 : Conduct of Shareholder Meetings

Information is communicated to Shareholders on a timely basis, through annual reports that are issued to all Shareholders within the mandatory period, half-year/full year announcements, disclosures to the SGX-ST via SGXNET and other announcements, where required, under the provision of the Catalist Rules. The Company adopts the practice of regularly communicating major developments in its businesses and operations through SGXNET and, where appropriate, directly to Shareholders, other investors, analysts, the media, the public and its employees.

The Company may also, on an ad-hoc basis, hold media and analysts' briefings and publish press releases of its financial results.

The Company does not practise selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released either before, or concurrently with, such meetings.

The Company also updates its corporate website at www.tshcorp.com.sg through which Shareholders will be able to access information on the Group. The website provides the business profile, corporate announcements, press releases, annual reports and other information of the Group.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES - *continued*

Principle 14 : Shareholder Rights - *continued*
Principle 15 : Communication with Shareholders - *continued*
Principle 16 : Conduct of Shareholder Meetings - *continued*

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to Shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear days before the meeting. The Board welcomes questions from Shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairmen of the AC, RC and NC will be available at the meeting to respond to those questions relating to the functions of the Board Committees. The external auditors will also be present to address Shareholders' queries on the conduct of audit and the preparation and content of the auditors' report. While there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each Shareholder to appoint up to two (2) proxies to attend AGMs. The Board will review its Articles of Association from time to time. Where amendment to its Articles of Association is required to align the relevant provisions with the requirements of the Catalist Rules, Shareholders' approval will be obtained. Minutes of general meetings include substantial and relevant queries or comments from Shareholders relating to the agenda of the meeting and responses from the Board and the Management would be available to Shareholders upon their request.

The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board has reviewed and has not declared any dividend for the financial year under review as it is deemed more appropriate to retain the cash in the Group for its future growth plan.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

In line with the SGX-ST new rule of conducting voting at general meetings by poll effective from 1 August 2015, the Company will arrange for all resolutions of general meetings held on or after 1 August 2015 to be voted by way of poll. Results of the poll will be made known to Shareholders via the SGX-ST.

E. DEALINGS IN SECURITIES

The Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares in the Company. The Group's policies on share dealings have been issued to all directors and key officers of the Group. The Company has informed its officers not to deal in the Company's shares on short term considerations or whilst they are in possession of unpublished material price sensitive information and during the period commencing one (1) month before the announcement of the Company's financial results and ending on the date of the announcement of such financial results.

F. NON-SPONSOR FEE

The Company appointed SAC Capital Private Limited ("**SAC**") to act as its new Continuing Sponsor in place of the Continuing Sponsor then, Canaccord Genuity Singapore Pte. Ltd. ("**Canaccord**") with effect from 11 December 2014. During the financial year under review and the respective appointment period, the Company paid non-sponsor fee of S$7,000 and S$nil to Canaccord and SAC respectively.

FINANCIAL SECTION

The directors are pleased to present their report to the members together with the audited consolidated financial statements of TSH Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2014.

Directors

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

Lye Chee Fei Anthony	
Tan Dah Ching	(appointed on 7 April 2014)
Teo Kok Woon	
Wong Weng Foo John	

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

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

	Direct interest			Deemed interest		
Name of director	**At 1.1.2014**	**At 31.12.2014**	**At 21.01.2015**	**At 1.1.2014**	**At 31.12.2014**	**At 21.01.2015**
The Company						
Ordinary shares						
Lye Chee Fei Anthony	7,882,400	7,882,400	7,882,400	21,046,400	32,046,400	32,046,400
Teo Kok Woon	–	–	–	68,250,728	68,250,728	68,250,728
Wong Weng Foo John	–	2,385,000	2,385,000	5,386,666	5,386,666	5,386,666

Directors' contractual benefits

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

Options

The Company does not have any Share Option Schemes or Share Schemes. No options were issued by the Company or its subsidiaries during the financial year. As at year end, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

Audit Committee

The audit committee performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board,

Wong Weng Foo John
Director

Lye Chee Fei Anthony
Director

Singapore
18 March 2015

STATEMENT BY DIRECTORS

We, Wong Weng Foo John and Lye Chee Fei Anthony, being two of the directors of TSH Corporation Limited, do hereby state that, in the opinion of the directors:

(i) the accompanying balance sheets, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

On behalf of the Board,

Wong Weng Foo John
Director

Lye Chee Fei Anthony
Director

Singapore
18 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TSH CORPORATION LIMITED

Report on the financial statements

We have audited the accompanying financial statements of TSH Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 42 to 100, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the consolidated statement of changes in equity, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	2014 $	2013 $
Revenue	3	**24,996,002**	52,404,840
Cost of sales		**(18,268,325)**	(37,811,427)
Gross profit		**6,727,677**	14,593,413
Other income	4	**640,604**	680,468
General and administrative expenses		**(3,690,518)**	(5,005,966)
Selling and marketing expenses		**(2,320,105)**	(3,912,794)
Finance costs	5	**(273,938)**	(355,290)
Other operating expenses	6	**(118,323)**	(1,200,142)
Profit before exceptional items and taxation	7	**965,397**	4,799,689
Exceptional items	8	**–**	(1,566,778)
Profit before taxation		**965,397**	3,232,911
Taxation	10	**77,753**	(616,783)
Profit for the year		**1,043,150**	2,616,128
Other comprehensive income for the year, net of tax:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		**254,794**	101,596
Total comprehensive income for the year		**1,297,944**	2,717,724
Profit attributable to:			
Owners of the Company		**1,043,150**	2,616,128
Total comprehensive income attributable to:			
Owners of the Company		**1,297,944**	2,717,724
		Cents	**Cents**
Basic earnings per share	11	**0.43**	1.09
Diluted earnings per share	11	**0.43**	1.09

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

		Group		Company	
	Note	2014 $	2013 $	2014 $	2013 $
Non-current assets					
Property, plant and equipment	12	**10,790,010**	11,431,008	**8,943,180**	9,123,613
Investments in subsidiaries	13	**–**	–	**9,815,217**	9,815,215
Intangible assets	14	**1,918,818**	1,760,434	**–**	–
Available-for-sale financial asset	15	**3,605,000**	3,605,000	**3,605,000**	3,605,000
Deferred tax assets	24	**146,058**	–	**82,000**	–
		16,459,886	16,796,442	**22,445,397**	22,543,828
Current assets					
Development properties	16	**16,074,889**	–	**–**	–
Inventories	17	**177,102**	116,376	**–**	–
Gross amount due from customers for contract work-in-progress	18	**1,517,426**	879,558	**–**	–
Trade and other receivables	19	**5,120,536**	6,343,286	**18,346,804**	2,217,267
Held for trading financial asset	20	**212,940**	240,240	**212,940**	240,240
Fixed deposits	21	**1,057,215**	9,488,536	**–**	7,932,432
Cash and bank balances	28	**19,198,187**	23,824,906	**3,058,833**	11,831,107
		43,358,295	40,892,902	**21,618,577**	22,221,046
Current liabilities					
Gross amount due to customers for contract work-in-progress	18	**169,061**	524,311	**–**	–
Trade and other payables	22	**8,297,654**	6,025,935	**2,082,492**	2,255,467
Borrowings	23	**388,016**	413,318	**388,016**	413,318
Provision for taxation		**107,703**	713,145	**28,216**	68,744
		8,962,434	7,676,709	**2,498,724**	2,737,529
Net current assets		**34,395,861**	33,216,193	**19,119,853**	19,483,517
Non-current liabilities					
Borrowings	23	**4,739,925**	5,123,657	**4,739,925**	5,123,657
Deferred tax liabilities	24	**215,700**	286,800	**–**	–
		4,955,625	5,410,457	**4,739,925**	5,123,657
Net assets		**45,900,122**	44,602,178	**36,825,325**	36,903,688
Equity attributable to owners of the Company					
Share capital	25	**26,034,356**	26,034,356	**26,034,356**	26,034,356
Translation reserve	26	**417,007**	162,213	**–**	–
Revenue reserve	27	**19,448,759**	18,405,609	**10,790,969**	10,869,332
Total equity		**45,900,122**	44,602,178	**36,825,325**	36,903,688

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Share capital $	Revenue reserve $	Translation reserve $	Total equity attributable to owners of the Company $
Balance at 1 January 2013	26,034,356	15,789,481	60,617	41,884,454
Profit for the year	–	2,616,128	–	2,616,128
Other comprehensive income				
- Foreign currency translation	–	–	101,596	101,596
Total comprehensive income for the year	–	2,616,128	101,596	2,717,724
Balance at 31 December 2013 and 1 January 2014	26,034,356	18,405,609	162,213	44,602,178
Profit for the year	**–**	**1,043,150**	**–**	**1,043,150**
Other comprehensive income				
- Foreign currency translation	**–**	**–**	**254,794**	**254,794**
Total comprehensive income for the year	**–**	**1,043,150**	**254,794**	**1,297,944**
Balance at 31 December 2014	**26,034,356**	**19,448,759**	**417,007**	**45,900,122**

The movement in the revenue reserve of the Company is shown in Note 27.

