

SHINVEST HOLDING LTD.

(Formerly known as Eastgate Technology Ltd)



GROWTH & DIVERSIFICATION

ANNUAL REPORT 2015

CONTENTS



Company
Profile



Chairman's
Statement



Board of
Directors



Key
Management



Corporate
Structure



Corporate
Information



Financial
Contents





COMPANY PROFILE

Shinvest Holding Ltd. (“Shinvest” or the “Company”), formerly known as Eastgate Technology Ltd, was incorporated in 1989 and has been listed on the Mainboard of Singapore Exchange Limited since 13 October 1999. The Company underwent a corporate restructuring exercise approved by shareholders on 30 July 2009, which saw the company divesting most of its loss-making subsidiaries. The Company returned to profit in 2010 after the acquisition of Sin Hong Hardware Pte Ltd (“Sin Hong”). Subsequently, in June 2011, the Company acquired GD Tech (H.K.) Private Co., Limited (“GD Tech”). In March 2014, the Company invested 10% equity interest in Espressif Group, comprising Espressif Incorporated, Espressif Systems (Shanghai) Pte Ltd and Espressif Microelectronics Wuxi Pte Ltd (“Espressif Group”). In August 2014, it acquired 51% equity interest in Focal Oilfield Solutions Pte. Ltd. (“Focal”).

Sin Hong is an integral part of the manufacturing value chain providing a wide range of fasteners, while GD Tech specialises in the design, precision machining and assembly of precision manufacturing machines and modules. Sin Hong operates as one of the largest stockiest and distributors of a wide range of industrial fasteners and is a specialist in standard, non-standard and customised fasteners in Singapore. It serves both the domestic market, as well as major countries in the international market, including United States of America, Europe, Malaysia and Indonesia.

GD Tech engages in the critical manufacturing of high precision components and complex electromechanical assembly, serving mainly the semiconductor equipment manufacturers, aerospace, medical and automotive industries. GD Tech buys raw materials, including fasteners, and supplies the end products in parts, modules or machines to its customers.

Espressif Group is a privately held a fabless semiconductor design group, specializing in wireless connectivity chipsets and software solutions for tablets, TV boxes, Internet of Things (IoT), as well as wearable electronics applications, and focused on improving lives through innovation and collaboration. It is dedicated to provide high quality and highly integrated connectivity semiconductor solutions to clients worldwide. Users can now easily embed its WiFi solution, based on the latest silicon technologies, within other systems, with complete and extensive functionalities, minimal cost and small form factor.

Focal provides deep hole drilling and turnkey manufacturing services to premier oilfield service companies all over the world. The services span from raw material purchase to engineering solutions for manufacturability, prototyping, complete Computer Numerical Control (CNC) machining, coatings and plating.





CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

FINANCIAL REVIEW

On behalf of the Board of Directors, I am pleased to present the Annual Report of Shinvest Holding Ltd. ("Shinvest" or "the Company", and together with its subsidiaries, "the Group") for the financial year ended 31 August 2015 ("FY 2015").

Uncertainties in the global economic environment continued in FY 2015. Nonetheless, the Group recorded revenue growth of 17.9% and also higher gross profit at 5.1% higher than in the previous year. The gross profit margin declined to 24.0% for this year as compared to 27.0% in the previous year.

A total of 62.5% of Group revenue was contributed by the "Precision Engineering" business segment while the remaining 37.5% was contributed by a combination of the "Retail", "Original Equipment Manufacturing (OEM)" and "Export" business segments. The Precision Engineering business segment generated 41.0% higher revenue than in the previous year due to the increase in sale orders from existing major customers, while the revenues of Retail, OEM and Export business segments were 7.4% lower than in the previous year. However, the gross profit margin of Precision Engineering business segment decreased to 18.4% compared to 20.9% in the previous period due to change in revenue mix. Meanwhile, the gross profit margins of Retail, OEM and Export business segments were maintained at 33.4%.

This year, employee benefits expenses (including salaries) increased by 14.0% due to higher overtime payments, foreign worker levies and general increase in salaries, especially as the market salary for staff and required skilled labour increased. Depreciation of property, plant & equipment also increased by 2.5% due to the additional plant & machinery, furniture & fittings purchased. With additional loans drawn down during the year, finance costs increased by 14.6%. The loss on foreign exchange of S\$0.51 million was incurred arose mainly from the appreciation of the US dollar.

With local and regional economies suffering from slower growth, the strengthening of the US dollar and external political situations, many businesses would expect to continue facing a difficult time ahead. Nevertheless, the Group managed to attain a decent profit before tax of S\$0.51 million for the year as compared with S\$1.10 million in the previous financial year.

GROWTH AND DIVERSIFICATION

The business strategies of the past few years have been focused on stabilising and consolidating our strengths and bases for the Group. We have made every effort to craft out a long-term strategy that will effectively improve our revenue and increase value to our shareholders.

Meanwhile, we remain cognizant of the need to keep our fundamentals strong as we continue to manage our various existing entities. In view of the challenges ahead, the Group will proactively monitor all external developments and the global financial markets, and cautiously implement business strategies that enhance our capabilities and competitiveness while expanding our business to achieve revenue and profit sustainability. We will practise prudent risk management and tread with caution in executing our strategies.

On the corporate front, the Company changed its name from "Eastgate Technology Ltd" to Shinvest Holding Ltd. on 30 October 2015 to better reflect the Group's vision for broader strategic focus.

On 12 November 2015, the Company completed its share consolidation exercise and its issued share capital now comprises 29,905,222 ordinary shares.

Moving forward, our Group entities continue to seek out new ways to streamline operations and optimise resources.

A noteworthy development for the year comes from the Espressif Group of which we have a 10.0% stake. They have developed the industry's most integrated WiFi chipset, with only seven external components. It offers the most advanced power control algorithm to enable battery-operated or power critical applications and includes a software development kit for all kinds of IoT applications and has been highly acclaimed by developers and customers. In September 2015, it obtained the Red Herring Top 100 Asia Award, a prestigious list honouring the year's most promising private technology ventures in Asia, for its winning strategies in providing WiFi chipsets with cutting-the-edge technologies, complete internet connectivity solutions and easy-to-use development kits to worldwide customers and makers in the industry.

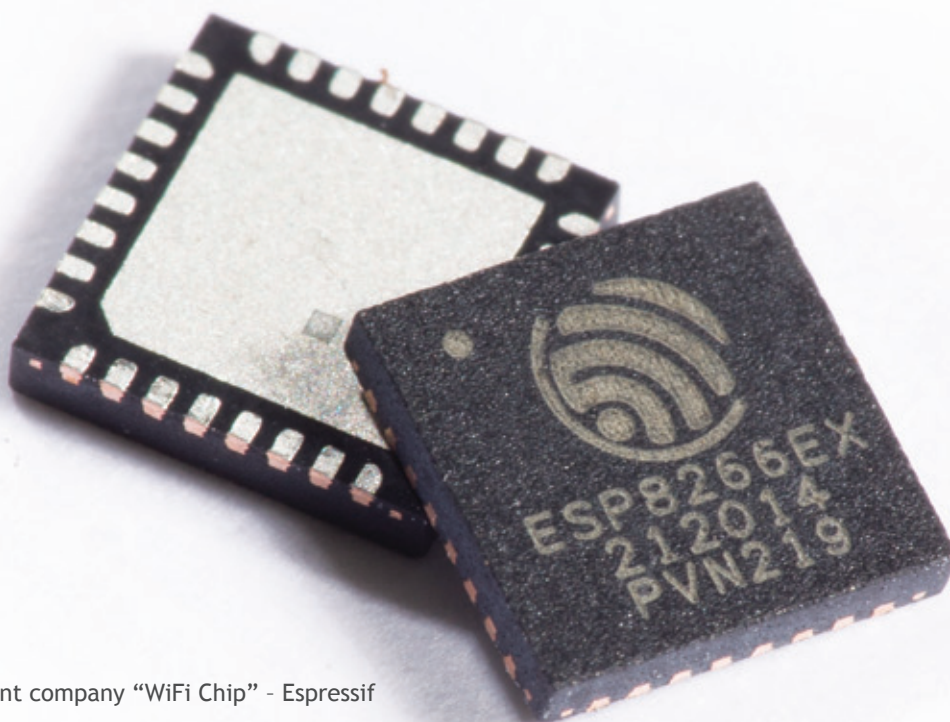
APPRECIATION

As the year 2015 comes to a close, I would like to take this opportunity to extend our deepest appreciation to our shareholders, customers and business associates for their continued support. In addition, I would like to extend our appreciation to our employees for their efforts, dedication and contributions throughout the year. Last but not least, I would also like to thank my fellow directors for their invaluable guidance and advice.

Finally, on behalf of the Board of Directors, I would like to sincerely thank our independent director, Mr Lee Dah Khang, who retired as director and will not seek for election, for his guidance provided and contributions made to the Company and wish him well.

TEO CHER CHEONG

Executive Chairman



Product of Investment company "WiFi Chip" - Espressif



BOARD OF DIRECTORS

TEO CHER CHEONG, PBM, BBM *Executive Chairman*

Mr Teo Cher Cheong, aged 60, joined the Board and was appointed as the Company's Executive Chairman on 15 October 2012 and is currently a member of Audit Committee of the Company.

Mr Teo Cher Cheong joined Sin Hong in November 2007. He was appointed as an executive director of Sin Hong on 2 May 2008, and is currently overseeing the strategic and corporate planning of Sin Hong Group. He was appointed as a director of GD Tech on 28 March 2011, and also sits on the board of all Sin Hong's subsidiaries.

Mr Teo Cher Cheong completed his graduated at the Nanyang University of Singapore in 1979 with a Bachelor of Commerce degree in Accountancy.

TEO TECK LEONG *Managing Director*

Mr Teo Teck Leong, aged 60, joined the Board on 9 July 2010 and was appointed as the Company's Managing Director on 28 June 2011. He is currently a member of the Nominating and Remuneration Committees of the Company. Mr Teo is the Chief Executive Officer of the Company's wholly-owned subsidiary, Sin Hong and has been a director of GD Tech since 28 March 2011. Mr Teo also sits on the Board of all of Sin Hong's subsidiaries and one of the subsidiaries of GD Tech, and oversees the businesses of Sin Hong and its subsidiaries ("Sin Hong Group") and GD Tech and its subsidiaries ("GD Tech Group").

Mr Teo Teck Leong has a wealth of experience in the fastener and hardware business, having managed Sin Hong's local and international sales for 26 years since he joined the firm (known back then as Sin Hong Hardware & Engineering) in 1984. He began as a marketing manager in charge of domestic sales, and was later appointed as a director and placed in charge of Sin Hong's international sales to major markets such as United States of America, Europe, Malaysia and Indonesia. In early 2008, Mr Teo Teck Leong was designated as Sin Hong's Chief Executive Officer. During his stint, he capitalized on opportunities in domestic and international trade and established two strategic business units, namely the Original Equipment Manufacturing and Export departments to capture both the local and export markets. He also expanded Sin Hong Group's business activities by clinching product agency and distributorship deals. Prior to his career in Sin Hong, Mr Teo Teck Leong was an accountant with Win Box Company Pte Ltd from 1979 to 1984, maintaining a full set of accounts and preparing financial management reports.

Mr Teo Teck Leong holds a Bachelor of Commerce degree in Accountancy from the Nanyang University of Singapore in 1979.

TEO ENG THIAN *Executive Director and Chief Operating officer*

Mr Teo Eng Thian, aged 46, joined the Board and was appointed as Executive Director of the Company on 15 October 2012.

Mr Teo Eng Thian joined Sin Hong since 1996 & has more than 19 years of experience in fastener & hardware business. He was appointed as an executive director of Sin Hong on 8 September 2005, and is currently the Chief Operating Officer of Sin Hong overseeing the manufacturing operations and supply chain for Sin Hong Group. He was appointed as a director of GD Tech on 28 March 2011 and Managing Director of Focal on 26 May 2014 and sits on the board of all Sin Hong's subsidiaries and one of the subsidiaries of GD Tech.

Mr Teo Eng Thian graduated from the Ngee Ann Polytechnic with a Diploma of Accountancy degree in 1993.

DR CHAU SIK TING, PBM, BBM
Independent Director

Dr Chau, aged 75, joined the Board on 8 September 2009. He was appointed as the Chairman of the Remuneration Committee and is currently a member of the Audit and Nominating Committees.

Dr Chau serves as the Medical Advisor to SembCorp Marine Ltd and as an Accredited Specialist in Occupational Medicine with Singapore's Ministry of Health. He is a Medical Practitioner by profession and has been an Independent Non-Executive Director of China Dairy Group Ltd., since 2004. Prior to this, Dr Chau also served as Independent Director of the former Jurong Engineering Ltd from 1997 to 2004, and as Chairman of the School Management Committee in Pei Chun Public School and the NTUC Committee on Occupational Safety & Health. Dr Chau has also held positions in the Singapore Federation of Clan Associations and the Hainan Hwee Kuan and was an elected Member of Parliament for Thomson from 1980 to 1984.

Dr Chau graduated from the University of Singapore with a degree of MBBS (Singapore). He is also a Fellow of the Academy of Medicine Singapore (FAMS) and the Faculty of Occupational Medicine from Royal College of Physicians [FFOM (London)].

LEE DAH KHANG, CA, CIA, PMC
Independent Director

Mr Lee, aged 44, joined the Board on 3 December 2012, and was appointed as the Chairman of Audit and Nominating Committees, as well as a member of the Remuneration Committee. Mr Lee has over 18 years of experience in providing external, internal audit and consultancy services. He is currently a Director of Yang Lee Consulting Pte Ltd ("Yang Lee Consulting"), a management consulting firm which provides professional services on corporate risk advisory, internal audits, financial due diligence, accounting solutions and pre-IPO advisory. He was instrumental in the setup of Yang Lee Consulting which serves a portfolio of public listed companies, multi-national companies, small and medium enterprises.

Mr Lee holds a Bachelor of Accountancy degree from Nanyang Technological University and is a practising Fellow Chartered Accountant Singapore. He is also a Certified Internal Auditor with the Institute of Internal Auditor and a Practice Management Consultant with the Practising Management Consultants Certification Board.

LOH SUAN LEN, FCA, FCPA
Independent Director

Mr Loh, aged 60, joined the Board on 20 January 2014, and is currently a member of the Audit, Nominating and Remuneration Committees of the Company.

Mr Loh was with Volex Plc and Volex (Asia) Pte Ltd for about 19 years' and has experience in developing and leading a cross cultural team in the global business environment. Volex group is the world's leading manufacturer of power products. He was a Managing Director of its Asia division overseeing the business and participated in strategic formulation and implementations.

Mr Loh holds a Master of Business Administration from Strathclyde University Of Scotland in year 1993. He is a Fellow Member of The Association of Chartered Certified Accountants (UK) (ACCA) & a non-practising Chartered Accountant Singapore.



KEY MANAGEMENT

WONG SIEW CHUAN

Chief Financial Officer

Ms Wong, aged 49, joined the Company as Chief Financial Officer on 1 October 2009. Her current duties include financial and management reporting as well as liaising with the Singapore Exchange Securities Trading Limited as the Company's authorized representative. She was the Finance Manager of Magnus Energy Group Ltd., in June 1999 and was re-designated as its Chief Financial Officer on 23 May 2006. She was with Magnus Energy Group Ltd for 10 years before joining the Company. Prior to this, she held several positions and had more than 20 years of experience in financial and management reporting, and 9 years of experience in auditing a portfolio of trading, service, manufacturing companies and financial institutions.

Ms Wong graduated from the National University of Singapore with a Bachelor of Accountancy degree in 1988 and is a non-practising Fellow Chartered Accountant Singapore.

TEO ENG HWEI

Executive Director of Sin Hong

Mr TEO Eng Hwei, aged 49, was appointed as an executive director of Sin Hong on 2 July 2012 to assist Directors of the Company in strategic business development. He has more than 20 years of experiences in managing electronic product development for the consumer and automotive industry.

Mr TEO Eng Hwei graduated from National University of Singapore with a Bachelor of Engineering Degree in 1991.

TEO ENG SHING

Executive Director of Sin Hong

Mr TEO Eng Shing, aged 44, joined Sin Hong in July 1996. He was appointed as an executive director of Sin Hong on 15 March 2006, and is currently overseeing the retail business, with more than 19 years of experience in the fasteners business under his belt.

Mr TEO Eng Shing graduated from RMIT University Australia with a Degree of Accountancy in 2000.

VOO KIM SENG

Financial Controller of Sin Hong Group

Mr Voo, aged 60, joined Sin Hong in December 2007. He is currently the Group Financial Controller of Sin Hong. Mr Voo has worked for companies in the manufacturing and trading business including a listed company, Autron Corporation Ltd, in Singapore.

