# CONSOLIDATE 集

ANNUAL REPORT 2014

ASTI

ASTI HOLDINGS LIMITED

# CONTENTS

# About ASTI

Listed on the mainboard of the Singapore Exchange, ASTI Holdings Limited is a company uniquely positioned to serve the needs of the semiconductor industry. Under the umbrella of the ASTI Group of companies, we provide an integrated range of services comprising Backend Equipment Solutions & Technologies ("BEST") and Services.

A leader in the manufacture of semiconductor equipment, we research, design, develop and manufacture semiconductor equipment for customers. Further enhancing our manufacturing capabilities are our equipment contract manufacturing services, which manufacture precision parts, modules and standalone equipment assembly. Ranked amongst the world's leading semiconductor manufacturing services providers, we strive to continually deliver world-class services to our customers to help them optimise their resource utilisation. We also design and develop advanced packaging solutions for semiconductors, targeting the mobility and 3C convergent markets.

Globally, ASTI has 4 research and development centres, 14 factories and 30 sales offices. Our operations are located in Southeast Asia, Greater China, Korea, the United States of America and the United Kingdom. We have a library of more than 100 patents in vision systems, semiconductor assembly technologies and electromechanical systems.

Through our extensive geographical network, we are able to provide distribution services across many countries in Asia. In aggregate, the ASTI Group of companies has the ability to offer a suite of integrated and synergistic solutions to our customers.

ASTI has a controlling equity interest in Dragon Group International Limited ("Dragon Group" or "DGI") and Advanced Systems Automation Limited ("ASA"). The shares of both DGI and ASA are quoted on the Singapore Exchange.

For more information, please visit our website at www.astigp.com


## Geographic Reach

*The ASTI Group of companies has extensive global footprints. Currently we have 4 research and development centres, 14 factories and 30 sales offices located in Southeast Asia, Greater China, Korea, the United States of America and the United Kingdom.*

# A Letter to Shareholders

*With ASTI's equipment business focused on mobility, manufacturing services business continuing to improve, and our technology subsidiary EoPlex progressing towards commercialization, 2015 may prove to be a strategic inflection point for the enlarged Group.*

*Dear Shareholders,*

We continue to strategically strengthen our businesses through our transformations in the Group. At ASTI, our focus on mobility has begun to bear fruit in our semiconductor equipment business. We saw stronger vision inspection equipment and solutions demand in the second quarter of 2014. Our manufacturing services business held steady through 2014 and our technology subsidiary EoPlex continues to make progress towards commercialization. Our Backend Equipment Solutions & Technologies ("BEST") business reported a 38.8% growth in revenue while we saw a marginal increase in the revenue from our Distribution business. The following summarizes the key events and offers an insight into our operations in FY2014.

On 30 December 2014, the Group announced that the Company had on 29 December 2014, together with other vendors entered into a conditional sale and purchase agreement with J C Investment Pte Ltd for the disposal by the Company of its entire shareholding interest of 64,316,470 ordinary shares in the share capital of APSI Pte. Ltd. for a consideration of S$8.9 million. The disposal has been approved by the shareholders of the Company at an extraordinary general meeting convened on 30 March 2015.

Our subsidiary Advanced Systems Automation Limited ("ASA") continues to strengthen financially, commercially and technologically through 2014. ASA Group's net assets have improved from the previously negative net assets of S$12.0m as at 31 December 2011 to positive net assets of S$16.4 million, S$17.8 million and S$20.0 million as at 31 December 2012, 2013 and 2014 respectively. Its revenue rose to S$34.8 million - the highest revenue achieved in over a decade. Correspondingly, ASA's net losses have decreased from S$2.6m in FY2012, to S$2.3m and S$1.1m in FY2013 and FY2014 respectively. Technologically, ASA has strengthened both the Equipment Contract Manufacturing Services ("ECMS") and Equipment businesses. The ECMS business has improved in machining capabilities and capacity through the acquisition of Emerald Precision Engineering Sdn. Bhd. on 15 November 2013, and ASA has also added plating and surface finishing capabilities through the acquisition of ASA Multiplate (M) Sdn. Bhd ("ASA Multiplate"). On 27 March 2014, ASA acquired an additional 35% equity interests in ASA Multiplate through the issuance of 189,408,333 new ASA ordinary shares amounting to S$2.3 million. With this acquisition, ASA's ownership of ASA Multiplate increased to 90%. On 18 December 2014, there was a placement of 688,888,886 new ASA ordinary shares amounting to S$3.1 million, thus improving ASA's balance sheet. Following the above transactions, our equity interest in ASA was diluted from 54.96% to 36.66%. Despite the dilution, ASA remains to be a subsidiary of the Company as we continue to have de facto control over ASA. During the year, the ASA Group has expanded its Equipment business with the introduction of new products which will enable us to broaden our Equipment customer base in the semiconductor industry.

We continued on our journey to explore and bring other viable businesses into Dragon Group International Limited ("DGI"). At the close of FY2014, our remnant trading business with revenue of US$1.7 million is holding steady but now becoming less significance in view of recent developments. On 5 January 2015, we entered into a conditional sales and purchase agreement with Green Power Ventures Limited to acquire a 30% equity interest in Heat Tech Japan Co., Ltd ("HTJ"), a company dealing in the development of heat dissipating technologies. This proposed acquisition also granted us the option to acquire an additional 36.6% interest in HTJ and a 20% interest in another company, 3DOM Inc., which is in the business of developing, manufacturing and distribution of separators for batteries. On 26 January 2015, we entered into a placement agreement with Asia Green Technology Inc. to place an aggregate of 27,777,778 new ordinary shares in the share capital of DGI to them at S$0.09 per new share. The aggregate consideration for this transaction is S$2.5 million. The placement shares were issued on 30 March 2015. On 20 March 2015, we entered into a co-operation agreement with a Chinese state owned company, Nanjing Treasure Dockyard Relics Management Co., Ltd whereby we shall be permitted to do a property development project along the Yangtze Riverbank. Upon completion of the development, we shall be given the right to use and operate the project for a period of 20 years, with an option to renew for a further 20 years thereafter. This positive development for DGI will allow a new strategic direction in the tourism and development markets. Work at the Dragon Treasure Boat shipyard is progressing. The difficulties previously associated with the reconstruction of the Zhenghe Treasure Boat had been resolved and completion is now targeted for second half of year 2017. On 3 March 2015, DGI announced following the Notice of 3 Consecutive Years' Losses released on 27 February 2015, SGX-ST has placed DGI on the watch-list with effect from 4 March 2015. DGI will have to meet requirements of Rule 1314 of the SGX-ST Listing Manual within 24 months from 4 March 2015, failing which the SGX-ST would delist the Company or suspend trading with a view to delisting the Company.

**OPERATION REVIEW**

**INCOME STATEMENT**

On 13 September 2012, the Group announced that it has entered into a conditional Sale and Purchase Agreement with InflexionPoint Technologies Pte. Limited for the disposal of all issued and paid up ordinary shares in the share capital of Dragon Technology Distribution Pte. Ltd. ("Disposal Group"). The disposal of discontinued operations was completed on 3 May 2013.

In accordance with FRS 105, the results of the Disposal Group has been presented separately on the Group Income Statement as Discontinued Operations for the financial years ended 31 December 2013.

**Continuing Operations**

**Revenue**

The continuing operations reported a 39.6% or S$38.4 million increase in revenue from S$96.8 million (FY2013) to S$135.2 million (FY2014). BEST business recorded a 38.8% or S$37.2 million increase in revenue from

S$95.8 million (FY2013) to S$133.0 million (FY2014). The increase in revenue was due to higher demand from the equipment business. The revenue from Distribution & Service business increased S$1.2 million from S$1.0 million (FY2013) to S$2.2 million (FY2014).

**Gross Profit Margin**

Gross profit margin ("GPM") in FY2014 was 34.4%, which was 2.5% higher than the 31.9% reported in FY2013. This was due to a higher proportion of the Group's revenue being contributed from the equipment business which had a relatively higher margin compared to the revenue from other businesses.

**Other income**

Other income increased in FY2014 due to the increase in rental income during the year.

**Operating Expenses**

Marketing & distribution, research & development and general administrative expenses incurred in FY2014 were comparable to the expenses reported in FY2013.

In line with the higher borrowings from the financial institutions, financing costs increased S$0.2 million from S$0.8 million (FY2013) to S$1.0 million (FY2014).

Appreciation of US dollar in 2014 resulted in a gain of S$1.1 million in FY2014, compared to the gain of S$0.3 million reported in FY2013.

The exceptional items in FY2014 comprise the followings:

(a) A net gain of S$68,000 from the disposal of an investment security (the gain of S$400,000 arising from the disposal of an investment security more than offset the impairment loss of S$332,000 relating to this same investment security)

(b) The realisation of foreign exchange translation loss arising from the deregistration of overseas subsidiaries.

Depreciation of property, plant and equipment in FY2014 increased due additional purchase of property, plant and equipment during the year.

**Net Profit/Loss**

The continuing operations reported an operating profit of S$2.6 million and a net profit attributable to shareholders of S$2.9 million in FY2014, compared to the operating loss of S$13.3 million and a net loss of S$14.8 million in FY2013.

**Discontinued Operations**

With the completion of the disposal on 3 May 2013, the Group has recognised the results generated from discontinued operations for the period from January to April 2013.

**BALANCE SHEET**

As at 31 December 2014, total assets stood at S$185.1 million comprising S$52.9 million from non-current assets and S$132.2 million from current assets. Total liabilities stood at S$67.9 million comprising current liabilities of $64.4 million and non-current liabilities of S$3.5 million. Shareholders' equity including non-controlling interests stood at S$117.2 million.

The following are highlights of the Group's balance sheet as at 31 December 2014.

**Intangible assets**

The decrease in intangible assets was mainly due to amortisation of customer relationships and intellectual properties, as well as impairment loss on country club memberships.

**Property, plant and equipment**

The decrease in property, plant and equipment was mainly due to depreciation and also the reclassification of a land and building to "non-current assets held for sale" as the Group is in the process of disposing these assets.

**Investment securities**

The Group reclassified an unquoted investment security to "non-current assets held for sale" as the Group is in the process of disposing this asset.

**Other receivables (non-current)**

Other receivables (non-current) balance in 31 December 2013 represented 10% of the proceeds from the disposal of the discontinued operations to be collected after 12 months from the balance sheet date.

**Other receivables and prepayments**

The other receivables and prepayments comprised receivables from external parties which increased in 2014.

**Trade receivables**

Trade receivables' balance increased S$7.5 million mainly due to the higher sales reported in second half of the year.

**Non-current assets held for sale**

The Group had an unquoted investment security that was classified under non-current assets held for sale. This asset is currently in the process of being disposed. At balance sheet date, this investment security was stated at its fair value. Non-current assets held for sale also included the leasehold land and building which a subsidiary of the Group is in the process disposing.

**Loans and borrowings**

Loans and borrowings increased S$12.6 million from S$16.2 million to S$28.8 million due to additional trade financing obtained to fund the increased business activities.

**Payables and accruals**

Payables and accruals increased S$7.2 million from S$27.3 million to S$34.5 million mainly due to the increased trade payables of the BEST business arising from the increased business activities.

## CASHFLOW STATEMENT

The Group generated S$2.4 million from its operations. An amount of S$1.6 million was used for the payment of interest and tax. S$2.3 million being proceeds from the sales of discontinued operations was received. Another proceed of S$3.1 million was received from the share placement exercise of a subsidiary. A net amount of S$4.4 million was used for the purchase of property, plant and equipment. The Group drew down net borrowings of S$11.7 million from financial institutions to support the increased business activities.

## OUTLOOK

With ASA's extended capabilities and the expanded regional coverage, ASA is increasingly able to offer a more comprehensive value proposition to a broader customer base across a wider region. ASA has expanded its Equipment business through the introduction of new products. These new products will enable the ASA to serve more customers in the semiconductor industry. The expansion of the ECMS business and Equipment businesses will help ASA firm its foothold in the region in 2015 and beyond.

DGI's announcements of the various opportunities are both strategic and lucrative, and may allow DGI to propel into a whole new enterprise for our shareholders. While we pursue our commercial interests, we must at the same time address the regulatory watch-list issue. The unfolding drama and the ultimate outcome remain uncertain.

The stronger transformed business entities in the enlarged Group are strategically poised to pursue their destinies unencumbered. With ASTI's equipment business focused on mobility, manufacturing services business continuing to improve, and our technology subsidiary EoPlex progressing towards commercialization, 2015 may prove to be a strategic inflection point for the enlarged Group.

It is important to note that our business is prone to economic uncertainties and the cyclical nature of the electronics and semiconductor industries. Unforeseeable factors include but are not limited to foreign exchange volatility, intellectual property litigations, product and technology obsolescence, and inventory adjustments. In view of these factors, we will remain prudent and cautious in the management of our businesses.

## IN APPRECIATION

In closing, I would like to thank all our customers, shareholders, business associates, and bankers for your trust and confidence in us, and I look forward to your support in the new financial year. To all our employees, I appreciate your perseverance and dedication, and I have confidence in your commitment to make our Group financially, commercially and technologically strong to ride the opportunities in front of us.

Yours sincerely,

**DATO' MICHAEL LOH**
Executive Chairman and
Chief Executive Officer

# Board of Directors

**Dato' Michael Loh Soon Gnee, 59**
Executive Chairman and
Chief Executive Officer

*Bachelor of Science*
*Double Major in Business Economics & Chemical Engineering*
*State University of New York, Buffalo, USA*

Dato' Loh has a distinguished career in the semiconductor industry. He brings with him more than 35 years of knowledge and experience in wafer fabrication, research and development and assembly, testing and distribution of semiconductor products. Having spent 20 years in Silicon Valley, USA, Dato' Loh has abundant practical business experiences and a vast network of contacts in the semiconductor industry.

Dato' Loh is also the Executive Chairman and Chief Executive Officer of the SGX-Mainboard-listed Dragon Group International Limited and SGX-Catalist-listed Advanced Systems Automation Limited as well as the current Chief Executive Officer of Dragon Technology Distribution Pte. Ltd.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited
- Advanced Systems Automation Limited
- Dragon Group International Limited

**Past 3 Years Listed Companies' Directorships**
- None

**Mr Timothy Lim Boon Liat, 50**
Group Administrative Officer and
Executive Director

*Diploma in Sales and Marketing, CIMUK*

Mr Lim brings with him over 26 years of experience in the regional semiconductor industry. As the Group Administrative Officer, he is responsible for the Admin, HR and Legal operations of the Group including that of the SGX-Mainboard-listed Dragon Group International Limited and SGX-Catalist-listed Advanced Systems Automation Limited. Prior to this, Mr Lim has held various positions during his career including sales and management.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited
- Dragon Group International Limited

**Past 3 Years Listed Companies' Directorships**
- None

**Mr Fong Wai Leong, 45**
Lead Independent Director
Audit Committee Chairman

*Chartered Accountant,*
*Member of Malaysian Institute of Certified Public Accountants*

Mr Fong is currently the Group CEO of CBSA Berhad and a Director of Devonshire Capital Pte. Ltd. Mr Fong is responsible for CBSA Berhad's day-to-day operation as well as leading the regional internet local search business in Southeast Asia. He also has more than 23 years of corporate and finance experience which includes managing a listed company in Southeast Asia, advising on a number of successful public listings as well as mergers and acquisitions in various countries, including Malaysia, China, South Africa and parts of South America.