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

	Note	2014 $	2013 $
Cash flows from operating activities			
Profit before taxation		**965,397**	3,232,911
Adjustments for:			
Amortisation of intangible assets	6	**–**	255,600
Depreciation of property, plant and equipment	7	**741,847**	905,938
Dividend income	4	**(3,640)**	(9,920)
Fair value loss/(gain) on held for trading financial asset	4 & 6	**27,300**	(9,100)
Gain on disposal of held for trading financial asset	4	**–**	(13,288)
Gain on disposal of a subsidiary	8	**–**	(333,222)
Inventories written off	7	**–**	36,283
Interest expense	5	**188,952**	108,282
Interest income		**(95,922)**	(38,311)
Impairment of inventories	6	**–**	1,960
Impairment of trade receivables	6	**–**	94,480
Impairment of property, plant and equipment	6	**–**	253,998
Impairment of assets held for sale	8	**–**	1,900,000
Impairment of other receivables	6	**–**	10,448
Loss/(gain) on disposal of property, plant and equipment	4 & 6	**337**	(3,214)
Net effect of currency translation differences		**(183,608)**	(351,018)
Property, plant and equipment written off	6	**53,280**	72,328
Operating cash flows before changes in working capital		**1,693,943**	6,114,155
Purchase of development properties		**(8,330,655)**	–
(Increase)/decrease in inventories		**(60,726)**	279,787
(Increase)/decrease in gross amount due from/to customers for contract work-in-progress, net		**(993,118)**	11,186,823
Decrease/(increase) in trade and other receivables		**897,728**	(86,912)
Increase/(decrease) in trade and other payables		**2,260,265**	(261,382)
Cash flows (used in)/from operations		**(4,532,563)**	17,232,471
Interest paid		**(177,499)**	(114,489)
Interest received		**95,922**	38,424
Taxes paid		**(742,614)**	(155,497)
Net cash flows (used in)/from operating activities		**(5,356,754)**	17,000,909
Cash flows from investing activities			
Additions to intangible assets	14	**(158,384)**	–
Dividend income received		**11,190**	2,370
Purchase of property, plant and equipment	12	**(155,145)**	(216,997)
Proceeds from disposal of property, plant and equipment		**692**	4,165
Proceeds from disposal of held for trading financial asset		**291,127**	–
Net cash inflow on acquisition of a subsidiary, net (Note A)		**10,055**	–
Net cash inflow on disposal of a subsidiary (Note B)		**–**	472,346
Net cash flows (used in)/generated from investing activities		**(465)**	261,884
Cash flows from financing activities			
Withdrawal/(placement) of pledged bank balances and deposits		**505,689**	(451,006)
Repayment of borrowings		**(409,034)**	(1,309,952)
Repayment of loan due to third parties		**(7,754,289)**	–
Net cash flows used in financing activities		**(7,657,634)**	(1,760,958)

Consolidated Cash Flow Statement

	Note	2014 $	2013 $
Net (decrease)/increase in cash and cash equivalents		**(13,014,853)**	15,501,835
Effect of exchange rate changes on cash and cash equivalents		**462,502**	407,717
Cash and cash equivalents at 1 January		**30,557,339**	14,647,787
Cash and cash equivalents at 31 December	28	**18,004,988**	30,557,339

Note A

On 28 May 2014, the Company acquired the entire equity interest of TSH Land Pte Ltd (formerly known as Gaw Pte Ltd). Upon the acquisition, TSH Land Pte Ltd became a wholly-owned subsidiary of the Group. The fair value of the identifiable assets and liabilities acquired as at date of acquisition and the cash flow effects of the acquisition were as follows:

	2014 $
Development property	7,744,234
Cash and bank balances	10,057
Loan due to third parties	(7,754,289)
Net assets acquired	2
Cash consideration paid	(2)
Less: Cash and cash equivalents acquired	10,057
Net cash inflow on acquisition of the subsidiary	10,055

Note B

The Group disposed of Explomo Security Services Pte Ltd, a wholly-owned subsidiary, on 4 October 2013. The value of assets and liabilities of the subsidiary recorded in the balance sheet of the Group as at the date of disposal and the cash flow effect of the disposal were as follows:

	2013 $
Property, plant and equipment	19,710
Trade and other receivables	582,232
Cash and bank balances	199,954
	801,896
Trade and other payables	(254,968)
Net assets disposed	546,928
Goodwill	17,150
Gain on disposal	333,222
Sales consideration	897,300
Less: Proceeds receivables	(225,000)
Less: Cash and cash equivalents of the subsidiary	(199,954)
Net cash inflow on disposal of the subsidiary	472,346

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

1. CORPORATE INFORMATION

TSH Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 62 Burn Road, #06-01 TSH Centre, Singapore 369976.

The principal activities of the Company are that of an investment holding company, provision of consultancy services as well as trading. The principal activities of the subsidiaries are set out in Note 13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

2.2 Changes in accounting policies

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: *Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(e) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(c) Amendments to FRS 40 *Investment Property*	1 July 2014
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.3 Standards issued but not yet effective - *continued*

Description	Effective for annual periods beginning on or after
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

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

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in FRS 115 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. The Group is currently assessing the impact of FRS 115.

2.4 Significant accounting judgements and estimates

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

(a) Judgements made in applying accounting policies

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.4 Significant accounting judgements and estimates - *continued*

(a) *Judgements made in applying accounting policies - continued*

(i) Investment in Unilink Development Limited ("Unilink")

The Group holds 26.5% interest in Unilink, a closely-held private company. Management has concluded that the Group does not exercise significant influence, and accordingly the unquoted investment has been classified as available-for-sale investment instead of Investment in Associates. Determining whether the Group exercises significant influence requires management to exercise considerable judgement. Please see Note 15 to the financial statements.

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be absorbed. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying value of unrecognised tax losses at 31 December 2014 is $4,647,000 (2013: $4,245,000). If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by $1,162,000 (2013: profit would increase by $1,061,000).

The carrying amounts of the Group's provision for taxation, deferred tax liabilities and deferred tax assets as at 31 December 2014 are $107,703 (2013: $713,145), $215,700 (2013: $286,800) and $146,058 (2013: $nil) respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.4 Significant accounting judgements and estimates - *continued*

(b) Key sources of estimation uncertainty

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

(i) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when indicators of impairment exist. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. The carrying amount of the Group's goodwill and further details of the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 14 to the financial statements.

(ii) Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2.11 to the financial statements. Initial capitalisation of costs is based on management's judgement that the product is technologically and economically feasible, usually when the product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of development costs capitalised as at 31 December 2014 is $158,384 (2013: $nil).

(iii) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 20 years. These are common life expectancies applied in the industry. The carrying amount of the Group's plant and equipment as at 31 December 2014 is $1,727,233 (2013: $2,129,980). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.4 Significant accounting judgements and estimates - *continued*

(b) Key sources of estimation uncertainty - continued

(iv) Contract work-in-progress

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a contract work-in-progress can be estimated reliably. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project managers. The carrying amounts of assets and liabilities arising from contract work-in-progress at the end of the reporting period are disclosed in Note 18 to the financial statements.

(v) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 19 to the financial statements.

(vi) Impairment of available-for-sale financial asset

The Group's available-for-sale financial asset is measured at cost less impairment loss as the Group's investment is in unquoted securities whose fair value cannot be reliably determined either by reference to similar financial instruments or through valuation technique.

The Group assesses at the end of each reporting period whether there is any objective evidence that the Group's investment is impaired. The Group evaluates, among other factors, the financial health and near-term business outlook of the investment, including factors such as industry performance and changes in technology.

The carrying amount of the Group's available-for-sale financial asset is disclosed in Note 15 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

(b) Business combinations and goodwill

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.5 Basis of consolidation and business combinations - *continued*

(b) Business combinations and goodwill - continued

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

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

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

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Foreign currency

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

(a) Transactions and balances

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.7 Foreign currency - *continued*

(a) Transactions and balances - continued

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

(b) Consolidated financial statements

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

2.8 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.9 Property, plant and equipment

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

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful lives as follows:

Building	35 years
Office furniture and equipment	3 to 5 years
Renovation	5 years
Plant and equipment	3 to 20 years
Motor vehicles	5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.9 Property, plant and equipment - *continued*

Fully depreciated assets are retained in the financial statements until they are no longer in use.

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that they are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. They are adjusted prospectively, if appropriate.

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

2.10 Subsidiaries

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

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

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.11 Intangible assets - *continued*

Research and development costs

Research costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Development costs have a finite useful life and are amortised over 2 years on a straight line method, being the period of expected benefit from the related project.