Mr Voo graduated from the Nanyang University of Singapore in 1979 with a Bachelor of Commerce Degree in Accountancy. He is a non-practising Fellow Chartered Accountant Singapore.

NG HOO TENG

Managing Director of GD Tech Group

Mr Ng, aged 64, was the Founder and Managing Director of GD Tech. He is GD Tech's legal representative, and sits on the board of GD Tech's subsidiaries. He is responsible for the business performance and overall operations of GD Tech Group. In 1986, he started his own practice to provide consultancy training services to the general manufacturing industry, before joining Norelco Centreline Pte Ltd ("Norelco") in 1996, as a deputy managing director. Norelco is a subsidiary of UMS Holdings Limited (formerly known as Norelco UMS Holdings Limited), which is a company listed on the Main Board of SGX-ST. He has more than 28 years of experience in this field.

Mr Ng graduated from the Institute of Technical Education.

YE MING WU

Non-Executive Director of GD Tech

Mr Ye, aged 40, is a non-Executive Director of GD Tech. He is responsible for charting GD Tech Group's growth in China. In 2002, he founded General International (H.K.) Co., Ltd that deals with famous brands such as Mazak, BP Castrol and Sandvik.

Mr Ye holds a degree in Engineering from Tsinghua University in China.

TEO WEI JUN, JERICK

Executive Director of Focal

Jerick aged 29, was appointed as an executive Director of Focal since its incorporation on 15 May 2014. He has more than 5 years' experience in the precision engineering business. Currently, he is overseeing the business development in Focal.

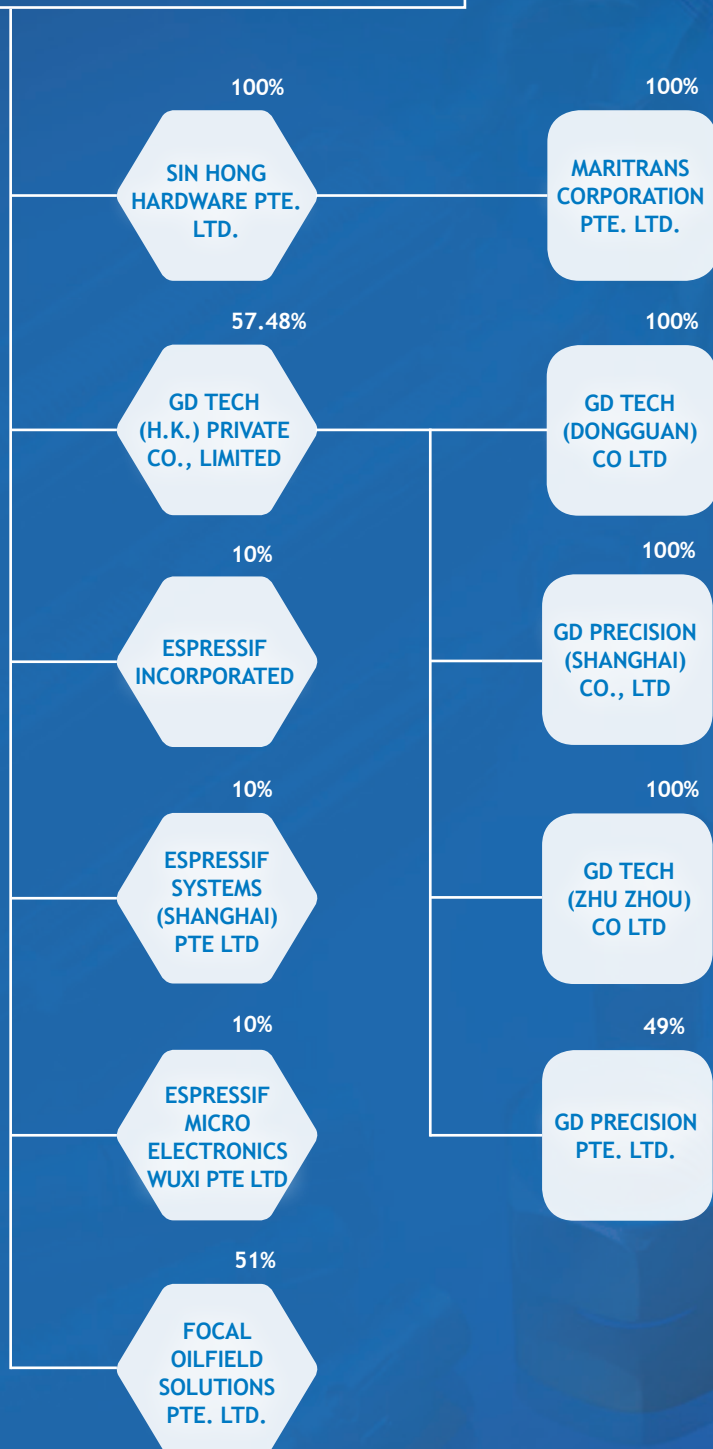
Jerick graduated from the University of London with an Honors Degree of Accountancy in 2009.



CORPORATE STRUCTURE

Shinvest Holding Ltd.

(Formerly known as Eastgate Technology Ltd)





CORPORATE INFORMATION

REGISTERED OFFICE

3 Kian Teck Crescent
Singapore 628881
Tel: 6265 1555
Fax: 6265 2115

BOARD OF DIRECTORS

Teo Cher Cheong (*Executive Chairman*)
Teo Teck Leong (*Managing Director*)
Teo Eng Thian (*Executive Director*)
Dr Chau Sik Ting (*Independent Director*)
Lee Dah Khang (*Independent Director*)
Loh Suan Len (*Independent Director*)

AUDIT COMMITTEE

Lee Dah Khang (*Chairman*)
Teo Cher Cheong
Dr Chau Sik Ting
Loh Suan Len

NOMINATING COMMITTEE

Lee Dah Khang (*Chairman*)
Teo Teck Leong
Dr Chau Sik Ting
Loh Suan Len

REMUNERATION COMMITTEE

Dr Chau Sik Ting (*Chairman*)
Teo Teck Leong
Lee Dah Khang
Loh Suan Len

SECRETARY

Wong Siew Chuan

REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel : (65) 6230 9785
Fax : (65) 6438 8710

AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267
Partner-in-charge: Lew Wan Ming
(Appointed since the financial year ended 31 August 2012)

BANKS

Malayan Banking Berhad
United Overseas Bank Limited

REGISTRATION NUMBER

198905519R

FINANCIAL CONTENTS

10

Corporate
Governance
Report

21

Directors'
Statement

24

Independent
Auditors'
Report

26

Statements of
Financial
Position

27

Consolidated
Statement of
Comprehensive
Income

28

Consolidated
Statement of
Changes in
Equity

30

Consolidated
Statement of
Cash Flows

32

Notes to the
Financial
Statements

104

Statistics of
Shareholdings

106

Notice of
Annual
General
Meeting

Proxy
Form

CORPORATE GOVERNANCE REPORT

Shinvest Holding Ltd. (“Shinvest” or the “Company”), formerly known as Eastgate Technology Ltd, is committed to ensuring a high standard of corporate governance within the Group to protect the interests of shareholders and to promote investors’ confidence within the constraints of the Group’s operations and size, and supports full compliance of the Code of Corporate Governance 2012 (the “Code”).

A. BOARD MATTERS

1. THE BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1: Board’s Leadership and Control

Role of the Board of Directors (“Board”)

The role of the Board is to oversee the business affairs of and provide strategic direction and corporate governance guidance for the Group to protect and enhance long-term shareholders’ value. The Board’s principal functions include:

- approving board policies, strategies and financial objectives for the Group;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nomination and appointment of board members and key managerial personnel;
- approving annual budgets, major funding proposals, investment and divestment proposals;
- reviewing the Group’s financial performance; and
- monitoring the performance of management.

The day-to-day management of the Group’s businesses and affairs, the development of various business activities and the formulation of corporate strategies have been entrusted to the executive directors. This is to facilitate effective management.

Board Processes

The Board has delegated specific responsibilities to three committees, namely the Audit Committee, Nominating Committee and Remuneration Committee to support its role. These committees operate within clearly defined terms of references and operating procedures. These are reviewed on a regular basis and improved as and when required to meet the changes in the laws and other guidelines. The Committees examine specific issues and report to the Board with their decisions and/or recommendations. However, the ultimate responsibility on all matters lies with the entire Board.

Board Meetings Held

The Board meets at least (2) two times a year. Fixed meetings are scheduled at the beginning of the financial year. Ad hoc meetings are convened when there are pressing matters requiring the Board’s consideration and decision in between the scheduled meetings.

The Articles of Association of the Company allow directors to participate in a Board meeting by telephone conference, video-conference or other means of similar communication. The number of meetings held and attended by each director during the financial year from 1 September 2014 to 31 August 2015 is tabulated below:

Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings							
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Teo Cher Cheong	2	2	3	3	-	-	-	-
Teo Teck Leong	2	2	-	-	1	1	1	1
Teo Eng Thian	2	2	-	-	-	-	-	-
Dr Chau Sik Ting	2	2	3	3	1	1	1	1
Lee Dah Khang	2	2	3	3	1	1	1	1
Loh Suan Len	2	2	3	3	1	1	1	1

CORPORATE GOVERNANCE REPORT

Matters Requiring the Board's Approval

The Board has adopted a set of guidelines on matters that require its approval. Matters which are specifically reserved for the Board's decision include:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives of the Group;
- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives; and
- authorisation of acquisition/disposal and other material transactions.

Training of Directors

The Company does not have a formal training programme for new directors. However, to assist the Board in discharging its duties, a newly appointed director will be orientated on the Group's business, operations, organisation structure and corporate strategy and policies. He will also be briefed on the Company's corporate governance practices, regulatory regime and his duties as director. Directors are updated via electronic mail of regulatory changes affecting the Group. They are also informed about matters such as the Code of Dealings in the Company's shares as they are privy to price sensitive information. In addition, Directors are informed and encouraged to attend relevant courses conducted by the Singapore Institute of Directors, Singapore Exchange Securities Trading Limited, business and financial institutions, and consultants. Directors may, at any time, request further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from management.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent Board

Currently, the Board comprises:

- Teo Cher Cheong (Executive Chairman)
- Teo Teck Leong (Managing Director)
- Teo Eng Thian (Executive Director)
- Dr Chau Sik Ting (Independent Director)
- Lee Dah Khang (Independent Director)
- Loh Suan Len (Independent Director)

As a group, the directors bring with them a wide range of business and financial experience, skills and expertise to meet the Company's targets. The Board has reviewed its composition and is satisfied that the existing composition is appropriate taking into account the scope and nature of operations of the Company. Though non-executive directors make up fifty percent of the Board, no individual or small group of individuals should be allowed to dominate the Board's decision making. Although all the directors have an equal responsibility for the Group's operations, the independent and non-executive directors ensure that the strategies proposed by the management are constructively challenged, fully discussed and examined, and taking into account the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

CORPORATE GOVERNANCE REPORT

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: *Clear division of responsibilities between Chairman and Managing Director to ensure a balance of power and authority*

The Company has a separate executive Chairman and Managing Director. Despite that the Chairman is an executive director, he schedules the meetings, sets the agenda for Board meetings, ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board. He encourages constructive relations within the Board and between the Board and Management, facilitates the effective contribution of non-executive directors, and ensures effective communications with shareholders. He takes a lead role in promoting high standards of corporate governance, with the full support of the directors, the company secretary and management.

The Chairman and the Managing Director are not related. The Managing Director is responsible for the Group's business and implements the Board's decisions. The roles of the Chairman and the Managing Director are kept separate to ensure an appropriate balance of power.

4. BOARD MEMBERSHIP

Principle 4: *Formal and transparent process for the appointment of new directors*

Currently, the Nominating Committee ("NC") comprises:

- Lee Dah Khang (Chairman)
- Teo Teck Leong
- Dr Chau Sik Ting
- Loh Suan Len

The Chairman of the NC is neither a substantial shareholder of the Company nor directly associated with a substantial shareholder of the Company.

The NC has adopted specific terms of reference and its principal functions are as follows:

- identify candidates and review all nominations on appointments and re-appointment of directors including making recommendations on the composition of the Board and the balance between executive and non-executive directors to the Board;
- review the balance and diversity of skills, experience, gender, knowledge and competencies of the Board, its size and composition annually;
- determine the independence of directors annually, guided by the independent guidelines contained in the Code;
- review and decide if a director is able to and has been adequately carrying out his duties as a director of the company, when he has multiple representations; and
- assess the effectiveness of the Board as a whole every year.

The NC meets at least once a year. Additional meetings are scheduled if considered necessary by the Chairman of the NC.

Pursuant to Article 94 of the Company's Articles of Association, newly appointed directors would be required to submit themselves for re-nomination and re-election at the forthcoming Annual General Meeting ("AGM"). Article 87 of the Company's Articles of Association requires that one-third of the Directors retire by rotation at every AGM. However, the Managing Director is not subject to retirement by rotation. Section 153(6) of the Companies Act, Cap. 50 ("Act") requires directors who are of or over the age of 70 years to be re-appointed at every AGM.

CORPORATE GOVERNANCE REPORT

In accordance with the Company's Articles of Association, Mr Teo Cher Cheong and Mr Lee Dah Khang will retire pursuant to Article 87 at the forthcoming AGM. Mr Teo Cher Cheong has consented to continue to serve as director upon re-election while Mr Lee Dah Khang has notified the Company that he will not be seeking re-election as Director of the Company at the forthcoming AGM. In accordance with Section 153(6) of the Act, Dr Chau Sik Ting will be re-appointed as a Director of the Company at the forthcoming AGM.

Details of the Directors' academic and professional qualifications, interests in the Group, committees served, directorships are disclosed in the Annual Report to enable shareholders to make informed decisions.

The independent directors have declared their independence for the financial year ended 31 August 2015 ("FY2015"), in accordance with the independent guidelines contained in the Code.

During FY2015, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Group, notwithstanding that some of the directors have multiple board representations, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of the opinion that the current board size is adequate for the effective functioning of the Board.

5. BOARD PERFORMANCE

Principle 5: *Formal assessment of the effectiveness of the Board and contribution of each director*

The Nominating Committee reviews the Board's performance on an annual basis, and decides how this may be evaluated, based on performance criteria approved by the Board.

The Board has implemented a process for assessing the effectiveness of the Board as a whole and its three Committees. The evaluation of the Board performance entails all Directors to complete a questionnaire seeking his views on various aspects of Board performance, such as composition, information provided, procedures, accountability, top management and standards of conduct. The Company Secretary compiles all Directors' responses into a consolidated report. This consolidated report are discussed at the NC meeting and also shared with the entire Board.

There is currently no annual performance evaluation exercises initiated for individual director's performance. The Board is of the view that directors deliberate on issues together as a Board and make decision as a Board.

For FY2015, taking into account the Board composition and size, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance to and communication with Management, the NC assessed the performance of the Board as a whole and was of the view that the overall performance of the Board as a whole was satisfactory and that all the Directors had contributed positively to the deliberations and decisions at Board and Committee levels.

6. ACCESS TO INFORMATION

Principle 6: *Provision of complete, adequate and timely information prior to board meetings and on an on-going basis*

The Board is usually provided with Board papers in advance before each Board Meeting, giving the background, explanatory information and justification for each decision and mandate sought by the Management, including, where applicable, pertinent financials, to enable them to be properly informed of matters to be discussed and/or approved.

All Directors have separate and independent access to the Group's management team at all times and can communicate directly with the management, the officers, the Company Secretary and external auditors on all matters as and when they deem necessary. They have full access to the Company's records and information and may obtain independent legal and other professional advice if they deem necessary to properly discharge their responsibilities. Such expenses are borne by the Company.

The Company Secretary attends all Board Meetings and records all decisions and conclusions of the Board meetings in the minutes book. In addition, the Company Secretary assists the Chairman in ensuring that Board procedures are followed and reviewed regularly so that the Board functions effectively, and the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Act and the SGX-ST, are complied with. The appointment and removal of the Company Secretary are decided by the Board as a whole.

CORPORATE GOVERNANCE REPORT

B. REMUNERATION MATTERS

1. REMUNERATION POLICIES

Principle 7: *Formal and transparent procedure for fixing remuneration packages of directors*

Currently, the Remuneration Committee (“RC”) comprises:

- Dr Chau Sik Ting (Chairman)
- Teo Teck Leong
- Lee Dah Khang
- Loh Suan Len

The RC has adopted specific terms of reference and its principal functions are as follows:

- review and recommend to the Board a framework of remuneration for directors and key executives to ensure the package is sufficient to attract and retain people of required quality to run the Company successfully. The review covers all aspects of remuneration including but not limited to directors’ fees, salaries, bonus, options and benefits-in-kind;
- determine the specific remuneration packages for executive directors and key executives based on performance, service seniority, experience and scope of responsibility. Such remuneration packages are periodically bench-marked to market/industry;
- recommend the fees payable to non-executive directors based on the level of responsibilities undertaken by them; and
- administer any long term incentive scheme.