Prior to joining CBSA Berhad and Devonshire Capital Group, he was the General Manager of Kuala Lumpur City Securities Sdn. Bhd., where he headed the firm's Corporate Finance Division. He also worked at CIMB Corporate Finance Division and KPMG.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited
- CBSA Berhad

**Past 3 Years Listed Companies' Directorships**
- Cepatwawasan Group Berhad

**Mr Peter Lai Hock Meng, 59**
Independent Director
Remuneration Committee Chairman

*Bachelor of Arts (Honours) Economic,*
*Cambridge University, UK*
*Master of Arts,*
*Cambridge University, UK*
*Chartered Financial Analyst,*
*CFA Institute, USA*

Mr Lai brings with him a wealth of experience from the financial industry and corporate governance good practices. Chairman of HML Consulting Group, he held various senior management positions in banking institutions including Morgan Grenfell Asia & Partners Securities, SocGen Crosby Securities, Citigroup Private Bank and OCBC Private Bank. Currently, Mr Lai is an executive director of CY Foundation Group Ltd, a company listed on the HKSE.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited
- CFM Holdings Limited
- China Essence Group Ltd
- China Oilfield Technology Services Group Ltd
- CY Foundation Group Limited
- Delong Holdings Ltd
- PureCircle Ltd

**Past 3 Years Listed Companies' Directorships**
- China Energy Limited
- Metax Engineering Corp Limited

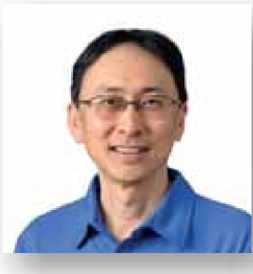
**Professor Dr Kriengsak Chareonwongsak, 60**
Independent Director
Nominating Committee Chairman

*PhD Economics,*
*Monash University, Australia*
*Master of Public Administration,*
*Harvard University, USA*
*Master of Studies,*
*Cambridge University, UK*
*Bachelor of Economics (First Class Honours),*
*Monash University, Australia*

Dr Kriengsak is the Chairman of the Success Group of Companies, a conglomerate of businesses involved in the media and knowledge industry, biotechnology, finance and securities, leisure and travel and many other industries. In addition to his vast business interests, Dr Kriengsak is well recognized in the academia where he holds various positions in globally renowned universities both in Thailand and overseas. Politically and socially active in Thailand, Dr Kriengsak is the Chairman of a number of foundations and holds positions on the governing/advisory boards of various Asian and international and educational organisations.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited

**Past 3 Years Listed Companies' Directorships**
None



**Mr Mandie Chong Man Sui, 57**
Non-Executive and
Non-Independent Director

*Bachelor of Science in Engineering,*
*National Taiwan University*

Mr Chong is a veteran with more than 29 years in the semi-conductor industry. He is knowledgeable and well acquainted with the Hong Kong and China markets. He is the Director of Dragon Technology Distribution (HK) Limited, FE Global Shanghai Limited and Nanjing Dragon Treasure Boat Development Co., Ltd.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited

**Past 3 Years Listed Companies' Directorships**
None

# Key Management

**Mr Chee Kim Huei**
*Vice President, Finance*

Mr Chee joined the Group in 2000 and has more than 20 years of experience. He is overall in-charge of the Group's Finance Department, and is currently also the Vice President, Finance of Dragon Group International Limited and Advanced Systems Automation Limited. Mr Chee was from Ernst and Young prior to joining the Group. He holds a Bachelor of Accountancy from the Nanyang Technological University, Singapore. He is also a member of the Institute of Singapore Chartered Accountants.

**Ms Junny Foong**
*Vice President, Admin/HR/IT*

Ms Foong graduated from National University of Singapore with a Bachelor Degree in Mechanical & Production Engineering. She started her career with Texas Instruments Singapore in 1987 before joining the Group in 1997. Ms Foong holds several key responsibilities within the ASTI Group of companies, including Administrations, Human Resource and Information Technologies.

**Mr Lau Hoo Shoon**
*Senior Vice President, STI*

Mr Lau joined the Group in 1997 and has over 26 years' experience in managing Semiconductor Equipment operations. Prior to joining the Group, he worked in the Process Automation Centre of Texas Instruments Singapore. Mr Lau holds a Bachelor Degree in Mechanical & Production Engineering from the National University of Singapore.

**Mr Han Chin Fong**
*Vice President, STI*

Mr Han joined the Group in 1994 and has more than 27 years of experience in the automation and semiconductor industry. He was instrumental in the start-up of the Group's Semiconductor Equipment business and saw it grow from modest beginnings to become a global player today. He holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic.

**Mr Vincent Lew**
*Vice President, STI*

Mr Lew started his career with Texas Instruments Singapore before joining the group in 1997. He has been involved in the semiconductor equipment design and manufacturing business for more than 26 years. During that span, he has been appointed to key positions in project management, engineering and operations. He holds a Bachelor of Engineering with First-Class Honours from the University of Strathclyde, UK.

**Mr Larry Lim**
*President of Telford Group*

Mr Lim joined the Group in 1993 and currently manages eight of the Group's subsidiaries in Asia, whose total workforce of more than 1,400 provides tape and reel, and programming services for semiconductor industry. Prior to joining Telford Group, Mr Lim was the Operations Manager of Trio-Tech International Pte Ltd from 1978 to 1992. He holds a Diploma in Electronic Engineering from the Singapore Polytechnic.

**Mr Ong Yu Huat**
*Senior Vice President, Telford Group*

Since beginning his career with Texas Instruments Singapore in 1986, Mr Ong has held various key positions in manufacturing, purchasing, engineering and sales and marketing. Mr Ong joined the Group in 1999. He holds a Bachelor of Science in Physics from the National University of Singapore.

**Mr John Simpson**
*Managing Director,*
*Reel Service, Scotland*

Mr Simpson joined Reel Service in 1992 and has served in his current position since 1994. Prior to joining Reel Service, he spent 21 years working with Marconi's, where he gained extensive knowledge and experience in manufacturing, testing, quality engineering, project management, production control and sales.

**Mr Robert Bagheri**
*Chief Operating Officer, EoPlex Group*

Robert Bagheri brings over 30 years of successful experience in Engineering and manufacturing operations, quality and product engineering. Prior to EoPlex he was Senior Vice President of Operations for Cambrios, a Chemical/Material company focused on consumer electronics. During his distinguished career, Robert has rebuilt and grown various startup and public companies to profitability, ran operations, quality and engineering functions including foundry selection, strategic and long term business planning. Prior to Cambrios he was Executive Vice President for Zenverge, a fab-less semiconductor company, Senior VP of Operations and Quality at AMCC, Executive VP of Central Engineering and Operations, Quality and Reliability at Silicon Image, VP at SiRF and had held engineering and management positions at S3 and Zoran Corporation.

**Mr Manoj Nachnani**
*Vice President,*
*Engineering of EoPlex Group*

Manoj Nachnani has 25 years of experience working in Semiconductor packaging industry. He started his career at National Semiconductor where his responsibilities included managing a team of SI, Thermal Stress Analysis and MCM Design engineers. He has over 15 years of experience as an entrepreneur having successfully started a services company providing package related design and manufacturing services to some of the world's largest IDM's. His company enabled customers to migrate to low cost System in Package solutions from expensive Single chip packaging solutions. In his last job at Xilinx, Manoj worked as a packaging architect driving some of Xilinx's very high density multi-layer packaging form factor to low cost packaging solutions.

Manoj is currently on the faculty of Electrical Engineering Department at Santa Clara University teaching a course on High Speed Package Design and in the past has also co-chaired JEDEC JC15.2 committee on developing electrical measurement standards for packages.

**Mr Nad Karim**
*Vice President,*
*Worldwide Sales of EoPlex Group*

Nad Karim brings over 28 years of successful experience in engineering, sales and marketing. Prior to EoPlex, Nad served as Managing Partner at Norcomp, a well-known manufacturers sales representative specializing in technology sales. His entrepreneurial spirit and ability to understand and deliver solutions are evident in his past sales and marketing management roles in various established and start-up semiconductor companies. Nad also has rich experience starting and running ventures in such diverse fields as semiconductor intellectual property, cloud computing, electric vehicle battery systems, and financial markets. He holds an MBA from San Jose State University and an Electrical Engineering degree from Imperial College, London.

**Mr Phil Rogren**
*Vice President,*
*Sales & Business Development of EoPlex Group*

Mr Rogren joined the Group in 2012, bringing with him more than 31 years of experience from the semiconductor industry. Prior to joining the Group, Mr Rogren was the Vice President of Marketing & Sales at Shellcase, Inc. He holds a Bachelor of Science in Ceramic Engineering from the University of Washington.

**Mr Roslan Bin Affandi**
*Vice President,*
*Operations of EoPlex Group*

Mr Roslan joined the Group in 2012 and is responsible for the Engineering and Manufacturing operations in EoPlex. Mr Roslan has over 32 years of experience in substrates and leadframe manufacturing industry. Prior to joining the Group, he was the Vice President of a substrate manufacturing company in Singapore. Mr Roslan holds a Diploma in Marine Communications from Singapore Polytechnic.

**Mr Loh Choon Piew**
*Vice President and General Manager,*
*Operations, ECMS of ASA*

Mr Loh graduated from the University of East Anglia, Norwich, UK in Mathematics with Computing in 1983. Prior to joining ASA in Dec. 2014, he served in various industries and was the Operations Director at Coraza Systems, a company specializing in precision metal fabrication.

Mr Loh brings with him vast experience in operational, trade and industry, metal and precision industry and business development.

**Dato' Ben Loh Choon Khiang**
*Vice President,*
*Business Development, ECMS of ASA*

Dato' Ben Loh brings with him over 20 years of experience in various industries such as paper packaging, metal fabrication and sheets metal. Prior to joining Microfits, Dato' Ben Loh was a businessman and served as Director of various Malaysian companies such as R-Plus Technology, Megatouch, CSH-Prime Packaging, Coraza Systems as well as a former Executive Director of a Malaysian public listed company, KBB Berhad, now known as EKA Berhad.

**Mr Rurando Steven Tan**
*Vice President,*
*Engineering & Operations of Microfits*

Mr R. Steven Tan has accumulated 36 years of experience in the semiconductor and electronics industry spanning across a wide range of industries including engineering developments, automation system, developing IC manufacturing process engineering & implementation of system maintenance, engineering research & developments and design configuration. Prior to joining Microfits, Mr Steven Tan was the managing director of Euro Technology Pte Ltd, a company he founded which focused on conceptualized design, research & development by applying the German technology engineering and instrumental the state of art technology for the front of lines machinery to support the semiconductor, electronics and the LED industry.

**Mr Tan Suan Poon**
*Vice President,*
*Sales & Services of Microfits*

Mr Tan joined the Group in 1997. Previously overseeing ASA's sales, marketing and manufacturing operations in China, he is now responsible for the business development and merger and acquisition activities for the ASTI Group. Mr Tan spent more than twelve years in the hard disk business managing the development and launch of new products and the establishment of new manufacturing plants both locally and overseas. Mr Tan holds a Bachelor of Science in Business Management with Honours from the University of Bradford, UK.

**Mr Sunny Tan**
*Chief Executive Officer, ASA Multiplate*

Mr Tan joined the Group in 2011 and is now the Chief Executive Officer of ASA Multiplate. He is responsible for the business development, sales, finance and operations of ASA Multplate. Prior to joining ASA Multiplate, Mr Tan was the business development manager and general manager of two other technology companies.

# Financial Highlights

| RESULT OF OPERATIONS | 2012 | 2013 | 2014 |
|---|---|---|---|
| | S$'000 | S$'000 (Restated) | S$'000 |
| **STATEMENT OF THE GROUP RESULTS** | | | |
| Turnover | 101,939 | 96,809 | 135,160 |
| EBITDA | (6,220) | (13,927) | 8,402 |
| (Loss)/profit before income tax | (12,899) | (20,800) | 538 |
| Income tax | 1,135 | (483) | (878) |
| Loss from continuing operations | (11,764) | (21,283) | (340) |
| Loss attributable to discontinued operations | (4,679) | (703) | - |
| Loss for the year | (16,443) | (21,986) | (340) |
| **Attributable to:** | | | |
| Owners of the Company | (9,953) | (15,189) | 2,857 |
| Non-controlling interests | (6,490) | (6,797) | (3,197) |
| | (16,443) | (21,986) | (340) |
| (Loss)/earnings per share (cents)# | (1.7) | (2.3) | 0.4 |
| **FINANCIAL POSITION OF THE GROUP** | | | |
| Intangible assets | 14,516 | 15,456 | 15,114 |
| Property, plant & equipment | 30,322 | 40,498 | 37,412 |
| Investment in associates | 3,299 | - | - |
| Investment securities, other receivables & deferred tax assets | 5,445 | 7,994 | 367 |
| Current assets | 203,705 | 93,546 | 121,100 |
| Non-current assets held for sale | - | - | 11,100 |
| Total Assets | 257,287 | 157,494 | 185,093 |
| Equity attributable to owners of the Company | 87,939 | 79,661 | 86,227 |
| Non-controlling interests | 23,969 | 29,138 | 31,001 |
| | 111,908 | 108,799 | 117,228 |
| Long term & deferred liabilities | 2,174 | 4,078 | 3,493 |
| Current liabilities | 143,205 | 44,617 | 64,372 |
| Total Equity and Liabilities | 257,287 | 157,494 | 185,093 |
| NAV per share (cents) | 13.4 | 12.2 | 13.2 |
| Weighted average number of shares in the year# | 596,592,761 | 654,731,486 | 654,731,486 |
| Number of shares (excluding treasury shares) as at end of year | 654,731,486 | 654,731,486 | 654,731,486 |
| **TURNOVER AND PROFITABILITY** | | | |
| Analysis by Activities | | | |
| **Turnover** | | | |
| Backend Equipment Solutions & Technologies | 98,626 | 95,788 | 132,973 |
| Distribution & Services | 3,313 | 1,021 | 2,187 |
| | 101,939 | 96,809 | 135,160 |
| **Group (loss)/profit before tax** | | | |
| Backend Equipment Solutions & Technologies | (6,119) | (11,596) | 3,697 |
| Distribution & Services | (6,780) | (9,204) | (3,159) |
| | (12,899) | (20,800) | 538 |