2.12 Impairment of non-financial assets

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

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

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

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

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.13 Financial instruments - *continued*

(a) Financial assets - continued

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives including separated embedded derivatives are also classified as held for trading.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

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

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

(ii) Loans and receivables

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

The Group classifies the following financial assets as loans and receivables:

– Cash and short term deposits; and
– Trade and other receivables, including receivables from subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.13 Financial instruments - *continued*

(a) Financial assets - continued

Subsequent measurement - continued

(iii) Available-for-sale financial asset

Available-for-sale financial asset includes equity and debt securities. Equity investments classified as available-for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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

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

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are initially recognised at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.13 Financial instruments - *continued*

(b) *Financial liabilities - continued*

Subsequent measurement

Financial liabilities at amortised cost

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

De-recognition

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

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.14 Impairment of financial assets - *continued*

(a) Financial assets carried at amortised cost - continued

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

(b) Available-for-sale financial asset

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

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

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

2.15 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw material: purchase costs on a first-in first-out basis.
- Goods for sale and project use and work in progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs were assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.17 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 Contract work-in-progress

When the outcome of a project contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively using the stage of completion method of the contract activity at the end of the reporting period.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.18 Contract work-in-progress - *continued*

Contract revenue – corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 Provisions

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

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

2.21 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.22 Borrowing costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.23 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

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

2.24 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(f).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

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

(b) Rendering of services

Revenue from the rendering of services is recognised when the service is rendered.

The accounting policy for revenue from contract work-in-progress is disclosed in Note 2.18.

(c) Dividend income

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

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Management and consultancy fee

Management and consultancy fee is recognised as and when services are rendered.

(f) Rental income

Rental income is recognised on a straight-line basis over the lease term.

2.26 Taxes

(a) Current income tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.26 Taxes - *continued*

(b) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

(c) Sales tax

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.27 Share capital and share issue expenses

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

2.28 Exceptional items

Exceptional items are items of income or expense of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year.

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

 (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

3. REVENUE

Revenue represents invoiced sales and services after allowance for trade discounts and returns from customers.

	Group	
	2014	2013
	$	$
Sale of goods	**14,959,263**	31,948,345
Rendering of services	**10,036,739**	20,456,495
	24,996,002	52,404,840

4. OTHER INCOME

Other income includes:

	Group	
	2014	2013
	$	$
Dividend income	**3,640**	9,920
Fair value gain on held for trading financial asset	–	9,100
Gain on disposal of held for trading financial asset	–	13,288
Gain on disposal of property, plant and equipment	–	3,214
Grant income [(1)]	**77,415**	167,245
Interest income from fixed deposits and bank balances	**84,335**	30,278
Interest income from loans and receivables	**11,587**	8,033
Rental income	**394,058**	328,356

(1) Included in grant income are the SME Cash Grant, Special Employment Credit and Productivity and Innovation Credit Bonus introduced in the Singapore Budget.

5. FINANCE COSTS

	Group	
	2014	2013
	$	$
Interest expense on borrowings	**188,952**	108,282
Facility fees and bank charges	**84,986**	247,008
	273,938	355,290

6. OTHER OPERATING EXPENSES

Other operating expenses include:

	Group	
	2014	2013
	$	$
Amortisation of intangible assets	–	255,600
Depreciation of property, plant and equipment	**630,859**	658,271
Fair value loss on held for trading financial asset	**27,300**	–
Foreign exchange gain, net	**(547,255)**	(218,273)
Impairment of inventories	–	1,960
Impairment of other receivables	–	10,448
Impairment of property, plant and equipment	–	253,998
Impairment of trade receivables	–	94,480
Inventories written off	–	30,749
Loss on disposal of property, plant and equipment	**337**	–
Property, plant and equipment written off	**53,280**	72,328

7. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION

The following items have been included in arriving at profit before exceptional items and taxation:

	Group	
	2014	2013
	$	$
Audit fees		
- Auditors of the Company	**122,500**	122,500
- Other auditors	**17,827**	18,940
Non-audit fees		
- Auditors of the Company	**9,440**	16,550
Cost of inventories recognised as an expense in cost of sales	**7,652,216**	21,815,158
Depreciation of property, plant and equipment (included in cost of sales, general and administrative expenses and other operating expenses)	**741,847**	905,938
Inventories written off, net (included in cost of sales and other operating expenses)	–	36,283
Operating lease expenses	**20,119**	50,776

8. EXCEPTIONAL ITEMS

	Group 2014 $	Group 2013 $
Gain on disposal of a subsidiary	–	333,222
Impairment of assets held for sale (Note 15)	–	(1,900,000)
	–	(1,566,778)

9. STAFF COSTS

	Group 2014 $	Group 2013 $
Staff costs (including directors)		
Salaries, bonuses and other costs	**4,915,977**	8,124,998
Defined contribution plan	**441,956**	732,507
	5,357,933	8,857,505

10. TAXATION

Major components of taxation

The major components of taxation for the years ended 31 December are as follows:

	Group 2014 $	Group 2013 $
Current income tax:		
- Current income taxation	**75,265**	641,604
- (Over)/under provision in respect of previous years	**(3,309)**	1,939
	71,956	643,543
Deferred income tax (Note 24):		
- Origination and reversal of temporary differences	**(133,158)**	(43,396)
- Over provision in respect of previous years	**(84,000)**	(5,304)
	(217,158)	(48,700)
Withholding tax expense	**67,449**	21,940
Taxation recognised in profit or loss	**(77,753)**	616,783

10. TAXATION - *continued*

Relationship between taxation and accounting profit

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

	Group	
	2014	2013
	$	$
Profit before exceptional items and taxation	**965,397**	4,799,689
Tax at the domestic rates applicable to profits in the countries where the Group operates	**60,311**	701,891
Adjustments:		
Income not subject to taxation	**(122,297)**	(104,238)
Expenses not deductible for tax purposes	**84,830**	28,330
Over provision in respect of previous years	**(87,309)**	(3,365)
Deferred tax assets not recognised	**101,924**	307,967
Benefits from previously unrecognised deferred tax assets	**–**	(104,084)
Effect of partial tax exemption and tax relief [1]	**(182,670)**	(218,029)
Withholding tax expense	**67,449**	21,940
Others	**9**	(13,629)
Taxation recognised in profit or loss	**(77,753)**	616,783

The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

[1] Includes tax relief under the Productivity and Innovation Credit ("PIC") scheme which was introduced in the Singapore Budget 2010 and enhanced in Budget 2011 to provide tax benefits for investments by businesses in a broad range of activities along the innovation value chain. Under the scheme, all businesses can enjoy additional allowances at 300% on up to $400,000 of their expenditure each qualifying year on qualifying activities, subject to the agreement by the Inland Revenue Authority of Singapore.

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are the same as basic earnings per share as there are no dilutive potential ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations for the years ended 31 December:

	Group	
	2014	2013
	$	$
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	**1,043,150**	2,616,128
	Number of shares	**Number of shares**
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	**240,443,565**	240,443,565

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $	Building $	Office furniture and equipment $	Renovation $	Plant and equipment $	Motor vehicles $	Total $
Cost:							
Balance at 1 January 2013	6,912,469	2,166,595	862,147	613,577	12,372,816	529,732	23,457,336
Additions	–	–	24,749	6,470	185,778	–	216,997
Disposals	–	–	(3,199)	–	–	(4,408)	(7,607)
Write-off	–	–	(180,989)	–	(291,757)	–	(472,746)
Disposal of a subsidiary	–	–	(23,859)	–	(79,898)	–	(103,757)
Exchange differences	–	–	14,352	22,693	76,154	1,449	114,648
Balance at 31 December 2013 and 1 January 2014	6,912,469	2,166,595	693,201	642,740	12,263,093	526,773	23,204,871
Additions	–	–	**39,719**	**19,784**	**95,642**	**–**	**155,145**
Disposals	–	–	**(5,939)**	**–**	**(4,452)**	**–**	**(10,391)**
Write-off	–	–	**(132,440)**	**(391,328)**	**(1,001,717)**	**–**	**(1,525,485)**
Exchange differences	–	–	**442**	**(1,188)**	**(3,424)**	**933**	**(3,237)**
Balance at 31 December 2014	**6,912,469**	**2,166,595**	**594,983**	**270,008**	**11,349,142**	**527,706**	**21,820,903**
Accumulated depreciation and impairment losses:							
Balance at 1 January 2013	–	175,391	559,012	459,539	9,596,170	241,531	11,031,643
Depreciation charge	–	61,902	112,498	59,765	598,889	72,884	905,938
Impairment loss	–	–	23,248	1,052	229,698	–	253,998
Disposals	–	–	(2,689)	–	–	(3,967)	(6,656)
Write-off	–	–	(127,265)	–	(273,153)	–	(400,418)
Disposal of a subsidiary	–	–	(21,046)	–	(63,002)	–	(84,048)
Exchange differences	–	–	6,373	22,260	44,511	262	73,406
Balance at 31 December 2013 and 1 January 2014	–	237,293	550,131	542,616	10,133,113	310,710	11,773,863
Depreciation charge	**–**	**61,903**	**88,968**	**58,893**	**459,538**	**72,545**	**741,847**
Disposals	**–**	**–**	**(4,910)**	**–**	**(4,452)**	**–**	**(9,362)**
Write-off	**–**	**–**	**(128,137)**	**(380,700)**	**(963,368)**	**–**	**(1,472,205)**
Exchange differences	**–**	**–**	**256**	**(1,067)**	**(2,922)**	**483**	**(3,250)**
Balance at 31 December 2014	**–**	**299,196**	**506,308**	**219,742**	**9,621,909**	**383,738**	**11,030,893**
Net carrying amount:							
Balance at 31 December 2014	**6,912,469**	**1,867,399**	**88,675**	**50,266**	**1,727,233**	**143,968**	**10,790,010**
Balance at 31 December 2013	6,912,469	1,929,302	143,070	100,124	2,129,980	216,063	11,431,008

12. PROPERTY, PLANT AND EQUIPMENT - *continued*

Assets pledged as security

The Group's freehold land and building are mortgaged and the future rental proceeds of the said building are assigned to secure the related bank loan (Note 23) and trade facilities.