The RC’s recommendations are made and submitted for endorsement by the entire Board. However, members of the RC will ensure that they do not set their own remuneration. The RC may obtain independent professional advice if they deem necessary to properly discharge their responsibilities. Such expenses are borne by the Company.

For FY2015, the RC has not consulted any external remuneration consultant.

The RC meets at least once a year. Additional meetings are scheduled if considered necessary by the Chairman of the RC.

2. LEVEL AND MIX OF REMUNERATION

DISCLOSURE ON REMUNERATION

Principle 8: *Appropriate remuneration to attract, retain and motivate directors*

Principle 9: *Clear disclosure on remuneration policy, level and mix*

After considering this matter carefully, the Board has decided that disclosure of the Directors’ and Key Executives’ detailed remuneration will not be in the interests of the Company given the wage discrepancies in the industry and the competitive pressures that may result from such disclosure.

CORPORATE GOVERNANCE REPORT

The annual remuneration of Directors for the financial year ended 31 August 2015 is as follows:

Remuneration Band and Name of Director	Salaries %	Bonus %	CPF %	Other Benefits %	Director Fees %
<i>S\$250,000 to S\$500,000</i>					
Teo Cher Cheong (Executive Chairman)	86.84%	7.45%	2.36%	0.00%	3.35%
Teo Teck Leong (Managing Director)	88.17%	7.56%	2.09%	2.18%	0.00%
Teo Eng Thian (Executive Director)	83.43%	7.19%	4.03%	5.35%	0.00%
<i>Below S\$250,000</i>					
Dr Chau Sik Ting (Independent Director)	0.00%	0.00%	0.00%	0.00%	100.00%
Lee Dah Khang (Independent Director)	0.00%	0.00%	0.00%	0.00%	100.00%
Loh Suan Len (Independent Director)	0.00%	0.00%	0.00%	0.00%	100.00%

The RC had recommended that a sum of S\$108,500 be paid as Directors' fees for FY2015.

Remuneration of the Key Executives (who are not directors or managing director) for the financial year ended 31 August 2015 are as follows:

Remuneration Band and Name of Key Executive	Salaries %	Bonus %	CPF %	Other Benefits %
<i>S\$250,000 to S\$500,000</i>				
Teo Eng Shing	83.57%	7.21%	4.03%	5.19%
<i>Below S\$250,000</i>				
Ng Hoo Teng	48.71%	0.00%	0.00%	51.29%
Teo Eng Hwee	72.03%	6.00%	8.46%	13.51%
Voo Kim Seng	72.31%	11.82%	7.41%	8.46%
Wong Siew Chuan	81.83%	10.03%	8.14%	0.00%

For FY2015, the aggregate remuneration paid to the top five key executives (who are not directors or managing director) for the financial year ended 31 August 2015 was S\$986,936 and there were no employees who are immediate family members of a director or the managing director whose remuneration exceeded S\$50,000.

The RC and the Board are of the opinion that the remuneration of the Directors and Key Executives for the financial year ended 31 August 2015 are adequate but not excessive in order to attract, retain and motivate them to run the Group successfully.

C. ACCOUNTABILITY AND AUDIT

1. ACCOUNTABILITY

Principle 10: Board presents the company's performance, position and prospects

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospects when it announces the half year and full year financial results of the Group. Periodic announcements on business and other developments of the Group via SGX-ST's SGXNET or press releases are made to keep shareholders informed about the progress of the Group.

CORPORATE GOVERNANCE REPORT

2. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Risk governance and sound system of internal controls

RISK MANAGEMENT

The Board is overall responsible for determining the Group's risk appetite and tolerance, risk profile, overseeing the Group's risk management framework, reviewing the Group's key risks and mitigation strategies. Management is responsible for designing, implementing and monitoring the risk management and internal controls system. The AC is supported by the management in the review of these risks and effectiveness of mitigation strategies and controls.

The Company's Risk Management Team, headed by the Chief Financial Officer assesses and reviews the Group's business and operational environment in order to identify areas of significant business, financial, operational and compliance risks, as well as appropriate measures to control and mitigate these risks. The Risk Management Team, which works alongside with the Audit Committee, reports and highlights all significant risk matters to the Board for discussions and to take appropriate actions, if required.

The Group implemented an Enterprise Risk Management framework to enable it to assess, identify, manage and monitor key risks and controls in the Group's businesses.

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

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

In accordance with Rule 1207(10) of the Listing Manual of the SGX-ST, the AC and the Board had received assurance from the Executive Chairman, Managing Director and Chief Financial Officer that, as at 31 August 2015:

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

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

Securities Transactions

The Company has in place a policy prohibiting share dealings by Directors and officers of the Group while in possession of unpublished material or price-sensitive information during the "closed period", which is defined as one month before the announcement of the Group's half year and full year financial statements and ending on the date of the announcement of the relevant results. Directors and officers of the Group are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

The Directors and officers of the Group are strongly discouraged to deal in the Company's securities on short-term considerations.

CORPORATE GOVERNANCE REPORT

3. AUDIT COMMITTEE (“AC”)

Principle 12: Establishment of an Audit Committee with written terms of reference

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

- Lee Dah Khang (Chairman)
- Teo Cher Cheong
- Dr Chau Sik Ting
- Loh Suan Len

Three members of the AC have professional and in-depth experiences in the field of financial management, accounting, auditing and corporate governance. The Board is of the view that AC members have sufficient relevant expertise and experience to discharge the AC’s responsibilities.

The AC meets at least 2 times a year. Additional meetings are scheduled if considered necessary by the Chairman of the AC. The AC meets with the external auditors, without the presence of the Company’s management, at least once a year. The AC meets with the internal auditors, without the presence of the Company’s management, where necessary.

The AC carried out its functions in accordance with the Act and SGX-ST Listing Manual. The functions of the AC are as follows:

- review the audit plans and scope of the internal and external auditors of the Company and ensure adequacy of the system of internal accounting controls and the co-operation given by the Company’s management to the internal and external auditors;
- review the half year and full year financial statements and the auditors’ report on the annual financial statements of the Company and of the Group before submission to the Board;
- review the auditors’ evaluation of the system of internal accounting controls and discuss problems and concerns arising from their audit or any other matters which the auditors might wish to discuss privately with the AC;
- review any formal announcements relating to the Company’s financial performance in addition to the half year and full year financial statements compliance;
- meet with the internal and external auditors and/or the Management in separate executive sessions to discuss any matters that should be discussed privately with the AC;
- review the independence of the external auditors annually and recommend the external auditors to be nominated, approve the compensation of the external auditors and review the results of the audit; and
- review interested person transactions in accordance with the requirements of the SGX-ST Listing Manual.

Apart from the duties listed above, the AC also has the power to conduct or authorize investigations into any matters within the AC’s scope of responsibility. The AC is authorized to obtain independent professional advice if they deem necessary to properly discharge their responsibilities. Such expenses are borne by the Company.

The AC has also put in place a whistle-blowing policy, whereby staff of the Group and any other person may raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigations of such matters and appropriate follow up actions. There have been no incidents pertaining to whistle-blowing for FY2015.

The external auditors provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

CORPORATE GOVERNANCE REPORT

During FY2015, the AC reviewed the half year and full year financial statements prior to approving or recommending their release to the Board, as applicable; the annual audit plan of the external and internal auditors and the results of the audits performed by them, and the re-appointment of the external auditors and its remuneration.

The Company has put in place proper policies and procedures for the identification, approval and monitoring of transactions with interested persons. All interested persons transactions are subject to review by the AC. During FY2015, the interested persons transactions are tabulated as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
Teo Wei Jun, Jerick (Loan to a subsidiary)	261	-
Focal Oilfield Solutions Pte. Ltd. (Revised tenancy agreement with a subsidiary)	312	-

The AC has full access to, and the co-operation of, management and has full discretion to invite any director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions properly.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the SGX-ST Listing Manual.

The aggregate amount of fees paid and/or payable to the external auditors amounted to approximately S\$166,120 for audit services and S\$5,363 non-audit services rendered by external auditors.

The AC has reviewed the non-audit services provided by the external auditors to the Group. The amount of non-audit fees paid to the Group's external auditors for their non-audit services was approximately \$5,363. The AC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided a confirmation of their independence to the AC.

4. INTERNAL AUDIT

Principle 13: *Establishment of an internal audit function that is independent of the activities it audits*

The Group outsources its internal audit function to external professional firms, as and when the need arises. The external professional firm appointed will report directly to the AC Chairman. The AC will review the requirements of outsourcing the internal audit function annually. In FY2015, the Company has appointed Messrs RS Enterprise Risk Management Services ("RS") to carry out:

- i. a follow up on the implementation status of information technology ("IT") audit done on Sin Hong in FY2014 which covered the following areas:-
 - Information Security and General Controls;
 - Computer Operations and Recoverability; and
 - Business Application Controls.

The only outstanding implementation is the documentation of IT policies and procedures. The target date of completion is end of December 2015.

CORPORATE GOVERNANCE REPORT

- ii. an audit of the human resources (“HR”) management & payroll accounting in Sin Hong which covered the following areas:
- HR core functions
 - Payroll processes and procedures
 - Organisation structure, responsibilities and practices

At the end of the audit, RS noted no major control weaknesses and accordingly, there is reasonable assurance that the internal control environment of human resources management and payroll accounting in Sin Hong is satisfactory.

D. SHAREHOLDER RIGHTS & RESPONSIBILITIES

1. SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14: Fair and equitable treatment of shareholders

Principle 15: Regular, effective and fair communication with shareholders

Shareholders are invited to attend, participate and vote at the general meetings. The notice of the meetings is given within the stipulated timeline and the shareholders are informed of the relevant rules and voting procedures of the meetings.

To encourage greater shareholders’ participation in the general meetings, the Company’s Articles of Association allows the shareholders to appoint up to 2 proxies so that the shareholders who hold shares through corporation can attend and participate in general meetings as proxies. The Company allows shareholders who hold shares through nominees to attend the general meetings as observers, without being constrained by the 2-proxy rule.

The Board recognises the importance of engaging in regular, effective and fair communications with its shareholders. In this regard, it strictly adheres to the disclosure requirements set out in the Listing Manual of the SGX-ST to ensure that material information is made publicly available on a timely and non-selective basis to all shareholders.

In disclosing information to shareholders, the Company aims to provide a balanced and meaningful description. Shareholders are kept informed of all major developments and performance of the Group through timely half year and full year results announcements and the various disclosures and announcements made to the SGX-ST via the SGXNET, annual reports and circulars to shareholders.

Additionally, the shareholders’ meetings are the principal forum for the Board to have face-to-face dialogue with the shareholders, to gather their views or inputs as well as to address any concerns they may have. As such, the Board always encourages shareholders’ active participation at such meetings by giving them adequate opportunity and time to air their views and pose questions regarding the Group’s business activities and performance.

Dividend policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends the Board may recommend or declare, will depend on various factors, including general financial condition, the level of Group’s cash and earnings, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Notwithstanding the above, the Company has clearly communicated to shareholders via the financial results announcement through SGXNet on any declaration of dividend.

CORPORATE GOVERNANCE REPORT

2. CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Greater shareholder participation at AGMs

Shareholders are notified to participate in the Company's general meetings through notices in its annual reports or circulars, as well as publication in a local newspaper and announcements made via SGXNet.

The Company believes in encouraging shareholder participation at its general meetings. The Company's Articles of Association allow a shareholder entitled to attend and vote at general meetings to appoint not more than two proxies who need not be shareholders of the Company to attend and vote on his stead. For those who hold their shares through CPF nominees and who are not registered as shareholders of the Company, the Company welcomes them to attend the general meetings as observers. However, the Company has not provided in its Articles to allow voting in absentia as it is felt that this would not serve the interest of shareholders.

All Directors, including the Chairmen of the AC, NC, and RC, and senior management, are in attendance at the general meetings to allow shareholders the opportunity to air their views and ask Directors or Management questions regarding the Company. The external auditors are also invited to attend the general meeting to assist the Directors in addressing shareholders' queries about the audited financial statements.

Issues or matters requiring shareholders' approval are tabled at the general meetings of the Company in the form of separate and distinct resolutions. The Company has adopted poll voting since its general meeting held in October 2015. Each resolution is voted by poll and is carried out systematically with proper recording of votes cast and the resolution passed.

DIRECTORS' STATEMENT

The Directors of the Company are pleased to present their report to the members together with the audited financial statements of Shinvest Holding Ltd. (formerly known as Eastgate Technology Ltd) (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 August 2015 and the statement of financial position of the Company as at 31 August 2015.

1. Opinion of the Directors

In the opinion of the Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

3. Directors

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

Teo Cher Cheong
Teo Teck Leong
Teo Eng Thian
Dr Chau Sik Ting
Lee Dah Khang
Loh Suan Len

4. Change of name of Company

At an Extraordinary General Meeting of the Company held on 30 October 2015, it was resolved by way of special resolution that the name of the Company be changed from Eastgate Technology Ltd to Shinvest Holding Ltd. with effect from 30 October 2015.

5. Arrangements to enable Directors to acquire shares or debentures

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

DIRECTORS' STATEMENT

6. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have interest	
	Balance as at 1.9.2014	Balance as at 31.8.2015	Balance as at 1.9.2014	Balance as at 31.8.2015
The Company				
		Number of ordinary shares		
Teo Cher Cheong	-	-	34,808,531	34,808,531
Teo Teck Leong	406,800	800	95,431,000	98,336,000
Teo Eng Thian	59,100,000	59,100,000	-	-
Dr Chau Sik Ting	-	-	1,000,000	1,000,000
Loh Suan Len	21,055,000	21,055,000	7,875,000	8,096,000

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 September 2015 in the shares or debentures of the Company and its related corporations have not changed from those disclosed as at 31 August 2015.

7. Audit Committee

At the date of this report, the Audit Committee comprises the following members:

Lee Dah Khang (Independent Director, Chairman of Audit Committee)
 Dr Chau Sik Ting (Independent Director)
 Teo Cher Cheong (Executive Chairman)
 Loh Suan Len (Independent Director)

The Audit Committee carried out its functions specified in Section 201B (5) of the Act. In performing those functions, the Audit Committee reviewed the following:

- the audit plans of the internal and external auditors and the results of the internal auditors examination and evaluation of the Group's systems of internal accounting controls;
- the Company's and the Group's financial and operating results and accounting policies;
- the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;
- the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- the co-operation and assistance given by the management to the Company's external auditor; and
- the re-appointment of the external auditor of the Company.

DIRECTORS' STATEMENT

7. Audit Committee (Continued)

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

8. Auditor

The auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Teo Cher Cheong
Director

Teo Teck Leong
Director

Singapore
3 December 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Shinvest Holding Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Shinvest Holding Ltd. (formerly known as Eastgate Technology Ltd) (the “Company”) and its subsidiaries (the “Group”) as set out on pages 26 to 103, which comprise the statements of financial position of the Group and of the Company as at 31 August 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Shinvest Holding Ltd.