# The weighted average number of shares takes into account the effect of the rights issue in year 2012.

# Corporate Information

## BOARD OF DIRECTORS

**Executive:**

Dato' Michael Loh Soon Gnee
*Executive Chairman and Chief Executive Officer*

Timothy Lim Boon Liat
*Group Administrative Officer and Executive Director*

**Non-Executive:**

Fong Wai Leong
*Lead Independent Director*

Professor Dr Kriengsak Chareonwongsak
*Independent Director*

Peter Lai Hock Meng
*Independent Director*

Mandie Chong Man Sui
*Non-Independent Director*

## AUDIT COMMITTEE

Fong Wai Leong
*Chairman*

Professor Dr Kriengsak Chareonwongsak
Peter Lai Hock Meng

## NOMINATING COMMITTEE

Professor Dr Kriengsak Chareonwongsak
*Chairman*

Fong Wai Leong
Peter Lai Hock Meng

## REMUNERATION COMMITTEE

Peter Lai Hock Meng
*Chairman*

Fong Wai Leong
Professor Dr Kriengsak Chareonwongsak

## COMPANY SECRETARY

Dayne Ho Chung Wei

## EXECUTIVE OFFICERS

Mr Chee Kim Huei
*Vice President, Finance*

Ms Junny Foong
*Vice President, Admin/HR/IT*

Mr Lau Hoo Shoon
*Senior Vice President, STI*

Mr Han Chin Fong
*Vice President, STI*

Mr Vincent Lew
*Vice President, STI*

Mr Larry Lim
*President of Telford Group*

Mr Ong Yu Huat
*Senior Vice President, Telford Group*

Mr John Simpson
*Managing Director, Reel Service, Scotland*

Mr Robert Bagheri
*Chief Operating Officer, EoPlex Group*

Mr Manoj Nachnani
*Vice President, Engineering of EoPlex Group*

Mr Nad Karim
*Vice President, Worldwide Sales of EoPlex Group*

Mr Phil Rogren
*Vice President, Sales & Business Development of EoPlex Group*

Mr Roslan Bin Affandi
*Vice President, Operations of EoPlex Group*

Mr Loh Choon Piew
*Vice President and General Manager, Operations, ECMS of ASA*

Dato' Ben Loh Choon Khiang
*Vice President, Business Development, ECMS of ASA*

Mr Rurando Steven Tan
*Vice President, Engineering & Operations of Microfits*

Mr Tan Suan Poon
*Vice President, Sales & Services of Microfits*

Mr Sunny Tan
*Chief Executive Officer, ASA Multiplate*

## REGISTERED OFFICE

50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

## BUSINESS OFFICE

Blk 25, Kallang Avenue, #06-01,
Kallang Basin Industrial Estate,
Singapore 339416
Tel: (65) 6392 6922
Fax: (65) 6392 5522

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

## INDEPENDENT AUDITOR

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

**Audit Partner-in-charge:**

Tham Chee Soon
(since the financial year ended 31 December 2011)

## PRINCIPAL BANKERS

Hang Seng Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

# Corporate Social Responsibilities

Our commitment to do our part as responsible corporate citizens, our employees participated in many activities in Singapore and the Philippines.

**SINGAPORE**
In November 2014, employees from our subsidiaries in Singapore rolled up their sleeves and gathered together to distribute food and spend time with the less privileged in Singapore. The smiles and appreciation from the residents were extremely rewarding to all of us.

*"We are blessed to be able to care and share"*

**THE PHILIPPINES**
Our colleagues in the Philippines participated in sponsorships of elderly homes, medical missions and various community funding programs. To play our part in environmental protection, we coordinated with the Municipal Environment and Natural Resources Office, playing our part through tree planting, cleaning up and supporting "Earth Day".

The activities that we supported in the Philippines include:

- Tahan ni Maria - Home for Elders
- Medical Mission
- Dual Training System - Dualtech Training Center Foundation Inc.
- Run for a Cause and Trekathon
- Tree Planting and Clean-up Drive in Support of Earth Day

*Blood donation at the Philippine Red Cross (Cavite Chapter)*

*Trekathon at Mount Makiling*

# APPENDIX 1

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2014

## CORPORATE GOVERNANCE REPORT

# CORPORATE GOVERNANCE REPORT

**Year ended 31 December 2014**

The Board of Directors (the "**Board**") of ASTI Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") is committed to maintaining a high standard of corporate governance in complying with the Singapore Code of Corporate Governance 2012 ("**CCG**" or the "**Code**"). The Group has materially complied with all principles and guidelines set out in the Code. In areas where the Company deviates from the Code, the rationale is provided. The Board views the adherence of such corporate governance practices as key to discharging its duties to protect and enhance shareholder value and the financial performance of the Group.

This report describes the corporate governance practices of the Group that were in place throughout the financial year ended 31 December 2014 ("**FY2014**") with specific references to the principles and guidelines set out in the Code.

## BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

The Company has an effective board that is able to lead and control the Company. The Board is responsible for the success of the Company and is accountable to the shareholders while Management is accountable to the Board.

The Board endeavours to provide shareholders with balanced and understandable assessments of the Group's performance, financial position and prospects on a quarterly basis. This responsibility extends to the provision of interim and other price sensitive public reports including those to regulators (if and whenever required).

The principal functions of the Board are to:

- set values and standards (including ethical standards) of the Company and ensure that obligations to shareholders are understood;
- provide entrepreneurial leadership, approve the strategic and financial objectives of the Group, and ensures that the necessary financial and human resources are in place for the Group to meet its objectives.; oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls;
- review the performance of Management, approve the nominations to the Board of Directors and the appointments of key personnel, as may be recommended by the Nominating Committee (the "**NC**");
- identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;
- approve annual budgets, major funding proposals, investment and divestment proposals of the Company;
- appoint the Group Chief Executive Officer and review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee (the "**RC**");
- consider sustainability issues, e.g., environmental and social factors, as part of the strategic formulation; and
- assume responsibility for corporate governance framework of the Company.

The Board has delegated certain functions to various board committees, namely the Audit Committee (the "**AC**"), NC and RC. Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Group has adopted and documented internal guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines are listed below:

- Strategies and objectives of the Group;
- Announcement of quarterly and full year results and release of annual reports;
- Issuance of shares;
- Declaration of interim dividends and proposal of final dividends;

- Convening of shareholders' meetings;
- Investment and divestments;
- Commitments to terms loans and lines of credits from banks and financial institutions;
- Interested person transactions (including, inter alia, conflict of interest issues relating to substantial shareholders of ASTI and/or Directors);
- Approval of corporate strategies;
- Corporate or financial restructuring; and
- Authorisation or approval of merger and acquisition transactions.

Apart from the matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to management so as to optimise operational efficiency.

All Directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group.

Regular meetings of the Board and of the other committees are convened, and the number of meetings and attendance by the respective Members are set out in the table on page 4 of this report. The Company's Articles of Association allows for telephone, videoconference and other forms of electronic or instantaneous communication by members for such meetings if they cannot be personally present.

The Company will put all new Directors through an orientation programme to update them with all information necessary or desirable for the Director to understand its businesses and governance practices. Depending on the need, new Directors may be put through house sessions to acquaint them on Directors' duties and compliance with the relevant bodies of law in the performance of their duties. On an on-going basis, the Company will provide further information and updates on the Group and its business to the Board members, including any changes in legislation or regulations that may impact the Company's conduct of its business or affect the Directors in discharging their duties to the Company. Additional trainings will be arranged and funded, as and when necessary, for the Directors. The NC reviews and makes recommendations on the training and professional development programs to the Board. During the year, the Group engaged an external consultant to present and update the Board on the recent amendments to the SGX-ST Listing Rules and the revisions to the Code.

**Principle 2: Board Composition and Balance**

The Company has an effective Board that is able to lead, steer and control the Company. The Board presently comprises six (6) Directors, three (3) of whom are Independent Directors, one (1) is a non-executive Director and two (2) are Executive Directors. There is therefore a strong independent element on the Board whereby half of the Board comprises of Independent Directors.

The Board examines its size and composition of the Board and board committees on an annual basis. It takes great pride in the composition of its Board of Directors, who as a group, provides an appropriate balance and diversity of skills, experience and knowledge of the Group, as well as core competencies including that of accounting, finance, business development and management, relevant industry knowledge, strategic planning and customer-based experience and knowledge. The profiles of each of our Directors are set out on pages 6 and 7 of the annual report. The Board is therefore well placed to lead, providing entrepreneurial and strategic leadership, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.

The Independent Directors and non-executive Directors are encouraged to constructively challenge and help to develop business proposals tabled by Management. They also monitor and review the reporting of the performance of Management in meeting agreed goals and objectives of the Group. To facilitate a more effective check on Management, The Independent Directors meet regularly without the presence of management executives.

Taking into account the nature and scope of the Company's operations, and the requirements of its near-term business plans, the Board is of the view that its current size and composition are appropriate and believes that it provides sufficient diversity without affecting the effectiveness and efficiency of decision-makings.

Presently, Mr Fong Wai Leong has served as an Independent Director of the Company for more than nine years since his initial appointment in 2004. The Board has subjected his independence to a particularly rigorous review. Taking into account the views of the NC as disclosed in principle 4, the Board concurs that Mr Fong Wai Leong continued to demonstrate strong independence in discharging his responsibilities as a Director of the Company, notwithstanding he has served on the Board for more than nine years from the date of his appointment.

# CORPORATE GOVERNANCE REPORT

**Principle 3: Chairman and Group Chief Executive Officer** (“**Group CEO**”)

The Board applies the principle of clear division of responsibilities at the top of the Company. The workings of the Board and the executive responsibility of the Company’s business are separated to ensure a balance of power and authority. No one individual Director represents a considerable concentration of power.

In the interim, the Chairman has assumed additional responsibilities as the Group CEO until a suitable CEO is found. The Board is confident that given the Chairman’s vast experience and past contributions, he will be able to bring great value to the Group.

The Chairman provides input on broad strategic directions for the Company and bears responsibility for the workings of the Board ensuring its effectiveness in all aspects of its role.

The Chairman manages the business of the Board and the Board committees and ensures that procedures are introduced from time to time in accordance with the Code. He ensures that Board meetings are held as and when it is necessary and sets the Board meeting agenda in consultation with Management. The Chairman reviews the board papers before they are presented at Board meetings and ensures that Board members are provided with complete, adequate and timely information from Management including access to quality legal advisory. As a general rule, board papers are sent to Directors well in advance for Directors to review and be adequately prepared for the meeting. Management staffs who have prepared the information, or who can provide additional insight into the matters to be discussed, are invited to carry out presentations or attend the Board meeting as appropriate at the relevant time. In order to promote a culture of openness and debate at the Board, both Management and the Independent Directors are facilitated to contribute at the Board meetings.

In view that the Chairman and Group CEO is the same person, half of the Board comprises of Independent Directors. In addition, the Board has a Lead Independent Director, in accordance with recommendations under the Code, to provide a channel for shareholders to raise any issue of concern for which communication through the Chairman, or the Vice President, Finance may not be appropriate in some circumstances.

To facilitate a more efficient check on Management and the Chairman, the Independent Directors have been encouraged to meet without the presence of Management and the Chairman at separate occasions. The Lead Independent Director then provides feedback to the Chairman after such meetings.

**Principle 4: Board Membership**

The nature of the Directors’ appointments on the Board and details of their membership on the Board Committees are set out below:

**Board and Committee Membership**

| Directors | Board Membership | Committee Membership | | |
|---|---|---|---|---|
| | | Audit | Remuneration | Nominating |
| Dato’ Michael Loh Soon Gnee | Executive | N.A. | N.A. | N.A. |
| Timothy Lim Boon Liat | Executive | N.A. | N.A. | N.A. |
| Mandie Chong Man Sui | Non-executive | N.A. | N.A. | N.A. |
| Fong Wai Leong | Lead Independent | Chairman | Member | Member |
| Peter Lai Hock Meng | Independent | Member | Chairman | Member |
| Dr Kriengsak Chareonwongsak | Independent | Member | Member | Chairman |

The academic and professional qualifications of the Directors are set out in the Directors’ profile on pages 6 and 7 of the annual report. The shareholding of each Director is set out in the Directors’ Report under the Section “Directors of the Company” on page 1 in the Directors’ Report in Appendix 2 of this annual report.

**Attendance at Board and Committee Meetings**

The Board meets at least 4 times each year and as when warranted by particular circumstances, as deemed appropriate by the Board. The Company’s Articles of Association provide for teleconference and videoconference meetings. As a general rule, materials for Board meetings are sent to the Directors in advance in order for the Directors to be adequately prepared for the meetings.

The frequency of the meetings of the Board and its various Committees and the attendance by the Directors are set out as follows below:

| | Board Meeting | Audit Committee | Remuneration Committee | Nominating Committee |
|---|---|---|---|---|
| Number of Meetings | 4 | 4 | 1 | 1 |
| **Directors** | | | | |
| Dato' Michael Loh Soon Gnee | 4 | 4* | 1* | 1* |
| Mandie Chong Man Sui | 4 | 4* | 1* | 1* |
| Timothy Lim Boon Liat | 4 | 4* | 1* | 1* |
| Fong Wai Leong | 4 | 4 | 1 | 1 |
| Peter Lai Hock Meng | 4 | 4 | 1 | 1 |
| Dr Kriengsak Chareonwongsak | 4 | 4 | 1 | 1 |

*** By Invitation**

**Board Appointments**

The Nominating Committee (the "**NC**") makes recommendations to the Board on all Board appointments and re-appointments. All of the members of the NC, including the Chairman, are independent. The Lead Independent Director is a member of the NC. The NC Chairman is not a substantial shareholder nor is he directly associated[1] with any substantial shareholder of the Company.

The key terms of reference of the NC include the following:

- Review board succession plans for Directors, in particular, the Chairman and for the CEO;
- Development of a process for evaluation of the performance of the Board, its Board Committees and Directors;
- Review of training and professional development programs for the Board;
- Appointment and re-appointment of Directors;
- Evaluate and determine the independence of the Independent Directors; and
- Evaluate whether a Director, with multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

**Process for Selection and Appointment of New Directors**

When required, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidate. The NC assesses the suitability of the candidate base on this skills, knowledge and experience and to ensure he is aware of the expectations and the level of commitment required, before recommending the potential candidate to the Board for appointment as Director. The Company's Articles of Association provides that a newly appointed Director during the financial year must retire and submit himself for re-appointment at the following AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three years.

**Retirement and Re-election of Directors**

The NC is responsible for re-appointment of Directors. In its deliberations on the re-appointment of existing directors, the NC takes into consideration the Director's contribution and performance (including his or her contribution and performance as an independent director, if applicable).

The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of intervention and special contribution.

[1] A director will be considered 'directly associated' to a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. The Company's Articles of Association provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation and be subject to re-appointment at the Company's Annual General Meeting (the "**AGM**"). As part of the process for the selection, appointment and re-appointment of Directors, the NC will consider the composition and progressive renewal of the Board.