Impairment of assets

In 2013, the Group reviewed the recoverable amount of property, plant and equipment of a division within the Consumer Electronic Products segment in view of its declining sales. An impairment loss of $253,998, representing the write–down to the recoverable amount, was recognised in "Other operating expenses" (Note 6) of the profit or loss for the year ended 31 December 2013, based on its estimated fair value less costs of disposal.

Company	Freehold land $	Building $	Office furniture and equipment $	Renovation $	Motor vehicles $	Total $
Cost:						
Balance at 1 January 2013	6,912,469	2,166,595	231,471	101,745	461,300	9,873,580
Additions	–	–	3,849	–	–	3,849
Balance at 31 December 2013 and 1 January 2014	6,912,469	2,166,595	235,320	101,745	461,300	9,877,429
Additions	**–**	**–**	**3,780**	**–**	**–**	**3,780**
Write-off	**–**	**–**	**(5,799)**	**–**	**–**	**(5,799)**
Balance at 31 December 2014	**6,912,469**	**2,166,595**	**233,301**	**101,745**	**461,300**	**9,875,410**
Accumulated depreciation:						
Balance at 1 January 2013	–	175,391	138,405	50,405	200,309	564,510
Depreciation charge	–	61,902	41,708	20,349	65,347	189,306
Balance at 31 December 2013 and 1 January 2014	–	237,293	180,113	70,754	265,656	753,816
Depreciation charge	**–**	**61,903**	**36,615**	**20,349**	**65,346**	**184,213**
Write-off	**–**	**–**	**(5,799)**	**–**	**–**	**(5,799)**
Balance at 31 December 2014	**–**	**299,196**	**210,929**	**91,103**	**331,002**	**932,230**
Net carrying amount:						
Balance at 31 December 2014	**6,912,469**	**1,867,399**	**22,372**	**10,642**	**130,298**	**8,943,180**
Balance at 31 December 2013	6,912,469	1,929,302	55,207	30,991	195,644	9,123,613

13. INVESTMENTS IN SUBSIDIARIES

	Company 2014 $	Company 2013 $
Unquoted equity shares, at cost	**10,665,849**	10,665,847
Impairment losses	**(850,632)**	(850,632)
	9,815,217	9,815,215

Name of subsidiaries (Country of incorporation and place of business)	Principal activities	Cost of investment by the Company 2014 $	Cost of investment by the Company 2013 $	Percentage of equity held by the Group 2014 %	Percentage of equity held by the Group 2013 %
Held by the Company					
Starmo International Pte Ltd (1) (Singapore)	Investment holding	**8,365,847**	8,365,847	**100.0**	100.0
Aero Systems Pte Ltd (3) (Singapore)	Under liquidation	**– (4)**	– (4)	**100.0**	100.0
Explomo Consulting Pte Ltd (1) (Singapore)	Provision of events management and human resource services	**300,000**	300,000	**100.0**	100.0
WoW Technologies (Singapore) Pte Ltd (1) (Singapore)	Investment holding, and design and development of consumer electronic products	**2,000,000**	2,000,000	**100.0**	100.0
TSH Land Pte Ltd (1), (5) (Singapore)	Investment holding	**2**	–	**100.0**	–
		10,665,849	10,665,847		

Name of subsidiaries (Country of incorporation and place of business)	Principal activities	Percentage of equity held by the Group 2014 %	Percentage of equity held by the Group 2013 %
Held by Starmo International Pte Ltd			
Explomo Technical Services Pte Ltd (1) (Singapore)	Provision of defence related materials disposal and recycling, land remediation services, and supply and choreography of pyrotechnic and firework displays	**100.0**	100.0
Explomo Magic Pte Ltd (3) (Singapore)	Inactive	**100.0**	100.0
TechnoPlus Pte Ltd (1) (Singapore)	Supply of homeland security products and services	**100.0**	100.0

13. INVESTMENTS IN SUBSIDIARIES - *continued*

Name of subsidiaries (Country of incorporation and place of business)	Principal activities	Percentage of equity held by the Group 2014 %	2013 %
Held by WoW Technologies (Singapore) Pte Ltd			
Tracker Shine Limited [3] (British Virgin Islands)	Investment holding	**100.0**	100.0
Held by Tracker Shine Limited			
Vigorhood Photoelectric Shenzhen Co., Ltd [2] (The People's Republic of China)	Original design and manufacture of consumer electronic products	**100.0**	100.0
Held by TSH Land Pte Ltd			
TSH Development Australia Pty Ltd [3] (Australia)	Investment holding	**100.0**	–
Held by TSH Development Australia Pty Ltd			
106 St Georges Road Pty Ltd [6] (Australia)	Trustee for 106 St Georges Road Unit Trust	**100.0**	–
631 Orrong Road Pty Ltd [6] (Australia)	Trustee for 631 Orrong Road Unit Trust	**100.0**	–
Glyndefox Pty Ltd [6] (Australia)	Trustee for Glyndefox Unit Trust	**100.0**	–
106 St Georges Road Unit Trust [6] (Australia)	Property development	**100.0**	–
631 Orrong Road Unit Trust [6] (Australia)	Property development	**100.0**	–
Glyndefox Unit Trust [6] (Australia)	Property development	**100.0**	–

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Shenzhen ZhiGong Certified Public Accountants, China

(3) Audit exempted

(4) Aero Systems Pte Ltd ("Aero") was placed under liquidation process in 2013

(5) Acquired during the year

(6) Incorporated during the year

14. INTANGIBLE ASSETS

Group	Goodwill $	Development costs $	Total $
Cost:			
Balance at 1 January 2013	2,628,216	689,227	3,317,443
Write-off attributable to discontinued product	–	(714,625)	(714,625)
Disposal of a subsidiary	(17,150)	–	(17,150)
Exchange differences	–	25,398	25,398
Balance at 31 December 2013 and 1 January 2014	2,611,066	–	2,611,066
Additions	–	**158,384**	**158,384**
Balance at 31 December 2014	**2,611,066**	**158,384**	**2,769,450**
Accumulated amortisation and impairment:			
Balance at 1 January 2013	850,632	442,584	1,293,216
Amortisation	–	255,600	255,600
Write-off attributable to discontinued product	–	(714,625)	(714,625)
Exchange differences	–	16,441	16,441
Balance at 31 December 2013, 1 January 2014 and 31 December 2014	**850,632**	–	**850,632**
Net carrying amount:			
Balance at 31 December 2014	**1,760,434**	**158,384**	**1,918,818**
Balance at 31 December 2013	1,760,434	–	1,760,434

Goodwill

Impairment testing

Goodwill arising from business combinations has been allocated to the Homeland Security Services, an individual cash-generating unit ("CGU") which is a reportable segment, for impairment testing.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 3-year (2013: 3-year) period.

14. INTANGIBLE ASSETS - *continued*

Goodwill *- continued*

Impairment testing - continued

Key assumptions used for value-in-use calculations for the Homeland Security Services segment are as follows:

	Group	
	2014	**2013**
	%	**%**
Growth rate	**0**	0
Pre-tax discount rate	**7**	7

The growth rate is determined after considering the past performance and it is within management's expectation of the long-term average growth rate of the industry relevant to the CGU. The discount rate used is pre-tax and reflects specific risks relating to the business segment. Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Development costs

Development costs relate to audio speaker projects and have an average amortisation period of two years. There is no amortisation expense for the financial year ended 31 December 2014 as the projects are in the development phase.

15. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	2014	**2013**
	$	**$**
Unquoted shares	**3,605,000**	3,605,000

The Group holds a 26.5% interest in Unilink Development Limited ("Unilink"), a closely-held private company incorporated in Hong Kong with operating subsidiaries in China. The investment in Unilink was classified as asset-held-for-sale in accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations as at 31 December 2011 as management had plans to dispose the investment. An impairment charge of $1,900,000 was recorded during the year ended 31 December 2013 to reduce the carrying amount of the investment to its estimated recoverable amount of $3,605,000 as at 31 December 2013. The recoverable value was determined based on the estimated net realisable value of the net assets of Unilink.

15. AVAILABLE-FOR-SALE FINANCIAL ASSET - *continued*

As the sale of the investment did not materialise as planned, the Group had classified the investment as available-for-sale financial asset as at 31 December 2013.

This unquoted investment is carried at cost less impairment loss as the investment does not have a quoted price in an active market and its fair value cannot be reliably measured. Additionally, valuation technique would result in a wide range of possible fair values and the probability of the various outcomes cannot be reliably estimated.

The investment is not classified as Investment in Associates because the Group does not exercise significant influence due to lack of regular communication among the shareholders and the directors of Unilink which restricts the ability of the Group to participate in the financial and operating policy decisions of Unilink and obtain timely financial information.