Report on the financial statements (Continued)

Opinion

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

Report on other legal and regulatory requirements

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
3 December 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2015

		Group		Company	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets					
Property, plant and equipment	4	18,290	16,545	-	-
Intangible assets	5	1,693	1,778	-	-
Investment properties	6	2,121	2,270	-	-
Investments in subsidiaries	7	-	-	23,952	23,952
Investment in associate	8	156	210	-	-
Available-for-sale financial asset	9	4,109	4,109	4,109	4,109
Other receivables	11	188	-	17	-
		<u>26,557</u>	<u>24,912</u>	<u>28,078</u>	<u>28,061</u>
Current assets					
Inventories	10	19,275	18,138	-	-
Trade and other receivables	11	17,780	13,993	266	485
Prepayments		150	796	20	20
Derivative financial instruments	12	55	*	-	-
Cash and cash equivalents	13	1,274	2,072	2	10
		<u>38,534</u>	<u>34,999</u>	<u>288</u>	<u>515</u>
Less:					
Current liabilities					
Trade and other payables	14	10,387	7,045	3,945	2,554
Interest bearing liabilities	15	15,390	14,150	-	1,083
Current income tax payable		299	221	-	-
		<u>26,076</u>	<u>21,416</u>	<u>3,945</u>	<u>3,637</u>
Net current assets/(liabilities)		<u>12,458</u>	<u>13,583</u>	<u>(3,657)</u>	<u>(3,122)</u>
Less:					
Non-current liabilities					
Interest bearing liabilities	15	4,729	5,502	-	-
Deferred tax liabilities	16	689	767	-	-
		<u>5,418</u>	<u>6,269</u>	<u>-</u>	<u>-</u>
Net assets		<u>33,597</u>	<u>32,226</u>	<u>24,421</u>	<u>24,939</u>
Equity					
Share capital	17	26,700	26,700	26,700	26,700
Foreign currency translation reserve	18	1,343	639	-	-
Accumulated losses		(1,362)	(879)	(2,279)	(1,761)
Equity attributable to owners of the parent		<u>26,681</u>	<u>26,460</u>	<u>24,421</u>	<u>24,939</u>
Non-controlling interests		6,916	5,766	-	-
Total equity		<u>33,597</u>	<u>32,226</u>	<u>24,421</u>	<u>24,939</u>

* denotes amounts less than \$1,000

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 August 2015

	Note	2015 \$'000	2014 \$'000
Revenue	19	48,182	40,869
Cost of sales		(36,599)	(29,844)
Gross profit		11,583	11,025
Other item of income			
Other income	20	875	1,136
Other items of expense			
Selling and distribution expenses		(3,506)	(3,161)
Administrative expenses		(6,953)	(6,720)
Finance costs	21	(800)	(698)
Other expenses		(633)	(485)
Share of loss of associate		(54)	-
Profit before income tax	22	512	1,097
Income tax expense	23	(366)	(364)
Profit for the year		146	733
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency differences on translation of foreign operations		1,225	(237)
Income tax relating to component of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		1,225	(237)
Total comprehensive income for the year		1,371	496
(Loss)/Profit attributable to:			
Owners of the parent		(483)	429
Non-controlling interests		629	304
		146	733
Total comprehensive income attributable to:			
Owners of the parent		221	292
Non-controlling interests		1,150	204
		1,371	496
(Loss)/Earnings per share (in cents)			
- Basic and diluted	24	(1.62)	1.44

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 August 2015

Balance at 1 September 2014

(Loss)/Profit for the year
Other comprehensive income for the year that may
subsequently be reclassified to profit or loss:

Foreign currency differences on translation of foreign
operations, net of tax

Total comprehensive income for the year

Balance at 31 August 2015

Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the parent \$'000	Non- controlling interests \$'000	Total equity \$'000
26,700	639	(879)	26,460	5,766	32,226
-	-	(483)	(483)	629	146
-	704	-	704	521	1,225
-	704	(483)	221	1,150	1,371
26,700	1,343	(1,362)	26,681	6,916	33,597

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 August 2015

	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 September 2013	26,700	776	(1,308)	26,168	5,288	31,456
Profit for the year	-	-	429	429	304	733
Other comprehensive income for the year that may subsequently be reclassified to profit or loss:						
Foreign currency differences on translation of foreign operations, net of tax	-	(137)	-	(137)	(100)	(237)
Total comprehensive income for the year	-	(137)	429	292	204	496
Acquisition of a subsidiary	-	-	-	-	274	274
Balance at 31 August 2014	26,700	639	(879)	26,460	5,766	32,226

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 August 2015

	Note	2015 \$'000	2014 \$'000
Operating activities			
Profit before income tax		512	1,097
Adjustments for:			
Allowance for inventories obsolescence	10	279	289
Allowance for doubtful trade receivables	11	5	175
Allowance for doubtful non-trade receivables	11	-	51
Amortisation of intangible assets	5	85	230
Bad debts written off		16	29
Depreciation of property, plant and equipment	4	2,540	2,477
Depreciation of investment properties	6	149	150
Fair value gain on derivative financial instruments	12	(55)	(6)
Impairment loss on property, plant and equipment	4	15	-
Interest expenses		717	610
Interest income		(8)	(2)
Inventories written off	10	140	-
Gain on disposal of property, plant and equipment	4	(2)	(20)
Gain on disposal of a subsidiary	7	-	(187)
Reversal of allowance for inventories obsolescence	10	(277)	(277)
Write-back of allowance for doubtful trade receivables	11	(2)	(15)
Share of loss of associate	8	54	-
Unrealised exchange gain		-	(141)
Operating cash flows before working capital changes		4,168	4,460
Changes in working capital:			
Inventories		(972)	(209)
Trade and other receivables		(2,984)	139
Prepayments		646	475
Trade and other payables		2,532	1,944
Cash generated from operations		3,390	6,809
Interest received		8	2
Income taxes paid		(386)	(544)
Net cash from operating activities		3,012	6,267

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 August 2015

	Note	2015 \$'000	2014 \$'000
Investing activities			
Acquisition of a subsidiary, net of cash acquired	7	-	156
Acquisition of available-for-sale financial asset	9	-	(4,109)
Disposal of a subsidiary, net of cash disposed	7	-	(160)
Proceeds from disposal of property, plant and equipment		92	26
Purchase of property, plant and equipment	4	(2,536)	(1,064)
Net cash used in investing activities		(2,444)	(5,151)
Financing activities			
Repayment of obligations under finance leases		(1,692)	(1,339)
Proceeds from bank borrowings		4,045	5,550
Repayment of bank borrowings		(3,517)	(3,899)
Interest paid		(693)	(610)
Decrease in fixed deposits pledged		-	15
Net cash used in financing activities		(1,857)	(283)
Net change in cash and cash equivalents		(1,289)	833
Cash and cash equivalents at beginning of financial year		2,072	1,239
Effect of foreign exchange rate changes on cash and cash equivalents		134	-
Cash and cash equivalents at end of financial year	13	917	2,072

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

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

1. General corporate information

Shinvest Holding Ltd. (formerly known as Eastgate Technology Ltd) (the “Company”) is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 3 Kian Teck Crescent Singapore 628881. The Company’s registration number is 198905519R. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries (the “Group”) and the statement of financial position of the Company for the financial year ended 31 August 2015 were authorised for issue in accordance with a Directors’ resolution dated 3 December 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (“FRS”) including related Interpretation of FRS (“INT FRS”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis.

As at 31 August 2015, the Company’s current liabilities exceeded its current assets by approximately \$3,657,000 (2014: \$3,122,000). The Company is an investment holding company and most of its assets are held by the subsidiaries within the Group. However, as at 31 August 2015, the Group’s current assets exceeded its current liabilities by approximately \$12,458,000 (2014: \$13,583,000) and its total assets exceeded its total liabilities by approximately \$33,597,000 (2014: \$32,226,000). The Directors are of the view that it is appropriate for the financial statements to be prepared on a going concern basis which contemplates the realisation of assets and liabilities in the ordinary course of business.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar (“\$”), which is the functional currency of the Company. All values are rounded to the nearest thousand (\$’000) except when otherwise indicated.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

In the current financial year, the Group has adopted all the new or revised FRS that are relevant to its operations and effective for the current financial year. The adoption of the new or revised FRS did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior financial years, except as detailed below.

FRS 110 Consolidated Financial Statements and FRS 27 (Revised) Separate Financial Statements

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

- power over an investee;
- exposure, or rights, to variable returns from the investee; and
- the ability to use its power over an investee to affect the Group's returns from the investee.

The Group has applied FRS 110 retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 September 2014. The adoption of FRS 27 (Revised) did not result in any material changes to the Group's or the Company's financial statements.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 September 2014.

FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group has not adopted the following FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	: Disclosure Initiative	1 January 2016
FRS 16 and FRS 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16, FRS 41 (Amendments)	: Agriculture: Bearer Plants	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

		Effective date (annual periods beginning on or after)
FRS 27 (Amendments)	: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 110, FRS 112 and FRS 28 (Amendments)	: Investment Entities - Applying the Consolidation Exception	1 January 2016
FRS 110 and FRS 28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 111 (Amendments)	: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114	: Regulatory Deferral Accounts	1 January 2016
FRS 115	: Revenue from Contracts with Customers	1 January 2018
Improvements to FRSs (November 2014)		1 January 2016

The management anticipates that the adoption of the above FRS in future periods, if applicable, will not have a material impact on the financial statements of the Group in the period of initial adoption, except as discussed below.

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments - fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 September 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. The Group is in the process of making a detailed assessment of the impact of this standard and the Group will be required to reassess the classification and measurement of financial assets, particularly those currently classified as available for sale and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard, there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group is in the process of making a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 September 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group, up to the effective date on which that control ceases, as appropriate.

In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interest in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

Business combinations from 1 September 2009

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 September 2009 (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Business combinations before 1 September 2009

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

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

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which the expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

Shop house	60 years
Leasehold buildings	26 - 46 years
Leasehold improvements	5 years
Plant, machinery and factory equipment	3 - 10 years
Computer equipment	3 years
Motor vehicles	2 - 5 years
Office equipment, furniture and fittings	3 - 10 years

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at each financial year-end.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.5 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives as follows:

Leasehold buildings	20 - 26 years
---------------------	---------------

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are charged to profit or loss when incur.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.5 Investment properties (Continued)

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

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

2.6 Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on acquisition of subsidiaries prior to 1 September 2009 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill acquired is allocated from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those units. The cash-generating unit to which goodwill has been allocated is tested for impairment annually or whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(ii) Customer relationship

Customer relationship was acquired through business combinations, and measured at fair value as at the date of acquisition. Subsequently, customer relationship was carried at cost less accumulated amortisation and accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.6 Intangible assets (Continued)

(ii) Customer relationship (Continued)

Amortisation is recognised in profit or loss on a straight-line basis over their estimated useful lives as follows:

Customer relationship	4.7 years
-----------------------	-----------

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. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss or expected category consistent with the function of the intangible asset.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.7 Associate

An associate is an entity over which the Group has significant influence, but that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. This applies to unrealised losses which are also eliminated but only to the extent that there is no impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets, excluding goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a “weighted average” basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business, less estimated costs of completion and costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying amount of those inventories to the lower of cost and net realisable value.

2.10 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

As at the end of the financial year, the Group's financial assets are classified as loans and receivables and available-for-sale financial asset.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables and cash and cash equivalents.

Available-for-sale financial assets ("AFS")

Available-for-sale financial asset is non-derivative financial asset that is either designated as available-for-sale or not classified in any of the other categories. It is presented as non-current asset unless the management intends to dispose of the asset within 12 months after the end of the reporting period.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as FVTPL upon initial recognition.

As at the end financial year, the Group had financial liabilities classified under other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 *Revenue*.

Intra-group transactions are eliminated on consolidation.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Derivative financial instruments and hedging activities

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any of its derivatives as hedging instruments in the current or previous financial year.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

Offsetting financial instruments

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

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, short-term deposits and cash at bank net of bank overdrafts.

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

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

Rental income is recognised on a straight-line basis over the term of the respective leases.

2.14 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.15 Employee benefit expenses

Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.16 Leases

When the Group is the lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair values and the present values of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

When the Group is the lessee of finance leases (Continued)

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

When the Group and the Company are the lessees of an operating lease

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

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

When the Group is the lessor of operating leases

Leases where the Group retains substantially all risks and rewards incidental to the ownership are classified as operating leases.

Assets leased out under operating leases are included under investment properties.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

2.17 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualified asset are recognised as an expense in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.18 Taxes

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

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.18 Taxes (Continued)

Current income tax (Continued)

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.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred taxes are recognised in profit or loss, except when the taxes relate to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.18 Taxes (Continued)

Sales tax

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

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of 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.

2.19 Foreign currencies

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

In preparing the financial statements, transactions in currencies other than the entity’s functional currency (“foreign currencies”) are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the results and financial position, changes in equity and cash flows of the Group’s entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rate at the end of the reporting period;
- (ii) income and expenses are translated at average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recognised as a liability in the financial year in which the dividends are approved by the shareholders.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the managing director who make strategic decisions.

2.22 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.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements in applying the accounting policies

The following are the critical judgements, apart from those involving estimations that management has made in the process of applying the Group's accounting policies and which have significant effect on the amounts recognised in the financial statements.

(i) *Impairment of investments in subsidiaries and financial assets*

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining, respectively, whether investments in subsidiaries or financial assets are impaired. This process requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amount of an investment in subsidiary or fair value of a financial asset is less than its cost, and the financial health and near-term business outlook of the investment or financial asset. Factors, such as industry and sector performance, changes in technology and operational and financing cash flows were used.

3.2 Key sources of estimation uncertainty

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) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The management estimates the useful lives of the property, plant and equipment to be within 2 to 60 years. The carrying amounts of the Group's property, plant and equipment as at 31 August 2015 was approximately \$18,290,000 (2014: \$16,545,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the property, plant and equipment. Therefore, future depreciation charges could be revised.

(ii) *Allowance for inventories obsolescence*

Inventories are stated at the lower of cost and net realisable value. The management determines cost of inventories primarily using the weighted average method, and estimates the net realisable value of inventories by assessing receipts from customers based on committed selling prices. Allowances for excess and obsolete inventories are estimated based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales quantities, related margins and the market positioning of its products. Nonetheless, the Group may be required to reduce the value of its inventories when faced with factors beyond its control, such as demand levels, technological advancement and pricing competition, which vary from period to period. The carrying amount of the Group's inventories as at 31 August 2015 was approximately \$19,275,000 (2014: \$18,138,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Allowance for doubtful receivables

The management establishes allowance for doubtful trade and other receivables on a case-by-case basis when they believe that they are unlikely to receive payments for amounts owed. In establishing these allowances, the management considers historical experiences and changes to its customers' financial position. Should there be a further impairment of the customers' abilities to make the required payments, additional allowances may be required. The carrying amounts of trade and other receivables of the Group and the Company as at 31 August 2015 were approximately \$17,968,000 (2014: \$13,993,000) and \$283,000 (2014: \$485,000) respectively.

(iv) Impairment of goodwill

The management determines whether goodwill is impaired on an annual basis and as and when there is an indication of impairment. The recoverable amounts of the cash-generating units ("CGU") are determined based on the value in use method, which requires the use of estimates. In estimating the value in use, the management exercises judgement in estimating the expected future cash flows from the CGUs and in selecting suitable discount rates to calculate the present value of those cash flows. The carrying amount of the Group's intangible assets as at 31 August 2015 was approximately \$1,693,000 (2014: \$1,778,000).

(v) Income taxes

The Group recognises expected liabilities for income tax based on estimation of the likely taxes due. This requires significant judgement as to the ultimate tax determination of certain items. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The carrying amounts of the Group's current income tax payable and deferred tax liabilities as at 31 August 2015 were approximately \$299,000 (2014: \$221,000) and \$689,000 (2014: \$767,000) respectively.

As at 31 August 2015, the Group had unutilised tax losses and unutilised capital allowances of approximately \$746,000 (2014: \$1,223,000) and \$209,000 (2014: \$Nil) respectively available for set-off against future taxable profits subject to the agreement by the relevant tax authority and provisions of the tax legislations of the respective countries in which the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

4. Property, plant and equipment

Group	Shop house \$'000	Leasehold buildings \$'000	Leasehold improvements \$'000	Plant, machinery and factory equipment \$'000	Computer equipment \$'000	Motor vehicles \$'000	Office equipment, furniture and fittings \$'000	Total \$'000
2015								
Cost								
Balance at 1 September 2014	979	6,092	521	13,808	54	1,209	1,133	23,796
Additions	-	-	42	3,089	15	-	581	3,727
Disposals	-	-	-	(359)	-	(10)	(29)	(398)
Write-off	-	-	-	-	(1)	-	-	(1)
Currency translation adjustment	-	-	32	965	-	38	22	1,057
Balance at 31 August 2015	979	6,092	595	17,503	68	1,237	1,707	28,181
Accumulated depreciation								
Balance at 1 September 2014	115	771	305	4,903	42	656	459	7,251
Depreciation for the financial year	27	198	125	1,696	5	227	262	2,540
Disposals	-	-	-	(282)	-	(7)	(19)	(308)
Write-off	-	-	-	-	(1)	-	-	(1)
Currency translation adjustment	-	-	17	345	-	16	16	394
Balance at 31 August 2015	142	969	447	6,662	46	892	718	9,876
Impairment								
Impairment loss recognised in the financial year ended 31 August 2015	-	-	-	15	-	-	-	15
Carrying amount								
Balance at 31 August 2015	837	5,123	148	10,826	22	345	989	18,290

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

4. Property, plant and equipment (Continued)

Group	Shop house \$'000	Leasehold buildings \$'000	Leasehold improvements \$'000	Plant, machinery and factory equipment \$'000	Computer equipment \$'000	Motor vehicles \$'000	Office equipment, furniture and fittings \$'000	Total \$'000
2014								
Cost								
Balance at 1 September 2013	979	5,158	502	12,261	47	1,170	854	20,971
Additions	-	934	28	3,510	2	25	495	4,994
Acquisition of a subsidiary (Note 7)	-	-	-	155	11	20	13	199
Disposals	-	-	-	(95)	-	-	-	(95)
Disposal of a subsidiary (Note 7)	-	-	-	(1,810)	-	-	(221)	(2,031)
Write-off	-	-	-	-	(6)	-	-	(6)
Currency translation adjustment	-	-	(9)	(213)	-	(6)	(8)	(236)
Balance at 31 August 2014	979	6,092	521	13,808	54	1,209	1,133	23,796
Accumulated depreciation								
Balance at 1 September 2013	88	599	185	3,429	47	445	242	5,035
Depreciation for the financial year	27	172	131	1,649	1	213	284	2,477
Disposals	-	-	-	(23)	-	-	-	(23)
Disposal of a subsidiary (Note 7)	-	-	-	(74)	-	-	(63)	(137)
Write-off	-	-	-	-	(6)	-	-	(6)
Currency translation adjustment	-	-	(11)	(78)	-	(2)	(4)	(95)
Balance at 31 August 2014	115	771	305	4,903	42	656	459	7,251
Carrying amount								
Balance at 31 August 2014	864	5,321	216	8,905	12	553	674	16,545

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

4. Property, plant and equipment (Continued)

	Computer equipment \$'000
Company	
2015	
Cost	
Balance at 1 September 2014	3
Disposal	(1)
Balance at 31 August 2015	<u>2</u>
Accumulated depreciation	
Balance at 1 September 2014	3
Disposal	(1)
Balance at 31 August 2015	<u>2</u>
Carrying amount	
Balance at 31 August 2015	<u>-</u>
2014	
Cost	
Balance at 1 September 2013	5
Disposal	(2)
Balance at 31 August 2014	<u>3</u>
Accumulated depreciation	
Balance at 1 September 2013	5
Disposal	(2)
Balance at 31 August 2014	<u>3</u>
Carrying amount	
Balance at 31 August 2014	<u>-</u>

Assets pledged as security/ held in trust for the Group

As at the end of the reporting period, the Group's shop house and leasehold buildings with a total carrying amount of approximately \$5,960,000 (2014: \$6,185,000) were pledged to the banks as security for banking facilities granted to the Group.