The dates of initial appointments and last re-election of the Directors are set out below:

| Directors | Designation | Date of Initial Appointment | Date of Last Re-election |
|---|---|---|---|
| Dato' Michael Loh Soon Gnee | Executive Chairman | 23 Oct 2003 | 29 Apr 2014 |
| Timothy Lim Boon Liat | Executive Director | 16 Jan 2004 | 26 Apr 2013 |
| Mandie Chong Man Sui | Non-executive Director | 16 Jan 2004 | 26 Apr 2013 |
| Fong Wai Leong | Lead Independent Director | 16 Jan 2004 | 26 Apr 2013 |
| Peter Lai Hock Meng | Independent Director | 1 February 2011 | 29 Apr 2014 |
| Dr Kriengsak Chareonwongsak | Independent Director | 12 August 2011 | 27 Apr 2012 |

Having considered the effectiveness and contributions of each of the Director, the NC nominates and recommends the following Directors to retire by rotation and to stand for re-election at the Company's forthcoming AGM:

| | |
|---|---|
| Timothy Lim Boon Liat | Executive Director |
| Dr Kriengsak Chareonwongsak | Independent Director |

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his performance or re-nomination as Director.

**Confirmation of Independence of Directors**

The NC is also responsible for determining the independence of Directors annually and as and when the circumstances require, bearing in mind the Guidelines set forth in the Code and any other salient factor which would render a director to be deemed not independent. A director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent. For the purpose of determining directors' independence, every director has provided declaration of their independence which is deliberated upon by the NC and the Board.

For good governance, the Board carries out rigorous review of the contribution and independence of Directors who has served on the Board beyond nine years from the date of their appointment and if necessary, may exercise its discretion to extend the tenures of these directors. Presently, Mr Fong Wai Leong has served as an Independent Director of the Company that has served for more than nine years since his initial appointment in 2004. The Board has subjected his independence to a particularly rigorous review.

Taking into account the views of the NC, the Board concurs that Mr Fong Wai Leong continued to demonstrate independence in discharging his responsibilities as a Director of the Company by objectively expressed his opinions and seek relevant explanations and clarifications on matters of the Group from management. Moreover, he has gain knowledge and understanding of the Group's business and operations and will enable him to provide valuable contributions to the Company. Based on the declaration of independence received from Mr Fong Wai Leong, he has no association with Management or any substantial shareholder that could affect his independence.

After taking into account all these factors, and the need for progressive refreshing of the Board, the Board is of the opinion that Mr Fong Wai Leong continues to be independent, notwithstanding he has served on the Board for more than nine years from the date of his appointment.

In its annual review for FY2014, the NC and the Board, having considered the guidelines set out in the Code, has confirmed the independence of the following Non-executive Directors:

| | |
|---|---|
| Fong Wai Leong | Lead Independent |
| Peter Lai Hock Meng | Independent |
| Dr Kriengsak Chareonwongsak | Independent |

**Directors' Time Commitment and Multiple Directorships**

Although some of the Directors have multiple Board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company.

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The guideline provides that, as a general rule, each Director should hold no more than ten listed company board representations. The guideline includes the following:

- Directors must consult the Chairman of the Board and the NC Chairperson prior to accepting any new appointments as directors and other principal commitments; and

- In support of their candidature for directorship or re-appointment, directors are to provide the NC with details of the board appointment and other principal commitments and an indication of the time involved.

The NC determines annually whether a director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. For FY2014, the directorships for each Director did not exceed the Company's guideline for maximum listed company board representations and that the Directors have discharged their duties adequately.

**Principle 5: Board Performance**

In accordance with the terms of reference of the NC as approved by the Board, the NC has adopted a system for assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

All the Directors have made an assessment of the effectiveness of the Board as a whole. There is also a system of peer assessment of each Director by their fellow Directors at least annually. These peer assessments are collated by the NC and are taken into account when the NC assesses and makes recommendation to the Board as to whether the retiring Directors are suitable for re-election/re-appointment in consultation with the Chairman. In making this assessment the NC also takes into account the level of participation and contribution of each Director towards the Board's effectiveness and competencies.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, and the peer assessment of each Director, is of the view that the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board has been satisfactory.

**Principle 6: Access to Information**

The Board oversees the management of the business affairs and operations of the Group and establishes from time to time, strategies and financial initiatives implemented by Management. Management has provided the Board with adequate information in a timely manner for the Board to discharge their obligations. Such information includes background or explanatory information relating to matters brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. The Board also duly monitors Management's performance.

To allow Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings.

To facilitate direct access to the senior management, Directors are also provided with the names and contact details of the management team.

The Chairman updates the Board during the quarterly Board meetings on Group's strategies and business environment to keep the members of the Board abreast of the Group businesses and activities.

The appointment of the Company Secretary and any change thereof is a matter for the Board's decision. The Directors have separate and independent access to the Company Secretary. Duties of the Company Secretary include ensuring that Board procedures are followed and compliance with applicable rules and regulations including the Companies Act (Cap 50) and the Singapore Exchange Listing Manual. The Company Secretary under the direction of the Chairman also ensures good information flows within the Board and its Committees and between senior management and non-executive. The Company Secretary is also invited to attend all Board meetings.

In carrying out their obligations as Directors of the Company, access to independent professional advice is, if necessary, available to all Directors, either individually or as a group, at the expense of the Company.

**REMUNERATION MATTERS**

**Principle 7: Procedures for Developing Remuneration Policies**

The Board has set up a Remuneration Committee ("the **RC**") comprising three members, all of whom, including the RC Chairman, are Independent Directors (see Board Membership at page 3 of this report). No Director is involved in deciding his own remuneration.

The RC's principal responsibilities are to:

- recommend to the Board base salary levels, benefits and incentive programs, and identify components of salary which can best be used to focus management staff on achieving corporate objectives;
- approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;
- review, on an annual basis, the specific compensation packages of the Company's Directors and the Group CEO; and
- administer the ASTI Share Option Scheme 2001 (ASOS) in accordance to its rules.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- Review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind.
- Review and recommend to the Board, the specific remuneration packages for each Director as well as for the key management personnel.
- Review the level and mix of remuneration and benefits policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Company and that of individual employees would be considered by the RC in undertaking such reviews.
- Implement and administer the Company's share options plan.
- Review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.
- Review the development of senior staff and assesses their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

The RC from time to time and where necessary seeks advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for directors and key management personnel. The RC will ensure that the consultant do not have any connection with the Group or any of its Directors which could affect their independence and objectivity.

There are appropriate and meaningful measures in place for the purpose of assessing the performances of Executive Directors and senior management staff.

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

In setting remuneration packages, the RC considers the level and mix of remuneration to attract, retain and motivate Executive Directors, and to align their interests with those of shareholders, linking rewards to corporate and individual performance and promote the long-term success of the Group.

In this regard, the RC:

- takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the group's relative performance and the performance of individual Directors;

- considers whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes);

- reviews the terms, conditions and remuneration of the Executive Directors, and ensures that his total remuneration package have a significant portion of performance-related elements.

The Independent Directors have no service contracts with the Company and their terms are specified in the Articles of Association. Non-executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The fee payment takes into account factors such as effort and time spent, and responsibilities undertaken and their contributions to the Board. The fees paid to the Company's Independent Directors are also benchmarked against Independent Directors' fees paid by companies in the same industry and with similar scale of operation. The RC is of the view that the Company's Independent Directors are not over-compensated to the extent that their independence may be compromised. Such fees are subject to the approval of the shareholders as a lump sum at the AGM.

The Executive Directors do not have fixed-term service contracts with the Company, and their service contracts do not contain onerous removal clauses. Notice periods in any service contracts are typically set at period of six months or less. There are incentive components in the remuneration package for the Group's Chairman and CEO. There are currently no incentive components in the service contracts with other Executive Director and key management personnel.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management executives except in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

The remuneration policy for staff adopted by the Company, where appropriate, comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is determined at the discretion of the Company, taking into consideration the performances of the Group businesses and respective employees.

The RC had established a suitable remuneration framework to incentivise, compensate and reward the key management and executives.

The employee share option scheme, administered by the RC, may when appropriate, form another element in the variable component of the pay packages of all employees. Subject to such adjustment as may be made pursuant to the employee share option scheme, the total number of shares in respect of which the Company may grant options shall at no time exceed fifteen per cent. (15%) of the total issued share capital of the Company for the time being. The amount of share options, which may be granted to each employee, depends on the grade of the employee, subject to the approval of the RC.

Typically, the subscription price payable upon the exercise of a share option shall be equal to the average of the last transacted prices of the shares for the three consecutive market days on which dealings in the shares took place on the SGX-ST immediately preceding the date of grant. The Company accounts for the fair value of share options for financial reporting purposes. The Company may also grant the share option at a discount to Directors or executives or staff of the Company who had made significant contributions based on performance and contributions, endorsed and approved by the RC.

There were no share options granted by the Company for the financial year ended 31 December 2014 as the previous employee share option scheme had expired in 22 May 2011. There is no participation of the share option scheme by the Company's controlling shareholders and their associates.

The RC and the Board have collectively endorsed the Company's remuneration policy.

**Principle 9: Disclosure on Remuneration**

**Remuneration of Directors for the Year Ended 31 December 2014**

| Directors | Remuneration (S$'000) | Fees* (%) | Fixed Salary (%) | Bonus & Management Incentive (%) | Share-Based Compensation (%) | Benefits & Allowance (%) | Total (%) |
|---|---|---|---|---|---|---|---|
| Dato' Michael Loh Soon Gnee | 3,331 | 4% | 70% | 22% | N.A. | 4% | 100% |
| Timothy Lim Boon Liat | 312 | 13% | 75% | N.A. | N.A. | 12% | 100% |
| Fong Wai Leong | 41 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Peter Lai Hock Meng | 40 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Dr Kriengsak Chareonwongsak | 40 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Mandie Chong Man Sui | 20 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |

* *The directors' fees refer to the proposed fees for FY2014 which are subject to shareholders' approval in the forthcoming AGM.*

Top 5 executives within each band of remuneration are as follows:

| Remuneration Board | 2014 |
|---|---|
| **Below S$250,000** | None |
| **Above S$250,000** | 5 |

There was no termination, retirement or post-employment benefits provided for in the employment contracts with the Directors, CEO or top five key management personnel.

The total remuneration paid to the top five key management personnel (who are not directors or CEO) was approximately S$1,511,000. The remunerations of each of the top five key executives of the Group are not disclosed to avoid possible poaching of the Group's executives.

There are no employees who are immediate family members of a Director or the Group CEO, and whose remuneration exceeds S$50,000 during the financial year ended 31 December 2014.

**Disclosure of Share Options of Directors under Employee Share Option Scheme for FY2014**

| Directors | Options Granted since start of Scheme till end of FY2014 | Options Granted in FY2014 | Options Outstanding as at 31 Dec 2014 |
|---|---|---|---|
| Dato' Michael Loh Soon Gnee | N.A. | N.A. | N.A. |
| Mandie Chong Man Sui | 200,000 | - | - |
| Fong Wai Leong | 200,000 | - | - |
| Timothy Lim Boon Liat | 300,000 | - | - |
| Peter Lai Hock Meng | - | - | - |
| Dr Kriengsak Chareonwongsak | - | - | - |

Shareholders' approval was previously obtained for the implementation of the employee share option scheme in 2001.

Directors' fees are also approved by shareholders at every AGM of the Company. The remuneration of the Executive Directors are reviewed by the RC and recommended to the Board for endorsement.

## ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability and Audit

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. Such responsibility extends to interim and other price sensitive public reports, and reports to regulators. Management provides members of the Board, monthly management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board also reviews legislation and regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements, including requirements under the Rules under the Rules of the Listing Manual, with the assistance of the Group's legal counsel.

### Principle 11: Risk Management and Internal Controls

The Board, with the assistance from the AC, is responsible for determining the level of risk tolerance of the Group and the governance of risk by ensuring that the Group has put in place adequate risk management and internal controls systems to manage its significant business risks, so as to safeguard shareholders' investments and the Company's assets.

A crucial function served by the AC is overseeing the Group's risk management framework and policies, as well as the regulation of risks undertaken or faced by the Group. The AC may examine whichever aspects it deems appropriate of the Group's financial affairs, audits and its exposure to risks of a regulatory or legal nature.

The AC keeps under review the efficacy of the Group's system of accounting and internal financial controls. Also kept under constant review is the Group's system of ensuring compliance with legal, operational and regulatory matters, including risk management, amongst others.

In relation to risk management function, the AC is guided by the following terms of reference which assist the Board to:

- Determine the Group's levels of risk tolerance and risk policies.
- Oversee Management in the formulation, update and maintenance of an adequate and effective risk management framework in addressing material risks including material financial, operational, compliance and information technology risks.
- Make the necessary recommendation to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems can be made by the Board in the annual report in accordance to the SGX-ST's Listing Manual and Code of Corporate Governance.
- Review the Group's risk profile regularly and the adequacy of any proposed action if necessary.
- Review any material breaches of risk appetite/tolerances/limits and the adequacy of any proposed action if necessary.

The Board has received assurance from the Executive Chairman (who is also the Group Chief Executive Officer) and the Vice President, Finance of the Company that:

- The financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2014 give a true and fair view of the Group's operations and finances; and
- The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and the review performed by Management and the AC, the Board, with the concurrence of the AC, is of the opinion that the Group's framework of internal controls, including financial, operational, compliance and information technology controls, and risk management systems, is adequate to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value. Nevertheless, the AC and the Board recognise 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 but not absolute assurance against material misstatement or loss.

**Risk Management and IPTs**

An assessment of the significant risks areas relevant to the Company's businesses and operations and compliance requirements have been carried out and are identified as follows:

***Reliance on the Semiconductor Industry***

The Group's products and services are employed in the production of semiconductors. A significant portion of the Company's revenues is directly or indirectly related to the capital expenditures of manufacturers in the semiconductor and electronic assembly industries. These industries may be subject to significant fluctuations as a consequence of general economic conditions and industry cycles. Capital expenditures for products such as the Group are directly affected as a result of these fluctuations. The Group operates in a cyclical industry and its fluctuations are likely to have an adverse effect on the Group's business, financial condition and results of operations.

***Technological Changes***

The market for the Group is characterised by rapidly changing technology. The Group's future success will depend upon its ability to develop and introduce new products on a timely and cost-effective basis to meet customers' requirements and address technological developments. Successful product developments and introduction include identification of new product requirements and opportunities, the retention and hiring of appropriate research and development personnel, the definition of a product's technical specifications, the successful completion of the development process and the successful marketing of a product.

***Foreign Exchange Risk***

The Group is exposed to various common financial risks arising in the normal course of business. A significant portion of the Group's revenue is denominated in the United States dollar. Operating expenses and wages are made mainly in local currency. Hence, exchange rate movements in the United States dollar and the Singapore dollar (the Company's reporting currency), amongst others, expose the Group to foreign currency risk. The Group mitigate its foreign exchange exposure risk by utilising its facilities from banks.