16. DEVELOPMENT PROPERTIES

	Group	
	2014	**2013**
	$	**$**
Cost of development properties	**16,074,889**	–

17. INVENTORIES

	Group	
	2014	**2013**
	$	**$**
Goods for sale and project use	**177,102**	116,376

18. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2014	**2013**
	$	**$**
Project costs incurred and recognised profits to date	**9,285,046**	6,718,890
Less: Progress billings	**(7,936,681)**	(6,363,643)
Gross amount due from customers for contract work-in-progress, net	**1,348,365**	355,247
Presented as:		
Gross amount due from customers for contract work-in-progress	**1,517,426**	879,558
Gross amount due to customers for contract work-in-progress	**(169,061)**	(524,311)
	1,348,365	355,247

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Financial assets				
Trade receivables	**2,768,256**	2,821,098	–	–
Other receivables:				
- Refundable bonds	–	875,364	–	–
- Deposits	**210,209**	90,432	**23,720**	4,280
- Project advances	**58,505**	616,277	–	67,075
- Receivables from subsidiaries	–	–	**18,291,156**	1,807,105
- Staff loan	–	3,333	–	–
- Input tax claimable	–	229,985	–	–
- Non-trade receivables	–	516,128	–	291,128
- Others	**278**	71,797	**868**	30,899
	268,992	2,403,316	**18,315,744**	2,200,487
Non-financial assets				
- Advances to suppliers	**407,048**	441,270	–	–
- Deposit	**1,299,600**	–	–	–
- Prepayments	**376,640**	677,602	**31,060**	16,780
	2,083,288	1,118,872	**31,060**	16,780
Total other receivables	**2,352,280**	3,522,188	**18,346,804**	2,217,267
Trade and other receivables	**5,120,536**	6,343,286	**18,346,804**	2,217,267
Loans and receivables				
Trade receivables	**2,768,256**	2,821,098	–	–
Other receivables	**268,992**	2,403,316	**18,315,744**	2,200,487
Fixed deposits (Note 28)	**1,057,215**	9,488,536	–	7,932,432
Cash and bank balances (Note 28)	**19,198,187**	23,824,906	**3,058,833**	11,831,107
Total loans and receivables	**23,292,650**	38,537,856	**21,374,577**	21,964,026

The trade and other receivables (classified as loans and receivables) denominated in foreign currencies as at 31 December are as follows:

Brunei Dollar	–	491,007	–	–
New Taiwan Dollar	**5,276**	1,299,571	–	–
Renminbi	**54,548**	70,372	–	–
Singapore Dollar	**45,925**	94,182	–	–
United States Dollar	**165,342**	391,304	**15,155,017**	–

19. TRADE AND OTHER RECEIVABLES - *continued*

Trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The project advances are unsecured, non-interest bearing and repayable on demand in cash.

As at 31 December 2013, the non-trade receivables included net proceeds receivable from the disposal of held for trading financial assets, which was unsecured, non-interest bearing and repayable within three business days from trade date, and the proceeds receivable from disposal of a subsidiary which was unsecured, bore interest at a rate of 8% per annum and repayable within one year.

The receivables from subsidiaries amounted to $360,989 (2013: $685,296) are non-trade related, unsecured, repayable on demand, bear interest at a rate of 6.50% (2013: 6.50%) per annum and are to be settled in cash.

The receivables from subsidiaries amounted to $17,930,167 (2013: $1,121,809) are non-trade related, unsecured, repayable on demand, interest-free and are to be settled in cash.

The deposit under non-financial assets relates to the purchase of a development property (Note 30 (c)).

Receivables that are past due but not impaired

The Group has the following unsecured trade receivables that are past due but not impaired at the end of the year:

	Group	
	2014	**2013**
	$	**$**
Trade receivables past due:		
Less than 30 days	**311,324**	839,200
30 to 60 days	**151,758**	189,209
61 to 90 days	**16,590**	33,824
91 to 120 days	**2,400**	373
More than 120 days	**27,805**	11,385
	509,877	1,073,991

19. TRADE AND OTHER RECEIVABLES - *continued*

Trade receivables that are impaired

The trade receivables that are impaired at the end of the year and the movement of the allowance account used to record the impairment are as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Trade receivables – nominal amounts	**97,810**	141,763	–	–
Less: Allowance for impairment	**(97,810)**	(141,763)	–	–
	–	–	–	–
Movement in allowance account:				
Balance at 1 January	**141,763**	51,802	–	4,519
Charge for the year	–	94,480	–	–
Write-off	**(43,953)**	(4,519)	–	(4,519)
Balance at 31 December	**97,810**	141,763	–	–

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

Other receivables that are impaired

The other receivables that are impaired at the end of the year and the movement of the allowance account used to record the impairment are as follows:

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Other receivables – nominal amounts	–	59,845	**3,024,495**	3,033,571
Less: Allowance for impairment	–	(59,845)	**(3,024,495)**	(1,911,893)
	–	–	–	1,121,678
Movement in allowance account:				
Balance at 1 January	**59,845**	49,397	**1,911,893**	–
Charge for the year	–	12,825	**1,121,678**	1,911,893
Write-off	**(59,845)**	–	–	–
Write-back	–	(2,377)	**(9,076)**	–
Balance at 31 December	–	59,845	**3,024,495**	1,911,893

The Group's other receivables that were individually determined to be impaired as at 31 December 2013 related mainly to a refundable bid bond from a customer. These receivables were not secured by any collateral or credit enhancements.

The Company's other receivables that are individually determined to be impaired relate to amounts due from subsidiaries. These receivables are not secured by any collateral or credit enhancements.

20. HELD FOR TRADING FINANCIAL ASSET

	Group and Company	
	2014	2013
	$	$
Quoted equity shares, at fair value	**212,940**	240,240

21. FIXED DEPOSITS

As at the end of the year, the Group has fixed deposits of $1,050,414 (2013: $1,556,103) pledged as security for banker's guarantees and banking facilities (Note 28).

The fixed deposits earn interest at a weighted average interest rate of 0.46% (2013: 0.62%) per annum.

The fixed deposits denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
United States Dollar	–	4,429,221	–	4,429,221
Singapore Dollar	**1,057,215**	1,050,414	–	–

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Financial liabilities				
Trade payables	**5,012,575**	2,688,082	**157,141**	161,251
Accrued contract costs and operating expenses	**2,776,548**	2,383,959	**318,440**	573,793
	7,789,123	5,072,041	**475,581**	735,044
Other payables:				
- Deposits received	**98,220**	92,780	**77,860**	72,420
- Payable to a third party	**121,742**	121,742	**121,742**	121,742
- Payables to subsidiaries	**–**	–	**1,352,000**	1,271,841
- Collection of funds on behalf of customers	**140,612**	542,577	**–**	–
- Others	**58,940**	34,645	**30,420**	30,420
	419,514	791,744	**1,582,022**	1,496,423
Non-financial liabilities				
- Accrual for unconsumed leave	**82,103**	107,000	**24,889**	24,000
- Advances from customers	**6,914**	55,150	**–**	–
	89,017	162,150	**24,889**	24,000
Total other payables	**508,531**	953,894	**1,606,911**	1,520,423
Trade and other payables	**8,297,654**	6,025,935	**2,082,492**	2,255,467
Financial liabilities carried at amortised cost				
Trade payables	**5,012,575**	2,688,082	**157,141**	161,251
Accrued contract costs and operating expenses	**2,776,548**	2,383,959	**318,440**	573,793
Other payables	**419,514**	791,744	**1,582,022**	1,496,423
Borrowings (Note 23)	**5,127,941**	5,536,975	**5,127,941**	5,536,975
Total financial liabilities carried at amortised cost	**13,336,578**	11,400,760	**7,185,544**	7,768,442

The trade and other payables (classified as financial liabilities carried at amortised cost) denominated in foreign currencies as at 31 December are as follows:

Renminbi	**96,995**	74,829	**90,525**	72,105
Singapore Dollar	**26,897**	279,657	**–**	–
Swiss Franc	**14,201**	159,474	**–**	–
United States Dollar	**39,828**	108,514	**–**	–

The trade payables are non-interest bearing.

The payable to a third party is unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

The payables to subsidiaries are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

23. BORROWINGS

	Maturity	Group and Company 2014 $	2013 $
Loan	**2025**	**5,127,941**	5,536,975
Less: non-current portion:			
- Borrowings repayable in the second to fifth year inclusive		**1,772,276**	1,680,918
- Borrowings repayable after five years		**2,967,649**	3,442,739
		(4,739,925)	(5,123,657)
Borrowings repayable within a year		**388,016**	413,318

The loan bears an effective interest rate of 3.50% (2013: 1.83%).

The loan is secured by first legal mortgage over the freehold land and building and the assignment of future rental proceeds of the said building (Note 12).