In addition, as at the end of the reporting period, motor vehicles of the Group with carrying amounts of approximately \$171,000 (2014: \$291,000) and \$7,000 (2014: \$19,000) were registered in the name of certain Directors of the Group and an employee of a subsidiary and held in trust for the Group and the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

4. Property, plant and equipment (Continued)

Property, plant and equipment acquired under finance lease

Assets acquired under finance leases were also pledged as a security for the related finance lease payables as disclosed in Note 15 to the financial statements.

As at the end of the reporting period, carrying amounts of property, plant and equipment acquired under finance lease arrangements were as follows:

	Group	
	2015	2014
	\$'000	\$'000
Motor vehicles	289	477
Plant, machinery and factory equipment	4,791	2,945
	<u>5,080</u>	<u>3,422</u>

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2015	2014
	\$'000	\$'000
Cash payments to acquire property, plant and equipment	2,536	1,064
Acquired under finance lease agreements	1,030	2,926
Acquired under term loan	-	934
Transferred from other receivables and deposit paid in prior year	161	70
Total additions to property, plant and equipment	<u>3,727</u>	<u>4,994</u>

The Group's shop house and leasehold buildings as at 31 August 2015 and 31 August 2014 are as follows:

Location	Description	Tenure	Approximate site area (sq.m)
No. 11 Syed Alwi Road #01-06 Teck Heng Long Industrial Building Singapore 207629	Shop house	Freehold	108
8B Admiralty Street #01-09 Singapore 757440	Retail unit	Leasehold of 60 years commencing 9 October 2000	241
No. 3 Kian Teck Crescent Singapore 628881	Factory building, office and warehouse	Leasehold for 20 years commencing 1 July 1993 with an extended lease of another 24 years	4,942.97

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

5. Intangible assets

	Goodwill \$'000	Customer relationship \$'000	Total \$'000
Group			
2015			
Cost			
Balance at beginning and end of financial year	1,693	1,081	2,774
Accumulated amortisation			
Balance at 1 September 2014	-	996	996
Amortisation for the financial year	-	85	85
Balance at 31 August 2015	-	1,081	1,081
Carrying amount			
Balance at 31 August 2015	1,693	-	1,693
2014			
Cost			
Balance at 1 September 2013	1,647	1,081	2,728
Acquisition of a subsidiary (Note 7)	46	-	46
Balance at 31 August 2014	1,693	1,081	2,774
Accumulated amortisation			
Balance at 1 September 2013	-	766	766
Amortisation for the financial year	-	230	230
Balance at 31 August 2014	-	996	996
Carrying amount			
Balance at 31 August 2014	1,693	85	1,778

The Group's intangible assets arose from the Group's acquisitions of its subsidiaries. Amortisation expense was included in "other expenses" line item of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

5. Intangible assets (Continued)

Goodwill acquired in a business combination is allocated to the cash-generating units (“CGU”) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the following segments:

	Trading of hardware and fasteners \$'000	Precision engineering \$'000	Total \$'000
2015			
Goodwill	1,647	46	1,693
2014			
Goodwill	1,647	46	1,693

The recoverable amounts of the CGU have been determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three-year and five-year period. The management has considered and determined the factors applied in the financial budgets, including the budgeted gross margins and growth rates. The budgeted gross margins are based on past performance, while the growth rates and discount rates used are based on management’s best estimate.

The pre-tax discount rate applied to the cash flow and the forecasted average growth rates used to extrapolate the cash flows projections are as follows:

	Trading of hardware and fasteners	Precision engineering
2015		
Growth rates (%)	0.64	21.87
Pre-tax discount rates (%)	6.87	6.38
2014		
Growth rates (%)	4.35	186.12
Pre-tax discount rates (%)	7.02	6.70

As at the end of the reporting period, the recoverable amounts of the CGUs were determined to be higher than their carrying amounts and thus, no impairment loss needs to be recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

6. Investment properties

	Group	
	2015	2014
	\$'000	\$'000
Cost		
Balance at beginning and end of financial year	2,919	2,919
Accumulated depreciation		
Balance at beginning of financial year	649	499
Depreciation for the financial year	149	150
Balance at end of financial year	798	649
Carrying amount		
Balance at end of financial year	2,121	2,270

The fair value of the Group's investment properties as at 31 August 2015 was approximately \$7,104,000 (2014: \$7,543,000). The Group's investment properties were valued by independent professional valuation firms with recent experience in the location and category of the investment properties held by the Group. The valuation was arrived at using the direct comparison approach whereby sale prices of comparable properties in similar locations are adjusted for differences in key attributes such as property size and lease period. The valuation conforms to International Valuation Standards and is based on the asset's highest and best use, which is in line with its actual use. The key unobservable inputs include the price per square meter and the premium (discount) on the quality of the building and remaining lease terms. The resulting fair values of investment properties are considered level 3 recurring fair value measurements.

The following amounts are recognised in profit or loss:

	Group	
	2015	2014
	\$'000	\$'000
Rental income from investment properties	597	609
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	(342)	(351)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

6. Investment properties (Continued)

The Group's investment properties as at 31 August 2015 and 31 August 2014 are as follows:

Location	Description	Tenure	Approximate site area (sq.m)
No. 3 Kian Teck Crescent Singapore 628881	Workers' dormitory	Leasehold for 20 years commencing 1 July 1993 with an extended lease of another 24 years	545.41
No. 2 Kwong Min Road Singapore 628705	Factory building, office and warehouse	Leasehold for 60 years commencing 1 April 1968	1,998.28

As at the end of the reporting period, investment properties were pledged to the banks for banking facilities granted to a subsidiary as disclosed in Note 15 to the financial statements.

7. Investments in subsidiaries

	Company	
	2015	2014
	\$'000	\$'000
<i>Unquoted equity shares, at cost</i>		
Balance at beginning of financial year	23,952	23,620
Additions	-	332
Balance at end of financial year	<u>23,952</u>	<u>23,952</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

7. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2015 %	2014 %	2015 %	2014 %	
<u>Held by the Company</u>					
Sin Hong Hardware Pte Ltd ("Sin Hong") ⁽¹⁾ (Singapore)	100	100	-	-	Importers, exporters, marketing of building materials, general merchants and hardware dealers
GD Tech (H.K.) Private Co., Limited ("GD Tech HK") ⁽²⁾ (Hong Kong)	57.48	57.48	42.52	42.52	Trading of high precision components, machinery parts and tools
Micron Storage Laboratory Pte Ltd ⁽³⁾ (Singapore)	-	-	-	-	General trading
Focal Oilfield Solutions Pte. Ltd. ⁽¹⁾ (Singapore)	51	51	49	49	Engineering and manufacturing services for oilfield service companies
<u>Held by Sin Hong</u>					
Maritrans Corporation Pte Ltd ⁽¹⁾ (Singapore)	100	100	-	-	Investment holding
<u>Held by GD Tech HK</u>					
GD Tech (Dongguan) Co., Ltd ⁽²⁾ (People's Republic of China)	57.48	57.48	42.52	42.52	Manufacturing and trading of high precision components and complex electromechanical assembly
GD Tech (Zhuzhou) Co., Ltd ⁽²⁾ (People's Republic of China)	57.48	57.48	42.52	42.52	Manufacturing and trading of high precision mechanical components
GD Precision (Shanghai) Co., Ltd ⁽²⁾ (People's Republic of China)	57.48	57.48	42.52	42.52	Manufacturing and trading of high precision components and complex electromechanical assembly

⁽¹⁾ Audited by BDO LLP, Singapore

⁽²⁾ Audited by BDO Limited, Hong Kong

⁽³⁾ Approved by Board of Directors for striking off on 29 August 2014

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

7. Investments in subsidiaries (Continued)

Strike off of a subsidiary

On 29 August 2014, a subsidiary, Micron Storage Laboratory Pte Ltd ("Micron") has been approved by the Board of Directors to strike off its name from the Company Register. The management has fully impaired the cost of investment in Micron and the related impairment losses have been written off in prior years.

Non-controlling interests

Summarised financial information in relation to the subsidiaries that have non-controlling interests ("NCI") that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	GD Tech HK	
	2015	2014
	\$'000	\$'000
Revenue	29,529	21,278
Profit before income tax	2,186	1,037
Income tax expense	(423)	(304)
Profit after tax	1,763	733
Profit allocated to NCI	750	312
Other comprehensive income allocated to NCI	(210)	(4)
Total comprehensive income allocated to NCI	540	308
Cash flows from operating activities	3,543	1,805
Cash flows from investing activities	(1,833)	(3,545)
Cash flows from financing activities	(2,152)	2,036
Net cash (outflows)/inflows	(442)	296
	GD Tech HK	
	2015	2014
	\$'000	\$'000
Assets:		
Current assets	15,523	11,877
Non-current assets	9,572	8,957
	25,095	20,834
Liabilities:		
Current liabilities	9,139	7,052
Non-current liabilities	320	1,133
Net assets	15,636	12,649
Accumulated non-controlling interests	6,648	5,379

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

7. Investments in subsidiaries (Continued)

Significant restrictions

Cash and bank balances of \$408,000 (2014: \$655,000) held in People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

Acquisition of a subsidiary

On 1 August 2014, the Company acquired 51% equity interest in Focal Oilfield Solutions Pte. Ltd. ("Focal"), a company incorporated on 21 May 2014. Upon the acquisition, Focal became a subsidiary of the Company. The Company has acquired Focal to strengthen its position in precision engineering industry in Singapore.

The fair values of the identifiable assets and liabilities of Focal as at the date of acquisition were:

	Fair value recognised on date of acquisition \$'000
Plant and equipment	199
Trade and other receivables	278
Prepayments	30
Cash and cash equivalents	488
Total assets	<u>995</u>
Trade and other payables	424
Finance lease payables	11
Total liabilities	<u>435</u>
Net identifiable assets at fair value	560
Less: Non-controlling interest measured at the non-controlling interests' proportionate share of net identifiable liabilities	(274)
Add: Goodwill arising from acquisition	46
Purchase consideration for 51% equity interest acquired	<u>332</u>

Goodwill on acquisition

Goodwill of approximately \$46,000 arising from the acquisition is attributable mainly due to the potential for the recognition of the synergies expected to be achieved from integrating the investee into the Group's existing business which has not been recognised separately as it does not meet the criteria for recognition as an intangible asset under FRS 38.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

7. Investments in subsidiaries (Continued)

Acquisition of a subsidiary (Continued)

The effects of the acquisition on the cash flows are as follows:

	Fair value recognised at date of acquisition 2014 \$'000
Purchase consideration for 51% equity interest acquired	332
Less: Cash and cash equivalents of subsidiary acquired	(488)
Net cash inflow on acquisition	<u>(156)</u>

From the date of acquisition, Focal's contribution to the Group are as follows:

	2014 \$'000
Revenue	80
Profit, net of tax	<u>10</u>

Had the acquisition taken place at the beginning of the financial year, Focal's contribution to the Group would have been:

	2014 \$'000
Revenue	100
Loss, net of tax	<u>81</u>

Loss of control of a subsidiary

On 28 August 2014, GD Tech HK disposed of 208,000 shares in GD Precision Pte. Ltd. ("GDP SG"), a subsidiary of GD Tech HK, to an individual third party, Mr. Poon Kok Loong ("Mr. Poon"). On the same day, GDP SG issued 200,000 new shares to Mr. Poon by way of capitalisation of amount owing to Mr. Poon. The GD Tech HK's shareholding in GDP SG diluted from 100% to 49%.

GD Tech HK and Mr. Poon also entered into a Shareholder Agreement on 28 August 2014. Pursuant to the Shareholder Agreement and the Memorandum and Articles of Association of GDP SG, GD Tech HK ceased to control GDP SG on 28 August 2014; the retained investment in GDP SG was classified as an associate.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

7. Investments in subsidiaries (Continued)

Loss of control of a subsidiary (Continued)

The effect of loss of control of a subsidiary on the cash flow of the Group on 28 August 2014 is as follows:

	Carrying amount \$'000
Plant and equipment	1,894
Inventories	314
Trade and other receivables	454
Prepayments	3
Cash and cash equivalents	160
Total assets	<u>2,825</u>
Trade and other payables	1,301
Finance lease payables	1,295
Total liabilities	<u>2,596</u>
Net identifiable assets derecognised	<u>229</u>
	2014 \$'000
Net identifiable assets derecognised	229
Reclassification of foreign currency translation reserve	2
Fair value of interest retained in the subsidiary being disposed	(210)
Gain on loss of control of a subsidiary	187
Receivable from a related party	(208)
Cash consideration received	<u>-</u>
Net cash flows on deemed disposal of subsidiary:	
Cash consideration received	-
Cash and cash equivalents disposed	(160)
Net cash outflow on loss of control	<u>(160)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

8. Investment in an associate

	Group	
	2015	2014
	\$'000	\$'000
<i>Unquoted equity securities, at cost</i>		
Balance at beginning of financial year	210	-
Addition	-	210
Share of post-acquisition losses, net of dividends received	(54)	-
Balance at end of financial year	156	210

The details of the associate are as follows:

Name of associate (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held by the Group	
		2015	2014
		%	%
<u>Held by GD Tech HK</u>			
GD Precision Pte. Ltd. ⁽¹⁾ (Singapore)	Manufacturing and engineering of metal and plastic precision parts	28.17	28.17

⁽¹⁾ Audited by UHY Lee Seng Chan & Co, Singapore for current year and audited by BDO LLP, Singapore for the financial year ended 31 August 2014.

GD Precision Pte. Ltd.'s primary business is in alignment with the Group's precision engineering segments.

GD Precision Pte. Ltd. became an associate of the Group on 28 August 2014 as described in Note 7 to the financial statements. No share of profit or loss on the associate has been recognised in the financial statements for the financial year ended 31 August 2014 as the management considered that the effect is not significant.

Summarised financial information

	2015	2014
	\$'000	\$'000
<u>GD Precision Pte. Ltd.</u>		
Current assets	1,093	931
Non-current assets	1,630	1,894
Current liabilities	(1,645)	(1,364)
Non-current liabilities	(759)	(1,032)
Net assets	319	429
Revenue	1,616	1,036
Loss for the year, representing total comprehensive income	(110)	(376)

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

8. Investment in an associate (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in the associate, is as follows:

	2015 \$'000	2014 \$'000
Net assets		
At 1 September	210	-
Addition	-	210
Loss	(54)	-
At 31 August, representing carrying value of the Group's investment in associate	156	210

9. Available-for-sale financial asset

	Group and Company	
	2015 \$'000	2014 \$'000
<i>Unquoted equity securities, at cost</i>		
Balance at beginning of financial year	4,109	-
Addition	-	4,109
Balance at end of financial year	4,109	4,109

The investment in unquoted equity securities has no fixed maturity date or coupon rate and stated at cost less impairment losses, if any, as its fair value cannot be determined reliably.

Available-for-sale financial asset is denominated in United States dollar.