**Dealings in the Company's Securities**

The Company has devised and adopted an internal compliance code (the "**Internal Code**") to provide guidance to its officers with regard to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times. The Internal Code also adopts the best practices on dealings in securities as provided in Rule 1207(19) of the SGX-ST Listing Manual.

**Interested Person Transactions**

The risks associated with interested person transactions relates not only to compliance issues but also the prevention of transactions being carried out on terms that are less than favourable and not at arm's length.

There are no interested person transactions during the financial year.

The AC will continue to review and monitor any interested person transactions that may arise and ensures that the Company seeks appropriate approvals, makes appropriate announcements or disclosures on these transactions in accordance with Chapter 9 of the SGX-ST Listing Manual.

**Principle 12: Audit Committee**

The AC comprises three members, all of whom, including the AC Chairman are non-executive Independent Directors.

The members of the AC have experience in managerial positions across the accounting, banking, audit and finance industries (see Directors' profile on pages 6 and 7 of the annual report). The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC's functions.

During the year, the AC obtained updates from the Company's auditors on changes in accounting standards, corporate governance and other relevant regulations that might have a direct impact on the Group's financial statements.

The AC has the explicit power to conduct or authorise investigations into any matters within its terms of reference, has full access to and co-operation by Management. It has full discretion and prerogative to invite any Director or executive officer to attend its meetings. All resources that would enable the AC to discharge its duties effectively and expeditiously are made available to the AC.

The AC performs the following functions in accordance with the terms of reference which include the following:

- reviews with the external auditors, their scope and results of the external audit work, the audit plan, evaluation of the accounting controls, audit reports and any matters which the external auditors wish to discuss;
- reviews with the internal auditors at least annually, the adequacy of the internal audit procedures and their evaluation of the effectiveness of the overall internal control systems, including financial, operational, compliance and information technology controls and risk management;
- reviews the internal audit function to ensure that it is adequately resourced and has appropriate standing within the Group;
- reviews significant financial reporting issues and judgements to ensure the integrity of financial statements of the Group and that of any formal announcement made quarterly or annually relating to the Group's financial performance including announcements to shareholders and the SGX-ST prior to the submission to the Board;
- reviews any significant findings of internal investigations;
- makes recommendations to the Board on the appointment of external auditors, the audit fee, terms of engagement and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditor;
- reviews the assistance given by the Company's officers to the external and internal auditors;
- reviews and monitors interested person transactions, if any, arising and to ensure that the SGX-ST Listing Manual internal control procedures approved by shareholders are adhered to in relation to such transaction;
- reports actions and minutes of the AC meetings to the Board of Directors with such recommendations as the AC considers appropriate; and
- conducts an annual review of the independence and objectivity of the Company's external auditors, including the volume of non-audit services supplied by the external auditors, to satisfy itself that the nature and extent of such services have not prejudiced the independence and objectivity of the external auditors before confirming their re-nomination.

The AC held four (4) meetings during the year at the Company's principal place of business, attendance of which is detailed on page 4 of this report. The Chairman of the Board, Vice President, Finance, Group Administrative Officer, legal counsels, internal auditors and external auditors were invited to these meetings. Other members of senior management are also invited to attend as appropriate to present reports.

The AC met with the auditors two times in FY2014. Parts of the meetings were conducted without the presence of Management. Reports of the findings and recommendations by external auditors are done independently to ensure an effective environment of control and regulation within the Group.

The principal activities of the AC during FY2014 are summarised below:

*Financial reporting*

The AC met on a quarterly basis and reviewed the quarterly and full year results announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the external auditors.

The AC reviewed the full year financial statements and also discussed with management, Vice President, Finance and the external auditors the significant issues and adjustments resulting from the audit, and any significant deficiencies in internal controls over financial reporting matters that came to external auditor's attention during their audit together with their recommendations.

*External audit processes*

The AC manages the relationship with the Group's external auditors, on behalf of the Board. During FY2014, the AC carried out its annual assessment of the cost effectiveness of the audit process, together with the auditor's approach to audit quality and transparency. The AC concluded that the auditors demonstrated appropriate qualifications and expertise and that the audit process was effective. Therefore, the AC recommended to the Board that Ernst & Young LLP be re-appointed as the external auditor. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of Ernst & Young LLP.

Pursuant to the requirement in the SGX-ST Listing Manual, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current Ernst & Young LLP's audit partner for the Company took over from the previous audit partner for the financial year ended 31 December 2011. In appointing auditors for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

*Internal audit*

During the year, the AC has reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with management, the internal auditors and external auditors.

The AC considered and reviewed with management and the internal auditors on the following:

- Annual internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and
- Significant internal audit observations and management's response thereto.

The AC has reviewed the adequacy of the internal audit function and is satisfied that the Internal Auditors has adequate resources to carry out the internal audit function.

Each member of the AC abstains from voting on any resolution and making any recommendations and/or participating in any deliberations in respect of matters in which he is interested.

The Company's external auditors, Ernst and Young ("**E&Y**"), carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls focusing primarily on financial controls, to the extent set out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit, and the external auditors' recommendations to address such non-compliance and weaknesses, are reported to the AC. Management, with the assistance of the Internal Auditor, follows up on the auditor's recommendations as part of its role in the review of the Company's internal control systems. The Board is satisfied that the Company's internal controls are at present adequate.

The AC has reviewed the independence of E&Y taking into account the volume of non-audit services supplied by them and is satisfied that the provision of such services did not affect their objective position as independent external auditor. The fees related to the audit and non-audit services provided by E&Y are disclosed in the notes to the financial statements.

The Company has since September 2007 implemented a whistle blowing policy that is intended to provide well-defined and accessible channels through which any employee may raise any concerns they may have about improper conduct or malpractices within the Group. Any concerns may be raised, either anonymously or otherwise, directly to the Lead Independent Director and the identity of the person raising the concern is strictly protected to the extent practicable in law. The Lead Independent Director has direct oversight in the administering of the policy with the assistance of Group Administrative Officer. The AC has reviewed and satisfied with the adequacy of the whistle blowing policy.

**Principle 13: Internal Audit**

The internal audit function was outsourced to KPMG LLP ("the **Internal Auditor**") in FY2014. The Internal Auditor is independent of the activities it audits. The methodology adopted by the Internal Auditor is in conformity to the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditor is independent of the activities it audits.

The AC approves the engagement, termination, evaluation and fees of the Internal Auditors. The Internal Auditor, who reports directly on audit matters to the Chairman of the AC, have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The Internal Auditor assists the AC in monitoring and assessing the effectiveness of the Group's material internal controls. The Internal Auditor also assists Management in identifying operational and business risks and provides recommendations to address those risks.

The AC ensures that the internal audit function is adequately resourced and has the capabilities to adequately perform its functions. In this regard, the AC reviews on an annual basis the effectiveness of the Internal Auditor by examining the scope of the Internal Auditor's work, quality of its reports, reporting structure within the Group, qualifications and training, relationship with the external auditor, and its independence of the areas reviewed. The AC is of the view that Internal Auditor is adequately resourced and has appropriate standing within the Group.

**SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES**

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

The Company engages in regular, effective and fair communication with shareholders ensures that all the Company's shareholders are treated equitably and the rights of all shareholders are protected. The Company dialogues with investors, securities analysts, fund managers and the press as and when necessary.

On a regular and timely basis, the Company disseminate material information simultaneously through news and press releases *via* SGXNet and electronic mail to securities analysts, shareholders, and the media. The Company also posts these press releases on its public website, www.astigp.com, to ensure that all shareholders and the public gain fair and sufficient access to information, changes, updates and the archives of the Company or its businesses which would be likely to materially affect the price or value of the company's shares. The website also provides a channel for shareholders to raise any concerns or issues, if any.

Information is always communicated to shareholders on a timely and fair basis. Where inadvertent disclosure has been made to a select group, the Company has made the same disclosure publicly to all others as soon as practicable.

The Company invites the media, securities analysts, fund managers or shareholders to its general meetings, or briefings that follow major announcements and events, such as earnings releases and trade exhibitions.

Shareholders are informed of shareholders' meetings through timely and formal notices published in the newspapers. All relevant reports and/or circulars sent in advance to all shareholders so that they can familiarise themselves with the issues that will be raised at general meetings. Shareholders are also given opportunities to raise questions, and to communicate their views on issues which affect the Company, at general meetings and to vote in absentia. Every shareholder is entitled to appoint two proxies to attend the general meeting and vote in his stead.

Shareholders who hold shares through nominees can attend general meetings as proxies if they so desire; provided the member name is certified by the Depository (Nominee Company) to the Company as appearing on the Depository Register not earlier than 48 hours before the general meeting as a Depositor on whose behalf the Depository holds shares in the Company.

The Company's external auditor, chairpersons of the AC and the RC are present at AGMs to assist the Board of Directors and Management to address any questions shareholders may have regarding the Company's conduct of its businesses.

At general meetings, each substantially separate issue is dealt with in separate resolutions and avoids bundling of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

Whenever possible and appropriate, the Company fulfils requests from securities analysts, stockbrokers, dealers, fund managers and journalists for telephone and face-to-face interviews and meetings with Management.

Minutes of general meetings that include relevant and substantial comments from Shareholders relating to the agenda of the meetings and responses from the Board and Management are available upon request.

The Company allows all resolutions to be voted by poll and makes announcement of the detailed results, including number of votes cast for and against each resolution. The Board will adhere to the requirements of the SGX-ST Listing Manual where all resolutions are to be voted by poll for general meetings held on and after 1 August 2015.

# APPENDIX 2

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2014

## DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

# DIRECTORS' REPORT

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

## DIRECTORS

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

Dato' Michael Loh Soon Gnee
Fong Wai Leong
Timothy Lim Boon Liat
Mandie Chong Man Sui
Peter Lai Hock Meng
Dr Kriengsak Chareonwongsak

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## DIRECTORS' INTERESTS IN SHARES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below: -

| Name of Directors | At the beginning of the year | At the end of the year | At 21 January 2015 |
|---|---|---|---|
| **Ordinary shares of the Company** | | | |
| Dato' Michael Loh Soon Gnee | | | |
| - held in name of Director | 73,209,600 | 65,209,600 | 65,209,600 |
| - deemed interest | 57,000,000 | 65,000,000 | 65,000,000 |
| Mandie Chong Man Sui | | | |
| - held in name of Director | 136,000 | 136,000 | 136,000 |
| Timothy Lim Boon Liat | | | |
| - held in name of spouse | 99,000 | 99,000 | 99,000 |

Except as disclosed in this report, no contracts, not being those entered into in the ordinary course of business of the Company and its subsidiaries, have been entered into between the Company and its subsidiaries and the Directors or Controlling Shareholders (as defined in Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual to be a person with 15% or more voting shares in the Company) that are subsisting at the end of the financial year, or, if not then subsisting, entered into since the end of the previous financial year.

## DIRECTORS' CONTRACTUAL BENEFITS

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

# DIRECTORS' REPORT

**OPTIONS**

During the financial year, there were:-

(a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(b) no other shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

**AUDIT COMMITTEE**

The Audit Committee carries out its functions in accordance with section 201B (5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

**AUDITOR**

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

On behalf of the Board:

Dato' Michael Loh Soon Gnee
Director

Timothy Lim Boon Liat
Director

2 April 2015
Singapore

# DIRECTORS' STATEMENT

We, Dato' Michael Loh Soon Gnee and Timothy Lim Boon Liat, being two of the Directors of ASTI Holdings Limited, do hereby state that, in the opinion of the Directors: -

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

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

On behalf of the Board:

Dato' Michael Loh Soon Gnee
Director

Timothy Lim Boon Liat
Director

2 April 2015
Singapore

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

**To the members of ASTI Holdings Limited**

**Report on the financial statements**

We have audited the accompanying financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 5 to 71, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the consolidated statement of changes in equity, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's responsibility for the financial statements*

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

*Auditor's responsibility*

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

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

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

*Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

**Report on other legal and regulatory requirements**

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

2 April 2015

# BALANCE SHEETS
AS AT 31 DECEMBER 2014

| | Note | Group 2014 S$'000 | Group 2013 (Restated) S$'000 | Company 2014 S$'000 | Company 2013 S$'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | 4 | 15,114 | 15,456 | – | – |
| Property, plant and equipment | 5 | 37,412 | 40,498 | 73 | 112 |
| Investments in subsidiaries | 6 | – | – | 31,379 | 41,657 |
| Investment securities | 7 | 188 | 5,407 | – | 5,298 |
| Deferred tax assets | 23 | 179 | 273 | – | – |
| Other receivables | 13 | – | 2,314 | – | – |
| | | 52,893 | 63,948 | 31,452 | 47,067 |
| **Current assets** | | | | | |
| Inventories | 9 | 27,050 | 22,404 | – | – |
| Prepayments and advances | 10 | 1,374 | 878 | 101 | 37 |
| Amounts due from subsidiaries | 11 | – | – | 7,766 | 1,796 |
| Trade receivables | 12 | 33,162 | 25,690 | – | – |
| Other receivables | 13 | 6,819 | 6,478 | 305 | 1,921 |
| Cash and cash equivalents | 14 | 52,693 | 38,092 | 1,359 | 1,332 |
| Restricted cash | | 2 | 4 | – | – |
| | | 121,100 | 93,546 | 9,531 | 5,086 |
| Non-current assets held for sale | 16 | 11,100 | – | 8,885 | – |
| | | 132,200 | 93,546 | 18,416 | 5,086 |
| **Total assets** | | **185,093** | **157,494** | **49,868** | **52,153** |
| **Equity and liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Provision | 17 | 587 | 516 | – | – |
| Income tax payable | | 1,507 | 1,687 | 91 | 203 |
| Loans and borrowings | 18 | 27,823 | 15,142 | 5,000 | 5,000 |
| Trade payables and accruals | 19 | 30,508 | 22,250 | 1,528 | 1,650 |
| Other payables | 20 | 3,947 | 5,022 | 402 | 282 |
| Amounts due to subsidiaries | 21 | – | – | 1,514 | 26,695 |
| | | 64,372 | 44,617 | 8,535 | 33,830 |
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | 23 | 1,028 | 1,005 | – | – |
| Lease creditors | 22 | 511 | 1,083 | – | – |
| Long term payables | | 1,016 | 975 | – | – |
| Loans and borrowings | 18 | 938 | 1,015 | – | – |
| Amounts due to subsidiaries | 21 | – | – | 29,605 | – |
| | | 3,493 | 4,078 | 29,605 | – |
| **Total liabilities** | | 67,865 | 48,695 | 38,140 | 33,830 |
| **Net assets** | | **117,228** | **108,799** | **11,728** | **18,323** |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 30 | 132,617 | 132,617 | 132,617 | 132,617 |
| Treasury shares | 31 | (4,772) | (4,772) | (4,772) | (4,772) |
| Foreign currency translation reserve | 32 | (1,418) | (2,975) | – | – |
| Capital reserves | 33 | (8,056) | (6,619) | (2,960) | (2,960) |
| Fair value reserve | 34 | 3,608 | 19 | 3,587 | – |
| Accumulated losses | 44 | (35,752) | (38,609) | (116,744) | (106,562) |
| | | 86,227 | 79,661 | 11,728 | 18,323 |
| Non-controlling interests | | 31,001 | 29,138 | – | – |
| **Total equity** | | 117,228 | 108,799 | 11,728 | 18,323 |
| **Total equity and liabilities** | | **185,093** | **157,494** | **49,868** | **52,153** |