24. DEFERRED TAX

	Group				Company	
	Balance sheet		Statement of comprehensive income		Balance sheet	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Deferred tax liabilities						
Differences in depreciation for tax purposes	**(246,392)**	(318,992)	**(72,600)**	(48,388)	**–**	–
Provisions	**30,692**	32,192	**1,500**	(312)	**–**	–
	(215,700)	(286,800)	**(71,100)**	(48,700)	**–**	–
Deferred tax assets						
Differences in depreciation for tax purposes	**55,365**	–	**(55,365)**	–	**9,100**	–
Unabsorbed tax losses	**31,700**	–	**(31,700)**	–	**31,700**	–
Provisions	**58,993**	–	**(58,993)**	–	**41,200**	–
	146,058	–	**(146,058)**	–	**82,000**	–
Deferred income tax (Note 10)			**(217,158)**	(48,700)		

24. DEFERRED TAX - *continued*

Unrecognised tax losses

As at 31 December 2014, the Group has unabsorbed tax losses of approximately $4,647,000 (2013: $4,245,000) that are available for set-off against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unabsorbed tax losses is subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2014, no deferred tax liability (2013: nil) has been recognised for taxes that would be payable on the undistributed earnings of a subsidiary as the Group is in a position to control the dividend policy of the subsidiary and the Group has determined that undistributed earnings of the subsidiary will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability is recognised amount to $1,508,000 (2013: $nil).

25. SHARE CAPITAL

	Group and Company			
	2014 No of ordinary shares	2013 No of ordinary shares	2014 $	2013 $
Issued and fully paid up:				
Balance at 1 January and 31 December	**240,443,565**	240,443,565	**26,034,356**	26,034,356

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

26. TRANSLATION RESERVE

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

27. REVENUE RESERVE

	Company	
	2014	2013
	$	$
Balance at 1 January	**10,869,332**	13,930,402
Loss for the year	**(78,363)**	(3,061,070)
Balance at 31 December	**10,790,969**	10,869,332

The movement in the revenue reserve of the Group is shown in the Consolidated Statement of Changes in Equity.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cash and bank balances	**19,198,187**	23,824,906	**3,058,833**	11,831,107
Fixed deposits	**1,057,215**	9,488,536	**–**	7,932,432
	20,255,402	33,313,442	**3,058,833**	19,763,539
Less: Pledged fixed deposits (Note 21)	**(1,050,414)**	(1,556,103)		
Less: Cash margin for trade facilities	**(1,200,000)**	(1,200,000)		
Cash and cash equivalents for the consolidated cash flow statement	**18,004,988**	30,557,339		

The bank balances earn interest at floating rates based on daily bank deposit rates.

The cash and bank balances denominated in foreign currencies as at 31 December are as follows:

Euro	**4,655**	7,013	**297**	374
Hong Kong Dollar	**1,154**	2,818	**–**	–
Renminbi	**39,914**	297	**–**	–
Singapore Dollar	**1,482,584**	1,351,637	**–**	–
United States Dollar	**4,197,513**	11,016,924	**789,033**	6,648,662

29. RELATED PARTY TRANSACTIONS

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

(a) Sale and purchase of goods and services

During the year, two (2) companies, in which an independent director of the Company is deemed to be interested, provide certain legal and professional services amounting to $30,300 (2013: $29,250) and $16,000 (2013: $19,300) to the Group and the Company respectively.

(b) Compensation of key management personnel

	Group	
	2014	**2013**
	$	**$**
Salaries and other short-term employee benefits	**1,245,726**	1,438,286
Central Provident Fund contributions	**42,600**	57,845
Total compensation to key management personnel	**1,288,326**	1,496,131

Included in the above is compensation to directors of the Company amounting to $710,189 (2013: $836,168).

(c) Corporate guarantees

The Company has issued corporate guarantees to banks for borrowings and bank facilities of certain subsidiaries. These guarantees require the Company to reimburse the banks if the subsidiaries fail to make payments when due in accordance with the terms of the borrowings. No liability is expected to arise from the issuance of these corporate guarantees.

30. COMMITMENTS

(a) *Operating lease commitments – as lessee*

The Group has entered into commercial leases on warehouse and vehicles. The leases have a remaining tenures of between nine months and thirteen months (2013: between two months and two years) with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum lease rental payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2014	**2013**
	$	**$**
Within 1 year	**147,115**	72,439
Within 2 to 5 years	**875**	52,615
	147,990	125,054

(b) *Operating lease commitments – as lessor*

The Group and the Company have entered into commercial property leases on its freehold industrial building. The leases have remaining tenures of between one and two years (2013: between one and three years) with renewal options included in the contracts.

Future minimum lease rental receivable under non-cancellable operating leases as at 31 December are as follows:

	Group and Company	
	2014	**2013**
	$	**$**
Within 1 year	**427,670**	313,820
Within 2 to 5 years	**141,600**	190,400
	569,270	504,220

(c) *Capital commitment*

Capital commitment in respect of a development property contracted for as at the end of reporting period but not recognised in the financial statements amounts to $11,696,000 (2013: $nil).

31. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(i) The Homeland Security Services segment is involved in the provision of homeland security related sales and services as well as the supply and choreography of pyrotechnic and firework displays.

(ii) The Consumer Electronic Products segment is involved in the design, development and manufacturing of consumer electronic products.

(iii) The Property segment is involved in investment and development of properties.

(iv) The Corporate and Others segment is involved in Group-level corporate services, investments and other miscellaneous businesses.

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

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

Transfer prices between operating segments are as per terms agreed between the parties. Group taxation is managed on a group basis and is not allocated to operating segments. Group financing is managed on a group basis but the interest expense is charged to the respective segment utilising the borrowings.

31. SEGMENT INFORMATION - *continued*

	Homeland Security Services $	Consumer Electronic Products $	Property $	Corporate and Others $	Adjustments and eliminations $	Total $
2014						
Segment revenue						
Sales to external customers	7,714,292	14,887,624	–	2,394,086	–	24,996,002
Inter-segment sales	7,850	–	–	1,264,217	(1,272,067) (1)	–
Total revenue	7,722,142	14,887,624	–	3,658,303	(1,272,067)	24,996,002
Segment results:						
Depreciation of property, plant and equipment	367,224	128,380	–	246,243	–	741,847
Dividend income	–	–	–	3,640	–	3,640
Fair value loss on held for trading financial asset	–	–	–	27,300	–	27,300
Interest expense	–	58,623	–	188,133	(57,804) (1)	188,952
Interest income	12,899	10,094	559	130,174	(57,804) (1)	95,922
Property, plant and equipment written off	–	53,280	–	–	–	53,280
Segment profit/(loss) before taxation	556,663	191,301	(107,200)	320,241	4,392	965,397
Segment assets and liabilities:						
Additions to non-current assets (2)	113,365	196,385	–	3,779	–	313,529
Segment assets	13,993,723	12,595,626	17,838,347	34,634,819	(19,244,334) (3)	59,818,181
Segment liabilities	693,831	6,586,926	17,940,997	7,701,423	(19,005,118) (4)	13,918,059

31. SEGMENT INFORMATION - *continued*

	Homeland Security Services $	Consumer Electronic Products $	Corporate and Others $	Adjustments and eliminations $	Total $
2013					
Segment revenue					
Sales to external customers	18,050,209	31,844,888	2,509,743	–	52,404,840
Inter-segment sales	58,746	–	1,565,591	(1,624,337) [(1)]	–
Total revenue	18,108,955	31,844,888	4,075,334	(1,624,337)	52,404,840
Segment results:					
Amortisation of intangible assets	–	255,600	–	–	255,600
Depreciation of property, plant and equipment	390,209	258,179	257,550	–	905,938
Dividend income	–	–	9,920	–	9,920
Fair value gain on held for trading financial asset	–	–	9,100	–	9,100
Gain on disposal of held for trading financial asset	–	–	13,288	–	13,288
Gain on disposal of property, plant and equipment	525	–	2,689	–	3,214
Impairment of property, plant and equipment	–	253,998	–	–	253,998
Impairment of trade receivables	94,480	–	–	–	94,480
Impairment of inventories	–	1,960	–	–	1,960
Inventories written off	30,749	5,534	–	–	36,283
Interest expense	513,870	145,924	104,961	(656,473) [(1)]	108,282
Interest income	9,137	4,636	681,011	(656,473) [(1)]	38,311
Property, plant and equipment written off	–	72,328	–	–	72,328
(Reversal of impairment)/ Impairment of other receivables	(2,377)	12,825	–	–	10,448
Segment profit before exceptional items and taxation	1,199,732	2,285,684	1,316,122	(1,849)	4,799,689
Exceptional items:					
Gain on disposal of a subsidiary	–	–	333,222	–	333,222
Impairment of assets held for sale	–	–	(1,900,000)	–	(1,900,000)
Segment profit/(loss) before taxation	1,199,732	2,285,684	(250,656)	(1,849)	3,232,911
Segment assets and liabilities:					
Additions to non-current assets [(2)]	178,930	32,420	5,647	–	216,997
Segment assets	14,728,163	9,522,222	35,832,742	(2,393,783) [(3)]	57,689,344
Segment liabilities	1,182,689	6,328,146	8,857,823	(3,281,492) [(4)]	13,087,166

(1) Inter-segment transactions are eliminated on consolidation.

(2) These consist of additions to property, plant and equipment and intangible assets.