10. Inventories

	Group	
	2015 \$'000	2014 \$'000
Raw materials	289	267
Work-in-progress	893	870
Finished goods	18,093	17,001
	19,275	18,138

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to approximately \$35,911,000 (2014: \$29,832,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

10. Inventories (Continued)

During the financial year, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventories obsolescence and inventories written off of approximately \$279,000 (2014: \$289,000) and \$140,000 (2014: \$Nil). These were recognised as expenses and included in “cost of sales” line item in profit or loss.

During the financial year, there was a reversal of allowance for inventories obsolescence of approximately \$277,000 (2014: \$277,000) as the related inventories were sold above their carrying amounts. The reversal was included in the “cost of sales” line item in profit or loss.

11. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Non-current				
Other receivables				
- related party	188	-	17	-
Current				
Trade receivables				
- third parties	17,305	13,460	-	-
- related party	21	21	-	-
Less: Allowance for doubtful trade receivables	(304)	(350)	-	-
	17,022	13,131	-	-
Other receivables				
- third parties	277	307	9	2
- related party	429	433	12	28
- subsidiaries	-	-	245	455
	706	740	266	485
Less: Allowance for doubtful non-trade receivables	(78)	(72)	-	-
	628	668	266	485
Deposits	130	194	-	-
	17,780	13,993	266	485
Total trade and other receivables	17,968	13,993	283	485
Add:				
Cash and cash equivalents (Note 13)	1,274	2,072	2	10
Total loans and receivables	19,242	16,065	285	495

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

11. Trade and other receivables (Continued)

Movements of allowance for doubtful trade receivables were as follows:

	Group	
	2015	2014
	\$'000	\$'000
Balance at beginning of financial year	350	222
Allowance made during the financial year	5	175
Write-off for the financial year	(69)	(28)
Write-back of allowance no longer required	(2)	(15)
Currency translation adjustment	20	(4)
Balance at end of financial year	304	350

Movements of allowance for doubtful non-trade receivables were as follows:

	Group	
	2015	2014
	\$'000	\$'000
Balance at beginning of financial year	72	36
Allowance made during the financial year	-	51
Write-off for the financial year	-	(14)
Currency translation adjustment	6	(1)
Balance at end of financial year	78	72

Trade and other receivables were denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	6,277	6,869	283	485
United States dollar	3,099	2,435	-	-
Hong Kong dollar	265	342	-	-
Chinese renminbi	7,845	3,483	-	-
Euro	432	774	-	-
Others	50	90	-	-
	17,968	13,993	283	485

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

11. Trade and other receivables (Continued)

Nature of trade and other receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 (2014: 30 to 90) days' credit terms.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand except for an amount due from a subsidiary of approximately \$40,000 (2014: \$400,000) which bears interest rate at 3% (2014: 3%) per annum and matures on 18 December 2015 (2014: 30 April 2015).

The amounts due from a related party is unsecured, interest-free and repayable on demand except for non-trade amounts due from a related party of the Group of approximately \$30,000 (2014: \$Nil) and \$244,000 (2014: \$Nil) repayable by 24 and 60 monthly instalments from 1 November 2015 and 1 September 2015 respectively.

Doubtful trade and other receivables

Doubtful trade and other receivables arose mainly from customers who were having difficulty settling the amounts due.

Allowance for doubtful trade and other receivables of approximately \$5,000 (2014: \$226,000) was recognised in profit or loss under the "other expenses" line item subsequent to a debt recovery assessment performed during the financial year.

Write-back of allowance for doubtful trade and other receivables of approximately \$2,000 (2014: \$15,000) was included in the "other income" line item of the profit or loss subsequent to the recovery of the related receivables.

12. Derivative financial instruments

	Group	
	2015	2014
	\$'000	\$'000
Fair value gain on foreign currency forward contracts	52	*
Fair value gain on foreign currency target redemption instrument	3	-
Total financial assets at fair value through profit or loss	55	*

* denotes amounts less than \$1,000

The above derivatives are measured at fair values at the end of the reporting period. These derivatives were classified under level 2 of the fair value hierarchy, as disclosed in Note 32.

Foreign currency forward contracts

Foreign currency forward contracts are agreements to buy or sell fixed amounts of currency at agreed exchange rates to be settled in the future. The Group enters into various foreign currency forward contracts to reduce its exposure on anticipated transactions denominated in currency other than the subsidiary's functional currency. These foreign currency forward contracts generally have maturity dates of less than or equal to 6 months. The Group will settle the foreign currency forward contracts on a gross basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

12. Derivative financial instruments (Continued)

Foreign currency forward contracts (Continued)

As at the end of the reporting period, the Group entered into foreign currency forward contracts as follows:

	Average exchange rate	Foreign currency USD'000	Notional amount \$'000	Fair value \$'000	Settlement date
Group					
2015					
Buy United States dollar	1.368	1,106	1,565	52	September 2015 to November 2015
2014					
Buy United States dollar	1.253	562	703	*	September 2014 to January 2015

The fair value is determined based on the marked-to-market valuation provided by the banks for equivalent instruments at the end of the reporting period.

Foreign currency target redemption instrument

Foreign currency target redemption instruments are agreements to buy fixed amount of currency at specified dates ("fixing dates") at agreed exchange rates to be settled in the future. The Group enters into these agreements to reduce its exposure on anticipated transactions denominated in currency other than the subsidiary's functional currency. Each of these agreements have 6 to 13 fixing dates spanning a period of 6 months, but may be terminated early if certain "knock out" conditions are met. The "knock out" condition is pre-defined by the bank, and is computed by adding up the difference in the agreed exchange rates against the spot rates in the market at each fixing dates. Foreign currency forward contracts purchased from these agreements generally have maturity dates of less than or equal to 6 months. The Group will settle the foreign currency target redemption instrument on a gross basis.

In the current financial year, the Group entered into Target Redemption Agreements with a notional amounts of USD100,000 (equivalent to \$136,000) and USD150,000 (equivalent to \$207,000), which matured on 14 September 2015 and 17 September 2015 respectively. The first agreement consists of a total 13 transactions with 1 transaction outstanding as of 31 August 2015. The second agreement consists of a total 6 transactions with 1 transaction outstanding as of 31 August 2015. At each fixing date, the spot rate is compared to the agreed exchange rates. If the spot rate is more than or equal to the agreed exchange rates, then the notional amount of USD100,000 and USD150,000 is applicable. On the other hand, if the spot rate is less than the agreed exchange rate, then the geared notional amount is USD200,000 and USD300,000 respectively. The entire Target Redemption Agreements are subject to a knock out condition. The fair value gain of the Target Redemption Agreements were \$3,000 at 31 August 2015. This fair value is based on marked-to-market valuation provided by the bank as at the end of the reporting period. The maximum amount of forward contracts that may be purchased in future under these agreements totals USD500,000.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

13. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Short-term deposits with banks	-	15	-	-
Cash and bank balances	1,274	2,057	2	10
Cash and cash equivalents on statements of financial position	1,274	2,072	2	10
Bank overdraft (Note 15)	(357)	-		
Cash and cash equivalents on consolidated statement of cash flows	917	2,072		

Cash and cash equivalents on the statements of financial position were denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	288	632	2	10
United States dollar	416	481	-	-
Hong Kong dollar	138	66	-	-
Chinese renminbi	368	655	-	-
Euro	14	190	-	-
Others	50	48	-	-
	1,274	2,072	2	10

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

14. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- third parties	7,444	4,922	-	-
- related party	42	20	-	-
	7,486	4,942	-	-
Other payables				
- third parties	843	447	79	36
- related parties	373	65	-	-
- subsidiary	-	-	3,644	2,304
	1,216	512	3,723	2,340
Accrued operating expenses	1,685	1,591	222	214
Total trade and other payables	10,387	7,045	3,945	2,554
Add:				
Interest bearing liabilities				
- Current (Note 15)	15,390	14,150	-	1,083
- Non-current (Note 15)	4,729	5,502	-	-
Total financial liabilities carried at amortised cost	30,506	26,697	3,945	3,637

Nature of trade and other payables

Trade payables are unsecured, non-interest bearing and generally on 7 to 120 (2014: 7 to 120) days' credit terms.

The non-trade amounts due to related parties and subsidiary are unsecured, interest-free and repayable on demand.

Trade and other payables were denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	1,697	1,314	3,910	2,487
United States dollar	1,137	619	-	-
Hong Kong dollar	799	372	35	42
Chinese renminbi	6,736	4,730	-	25
Euro	13	8	-	-
Others	5	2	-	-
	10,387	7,045	3,945	2,554

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

15. Interest bearing liabilities

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
<i>Secured:</i>				
- Term loans	544	543	-	-
- Term loans (which are subject to a repayment on demand clause)				
- Portion of term loans due for repayment within one year	449	1,494	-	1,000
- Portion of term loans due for repayment after one year	267	800	-	83
- Revolving loan I	2,750	2,800	-	-
- Revolving loan II	3,900	4,000	-	-
- Revolving loan III (which is subject to a repayment on demand clause)				
- Portion of revolving loan due for repayment within one year	600	-	-	-
- Portion of revolving loan due for repayment after one year	1,000	-	-	-
- Trust receipts I	1,888	2,106	-	-
- Trust receipts II	2,351	709	-	-
- Bank overdraft	357	-	-	-
- Finance leases	1,284	1,469	-	-
	15,390	13,921	-	1,083
<i>Unsecured:</i>				
- Trust receipts III	-	229	-	-
	-	229	-	-
	15,390	14,150	-	1,083
Non-current liabilities				
<i>Secured:</i>				
- Term loans	3,638	4,179	-	-
- Finance leases	1,091	1,323	-	-
	4,729	5,502	-	-
	20,119	19,652	-	1,083

The term loans due for repayment after one year which are classified as current liabilities that are subject to a repayment on demand clause are not expected to be settled within one year. Management estimates that the carrying amounts of the non-current interest bearing liabilities approximate their fair values due to frequent repricing of interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

15. Interest bearing liabilities (Continued)

The interest bearing liabilities were denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	14,618	14,165	-	1,083
United States dollar	4,238	3,044	-	-
Hong Kong dollar	1,263	2,443	-	-
	<u>20,119</u>	<u>19,652</u>	<u>-</u>	<u>1,083</u>

The weighted average effective interest rates per annum of the interest-bearing liabilities are as follows:

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Term loans	3.73	2.67	-	2.90
Revolving loans	3.10	2.91	-	-
Trust receipts	2.20	2.31	-	-
Bank overdraft	5.50	5.50	-	-
Finance leases	<u>4.94</u>	<u>6.13</u>	<u>-</u>	<u>-</u>

The repayment terms of the respective interest bearing liabilities with instalment plans are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Term loan I repayable by 180 monthly instalments commencing 16 November 2009	1,410	1,526	-	-
Term loan II repayable by 240 monthly instalments commencing 18 February 2013	1,147	1,196	-	-
Term loan III repayable by 60 monthly instalments commencing 29 September 2014	1,625	2,000	-	-
Term loan IV repayable by 96 monthly instalments commencing 5 May 2010	250	344	-	-
Term loan V repayable by 36 monthly instalments commencing 16 July 2013	222	489	-	-
Term loan VI repayable by 36 monthly instalments commencing 4 July 2014	244	378	-	-
Revolving loan III repayable by 36 monthly instalments commencing 4 May 2015	1,600	-	-	-
Term loan VII repayable by 36 monthly instalments commencing 3 October 2012	-	500	-	500
Term loan VIII repayable by 36 monthly instalments commencing 23 November 2012	-	583	-	583
	<u>6,498</u>	<u>7,016</u>	<u>-</u>	<u>1,083</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

15. Interest bearing liabilities (Continued)

Interest bearing liabilities (excluding finance lease liabilities)

The non-current interest bearing liabilities (excluding finance lease liabilities) have the following maturities:

	Group	
	2015	2014
	\$'000	\$'000
Later than one year but not later than five years	1,984	2,336
Later than five years	1,654	1,843
	<u>3,638</u>	<u>4,179</u>

Trust receipts have maturity periods ranging from 60 to 180 (2014: 60 to 180) days.

Revolving loans have maturity periods ranging from 1 to 36 months (2014: 1 to 3 months).

Term loan I, II, III, revolving loan II, trust receipt I and bank overdraft are secured by:

- (a) Existing first legal mortgage (open) over the property located at No. 3 Kian Teck Crescent Singapore 628881 (Note 4 and Note 6);
- (b) Existing first legal mortgage (open) over the property located at 8B Admiralty Street #01-09 Singapore 757400 (Note 4);
- (c) Existing corporate guarantee from the Company; and
- (d) Existing joint and several guarantees by certain Directors of the Company and a subsidiary (Released on 29 September 2014).

Term loan IV, V, VI, revolving loan I, III and trust receipt II are secured by:

- (a) Existing first legal mortgage and assignment of rental proceeds of an investment property located at No. 2 Kwong Min Road Singapore 628705 (Note 6);
- (b) Fresh first legal mortgage over the shop house located at No. 11 Syed Alwi Road #01-06 Teck Heng Long Industrial Building Singapore 207629 (Note 4).
- (c) Existing continuing corporate guarantee from the Company; and
- (d) Existing joint and several guarantees by certain Directors of the Company and a subsidiary (Released on 10 October 2014).

Term loan VII and VIII were secured by:

- (a) Existing continuing corporate guarantee by a subsidiary; and
- (b) Existing first legal mortgage over the shop house located at No. 11 Syed Alwi Road #01-06 Teck Heng Long Industrial Building Singapore 207629 (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

15. Interest bearing liabilities (Continued)

Interest bearing liabilities (excluding finance lease liabilities) (Continued)

Trust receipt III was supported by:

- (a) Existing joint and several guarantee by certain Directors of the Company and a subsidiary; and
- (b) Existing corporate guarantee from the Company.

Finance leases - secured

As at the end of the reporting period, the Group has obligations under finance leases that are payable as follows:

	Group	
	2015	2014
	\$'000	\$'000
Minimum lease payments due:		
- Not later than one year	1,367	1,599
- Later than one year and not later than five years	1,138	1,385
Less: Future finance charges	(130)	(192)
Present value of finance lease liabilities	2,375	2,792

	Group	
	2015	2014
	\$'000	\$'000
The present value of finance lease liabilities is as follows:		
- Not later than one year	1,284	1,469
- Later than one year and not later than five years	1,091	1,323
	2,375	2,792

Nature of finance leases

The finance leases have a term period of between 2 to 7 (2014: 2 to 7) years.

Interest rates are fixed at the contracts dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

As at the end of the reporting period, there were finance leases of approximately \$154,000 (2014: \$257,000) and \$4,000 (2014: \$10,000) in the name of certain Directors of the Group and an employee of a subsidiary respectively. These were used to acquire motor vehicles as disclosed in Note 4 to the financial statements.

The fair values of the Group's finance lease liabilities approximate their carrying amounts.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

16. Deferred tax liabilities

Deferred tax liabilities are attributable to the following temporary differences:

	Property, plant and equipment \$'000	Fair value of property, plant and equipment \$'000	Fair value of investment properties \$'000	Fair value of intangible assets \$'000	Total \$'000
Group					
Balance at 1 September 2014	23	534	195	15	767
Credited to profit or loss	(14)	(38)	(13)	(15)	(80)
Currency translation adjustment	2	-	-	-	2
Balance at 31 August 2015	11	496	182	-	689
Balance at 1 September 2013	25	567	208	54	854
Credited to profit or loss	(2)	(33)	(13)	(39)	(87)
Balance at 31 August 2014	23	534	195	15	767

At the end of the financial year, no deferred tax liabilities have been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries as at 31 August 2015 and 2014, as the management does not expect the subsidiaries to distribute its earnings in the foreseeable future. Unremitted earnings totalled approximately \$3,519,000 (2014: \$2,169,000) at 31 August 2015.

17. Share capital

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares ('000)		\$'000	\$'000
<i>Issued and fully paid:</i>				
Balance at beginning and end of financial year	1,196,348	1,196,348	26,700	26,700

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

18. Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign 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 and is non-distributable. Movement in this account is set out in consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

19. Revenue

Revenue represents invoiced value of goods sold less returns inwards and discounts allowed, net of goods and services tax.