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | | Group | |
|---|---|---|---|
| | Note | 2014<br>S$'000 | 2013<br>(Restated)<br>S$'000 |
| **Continuing operations** | | | |
| **Revenue** | 24 | 135,160 | 96,809 |
| Cost of sales | | (88,624) | (65,905) |
| **Gross profit** | | 46,536 | 30,904 |
| **Other income** | 25 | 711 | 652 |
| **Other expense** | | | |
| Marketing and distribution | | (11,819) | (10,394) |
| Research and development | | (9,880) | (9,673) |
| Administrative expenses | | (23,930) | (25,472) |
| Other net operating costs | | 998 | 660 |
| Finance costs, net | 26 | (1,015) | (834) |
| Exceptional items | 27 | (1,063) | (6,736) |
| Share of results of associates, net of tax | | – | 93 |
| **Profit/(loss) before tax from continuing operations** | 28 | 538 | (20,800) |
| Income tax expense | 23 | (878) | (483) |
| **Loss from continuing operations, net of tax** | | (340) | (21,283) |
| **Discontinued operations** | | | |
| Loss from discontinued operations, net of tax | 15 | – | (703) |
| **Loss for the year** | | **(340)** | **(21,986)** |
| **Attributable to:** | | | |
| Owners of the Company | | | |
| Profit/(loss) from continuing operations, net of tax | | 2,857 | (14,779) |
| Loss from discontinued operations, net of tax | | – | (410) |
| **Profit/(loss) for the year attributable to owners of the Company** | | **2,857** | **(15,189)** |
| **Non-controlling interests** | | | |
| Loss from continuing operations, net of tax | | (3,197) | (6,504) |
| Loss from discontinued operations, net of tax | | – | (293) |
| **Loss for the year attributable to non-controlling interests** | | **(3,197)** | **(6,797)** |
| **Loss for the year** | | **(340)** | **(21,986)** |
| **Earnings/(loss) per share from continuing operations attributable to owners of the Company (cents per share)** | | | |
| Basic | 29 | 0.44 | (2.26) |
| Diluted | 29 | 0.44 | (2.26) |
| **Earnings/(loss) per share (cents per share)** | | | |
| Basic | 29 | 0.44 | (2.32) |
| Diluted | 29 | 0.44 | (2.32) |

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group 2014 S$'000 | Group 2013 (Restated) S$'000 |
|---|---|---|---|
| Loss for the year | | (340) | (21,986) |
| **Other comprehensive income: -** | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation | | 956 | 2,794 |
| Realisation of translation reserve on deregistration of subsidiaries | | 1,163 | – |
| Realisation of translation reserve on the re-measurement of investment in an associate | | – | 218 |
| Fair value changes on available-for-sale assets | | 3,592 | 39 |
| Other comprehensive income for the year, net of tax | | 5,711 | 3,051 |
| Total comprehensive income for the year | | 5,371 | (18,935) |
| Attributable to: - | | | |
| Owners of the Company | | 8,003 | (12,801) |
| Non-controlling interests | | (2,632) | (6,134) |
| Total comprehensive income for the year | | 5,371 | (18,935) |
| Attributable to: - | | | |
| Owners of the Company | | | |
| Total comprehensive income from continuing operations, net of tax | | 8,003 | (12,363) |
| Total comprehensive income from discontinued operations, net of tax | | – | (438) |
| Total comprehensive income for the year attributable to owners of the Company | | 8,003 | (12,801) |

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| 2014 Group | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Capital reserves | Fair value reserve | Foreign currency translation reserve | Reserve of disposal group classified as held for sale | Accumulated losses | Equity attributable to owners of the Company, Total | Non-controlling interests | Equity Total |
| | | (Non-distributable) | | | | | (Distributable) | | | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Opening balance at 1 Jan 2014 (**restated**) | 132,617 | (4,772) | (6,619) | 19 | (2,975) | – | (38,609) | **79,661** | 29,138 | **108,799** |
| **Loss for the year** | – | – | – | – | – | – | 2,857 | **2,857** | (3,197) | **(340)** |
| Other comprehensive income | | | | | | | | | | |
| Foreign currency translation adjustment | – | – | – | – | 394 | – | – | **394** | 562 | **956** |
| Realisation of foreign currency translation reserve on deregistration of subsidiaries | – | – | – | – | 1,163 | – | – | **1,163** | – | **1,163** |
| Fair value changes on available-for-sale assets | – | – | – | 3,589 | – | – | – | **3,589** | 3 | **3,592** |
| **Other comprehensive income for the year, net of tax** | – | – | – | 3,589 | 1,557 | – | – | **5,146** | 565 | **5,711** |
| **Total comprehensive income for the year** | – | – | – | 3,589 | 1,557 | – | 2,857 | **8,003** | (2,632) | **5,371** |
| *Changes in ownership interests in subsidiaries without a change in control* | | | | | | | | | | |
| Acquisition of additional interests in a subsidiary from non-controlling interests (Note 6(i)) | – | – | (332) | – | – | – | – | **(332)** | 332 | **–** |
| Share placements to non-controlling interests (Note 6(ii)) | – | – | (1,105) | – | – | – | – | **(1,105)** | 4,195 | **3,090** |
| **Total changes in ownership interests in subsidiaries** | – | – | (1,437) | – | – | – | – | **(1,437)** | 4,527 | **3,090** |
| *Others* | | | | | | | | | | |
| Deregistration of a subsidiary | – | – | – | – | – | – | – | **–** | (32) | **(32)** |
| **Total others** | – | – | – | – | – | – | – | **–** | (32) | **(32)** |
| **Closing balance at 31 Dec 2014** | 132,617 | (4,772) | (8,056) | 3,608 | (1,418) | – | (35,752) | **86,227** | 31,001 | **117,228** |

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| 2013 Group | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Capital reserves | Fair value reserve | Foreign currency translation reserve | Reserve of disposal group classified as held for sale | Accumulated losses | Equity attributable to owners of the Company, Total | Non-controlling interests | Equity Total |
| | | (Non-distributable) | | | | | (Distributable) | | | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Opening balance at 1 Jan 2013 | 132,617 | (4,772) | (6,893) | – | (5,867) | (3,726) | (23,420) | **87,939** | 23,969 | **111,908** |
| **Loss for the year (as previously reported)** | – | – | – | – | – | – | (15,188) | **(15,188)** | (6,795) | **(21,983)** |
| Effect of FRS 103 – Business combination | – | – | – | – | – | – | (1) | **(1)** | (2) | **(3)** |
| **Loss for the year (restated)** | – | – | – | – | – | – | (15,189) | **(15,189)** | (6,797) | **(21,986)** |
| Other comprehensive income | | | | | | | | | | |
| Foreign currency translation adjustment (**as previously reported**) | – | – | – | – | 2,312 | (28) | – | **2,284** | 557 | **2,841** |
| Effect of FRS 103 – Business combination | – | – | – | – | (24) | – | – | **(24)** | (23) | **(47)** |
| Foreign currency translation adjustment (**restated**) | – | – | – | – | 2,288 | (28) | – | **2,260** | 534 | **2,794** |
| Realisation of translation reserve on the re-measurement of investment in an associate | – | – | – | – | 109 | – | – | **109** | 109 | **218** |
| Fair value changes on available-for-sale assets | – | – | – | 19 | – | – | – | **19** | 20 | **39** |
| **Other comprehensive income for the year, net of tax (restated)** | – | – | – | 19 | 2,397 | (28) | – | **2,388** | 663 | **3,051** |
| **Total comprehensive income for the year (restated)** | – | – | – | 19 | 2,397 | (28) | (15,189) | **(12,801)** | (6,134) | **(18,935)** |
| *Changes in ownership interests in subsidiaries with a change in control* | | | | | | | | | | |
| Acquisition of a subsidiary **(as previously reported)** | – | – | – | – | – | – | – | **–** | 973 | **973** |
| Effect of FRS 103 – Business combination | – | – | – | – | – | – | – | **–** | 354 | **354** |
| Acquisition of a subsidiary **(restated)** (Note 6 (iv)) | – | – | – | – | – | – | – | **–** | 1,327 | **1,327** |
| Disposal of subsidiaries (Note 6 (iii)) | – | – | – | – | – | – | – | **–** | (690) | **(690)** |
| Realisation of reserves arising from disposal of subsidiaries | – | – | – | – | – | 3,288 | – | **3,288** | 2,811 | **6,099** |
| *Changes in ownership interests in subsidiaries without a change in control* | | | | | | | | | | |
| Share placements to non-controlling interests (Note 6(v), Note 6 (vii)) | – | – | (377) | – | 244 | 466 | – | **333** | 5,549 | **5,882** |
| Disposal of subsidiary's shares to non-controlling interests (Note 6 (viii)) | – | – | 64 | – | 140 | – | – | **204** | 2,994 | **3,198** |
| Disposal of subsidiary's shares to non-controlling interests (**as previously reported**) (Note 6 (vi)) | – | – | 588 | – | 111 | – | – | **699** | (699) | **–** |
| Effect of FRS 103 – Business combination | – | – | (2) | – | – | – | – | **(2)** | 2 | **–** |
| Disposal of subsidiary's shares to non-controlling interests **(restated)** | – | – | 586 | – | 111 | – | – | **697** | (697) | **–** |
| Exercise of warrants by a subsidiary | – | – | 1 | – | – | – | – | **1** | 9 | **10** |
| **Total changes in ownership interests in subsidiaries (restated)** | – | – | 274 | – | 495 | 3,754 | – | **4,523** | 11,303 | **15,826** |
| **Closing balance at 31 Dec 2013 (restated)** | 132,617 | (4,772) | (6,619) | 19 | (2,975) | – | (38,609) | **79,661** | 29,138 | **108,799** |

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Group | |
|---|---|---|
| | **2014** | **2013 (Restated)** |
| | S$'000 | S$'000 |
| **Operating activities** | | |
| Profit/(loss) before tax from continuing operations | 538 | (20,800) |
| Loss before tax from discontinued operations | – | (564) |
| Profit/(loss) before tax, total | 538 | (21,364) |
| Adjustments for: - | | |
| Depreciation of property, plant and equipment | 6,613 | 6,013 |
| Amortisation of intangible assets | 294 | 125 |
| Gain on disposal of property, plant and equipment | (44) | (767) |
| Loss on disposal of intangible asset | – | 8 |
| Impairment loss on intangible assets | 43 | 1,350 |
| Write back of impairment loss on intangible asset | – | (72) |
| Property, plant and equipment written off | 124 | 34 |
| Gain on disposal of investment security | (400) | – |
| Impairment loss on investment securities -unquoted | – | 600 |
| Impairment loss on investment securities -quoted | 332 | – |
| Realisation of translation reserves on deregistration of subsidiaries | 1,163 | – |
| Realisation of reserves on disposal of discontinued operations | – | 6,099 |
| Gain on disposal of subsidiaries | – | (1,356) |
| Net fair value loss on derivatives | 79 | 15 |
| Share of results of associate | – | (93) |
| Realisation of translation reserve on the re-measurement of previously-held interest in an associate | – | 218 |
| Loss on re-measurement of previously-held interest in an associate | – | 169 |
| Gain on deregistration of a subsidiary | (32) | – |
| Interest income | (103) | (154) |
| Interest expense | 911 | 1,291 |
| Effect of exchange (gain)/loss | (507) | 1,165 |
| Total adjustments | 8,473 | 14,645 |
| Operating cash flows before reinvestment in working capital | 9,011 | (6,719) |
| Changes in working capital | | |
| Receivables | (8,329) | 3,231 |
| Inventories | (5,545) | 3,728 |
| Payables | 7,160 | 1,976 |
| Provisions | 71 | (88) |
| Amounts due from/to related parties | – | 611 |
| Total changes in working capital | (6,643) | 9,458 |
| **Cash flow from operations** | 2,368 | 2,733 |
| Interest paid | (833) | (1,215) |
| Interest received | 103 | 154 |
| Income tax paid | (1,006) | (614) |
| Income tax refund | 111 | 260 |
| **Net cash generated from operating activities** | 743 | 1,318 |
| **Investing activities** | | |
| Proceeds from disposal of property, plant and equipment | 102 | 1,418 |
| Proceeds from disposal of intangible assets | – | 195 |
| Purchase of property, plant and equipment (Note (i)) | (4,371) | (3,992) |
| Proceeds from disposal of discontinued operations | 2,314 | – |
| Additions to intangible assets | – | (39) |
| Net cash outflow on disposal of subsidiary | – | (14,281) |
| Net cash outflow on business combination | – | (766) |
| **Net cash used in investing activities** | (1,955) | (17,465) |

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Group | |
|---|---|---|
| | 2014 | 2013 (Restated) |
| | S$'000 | S$'000 |
| **Financing activities** | | |
| Proceeds from share placement by subsidiaries and disposal of share in subsidiary | 3,100 | 5,190 |
| Share issuance expenses | (10) | – |
| Exercise of warrants by warrant holders of a subsidiary | – | 10 |
| Payment to finance lease creditors | (866) | (1,163) |
| Proceeds from bank borrowings | 12,835 | 4,141 |
| Repayments of bank borrowings | (272) | (6,794) |
| Expenses incurred for non-controlling interest's subscription of shares in a subsidiary | – | (115) |
| Decrease in restricted cash | 2 | – |
| **Net cash flows provided by financing activities** | 14,789 | 1,269 |
| Net increase/(decrease) in cash and cash equivalents | 13,577 | (14,878) |
| Cash and cash equivalents at 1 January | 37,977 | 51,562 |
| Effects of exchange rate changes on cash and cash equivalents | 1,026 | 1,293 |
| **Cash and cash equivalents at 31 December** | 52,580 | 37,977 |

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$'000 | S$'000 |
| Cash and bank balances (Note 14) | 52,693 | 38,092 |
| Bank overdrafts (Note 18) | (113) | (115) |
| | 52,580 | 37,977 |

**(i) Purchase of property, plant and equipment**

Property, plant and equipment were acquired by: -

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$'000 | S$'000 |
| Cash payments | 4,371 | 3,992 |
| Finance leases and others | 185 | 1,357 |
| | 4,556 | 5,349 |

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

## 1. CORPORATION INFORMATION

ASTI Holdings Limited (the Company) was incorporated in the Republic of Singapore on 27 March 1999 as a public company limited by shares. The Company is domiciled in the Republic of Singapore and was admitted to the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System (SGX-SESDAQ) on 8 July 1999. Effective 28 April 2005, the listing and quotation of the Company's shares was transferred to the official list of the SGX Mainboard.