31. SEGMENT INFORMATION - *continued*

(3) The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2014	2013
	$	$
Deferred tax assets	**146,058**	–
Inter-segment assets	**(19,390,392)**	(2,393,783)
	(19,244,334)	(2,393,783)

(4) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2014	2013
	$	$
Provision for taxation	**107,703**	713,145
Deferred tax liabilities	**215,700**	286,800
Inter-segment liabilities	**(19,328,521)**	(4,281,437)
	(19,005,118)	(3,281,492)

Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	2014	2013
	$	$
United States of America	**11,682,925**	27,147,813
Singapore	**7,776,157**	11,626,230
Taiwan	**1,221,683**	10,446,029
Germany	**1,366,355**	1,749,142
Hong Kong	**280,815**	661,190
People's Republic of China	**54,494**	64,414
Others	**2,613,573**	710,022
	24,996,002	52,404,840

The Group's non-current assets, other than the available-for-sale financial asset and deferred tax assets, are mainly situated in Singapore.

Information about major customers

Revenue from one (2013: one) major customer amounts to sales of $10,091,457 (2013: $26,196,424) by the Consumer Electronic Products segment.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. It is, and has been throughout the current and previous year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

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

(a) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group reviews its working capital and investment requirements to assess the adequacy of cash and cash equivalents and sufficiency of stand-by credit facilities from financial institutions to finance the operations.

Analysis of financial instruments by remaining contractual maturities

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

	Group 2014			
	Less than 1 year $	2 to 5 years $	More than 5 years $	Total $
Financial assets:				
Trade and other receivables	3,037,248	–	–	3,037,248
Held for trading financial asset	212,940	–	–	212,940
Fixed deposits	1,057,215	–	–	1,057,215
Cash and bank balances	19,198,187	–	–	19,198,187
Total undiscounted financial assets	23,505,590	–	–	23,505,590
Financial liabilities:				
Trade and other payables	8,208,637	–	–	8,208,637
Borrowings	507,271	2,477,587	3,367,213	6,352,071
Total undiscounted financial liabilities	8,715,908	2,477,587	3,367,213	14,560,708
Total net undiscounted financial assets/ (liabilities)	14,789,682	(2,477,587)	(3,367,213)	8,944,882

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(a) *Liquidity risk - continued*

	Group 2013			
	Less than 1 year $	2 to 5 years $	More than 5 years $	Total $
Financial assets:				
Trade and other receivables	5,224,414	–	–	5,224,414
Held for trading financial asset	240,240	–	–	240,240
Fixed deposits	9,488,536	–	–	9,488,536
Cash and bank balances	23,824,906	–	–	23,824,906
Total undiscounted financial assets	38,778,096	–	–	38,778,096
Financial liabilities:				
Trade and other payables	5,863,785	–	–	5,863,785
Borrowings	590,206	2,590,224	4,045,608	7,226,038
Total undiscounted financial liabilities	6,453,991	2,590,224	4,045,608	13,089,823
Total net undiscounted financial assets/ (liabilities)	32,324,105	(2,590,224)	(4,045,608)	25,688,273

	Company 2014			
	Less than 1 year $	2 to 5 years $	More than 5 years $	Total $
Financial assets:				
Trade and other receivables	**18,315,744**	**–**	**–**	**18,315,744**
Held for trading financial asset	**212,940**	**–**	**–**	**212,940**
Cash and bank balances	**3,058,833**	**–**	**–**	**3,058,833**
Total undiscounted financial assets	**21,587,517**	**–**	**–**	**21,587,517**
Financial liabilities:				
Trade and other payables	**2,057,603**	**–**	**–**	**2,057,603**
Borrowings	**507,271**	**2,477,587**	**3,367,213**	**6,352,071**
Total undiscounted financial liabilities	**2,564,874**	**2,477,587**	**3,367,213**	**8,409,674**
Total net undiscounted financial assets/ (liabilities)	**19,022,643**	**(2,477,587)**	**(3,367,213)**	**13,177,843**

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(a) Liquidity risk - continued

	Company 2013			
	Less than 1 year $	2 to 5 years $	More than 5 years $	Total $
Financial assets:				
Trade and other receivables	2,200,487	–	–	2,200,487
Held for trading financial asset	240,240	–	–	240,240
Fixed deposits	7,932,432	–	–	7,932,432
Cash and bank balances	11,831,107	–	–	11,831,107
Total undiscounted financial assets	22,204,266	–	–	22,204,266
Financial liabilities:				
Trade and other payables	2,231,467	–	–	2,231,467
Borrowings	590,206	2,590,224	4,045,608	7,226,038
Total undiscounted financial liabilities	2,821,673	2,590,224	4,045,608	9,457,505
Total net undiscounted financial assets/ (liabilities)	19,382,593	(2,590,224)	(4,045,608)	12,746,761

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including quoted equity shares and cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating parties.

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

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

The information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(b) *Credit risk - continued*

Exposure to credit risk - continued

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	2014		2013	
Group	**$**	**% of total**	**$**	**% of total**
By country:				
Singapore	**1,064,561**	**38.5**	1,774,932	62.9
Taiwan	**79,118**	**2.8**	255,808	9.1
United States of America	**1,397,461**	**50.5**	238,339	8.4
Brunei	**–**	**–**	491,007	17.4
Others	**227,116**	**8.2**	61,012	2.2
	2,768,256	**100.0**	2,821,098	100.0
By industry sectors:				
Homeland Security Services	**1,019,860**	**36.8**	1,213,329	43.0
Consumer Electronic Products	**1,738,084**	**62.8**	641,956	22.8
Corporate and Others	**10,312**	**0.4**	965,813	34.2
	2,768,256	**100.0**	2,821,098	100.0

At the end of the year, approximately 44% (2013: 17%) of the Group's trade receivables is due from one (2013: one) major customer who is located overseas and 16% (2013: 36%) of the Group's trade receivables is due from one (2013: three) major customer who is located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and quoted equity shares that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from their borrowings and fixed deposits. The Group currently does not use any derivative financial instruments to manage its exposure to changes in interest rates and it is the Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 50 (2013: 50) basis points lower/ higher with all other variables held constant, the Group's profit before taxation would have been $46,000 lower/ higher (2013: $90 lower/higher profit before taxation), arising mainly as a result of lower/higher interest income on floating rate fixed deposits and bank balances which is moderated by lower/ higher interest expense on floating rate borrowings.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of the Group entities, primarily Australian Dollar (AUD), Renminbi (RMB), SGD and United States Dollar (USD). The foreign currencies in which these transactions are denominated are mainly Brunei Dollar (BND), New Taiwan Dollar (NTD), SGD and USD. Approximately 24% (2013: 28%) and 24% (2013: 30%) of the Group's sales and cost of sales are denominated in foreign currencies respectively. In addition, the Group has foreign currency risk exposure relating to trade and other receivables (Note 19), trade and other payables (Note 22), fixed deposits (Note 21) and cash and bank balances (Note 28).

During the year, the Group did not use any hedging instruments to protect against the volatility associated with foreign currency purchases and sales of products and the assets and liabilities created in the normal course of business. The Group minimises its foreign currency exposure by creating natural hedges by matching costs and revenue of its projects with the same currencies.

The Group is also exposed to currency translation risk arising from its net investments in foreign currencies, including AUD, HKD, RMB and USD. The Group's net investments in these currencies are not hedged as the currency positions are considered to be long-term in nature.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(d) Foreign currency risk - continued

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the foreign currency exchange rates against the respective funtional currencies of the Group entities, with all other variables held constant.

	Group Increase/(decrease) in profit before taxation	
	2014 **$**	**2013** **$**
BND/SGD		
- strengthened 5% (2013: 5%)	–	24,550
- weakened 5% (2013: 5%)	–	(24,550)
NTD/SGD		
- strengthened 5% (2013: 5%)	**252**	64,967
- weakened 5% (2013: 5%)	**(252)**	(64,967)
SGD/USD		
- strengthened 5% (2013: 5%)	**127,601**	170,828
- weakened 5% (2013: 5%)	**(127,601)**	(170,828)
USD/HKD		
- strengthened 5% (2013: 5%)	**56,425**	15,503
- weakened 5% (2013: 5%)	**(56,425)**	(15,503)
USD/RMB		
- strengthened 5% (2013: 5%)	–	19,620
- weakened 5% (2013: 5%)	–	(19,620)
USD/SGD		
- strengthened 5% (2013: 5%)	**159,726**	751,324
- weakened 5% (2013: 5%)	**(159,726)**	(751,324)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group and the Company are exposed to equity price risk arising from its investments in quoted equity shares. These instruments are quoted on the SGX-ST in Singapore and are classified as held for trading. The Group does not have exposure to commodity price risk.

The Group and the Company manage the risk exposure by evaluation of investment opportunities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

Sensitivity analysis for equity price risk

At the end of the year, if the prices of the quoted shares had been 5% higher/lower with all other variables held constant, the Group's profit before taxation would have been $11,000 higher/ lower (2013: $12,000 higher/ lower profit before tax), arising as a result of higher/lower fair value gains on held for trading financial asset.

33. FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

The Group categorise fair value measurement using a fair value hierarchy that is dependent on the valuation input used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the years ended 31 December 2014 and 2013.