20. Other income

	Group	
	2015	2014
	\$'000	\$'000
Interest income	8	2
Write-back of allowance for doubtful trade receivables	2	15
Bad debts recovered	28	27
Gain on disposal of property, plant and equipment	2	20
Gain on disposal of a subsidiary	-	187
Gain on foreign exchange, net	-	163
Rental income	597	609
Government grant	137	73
Fair value gain on derivative financial instruments	55	*
Others	46	40
	<u>875</u>	<u>1,136</u>

* denotes amounts less than \$1,000

21. Finance costs

	Group	
	2015	2014
	\$'000	\$'000
Bank charges	83	88
Interest expenses		
- bank overdraft	11	13
- term and revolving loans	441	328
- trust receipts	87	88
- finance leases	154	181
- imputed interest	24	-
	<u>800</u>	<u>698</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

22. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2015	2014
	\$'000	\$'000
<i>Cost of sales</i>		
Operating leases	546	596
Allowance for inventories obsolescence	279	289
Depreciation of property, plant and equipment	1,761	1,566
Inventories written off	140	-
Reversal of allowance for inventories obsolescence	(277)	(277)
<i>Administrative expenses</i>		
Audit fees		
- auditor of the Company	90	93
- other auditors	76	95
Depreciation of investment properties	149	150
Depreciation of property, plant and equipment	779	911
Directors' fees - Directors of the Company	109	97
Directors' remuneration		
- Directors of the Company	1,134	771
- Directors of subsidiaries	762	809
Operating leases	250	240
<i>Other expenses</i>		
Allowance for doubtful non-trade receivables	-	51
Allowance for doubtful trade receivables	5	175
Amortisation of intangible assets	85	230
Bad debts written off	16	29
Impairment loss on property, plant and equipment	15	-
Loss on foreign exchange, net	512	-

Profit before income tax also includes:

	Group	
	2015	2014
	\$'000	\$'000
Employee benefits expenses		
- salaries, bonuses and other benefits	11,767	10,343
- contributions to the defined contribution plan	906	775
	12,673	11,118

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

22. Profit before income tax (Continued)

The employee benefits expenses are recognised in the following line items of profit or loss:

	Group	
	2015	2014
	\$'000	\$'000
Cost of sales	5,310	4,517
Administrative expenses*	4,492	4,084
Selling and distribution expenses	2,871	2,517
	<u>12,673</u>	<u>11,118</u>

* The above includes the amounts shown as Directors' remuneration in Note 28 to the financial statements.

23. Income tax expense

	Group	
	2015	2014
	\$'000	\$'000
Current income tax		
- current financial year	446	439
- (over)/under provision in prior financial years	(1)	12
	<u>445</u>	<u>451</u>
Deferred income tax		
- current financial year	(69)	(87)
- over provision in prior financial years	(10)	-
	<u>(79)</u>	<u>(87)</u>
Total income tax expense recognised in profit or loss	<u>366</u>	<u>364</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

23. Income tax expense (Continued)

Reconciliation of effective income tax rate

	Group	
	2015	2014
	\$'000	\$'000
Profit before income tax	512	1,097
Income tax expense at Singapore statutory tax rate of 17%	87	187
Effect of different income tax rates in other countries	120	39
Tax effect of income not subject to income tax	(23)	(76)
Tax effect of expenses not deductible for income tax purposes	259	263
Tax effect on tax incentives	(8)	(37)
Tax effect on tax rebate	(7)	(37)
Singapore's statutory stepped income exemption	(23)	(50)
Deferred tax assets not recognised	129	100
Utilisation of deferred tax assets previously not recognised in prior years	(162)	(33)
(Over)/Under provision of current income tax in prior financial years	(1)	12
Over provision of deferred tax liability in prior financial years	(10)	-
Others	5	(4)
	366	364

Unrecognised deferred tax assets

The movements of unrecognised deferred tax assets are as follows:

	Group	
	2015	2014
	\$'000	\$'000
Balance at beginning of financial year	396	992
Amount not recognised during financial year	129	100
Utilisation of deferred tax asset not previously recognised	(162)	(33)
Amount attributable to loss of control of a subsidiary	-	(58)
Amount attributable to strike off of a subsidiary	-	(587)
Unutilised tax losses expired	(85)	(11)
Currency translation adjustment	24	(7)
Balance at end of financial year	302	396

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

23. Income tax expense (Continued)

Unrecognised deferred tax assets (Continued)

The unrecognised deferred tax assets arise from the following temporary differences:

	Group	
	2015	2014
	\$'000	\$'000
Property, plant and equipment	104	91
Unutilised tax losses	163	305
Unutilised capital allowances	35	-
	<u>302</u>	<u>396</u>

The above deferred tax assets have not been recognised as it is uncertain that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the consolidated financial statements of the Group in accordance with the accounting policy in Note 2.18 to the financial statements.

As at 31 August 2015, the Group had unutilised tax losses and unutilised capital allowances of approximately \$746,000 (2014: \$1,223,000) and \$209,000 (2014: \$Nil) respectively available for set-off against future taxable profits subject to the agreement by the relevant tax authority and provisions of the tax legislations of the respective countries in which the Group operates. The expiry dates for tax losses arising in certain foreign tax jurisdictions are as follows:

	Group	
	2015	2014
	\$'000	\$'000
2016	91	84
2018	137	1,047
2019	101	92
2020	128	-
	<u>457</u>	<u>1,223</u>

24. (Loss)/Earnings per share

Basic (loss)/earnings per share are calculated by dividing the (loss)/profit for the financial year attributable to owners of the parent by the actual number of ordinary shares during the financial year.

	Group	
	2015	2014
(Loss)/Profit for the financial year attributable to owners of the parent (\$'000)	<u>(483)</u>	<u>429</u>
Actual number of ordinary shares in issue after share consolidation('000)	<u>29,905</u>	<u>29,905</u>
Basic and diluted (loss)/earnings per share (in cents)	<u>(1.62)</u>	<u>1.44</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

24. (Loss)/Earnings per share (Continued)

On 30 October 2015, the Company completed a share consolidation of 40 existing issued ordinary share into 1 ordinary share of the Company and the actual number of ordinary shares used for the calculation of earnings per share for 2015 and 2014 had been adjusted for the effect of the share consolidation.

The diluted (loss)/earnings per share for the relevant periods is equivalent to the basic (loss)/earnings per share, as there is no dilutive potential ordinary shares in the relevant periods.

25. Dividends

The Directors of the Company did not recommend any dividend in respect of the financial year ended 31 August 2015 and 31 August 2014.

26. Operating lease commitments

When the Group is a lessor

As at the end of the reporting period, there were operating lease commitments for rental receivable for premises in subsequent accounting periods as follows:

	Group	
	2015	2014
	\$'000	\$'000
Not later than one year	211	648
Later than one year and not later than five years	85	344
	<u>296</u>	<u>992</u>

The above lease agreements expire in the range from 1 to 3 years (2014: 1 to 3 years). The current rent receivables under the leases are subject to revision after expiry.

When the Group and the Company are lessees

As at the end of the reporting period, there were operating lease commitments for rental payable for office equipment and premises in subsequent accounting periods as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Not later than one year	571	554	35	17
Later than one year and not later than five years	1,118	895	106	24
Later than five years	2,499	2,514	-	-
	<u>4,188</u>	<u>3,963</u>	<u>141</u>	<u>41</u>

The expiration dates of the above lease agreements are in the range of 1 to 22 years (2014: 1 to 23 years). The current rent payables under the leases are subject to revision after expiry. The leases have varying terms, escalation clauses and renewal rights.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

27. Capital commitments

As at the end of the reporting period, the Group had the following capital commitments:

	Group 2015 \$'000	2014 \$'000
Purchase of plant and equipment contracted but not provided for	461	143

28. Significant related party transactions

A related party is defined as follows:

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

The Group's and Company's transactions and arrangements with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

28. Significant related party transactions (Continued)

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group and the Company entered into the following transactions with related parties:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>With related parties</i>				
Purchase of machinery	-	89	-	-
Purchase of raw materials	29	75	-	-
Consultancy fee paid to a related party	54	38	-	-
Advance deposit from a related party	102	-	-	-
Loan from related party	14	-	-	-
Salaries and other benefits to related parties	211	218	-	-
Other income from an associate	2	-	2	-
Loan to an associate	-	30	-	30
<i>With subsidiaries</i>				
Interest income received from a subsidiary	-	-	10	10
Payment on behalf by a subsidiary	-	-	40	1,228
Expenses paid on behalf of a subsidiary	-	-	8	48
Loan from a subsidiary	-	-	1,508	1,511
Loan to a subsidiary	-	-	40	400
Waiver of loan from a subsidiary	-	-	-	33
Other income from a subsidiary	-	-	1	-

Compensation of key management personnel

The remuneration of key management personnel of the Group and the Company during the financial year is as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Directors' fee	109	97	109	97
Short-term benefits	2,080	1,607	143	136
Post-employment benefits	84	83	12	11
	2,273	1,787	264	244

Key management personnel are Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The above includes the remuneration of directors of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

28. Significant related party transactions (Continued)

Compensation of key management personnel (Continued)

The remuneration of Directors during the financial year is as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>Directors of the Company</i>				
Directors' fee	109	97	109	97
Short-term benefits	1,102	742	-	-
Post-employment benefits	32	29	-	-
	<u>1,243</u>	<u>868</u>	<u>109</u>	<u>97</u>
<i>Directors of subsidiaries</i>				
Short-term benefits	731	762	-	136
Post-employment benefits	31	47	-	11
	<u>762</u>	<u>809</u>	<u>-</u>	<u>147</u>
	<u>2,005</u>	<u>1,677</u>	<u>109</u>	<u>244</u>

29. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by management of the respective entities within the Group.

There is no change from prior periods in the measurement methods used to determine reported segment results.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before income tax expense, not including non-recurring gains and losses.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise general expenses. With the exception of the Precision Engineering and Others segment, assets and liabilities are shared within the Group and hence, are not allocated to reportable segments.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

29. Segment information (Continued)

Intersegment sales

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group is organised into strategic business units ("SBU"), catering to the need of different customer segments. The SBUs are:

- (i) Retail
 - operates two retail shops in Singapore and partners with other hardware distributors, stockists and retail hardware stores in Singapore to reach the small and medium enterprises.
- (ii) Original equipment manufacturing ("OEM")
 - serves a wide spectrum of manufacturing sectors in Singapore. The customers are mainly from the machine manufacturing and assembly, automation assembly, electronic assembly, metal stamping, construction building, shipyard and aerospace aviation industries.
- (iii) Export
 - manages overseas customers, mainly distributors and traders, and provides freight and shipment services.
- (iv) Precision engineering
 - engages in the manufacturing of high precision components and complex electromechanical assembly, serving mainly the semiconductor equipment manufacturers, oil and gas, medical and solar manufacturers.
- (v) Others
 - Investment holding and general trading.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

29. Segment information (Continued)

Business segments (Continued)

2015	Retail \$'000	OEM \$'000	Export \$'000	Precision engineering \$'000	Others \$'000	Unallocated \$'000	Eliminations \$'000	Consolidated \$'000
Revenue								
External operating revenue	4,884	4,097	9,104	30,097	-	-	-	48,182
Inter-segment sales	*	-	-	-	-	-	*	-
Total revenue	4,884	4,097	9,104	30,097	-	-	-	48,182
Segment results								
Interest income	18	18	(16)	2,210	(787)	(85)	-	1,358
Finance costs	*	*	*	8	11	-	(11)	8
Share of loss of associate	(253)	(180)	(190)	(178)	(16)	-	17	(800)
Profit/(Loss) before income tax	-	-	-	(54)	-	-	-	(54)
Income tax expense	(235)	(162)	(206)	1,986	(792)	(85)	6	512
Profit/(Loss) after income tax	13	2	2	(403)	5	15	-	(366)
Segments assets	(222)	(160)	(204)	1,583	(787)	(70)	6	146
Segment liabilities	-	-	-	27,453	31,732	36,801	(30,895)	65,091
Capital expenditure	-	-	-	11,239	5,194	20,011	(4,950)	31,494
Property, plant and equipment	-	-	-	3,519	21	187	-	3,727

* denotes amounts less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

29. Segment information (Continued)

Business segments (Continued)

	Retail \$'000	OEM \$'000	Export \$'000	Precision engineering \$'000	Others \$'000	Unallocated \$'000	Eliminations \$'000	Consolidated \$'000
2015								
Significant non-cash items								
Allowance for inventories obsolescence	55	54	54	116	-	-	-	279
Reversal of allowance for inventories obsolescence	(93)	(92)	(92)	-	-	-	-	(277)
Amortisation of intangible assets	-	-	-	-	-	85	-	85
Allowance for doubtful trade receivables	-	-	-	5	-	-	-	5
Depreciation of property, plant and equipment	163	67	66	2,004	240	-	-	2,540
Depreciation of investment properties	123	-	-	-	26	-	-	149
Write-back of allowance for doubtful trade receivables	(2)	-	-	-	-	-	-	(2)
Inventories written off	140	-	-	-	-	-	-	140

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

29. Segment information (Continued)

Business segments (Continued)

2014	Retail \$'000	OEM \$'000	Export \$'000	Precision engineering \$'000	Others \$'000	Unallocated \$'000	Eliminations \$'000	Consolidated \$'000
Revenue								
External operating revenue	5,068	4,509	9,947	21,345	-	-	-	40,869
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	5,068	4,509	9,947	21,345	-	-	-	40,869
Segment results								
Interest income	595	581	347	1,334	(834)	(230)	-	1,793
Finance costs	(166)	(145)	(156)	(193)	(48)	-	(10)	2
Profit/(Loss) before income tax	429	436	191	1,143	(872)	(230)	-	1,097
Income tax expense	(33)	(44)	(44)	(289)	7	39	-	(364)
Profit/(Loss) after income tax	396	392	147	854	(865)	(191)	-	733
Segments assets	-	-	-	21,947	32,113	35,962	(30,111)	59,911
Segment liabilities	-	-	-	8,430	5,141	18,272	(4,158)	27,685
Capital expenditure								
Property, plant and equipment	-	-	-	3,845	-	1,149	-	4,994
Intangible assets	-	-	-	-	46	-	-	46
Available-for-sale financial asset	-	-	-	-	4,109	-	-	4,109

* denotes amounts less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

29. Segment information (Continued)

Business segments (Continued)

2014

Significant non-cash items

	Retail \$'000	OEM \$'000	Export \$'000	Precision engineering \$'000	Others \$'000	Unallocated \$'000	Eliminations \$'000	Consolidated \$'000
Allowance for inventories obsolescence	89	90	90	20	-	-	-	289
Reversal of allowance for inventories obsolescence	(93)	(92)	(92)	-	-	-	-	(277)
Amortisation of intangible assets	-	-	-	-	-	230	-	230
Allowance for doubtful trade receivables	89	-	-	86	-	-	-	175
Allowance for doubtful non-trade receivables	-	-	-	51	-	-	-	51
Depreciation of property, plant and equipment	127	66	65	1,980	239	-	-	2,477
Depreciation of investment properties	123	-	-	-	27	-	-	150
Write-back of allowance for doubtful trade receivables	(15)	-	-	-	-	-	-	(15)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

29. Segment information (Continued)

Geographical information

The Group's business segments operate in five main geographical areas. Sales revenue is based on the country in which goods are delivered and services are provided.

	Singapore \$'000	Indonesia \$'000	Malaysia \$'000	China \$'000	USA \$'000	Others \$'000	Consolidated \$'000
2015							
Total revenue from external customers	9,099	2,365	5,630	12,600	14,120	4,368	48,182
Total non-current assets	12,523	-	-	9,631	-	106	22,260
2014							
Total revenue from external customers	10,291	2,550	5,783	7,526	11,086	3,633	40,869
Total non-current assets	11,658	-	-	9,012	-	133	20,803

Major customers

In the financial year ended 31 August 2015, there was a customer under precision engineering segment who contributed 15.0% (2014: 13.4%) to the Group's annual revenue.