The registered office of the Company is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The principal place of the Company's business is located at Block 25 Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416.

The principal activities of the Company are those of investment holdings and acting as corporate manager and advisor in connection with the administration and organisation of the businesses of its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 6.

There have been no significant changes in the nature of these activities during the financial year.

## 2. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of ASTI Holdings Limited for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 2 April 2015.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *3.1 Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars (SGD or S$) and all values in the tables are rounded to the nearest thousand (S$'000) as indicated, except when otherwise indicated.

### *3.2 Changes in accounting policies*

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

*Standards issued but not yet effective*

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

| *Description* | *Effective for annual periods beginning on or after* |
|---|---|
| Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions* | 1 July 2014 |
| Improvements to FRS (January 2014) | 1 July 2014 |
| (a) Amendments to FRS 102 *Share Based Payment* | |
| (b) Amendments to FRS 103 *Business Combinations* | 1 July 2014 |
| (c) Amendments to FRS 108 *Operating Segments* | 1 July 2014 |
| (d) Amendments to FRS 113 *Fair Value Measurement* | 1 July 2014 |
| (e) Amendments to FRS 16 *Property, Plant and Equipment and FRS 38 Intangible Assets* | 1 July 2014 |
| (f) Amendments to FRS 24 *Related Party Disclosures 1 July 2014* | 1 July 2014 |
| Improvements to FRSs (February 2014) | |
| (a) Amendments to FRS 103 *Business Combinations* | 1 July 2014 |
| (b) Amendments to FRS 113 *Fair Value Measurement* | 1 July 2014 |
| Amendments to FRS 27 *Equity Method in Separate Financial Statements* | 1 January 2016 |
| Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets* | 1 January 2016 |
| Amendments to FRS 110 *Consolidated Financial Statements* and FRS 112 *Disclosure of Interests in Other Entities* | 1 January 2016 |
| Amendments to FRS 1 *Disclosure Initiative* | 1 January 2016 |
| Improvements to FRSs (February 2014) | |
| (a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* | 1 January 2016 |
| (b) Amendments to FRS 107 *Financial Instruments: Disclosure* | 1 January 2016 |
| (c) Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions* | 1 January 2016 |
| FRS 115 *Revenue from Contracts with Customers* | 1 January 2017 |
| FRS 109 *Financial Instruments* | 1 January 2018 |

Except for FRS 109 and FRS 115, the Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS109 and FRS115 is described below.

FRS 109 *Financial Instruments*

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 is effective for financial periods beginning on or after 1 January 2017. FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles).

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 and FRS 109 will have an impact on the Group.

### 3.3 *Significant accounting estimates and judgments*

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### *3.3.1 Judgments made in applying accounting policies*

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

**(1) Investment in Advanced Systems Automation Limited and Dragon Group International Limited**

As at 31 December 2014, the Company has an equity interest of 37% and 45% in ASA and DGI respectively. Management has assessed the extent of control that the Company has on ASA and DGI and determined that it has control over both ASA and DGI notwithstanding its shareholdings are less than 50%. The Company remains the dominant shareholder based on historical voting records at ASA and DGI's general meetings and the Executive Chairman and Group Administrative Officer of the Company are also the Executive Chairman and Group Administrative Officer of ASA and DGI respectively, both of whom, are responsible for the vision, strategic direction and operational management of both ASA and DGI.

**(2) Revenue recognition**

Judgments are made by management in the recognition of revenue for new and upgraded models of equipment whose actual performance may not meet the expected performance specifications of the customers. The affected customers have the right to return these non-performing equipment. The Group has recognised revenue amounting to approximately S$5,511,000 (2013: S$ Nil) for sales of new and upgraded models of equipment. Based on past experiences, there have been minimal returns by customers after the sales transactions. In addition, management has reviewed these sales transactions and have deferred sales when returns are assessed to be probable.

**(3) Determination of functional currency**

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

**(4) Impairment of available-for-sale investments**

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 December 2014, the amount of impairment loss recognised for available-for-sale financial assets was S$332,000 (2013: S$600,000).

### *3.3.2 Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below.

**(1) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the entities to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the entities and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 December 2014 has been disclosed in Note 4 to the financial statements.

**(2) Useful lives of plant and machinery**

The cost of plant and machinery for the manufacturing activities is depreciated on a straight-line basis over the estimated economic useful lives of the plant and machinery. Management estimates the useful lives of these plant and machinery to be within 3 to 10 years. These are common life expectancies applied in the industry. The carrying amount of the Group's plant and machinery at 31 December 2014 has been disclosed in Note 5 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(3) Income taxes**

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide income tax payable. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables as stated in the financial statements as at 31 December 2014 was S$1,507,000 (2013: S$1,687,000). The carrying amounts of the deferred tax assets and liabilities have been disclosed in Note 23 to the financial statements.

**(4) Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant difficulties of the debtor and default or significant delay in payments. The carrying values of the Group's and Company's loans and receivables as at 31 December 2014 are disclosed in Note 42 to the financial statements.

**(5) Allowance for inventories**

The Group carried out inventory review on a product-by-product basis to determine the allowance for slow-moving inventories and whether inventories are stated at the lower of cost and net realisable value. For the purpose of determining whether inventories are stated at the lower of cost and net realisable value, management's estimates of the net realisable value of the inventories at the end of the reporting period are based primarily on the latest selling prices and the market conditions. The Group's allowances for inventories as at 31 December 2014 are disclosed in Note 9 to the financial statements.

### 3.4 *Basis of consolidation and business combinations*

(i) Basis of consolidation

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

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

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

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

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

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

(ii) Business combinations

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group’s previously held equity interest in the acquiree (if any), over the net fair value of the acquiree’s identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 3.8 (i). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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

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

### 3.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

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

### 3.6 *Foreign currency*

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

**(i) Transactions and balances**

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

**(ii) Consolidated financial statements**

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### 3.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price, the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment, and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and Company and the cost of the item can be measured reliably.

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

Freehold buildings are measured at cost less accumulated depreciation and impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is calculated on the straight-line method to write off the cost of the property, plant and equipment other than freehold land over their estimated useful lives as follows: -

| | |
|---|---|
| Freehold buildings | - 50 years |
| Leasehold properties | - 20 to 50 years or shorter of remaining leases terms and economic useful lives |
| Furniture and fittings | - 3 - 10 years |
| Plant and machinery | - 3 - 10 years |
| Office equipment | - 3 - 10 years |
| Motor vehicles | - 4 - 5 years |

Assets under construction in progress are not depreciated as these assets are not yet available for use.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Any revaluation surplus arising from re-measurement of carrying value of the property, plant and equipment at fair value is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

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

### 3.8 *Intangible assets*

Intangible assets include goodwill, project development expenditure, intellectual property, deferred expense, club memberships and customer relationship.

**(i) Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than the Group's operating segments.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.6 above.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

**(ii) Other intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred

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

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated economic 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 for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss through the 'depreciation and amortisation expenses' line item and in the expense category consistent with the function of the intangible asset.

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

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

Project development expenditure relating to raw materials, salaries and other fixed costs incurred in specific development projects are recognised as intangible assets when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

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

Customer relationship relate to long-running smooth cooperation for sustained support from customers and principals in addition to price consideration.

Club memberships with infinite useful lives are stated at cost less impairment losses. Club memberships with finite useful lives are amortised on a straight-line basis over 30 years.

Intangible assets are capitalised and will be amortised on the following basis: -

| | | |
|---|---|---|
| Development expenditure | - | 3 - 5 years in line with sales from the related project |
| Intellectual property | - | 5 - 10 years over its estimated useful economic lives |
| Customer relationship | - | 4 - 7.6 years over the expected economic useful lives |

### *3.9 Subsidiaries*

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

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

### *3.10 Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment.

Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### *3.11 Financial assets*

**(i) Initial recognition and measurement**

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

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

**(ii) Subsequent measurement**

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

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

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

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

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

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

**(2) Loans and receivables**

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

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

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

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

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques.

Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

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

**(iii) De-recognition**

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

**(iv) Regular way purchase or sale of a financial asset**

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

### *3.12 Impairment*

**Impairment of financial assets**

The Group assesses at each end of reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**1. Financial assets carried at amortised cost**

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

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

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

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

**2. Financial assets carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**3. Available-for-sale financial assets**

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

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

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

**4. Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

Impairment losses of continuing operations are recognised in profit or loss as 'impairment losses' in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal of an impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

### *3.13 Cash and cash equivalents*

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

### *3.14 Inventories*

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

- Costs of materials are determined on a first-in-first-out or weighted average basis according to the nature of the subsidiaries' operations.

- Costs for work-in-progress and finished products are determined on a specific identification basis and include direct materials, direct labour and attributable overheads.

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

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

### *3.15 Government grants*

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

Government grants which relate to purchase of property, plant and equipment and intangible assets are credited against the respective accounts and are amortised on a straight-line basis over the estimated useful life of the assets.

### *3.16 Provisions*

**(i) General**

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

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

**(ii) Warranty provisions**

Provision for warranty-related costs represents the best estimate of the Group's contractual obligations at the end of the reporting period. The provision is based on past experience and industry averages for defective products. The majority of the costs are expected to be incurred over the applicable warranty periods. Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

### *3.17 Financial liabilities*

**(i) Initial recognition and measurement**

Financial liabilities include trade payables, which are normally 30-90 days terms, other amounts of payables, payables to subsidiaries, bills payables, lease creditors and interest bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

**(ii) Subsequent measurement**

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

**(1) Financial liabilities at fair value through profit or loss**

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

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

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

**(2) Financial liabilities at amortised cost**

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

**(iii) De-recognition**

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

### *3.18 Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss if incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the differences charged to profit or loss.

### 3.19 *Borrowing costs*

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

### 3.20 *Employee benefits*

#### (i) Defined contribution plans

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

#### (ii) Employee leave entitlement

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

### 3.21 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

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

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

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

### 3.22 *Non-current assets held for sale and discontinued operations*

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

Non-current assets once classified as held for sale are not depreciated.

### *3.23 Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

**(i) Sale of goods**

Revenue from the sale of machineries, and manufactured products and distribution sales of components is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(ii) Provision of services**

Revenue from provision of manufacturing services is recognised upon the completion, delivery and acceptance of the services rendered. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible rejection by customer.

**(iii) Interest income**

Interest income is recognised using the effective interest method.

**(iv) Dividend income**

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

**(v) Royalty income**

Royalty income is recognised when the Group's right to receive royalty is established.

**(vi) Rental income**

Rental income is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

### *3.24 Taxes*

**(i) Current income tax**

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

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

**(ii) Deferred tax**

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

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and , associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

**(iii) Sales tax**

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

### *3.25 Segment reporting*

The Group manages its business based on the Group's nature of business which are independently managed by the respective segment managers responsible for the performance of the respective segments. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

### *3.26 Share capital and share issue expenses*

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

### *3.27 Treasury shares*

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

### *3.28 Trade and other receivables*

Trade and other receivables are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 3.11.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified.

The carrying amount of trade and other receivables impaired by credit losses is reduced through the use of an allowance for doubtful debts account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade and other receivables are ascertained to be uncollectible, they are written off against the allowance for doubtful debts account.

Significant financial difficulties of the debtor, debtors' dispute on satisfactory performance of our products and services, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

### *3.29 Amounts due from/to subsidiaries/related parties*

Amounts due from subsidiaries/related parties are recognised and carried at cost less an allowance for any uncollectible amounts. Amounts due to subsidiaries/related parties are recognised and carried at cost.

### *3.30 Derivative financial instruments*

The Group uses derivative financial instruments such as foreign exchange forward contracts to hedge its risks associated primarily with foreign currency fluctuations.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of foreign exchange forward contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Any gains or losses arising from changes in fair value on derivative financial instruments are recognised in profit or loss for the year.

### *3.31 Contingencies*

A contingent liability is:

(i) 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

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

(1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(2) 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 uncertain future events not wholly within the control of the Group.

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

### *3.32 Related parties*

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 venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the 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);

(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).

## 4. INTANGIBLE ASSETS

| Group | Development expenditure S$'000 | Intellectual property S$'000 | Goodwill S$'000 | Club memberships S$'000 | Customer relationships S$'000 | Total S$'000 |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| At 1 January 2013 | 8,963 | 898 | 13,348 | 550 | – | 23,759 |
| Arising from business combination **(restated)** | – | – | 2,050 | – | 459 | 2,509 |
| Increase during the year | – | – | – | 39 | – | 39 |
| Disposal | – | – | – | (203) | – | (203) |
| Written off | (230) | (70) | – | – | – | (300) |
| Currency realignment **(restated)** | – | 34 | (37) | 66 | – | 63 |
| At 31 December 2013 and 1 January 2014 **(restated)** | 8,733 | 862 | 15,361 | 452 | 459 | 25,867 |
| Currency realignment | – | 37 | (37) | 10 | – | 10 |
| At 31 December 2014 | 8,733 | 899 | 15,324 | 462 | 459 | 25,877 |
| | | | | | | |
| Accumulated amortisation and impairment | | | | | | |
| At 1 January 2013 | 8,963 | 151 | – | 129 | – | 9,243 |
| Charge for the year **(restated)** | – | 85 | – | 4 | 36 | 125 |
| Impairment of goodwill | – | – | 1,350 | – | – | 1,350 |
| Write back of impairment loss | – | – | – | (72) | – | (72) |
| Written off | (230) | (70) | – | – | – | (300) |
| Currency realignment | – | 7 | – | 58 | – | 65 |
| At 31 December 2013 and 1 January 2014 **(restated)** | 8,733 | 173 | 1,350 | 119 | 36 | 10,411 |
| Charge for the year | – | 86 | – | 4 | 204 | 294 |
| Impairment charge | – | – | – | 43 | – | 43 |
| Currency realignment | – | 11 | – | 4 | – | 15 |
| At 31 December 2014 | 8,733 | 270 | 1,350 | 170 | 240 | 10,763 |
| | | | | | | |
| Net book value | | | | | | |
| At 31 December 2014 | – | 629 | 13,974 | 292 | 219 | 15,114 |
| At 31 December 2013 **(restated)** | – | 689 | 14,011 | 333 | 423 | 15,456 |
| | | | | | | |
| Average remaining amortisation period At 31 December 2014 (years) | – | 7 | NA | NA | 3 | 7 |

NA: Not Applicable

***Amortisation expense***

The amortisation charges of development expenditure and intellectual property are included in "research and development" costs in profit or loss. The amortisation charges of customer relationships are included in "marketing and distribution" costs in profit or loss.

***Impairment testing of goodwill***

Given the cyclical nature of the semiconductor and electronics industry, the Group conducts periodic review of the growth trends, demand and supply forecast for the semiconductor and electronics industry and accordingly forecast and projection may require periodic revision to reflect the developments in the global semiconductor market.