B. Assets and liabilities measured at fair value

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

	Group Quoted prices in active market for identical instruments (Level 1)	
	2014	**2013**
	$	**$**
Financial assets:		
Held for trading financial asset		
- Quoted equity shares (Note 20)	**212,940**	240,240

Determination of fair value

Fair value of the quoted equity shares is determined directly by reference to their published market price at the balance sheet date.

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within 100%. The Group includes within net debt, loans and borrowings, trade and other payables and provisions, less cash and bank balances and fixed deposits. Capital includes equity attributable to owners of the Company.

	Group	
	2014	**2013**
	$	**$**
Trade and other payables (Note 22)	**8,297,654**	6,025,935
Borrowings (Note 23)	**5,127,941**	5,536,975
	13,425,595	11,562,910
Less: Fixed deposits and cash and bank balances (Notes 21 and 28)	**(20,255,402)**	(33,313,442)
Net cash	**(6,829,807)**	(21,750,532)
Equity attributable to owners of the Company	**45,900,122**	44,602,178
Capital and net cash	**39,070,315**	22,851,646
Gearing ratio	**–**	–

The Company and two (2) subsidiaries are required by certain banks to maintain a certain amount of equity or net tangible assets. These externally imposed capital requirements have been complied with for the years ended 31 December 2014 and 2013.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors 18 March 2015.

SHARE CAPITAL

Total number of issued shares excluding treasury shares	:	240,443,565
Number of treasury shares held	:	NIL
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	8	0.82	153	0.00
100 - 1,000	71	7.32	49,516	0.02
1,001 - 10,000	188	19.38	1,298,352	0.54
10,001 - 1,000,000	681	70.21	50,076,624	20.83
1,000,001 AND ABOVE	22	2.27	189,018,920	78.61
TOTAL	970	100.00	240,443,565	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	COCKPIT INTERNATIONAL PTE LTD	60,567,262	25.19
2	KHOO BEE LENG JOANNA (QIU MEILING, JOANNA)	26,846,400	11.17
3	UOB KAY HIAN PRIVATE LIMITED	24,729,466	10.28
4	MAYBANK KIM ENG SECURITIES PTE. LTD.	10,244,725	4.26
5	PHILLIP SECURITIES PTE LTD	8,474,633	3.52
6	CIMB SECURITIES (SINGAPORE) PTE. LTD.	8,433,735	3.51
7	LYE CHEE FEI ANTHONY	7,882,400	3.28
8	OCBC SECURITIES PRIVATE LIMITED	6,808,633	2.83
9	HSBC (SINGAPORE) NOMINEES PTE LTD	5,200,000	2.16
10	KHO CHUAN THYE PATRICK	4,374,000	1.82
11	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	3,986,366	1.66
12	RAFFLES NOMINEES (PTE) LIMITED	3,700,000	1.54
13	DBS NOMINEES (PRIVATE) LIMITED	3,188,633	1.33
14	DB NOMINEES (SINGAPORE) PTE LTD	3,000,000	1.25
15	SINGAPORE NOMINEES PRIVATE LIMITED	1,999,000	0.83
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,798,600	0.75
17	VINCENT CHAN NYUK CHONG (VINCENT CHEN YUZHANG)	1,700,000	0.71
18	EST OF YEAP LAM WAH, DEC'D	1,413,000	0.59
19	LOH WAI LENG	1,250,000	0.52
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,195,067	0.50
	TOTAL	186,791,920	77.70

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 18 March 2015)

	Direct Interest		Deemed Interest		Total Interest	
Name	No. of shares	%	No. of shares	%	No. of shares	%
Teo Kok Woon	-	-	68,250,728[1]	28.39	68,250,728	28.39
Cockpit International Pte Ltd	60,567,262	25.19	-	-	60,567,262	25.19
Yeo Gek Lang Susie	-	-	60,567,262[2]	25.19	60,567,262	25.19
Goodearth Realty Pte Ltd	-	-	60,567,262[2]	25.19	60,567,262	25.19
Lye Chee Fei Anthony	7,882,400	3.28	32,046,400[3]	13.33	39,928,800	16.61
Khoo Bee Leng Joanna	26,846,400	11.17	13,082,400[4]	5.44	39,928,800	16.61

Notes :-

(1) Teo Kok Woon is deemed to be interested in 60,567,262 shares held by Cockpit International Pte Ltd and 7,683,466 shares held by UOB Kay Hian Private Limited as nominee of Teo Kok Woon.

(2) 60,567,262 shares were held in the name of Cockpit International Pte Ltd in which Yeo Gek Lang Susie and Goodearth Realty Pte Ltd are deemed to be interested.

(3) Lye Chee Fei Anthony is deemed to be interested in the 26,846,400 shares held by Khoo Bee Leng Joanna, the spouse of Lye Chee Fei Anthony, and 5,200,000 shares held by HSBC (Singapore) Nominees Pte Ltd as nominee of Lye Chee Fei Anthony.

(4) Khoo Bee Leng Joanna is deemed to be interested in the 7,882,400 shares held by Lye Chee Fei Anthony, the spouse of Khoo Bee Leng Joanna, and 5,200,000 shares held by HSBC (Singapore) Nominees Pte Ltd as nominee of Lye Chee Fei Anthony.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL SECTION B : RULES OF CATALIST (THE "CATALIST RULES")

Based on information available and to the best knowledge of the Company as at 18 March 2015, approximately 51.78% of the ordinary shares of the Company are held by the public. Therefore, the Company is in compliance with Rule 723 of the Catalist Rules.

NOTICE IS HEREBY GIVEN that an Annual General Meeting of TSH Corporation Limited (the "**Company**") will be held at 62 Burn Road #06-01 TSH Centre Singapore 369976 on Thursday, 30 April 2015 at 10.30 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and the Auditors' Report thereon.

(Resolution 1)

2. To approve Directors' Fees of S$ 99,178 for the financial year ended 31 December 2014 (2013: S$100,000/-).

(Resolution 2)

3. To re-elect Mr Wong Weng Foo John who is retiring in accordance with Article 107 of the Company's Articles of Association.
(See Explanatory Note 1)

(Resolution 3)

4. To re-appoint Messrs Ernst & Young LLP, Certified Public Accountants, as auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 4)

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

AS SPECIAL BUSINESS

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

6. **Authority to issue shares**

"That, pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "**Act**") and Rule 806 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), ("**Rules of Catalist**"), authority be and is hereby given to the Directors of the Company to:-

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

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

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below).

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of 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 Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities outstanding or subsisting at the time this Resolution is passed;

(ii) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be), were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

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

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act, and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 2)

(Resolution 5)

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

Singapore, 15 April 2015

Following are explanatory notes to the Notice of the AGM

1. Mr Wong Weng Foo John, if re-elected, will remain as Chairman of the Audit and Remuneration Committees and member of the Nominating Committee. Mr Wong Weng Foo John will be considered independent for the purpose of Rule 704(7) of the Rules of Catalist.

2. The Ordinary Resolution 5 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the date of the next Annual General Meeting, to allot and issue Shares and/or Instruments in the Company. The aggregate number of Shares (including any Shares issued pursuant to Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed one hundred per cent. (100%) of the Company's total number of issued Shares (excluding treasury shares). For issues of Shares other than on a pro-rata basis to all shareholders, the aggregate number of Shares to be issued shall not exceed fifty per cent. (50%) of Company's total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any Instruments made or granted under this authority.

Notes: -

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

(ii) A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

(iii) Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

(iv) A depositor's name must appear on the Depository Register not less than 48 hours before the time appointed for holding the meeting.

(v) The instrument appointing a proxy must be deposited at the registered office of the Company at 62 Burn Road #06-01 TSH Centre Singapore 369976 not less than 48 hours before the time appointed for holding the meeting.

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PROXY FORM

TSH CORPORATION LIMITED

(Company Registration No. 200003865N)

IMPORTANT
1. For investors who have used their CPF monies to buy TSH Corporation Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
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 who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We ______________________________ (Name) ________________ (NRIC/Passport No.)

of ____ (Address)

being *a member/members of TSH Corporation Limited (the "**Company**"), hereby appoint

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

*and/or

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

of failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 62 Burn Road #06-01 TSH Centre Singapore 369976 on Thursday, 30 April 2015 at 10.30 a.m. 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 specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	**Ordinary Resolutions**	**For**	**Against**
Ordinary Business			
1.	Adopt the Audited Financial Statements, Directors' Report and Auditors' Report for the financial year ended 31 December 2014.		
2.	Approval of Directors' fees.		
3.	Re-election of Mr Wong Weng Foo John as a Director of the Company.		
4.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
Special Business			
5.	Authority to allot and issue shares pursuant to the Share Issue Mandate.		

Dated this ______________ day of ______________ 2015.

____

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

**Delete accordingly*

IMPORTANT. Please read notes overleaf

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

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. 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 130A of the Companies Act, Chapter 50 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 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.

4. The instrument appointing proxy or proxies must be deposited at the registered office of the Company at 62 Burn Road #06-01 TSH Centre Singapore 369976 not later than 48 hours before the time set for the Meeting.

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

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

7. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

9. 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 48 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

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Please affix postage stamp

The Company Secretary
TSH CORPORATION LIMITED
62 Burn Road
#06-01 TSH Centre
Singapore 369976

2nd fold here

3rd fold here and seal