30. Financial instruments and financial risk

The Group's and the Company's activities expose them to credit risk, market risk (including interest rate risk and foreign exchange risk) and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

30.1 Market risk

(i) Foreign currency risk

The Group and the Company incur foreign currency risk on transactions and balances that are denominated in currencies other than the respective entities' functional currency. The Group and the Company operate and/or sell their products/services in several countries other than Singapore and transacted in foreign currencies. As a result, the Group and the Company are exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to United States dollar and Euro.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

30. Financial instruments and financial risk (Continued)

30.1 Market risk (Continued)

(i) Foreign currency risk (Continued)

The Group's and the Company's foreign currency risk exposure based on the information available to key management are as follows:

	<u>Financial assets</u>		<u>Financial liabilities</u>				
	Trade and other receivables	Cash and cash equivalents	Trade and other payables	Interest bearing liabilities	Net financial assets/ (liabilities)	Net financial liabilities denominated in the respective entities' functional currencies	Currency exposure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
2015							
Singapore dollar	6,277	288	(1,697)	(14,618)	(9,750)	(10,187)	437
United States dollar	3,099	416	(1,137)	(4,238)	(1,860)	-	(1,860)
Euro	432	14	(13)	-	433	-	433
Hong Kong dollar	265	138	(799)	(1,263)	(1,659)	(1,623)	(36)
Chinese renminbi	7,845	368	(6,736)	-	1,477	1,531	(54)
Others	50	50	(5)	-	95	-	95
	17,968	1,274	(10,387)	(20,119)	(11,264)	(10,279)	(985)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

30. Financial instruments and financial risk (Continued)

30.1 Market risk (Continued)

(i) Foreign currency risk (Continued)

	<u>Financial assets</u>		<u>Financial liabilities</u>			Net financial liabilities denominated in the respective entities' functional currencies \$'000	Currency exposure \$'000
	Trade and other receivables \$'000	Cash and cash equivalents \$'000	Trade and other payables \$'000	Interest bearing liabilities \$'000	Net financial assets/ (liabilities) \$'000		
Group							
2014							
Singapore dollar	6,869	632	(1,314)	(14,165)	(7,978)	(7,874)	(104)
United States dollar	2,435	481	(619)	(3,044)	(747)	-	(747)
Euro	774	190	(8)	-	956	-	956
Hong Kong dollar	342	66	(372)	(2,443)	(2,407)	(2,365)	(42)
Chinese renminbi	3,483	655	(4,730)	-	(592)	(567)	(25)
Others	90	48	(2)	-	136	-	136
	13,993	2,072	(7,045)	(19,652)	(10,632)	(10,806)	174

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

30. Financial instruments and financial risk (Continued)

30.1 Market risk (Continued)

(i) Foreign currency risk (Continued)

	<u>Financial assets</u>			<u>Financial liabilities</u>			Net financial liabilities denominated in the Company's functional currency	Currency exposure
	Trade and other receivables \$'000	Cash and cash equivalents \$'000	Trade and other payables \$'000	Interest bearing liabilities \$'000	Net financial liabilities \$'000		\$'000	\$'000
Company 2015								
Singapore dollar	283	2	(3,910)	-	(3,625)	(3,625)	-	-
Hong Kong dollar	-	-	(35)	-	(35)	-	(35)	(35)
	283	2	(3,945)	-	(3,660)	(3,625)	(35)	(35)
2014								
Singapore dollar	485	10	(2,487)	(1,083)	(3,075)	(3,075)	-	-
Hong Kong dollar	-	-	(42)	-	(42)	-	(42)	(42)
Chinese renminbi	-	-	(25)	-	(25)	-	(25)	(25)
	485	10	(2,554)	(1,083)	(3,142)	(3,075)	(67)	(67)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

30. Financial instruments and financial risk (Continued)

30.1 Market risk (Continued)

(i) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table details the sensitivity to a change of 4% (2014: 5%) in United States dollar and Euro against Singapore dollar. The results of the sensitivity analysis were not significant for currencies other than the United States dollar and Euro.

The sensitivity analysis assumes an instantaneous 4% (2014: 5%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

Group	(Decrease)/ Increase	
	Profit or loss	
	2015	2014
	\$'000	\$'000
<i>United States dollar</i>		
- strengthens against Singapore dollar	(74)	(37)
- weakens against Singapore dollar	74	37
	<hr/>	<hr/>
<i>Euro</i>		
- strengthens against Singapore dollar	17	48
- weakens against Singapore dollar	(17)	(48)
	<hr/>	<hr/>

(ii) Interest rate risks

The Group's exposure to market risk for changes in interest rates relates primarily to short term deposits, bank borrowings and finance lease obligations with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities as at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rate had been 75 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been higher/lower by approximately \$133,000 (2014: \$126,000), arising mainly as a result of lower or higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

30. Financial instruments and financial risk (Continued)

30.2 Credit risks

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. To manage credit risk, the Group and the Company have adopted a policy of dealing only with creditworthy counterparties. The Group and the Company also perform ongoing credit evaluation of the counterparties' financial condition and generally do not require collateral.

The Group's and Company's major classes of financial assets are available-for-sale financial asset, bank deposits, and trade and other receivables. The carrying amount of financial assets recorded in the financial statements, grossed up for any allowance for losses, represents the Group's and the Company's maximum exposure to credit risk.

Credit risk arising from bank deposits is minimal as the Group's bank deposits are mainly deposits with reputable banks.

As such, the Group's exposure to credit risk is largely dependent on the credit quality of its trade and other receivables, which in turn, is mainly influenced by the individual characteristics of each customer. The default risk of the industry and country in which the customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group had 9.6% (2014: 8.5%) of the total trade receivables due from the Group's largest customer and 36.1% (2014: 31.5%) from the five largest debtors, which is considered to be manageable.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company. The Group's and the Company's historical experience in the collection of receivables falls within the credit terms granted.

The age analysis of trade receivables that are past due is as follows:

	Gross receivables 2015 \$'000	Impairment 2015 \$'000	Gross receivables 2014 \$'000	Impairment 2014 \$'000
Group				
Past due 1 to 30 days	2,427	-	2,099	-
Past due 30 to 90 days	1,938	-	1,766	12
Past due over 90 days	1,987	304	1,194	338

30.3 Liquidity risk

Liquidity risk refers to the risk of the Group and the Company encountering difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycles.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

30. Financial instruments and financial risk (Continued)

30.3 Liquidity risk (Continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of committed credit facilities and ensuring that the company in question has the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management aims at maintaining a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The following table details the Group's and the Company's remaining maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or make payment.

	Within one year \$'000	After one year but within five years \$'000	More than five years \$'000	Total \$'000
Group				
2015				
Financial liabilities				
Non-interest bearing	10,387	-	-	10,387
Interest bearing:				
- Fixed	1,367	1,138	-	2,505
- Variable	13,413	3,839	2,125	19,377
	<u>25,167</u>	<u>4,977</u>	<u>2,125</u>	<u>32,269</u>
 Financial guarantee contracts to an associate	 1,032	 -	 -	 1,032
 2014				
Financial liabilities				
Non-interest bearing	7,045	-	-	7,045
Interest bearing:				
- Fixed	1,599	1,385	-	2,984
- Variable	12,362	3,720	2,352	18,434
	<u>21,006</u>	<u>5,105</u>	<u>2,352</u>	<u>28,463</u>
 Financial guarantee contracts to an associate	 1,295	 -	 -	 1,295

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

30. Financial instruments and financial risk (Continued)

30.3 Liquidity risk (Continued)

	Within one year \$'000	After one year but within five years \$'000	More than five years \$'000	Total \$'000
Company				
2015				
Financial liabilities				
Non-interest bearing	3,945	-	-	3,945
Financial guarantee contracts	21,539	-	-	21,539
2014				
Financial liabilities				
Non-interest bearing	2,554	-	-	2,554
Variable interest bearing	1,019	83	-	1,102
	3,573	83	-	3,656
Financial guarantee contracts	17,774	-	-	17,774

The Group's and the Company's operations are financed mainly through equity and debts. Adequate lines of credit are maintained to ensure that liquidity is available as and when required.

The repayment terms of the Group's interest bearing liabilities are disclosed in Note 15 to the financial statements.

31. Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balances.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The Group's overall strategy remains unchanged from the last financial year.

The management monitors capital based on gearing ratios. A subsidiary is also required by the banks to maintain a gearing ratio not exceeding 300% (2014: 300%) and a minimum consolidated tangible net worth of not less than \$12 million (2014: \$12 million) throughout.

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 August 2014 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

31. Capital management policies and objectives (Continued)

The gearing ratio is calculated as net debt divided by total equity plus debt. The Group and the Company include within net debt, trade and other payables and interest bearing liabilities less cash and cash equivalents. Equity consists of total equity attributable to the owners of the parent.

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	10,387	7,045	3,945	2,554
Interest bearing liabilities	20,119	19,652	-	1,083
Less: Cash and cash equivalents	(1,274)	(2,072)	(2)	(10)
Net debt	29,232	24,625	3,943	3,627
Equity attributable to owners of the parent	26,681	26,460	24,421	24,939
Total capital	55,913	51,085	28,364	28,566
Gearing ratio (%)	52	48	14	13

32. Fair value of financial assets and financial liabilities

Fair value of financial instruments that are not carried at fair value

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables and current interest bearing liabilities approximate their respective fair values due to the relative short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

Fair value of financial instruments that are carried at fair value

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method.

The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2015

32. Fair value of financial assets and financial liabilities (Continued)

Financial instruments carried at fair value classified by level of fair value hierarchy are as follows:

	<u>Fair value measurement using:</u>		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Group			
2015			
<u>Financial assets</u>			
Derivative financial instruments	-	55	-
2014			
<u>Financial assets</u>			
Derivative financial instruments	-	*	-

* denotes amounts less than \$1,000

33. Contingent liabilities

As at the end of the reporting period, there were contingent liabilities in respect of corporate guarantees of \$27,900,000 (2014: \$30,390,000) and \$27,900,000 (2014: \$27,390,000) respectively given by the Group and the Company for credit facilities granted to the Group and to the associate. The maximum amount that the Group and the Company could be forced to settle under the corporate guarantee if the full guaranteed amount is claimed by the counterparty to the guarantee, is approximately \$21,539,000 (2014: \$18,857,000) and \$21,539,000 (2014: \$17,774,000) respectively.

As at the end of the reporting period, the Group and the Company have not recognised any liability in respect of the guarantee given to the banks for banking facilities granted as the Directors have assessed that the likelihood of defaulting on repayment of its loan is remote.

34. Subsequent events

On 30 October 2015, an Extraordinary General Meeting ("EGM") was held and the following were approved:

- Share consolidation of every forty (40) existing shares in the capital of the Company into one (1) consolidated share in the capital of the Company.
- Change of Company's name from Eastgate Technology Ltd to Shinvest Holding Ltd.

STATISTICS OF SHAREHOLDINGS

As at 30 November 2015

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5,689	72.00	91,802	0.31
100 - 1,000	1,379	17.45	461,721	1.54
1,001 - 10,000	676	8.56	2,347,512	7.85
10,001 - 1,000,000	151	1.91	14,166,507	47.37
1,000,001 AND ABOVE	6	0.08	12,837,680	42.93
TOTAL	7,901	100.00	29,905,222	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	2,765,180	9.25
2	SHK INVESTMENT PTE LTD	2,375,000	7.94
3	LOW CHIN KWEE	2,370,000	7.93
4	TEO ENG HWEE	1,925,000	6.44
5	TEO ENG SHING	1,925,000	6.44
6	TEO ENG THIAN	1,477,500	4.94
7	ONG BEE MOI	978,000	3.27
8	ONG AH PIAN OR TAN MEE HONG	946,800	3.17
9	TOH CHIN HENG	922,900	3.09
10	LIM TAI WOON	870,213	2.91
11	TOH SIEW LAN	692,000	2.31
12	PEH HUAN HENG	684,000	2.29
13	ANG KONG HWEE	565,000	1.89
14	LOH SUAN LEN	526,375	1.76
15	TOH SHUJUAN (ZHUO SHUJUAN)	483,742	1.62
16	CHEN RONGLI	412,500	1.38
17	WU JIAN	401,250	1.34
18	SOH LIAN EU	369,500	1.24
19	MAYBANK KIM ENG SECURITIES PTE. LTD.	358,230	1.20
20	RAFFLES NOMINEES (PTE) LIMITED	256,971	0.86
TOTAL		21,305,161	71.27

STATISTICS OF SHAREHOLDINGS

As at 30 November 2015

Paid-Up Share Capital	:	S\$26,700,193.69
No of Shares in Issue	:	29,905,222
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

LIST OF SUBSTANTIAL SHAREHOLDERS As at 30 November 2015

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Ong Tze King	-	-	2,695,758 ⁽¹⁾	9.014
Low Chin Kwee	2,370,000	7.925	-	-
Teo Teck Leong	20	0.000	2,467,000 ⁽²⁾	8,249
Teo Eng Hwee	1,925,000	6.437	-	-
Teo Eng Shing	1,925,000	6.437	-	-

(1)	1,495,758	held in the name of DBS Nominees Pte Ltd for Ong Tze King
	1,200,000	held in the name of DBS Nominees Pte Ltd for Giam Ah Kiow
	<u>2,695,758</u>	

(2)	80,000	held in the name of Maybank Kim Eng Secs Pte Ltd for Teo Teck Leong
	12,000	held by Spouse, Toh Ah Hoi
	2,375,000	held in the name of SHK Investment Pte. Ltd.*
	<u>2,467,000</u>	

* Deemed to be interested in the shares held by SHK Investment Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap.50.

PUBLIC FLOAT

Based on information available to the Company, approximately 51.56% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of Shinvest Holding Ltd. (the “Company”) will be held at RELC International Hotel, Room 503, Level 5, 30 Orange Grove Road (off Orchard Road), Singapore 258352 on Wednesday, 30 December 2015 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and Audited Financial Statements for the financial year ended 31 August 2015. **Resolution 1**
2. To re-elect Mr Teo Cher Cheong who will retire by rotation pursuant to Article 87 of the Articles of Association of the Company and who, being eligible, will offer himself for re-election.
 - Mr Teo Cher Cheong will, upon re-election as Director, remain as a member of the Audit Committee and will be considered non-independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”). **Resolution 2**
3. To re-appoint Dr Chau Sik Ting as a Director of the Company, pursuant to Section 153(6) of the Companies Act, Cap. 50 of Singapore. **Resolution 3**
 - *Dr Chau Sik Ting will, upon re-appointment as Director, remain as a member of the Audit Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of SGX-ST.*
4. To note the retirement of Mr Lee Dah Khang who will be retiring by rotation under Article 87 of the Company’s Articles of Association.
 - *Mr Lee Dah Khang has notified the Company that he will not be seeking re-election as Director of the Company.*
5. To approve Directors’ fees of S\$108,500 (2014: S\$96,911) for the financial year ended 31 August 2015. **Resolution 4**
6. To re-appoint Messrs BDO LLP as Independent Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**
7. To transact any other ordinary business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:- **Resolution 6**

Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:

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

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

NOTICE OF ANNUAL GENERAL MEETING

- (2) (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:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares and convertible securities 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 20% of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (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 (a) above, the percentage of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and
- (ii) any subsequent bonus issue, consolidation or sub-division of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

By Order of the Board

Wong Siew Chuan
Company Secretary

Singapore
14 December 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a Member of the Company and where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. The instrument or form appointing a proxy, duly executed, must be deposited at the Company's registered office at 3, Kian Teck Crescent, Singapore 628881, not less than 48 hours before the time for holding the above Annual General Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

The proposed Ordinary Resolution 6, if passed, will empower the Directors from the date of this Annual General Meeting until the next Annual General Meeting, to allot and issue new shares and/or convertible securities in the Company up to a number not exceeding in total 50% of the issued shares excluding treasury shares in the capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the issued shares excluding treasury shares in the capital of the Company for the time being. The percentage of issued shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time the Ordinary Resolution is passed after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards outstanding or subsisting at the time the Ordinary Resolution is passed and (b) any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

PERSONAL DATA PRIVACY

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

SHINVEST HOLDING LTD.

(formerly known as Eastgate Technology Ltd)
(Incorporated in the Republic of Singapore)
Company Reg. No. 198905519R

IMPORTANT:

1. For Investors who have used their CPF moneys to buy shares of Shinvest Holding Ltd, the Annual Report 2015 is forwarded to them at the request of their CPF Approved Nominees and is sent solely 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 vote should contact their CPF Approved Nominees.

Personal Data Privacy

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

PROXY FORM Annual General Meeting

I/We, _____ (Name)

of _____ (Address)

being a member/members of the abovenamed Company, hereby appoint

	Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
(a)				
and/or (delete as appropriate)				
(b)				

as my/our proxy/proxies to attend and 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 RELC International Hotel, Room 503, Level 5, 30 Orange Grove Road (off Orchard Road), Singapore 258352 on Wednesday, 30 December 2015 at 10.00 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the relevant box provided below. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided below. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions relating to:	No. of votes For	No. of votes Against
1	Adoption of Directors' Report and Financial Statements		
2	Re-election of Mr Teo Cher Cheong as Director		
3	Re-appointment of Dr Chau Sik Ting as Director		
4	Approval of Directors' fees		
5	Re-appointment of BDO LLP as Independent Auditors		
6	Authority to Directors to issue shares		

Dated this _____ day of _____ 2015

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

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



Notes:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the number of shares to be represented by each proxy must be stated.
2. This Proxy Form must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or his attorney and affixed with its common seal thereto.
3. This instrument appointing a proxy [together with the power of attorney (if any) under which it is signed or a certified copy thereof], must be deposited at the registered office of the Company at 3, Kian Teck Crescent, Singapore 628881 not less than 48 hours before the time fixed for holding the Annual General Meeting.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
5. The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have shares entered against his name in the Depository Register 48 hours before the time fixed for holding the Annual General Meeting as certified by CDP to the Company.

First fold

Affix
postage
stamp

The Company Secretary
Shinvest Holding Ltd.
3, Kian Teck Crescent
Singapore 628881

Second fold

Shinvest Holding Ltd.
(Formerly known as Eastgate Technology Ltd)
No. 3 Kian Teck Crescent,
Singapore 628881