Goodwill acquired through business combinations has been allocated to two CGUs, which are also the reportable operating segments, for impairment testing as follows:

- Back-end Equipment Solutions and Technologies ("BEST")
- Distribution and Services

The carrying amounts of goodwill allocated to each CGU are as follows:

| | **BEST Segment** | | **Distribution and Services Segment** | |
|---|---|---|---|---|
| | **2014** | **2013 (Restated)** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Goodwill | 13,974 | 14,011 | – | – |

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

| | **BEST Segment** | | **Distribution and Services Segment** | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| Growth rates beyond five-year period | 1.0% | 1.0% | NA | NA |
| Pre-tax discount rates | 15.0% | 11.0% | NA | NA |

<u>Key assumptions used in the value in use calculations</u>

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

*Budgeted revenues* – The revenues forecast for 2015 and the forecast period of 2016 to 2019 are based on annual revenue growth rate of 6% and 5% respectively.

*Budgeted gross margins* – Gross margins are based on reference to historical performances.

*Growth rates* –The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

*Pre-tax discount rates* –The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

<u>Sensitivity to changes in assumptions</u>

With regards to the assessment of value in use for the BEST CGU, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to material exceed its recoverable amount.

If budgeted revenue for 2015 declined by 5% instead of increased by 6%,the above cash flow projections would show a 14% decrease in the recoverable amount of the CGU, which would still be in excess of the carrying amount.

<u>Impairment loss recognised</u>

For the year ended 31 December 2013, an impairment loss of S$1,350,000 was recognised to write down the carrying amount of the goodwill attributed to the BEST segment as a subsidiary became dormant in 2013. The impairment loss had been included in the "exceptional items" line item of the consolidated income statement.

## 5. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land and buildings* S$'000 | Lease-hold properties S$'000 | Furniture and fittings S$'000 | Plant and machinery S$'000 | Office equipment S$'000 | Motor vehicles S$'000 | Construction in progress S$'000 | Total S$'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 January 2013 | 8,217 | 2,959 | 8,838 | 60,397 | 5,425 | 1,008 | 6,041 | 92,885 |
| Acquisition of subsidiary **(restated)** (Note 6) | – | 2,403 | 129 | 7,177 | 27 | 56 | – | 9,792 |
| Additions | 36 | – | 221 | 3,990 | 276 | 15 | 788 | 5,326 |
| Disposals | – | – | (29) | (1,325) | (36) | (275) | – | (1,665) |
| Transfer from inventories | – | – | – | 1,738 | – | – | – | 1,738 |
| Written off | – | – | (26) | (329) | (1,066) | – | – | (1,421) |
| Currency realignment | 216 | 208 | 229 | 2,560 | 139 | 31 | 421 | 3,804 |
| At 31 December 2013 and 1 January 2014 **(restated)** | 8,469 | 5,570 | 9,362 | 74,208 | 4,765 | 835 | 7,250 | 110,459 |
| Additions | – | – | 110 | 3,721 | 368 | 189 | 168 | 4,556 |
| Disposals | – | – | – | (451) | (126) | (106) | – | (683) |
| Transfer from inventories | – | – | – | 899 | – | – | – | 899 |
| Transfer to non-current assets held for sale | – | (2,376) | – | – | – | – | – | (2,376) |
| Written off | – | – | (543) | (607) | (716) | (66) | – | (1,932) |
| Currency realignment | 207 | 28 | 104 | 1,493 | 69 | 15 | 115 | 2,031 |
| At 31 December 2014 | 8,676 | 3,222 | 9,033 | 79,263 | 4,360 | 867 | 7,533 | 112,954 |
| **Accumulated depreciation and impairment loss** | | | | | | | | |
| At 1 January 2013 | 1,731 | 660 | 7,131 | 47,647 | 4,674 | 720 | – | 62,563 |
| Acquisition of subsidiary **(restated)** (Note 6) | – | 91 | 20 | 1,103 | 5 | 11 | – | 1,230 |
| Charge for the year **(restated)** | 276 | 157 | 534 | 4,352 | 482 | 110 | – | 5,911 |
| Disposals | – | – | (29) | (674) | (35) | (276) | – | (1,014) |
| Reclassification | – | – | 5 | – | (5) | – | – | – |
| Written off | – | – | (25) | (298) | (1,064) | – | – | (1,387) |
| Currency realignment | 63 | 52 | 211 | 2,181 | 131 | 20 | – | 2,658 |
| At 31 December 2013 and 1 January 2014 **(restated)** | 2,070 | 960 | 7,847 | 54,311 | 4,188 | 585 | – | 69,961 |
| Charge for the year | 280 | 209 | 530 | 5,181 | 308 | 105 | – | 6,613 |
| Disposals | – | – | – | (394) | (126) | (105) | – | (625) |
| Transfer to non-current assets held for sale | – | (161) | – | – | – | – | – | (161) |
| Written off | – | – | (509) | (556) | (701) | (42) | – | (1,808) |
| Currency realignment | 65 | 17 | 125 | 1,281 | 63 | 11 | – | 1,562 |
| At 31 December 2014 | 2,415 | 1,025 | 7,993 | 59,823 | 3,732 | 554 | – | 75,542 |
| **Net book value** | | | | | | | | |
| At 31 December 2014 | 6,261 | 2,197 | 1,040 | 19,440 | 628 | 313 | 7,533 | 37,412 |
| At 31 December 2013 **(restated)** | 6,399 | 4,610 | 1,515 | 19,897 | 577 | 250 | 7,250 | 40,498 |
| **Net book value of property, plant and equipment under finance leases (Note 22)** | | | | | | | | |
| At 31 December 2014 | – | – | – | 999 | – | 61 | – | 1,060 |
| At 31 December 2013 | – | – | – | 1,326 | 27 | 69 | – | 1,422 |
| **Net book value of property, plant and equipment pledged for bank loans**** | | | | | | | | |
| At 31 December 2014 | 1,237 | – | – | 1,507 | – | – | – | 2,744 |
| At 31 December 2013 | 1,280 | 2,303 | – | 1,840 | – | – | – | 5,423 |

* Included freehold land at cost of S$2,881,000 (2013: S$2,790,000).
** These are property, plant and equipment pledged as collateral for certain bank borrowings of the Group (Note 18).

Construction in progress

Construction-in-progress relates to the construction of a vessel in the People's Republic of China. The Group has performed an impairment assessment using cash flow projections based on the financial budgets covering a twenty-year period with 2034 being the terminal year. The construction of the vessel is targeted for completion in year 2017 and revenue generating activities will start thereafter. No impairment was required based on the impairment assessment performed.

Transfer to non-current assets held for sale

On 2 September 2014, a subsidiary of the Group, ASA Multiplate (M) Sdn. Bhd. ("ASA Multiplate") entered into a Sale and Purchase Agreement with Southern Charm Sdn Bhd to dispose of its leasehold land and building for a cash consideration of Malaysia Ringgit ("MYR") 6,000,000 (equivalent to approximately S$2,372,000). At 31 December 2014, ASA Multiplate is still in the process of finalising the disposal. In accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations, this leasehold land and building has been classified as part of "Non-current assets held for sale" in the balance sheet.

| | S$'000 |
|---|---|
| Cost of leasehold land and building | 2,376 |
| Less: Accumulated depreciation | (161) |
| Transferred to non-current assets held for sale (Note 16) | 2,215 |

| **Company** | **Office equipment** S$'000 |
|---|---|
| **Cost** | |
| At 1 January 2013 | 353 |
| Additions | 97 |
| Written off | (1) |
| At 31 December 2013 and at 1 January 2014 | 449 |
| Additions | 12 |
| Written off | (125) |
| At 31 December 2014 | 336 |
| **Accumulated depreciation** | |
| At 1 January 2013 | 289 |
| Charge for the year | 49 |
| Written off | (1) |
| At 31 December 2013 and at 1 January 2014 | 337 |
| Charge for the year | 51 |
| Written off | (125) |
| At 31 December 2014 | 263 |
| **Net book value** | |
| At 31 December 2014 | 73 |
| At 31 December 2013 | 112 |

## 6. INVESTMENTS IN SUBSIDIARIES

| | Company 2014 S$'000 | Company 2013 S$'000 |
|---|---|---|
| Quoted shares, at cost | 64,622 | 64,622 |
| Unquoted shares, at cost | 28,032 | 28,032 |
| Less: Dividend income declared from subsidiary's pre-acquisition reserves | (294) | (294) |
| Carrying amount before impairment loss | 92,360 | 92,360 |
| Allowance for impairment on quoted shares | (46,088) | (38,839) |
| Allowance for impairment on unquoted shares | (14,893) | (11,864) |
| Carrying amount after impairment loss | 31,379 | 41,657 |
| Allowance for impairment | | |
| At 1 January | 50,703 | 21,621 |
| Charge for the year | 10,278 | 29,082 |
| At 31 December | 60,981 | 50,703 |
| Carrying amount of quoted share at 31 December | 18,534 | 25,783 |
| Market value of quoted shares at 31 December | 12,137 | 22,723 |

Impairment testing of investment in subsidiaries

During the year, management had performed impairment assessment on certain subsidiaries which have been dormant or loss-making. Based on assessments of the subsidiaries' historical and current performances, the estimated values and probability of future cash flows, management made additional impairment charges of S$10,278,000 (2013:S$29,082,000).

***Subsidiaries***

The significant subsidiaries as at 31 December 2014 are: -

| | Name of company (Country of incorporation) | Principal activities | Proportion (%) of ownership interest 2014 % | Proportion (%) of ownership interest 2013 % |
|---|---|---|---|---|
| | ***Held by the Company*** | | | |
| * | Semiconductor Technologies & Instruments Pte Ltd (Singapore) | Research, design, development, manufacture and marketing of semiconductor equipment | 100 | 100 |
| * | Telford Industries Pte Ltd (Singapore) | Provision of semiconductor manufacturing services for surface mount technology components | 100 | 100 |
| ** | Telford SVC. Phils., Inc. (Philippines) | Provision of semiconductor manufacturing services for surface mount technology components | 100 | 100 |
| ** | Reel Service Limited (United Kingdom) | Investment holding, manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing | 100 | 100 |
| ** | Reel Service (Philippines), Inc. (Philippines) | Manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing services for surface mount technology components | 100 | 100 |
| # | Telford Technologies (Shanghai) Pte Ltd (People's Republic of China) | Provision of semiconductor manufacturing services for surface mount technology components | 100 | 100 |

| | Name of company (Country of incorporation) | Principal activities | Proportion (%) of ownership interest 2014 % | 2013 % |
|---|---|---|---|---|
| ** | Telford Property Management Inc. (Philippines) | Property investment | 100 | 100 |
| * | Dragon Group International Limited (Singapore) | Investment holding and acting as corporate manager and advisor to its subsidiaries | 45 | 45 |
| * | Advanced Systems Automation Limited (Singapore) | Investment holding | 37 | 55 |
| # | EoPlex Limited (Hong Kong) | Development of advanced chip packaging and related technologies | 85 | 85 |
| | ***Held by EoPlex Limited*** | | | |
| ## | EoPlex Inc (United State of America) | Development of advanced chip packaging and related technologies | 100 | 100 |
| | ***Held by Telford Industries Pte Ltd*** | | | |
| ** | Telford Service Sdn. Bhd. (Malaysia) | Provision of semiconductor manufacturing services for surface mount technology components | 100 | 100 |
| ** | TQS Manufacturing Sdn. Bhd. (Malaysia) | Provision of semiconductor manufacturing services for surface mount technology components | 100 | 100 |
| | ***Held by Dragon Group International Limited*** | | | |
| * | Sooner Technology Pte Ltd (Singapore) | Trading in electronic components, computer peripherals and acting as commission agent | 100 | 100 |
| # | Dragon Equipment & Materials Technology Ltd (Hong Kong ) | Sale, distribution and acting as commission agent in equipment, materials and electronic components | 100 | 100 |
| # | DTB Limited (Hong Kong) | Investment holding | 100 | 100 |
| | ***Held by DTB Limited*** | | | |
| # | Nanjing DTB Development Co., Ltd (People's Republic of China) | Construction of antique wooden sea boat, communication of culture, exhibition and conference etc. | 60 | 60 |
| | ***Held by Advanced Systems Automation Limited*** | | | |
| * | Microfits Pte Ltd (Singapore) | Design and manufacture of automatic moulding machines and other back-ended assembly equipment for the semiconductor industry | 100 | 100 |
| ** | Microfits (Beijing) Technology Co., Ltd (People's Republic of China) | Manufacturing of precision tools, dies and mould | 100 | 100 |
| # | Dragon Microfits Sdn. Bhd. (Malaysia) | Design of precision tools, dies and mould | 100 | 100 |
| ** | Emerald Precision Engineering Sdn. Bhd. (Malaysia) | Fabrication of tooling, dies and related moulding of spare parts and other related businesses | 100 | 100 |
| # | ASA Multiplate (M) Sdn. Bhd. (Malaysia) | Provision of thermal coating, surface finishing of electronics products and specialised electroplating of semiconductor products services | 90 | 55 |

The above list excludes subsidiaries that are insignificant to the operations of the Group.

| | |
|---|---|
| * | Audited by Ernst & Young LLP, Singapore |
| ** | Audited by a member firm of Ernst & Young Global |
| # | Audited by other certified chartered accountants |
| ## | Not required to be audited in country of incorporation |

Subsidiaries that are audited by other chartered accountants: -

| ***Company*** | ***Auditors*** |
|---|---|
| Telford Technologies (Shanghai) Pte Ltd | Shanghai Gong Xin Zhong Nan Certified Public Accountants, People's Republic of China |
| Dragon Equipment & Materials Technology Ltd | Y. K Leung & Co., Hong Kong |
| DTB Limited | Y. K Leung & Co., Hong Kong |
| Nanjing DTB Development Co. Ltd | Jiangsu Yonghe Public Accountant Co. Ltd |
| Dragon Microfits Sdn. Bhd. | KCK Associates, Malaysia |
| ASA Multiplate (M) Sdn. Bhd. | CHI-LLTC, Malaysia |
| EoPlex Limited | Brilliance CPA Limited, Hong Kong |

**Interest in subsidiaries with material non-controlling interests ("NCI")**

The Group has the following subsidiaries that have NCI that are material to the Group:

1. Dragon Group International Limited ("DGI") and its subsidiaries ("DGI Group")
2. Advanced Systems Automation Limited ("ASA") and its subsidiaries ("ASA Group")
3 EoPlex Limited and its subsidiaries ("EoPlex Group")

| **Name of subsidiary** | **Principal place of business** | **Proportion of ownership interest held by NCI** | **Loss allocated to NCI during the reporting period** S$'000 | **Accumulated NCI at end of reporting period** S$'000 |
|---|---|---|---|---|
| **31 December 2014:** | | | | |
| DGI Group | Singapore | 55% | 1,815 | 20,533 |
| ASA Group | Singapore | 63% | 640 | 12,860 |
| EoPlex Group | Hong Kong | 15% | 742 | (2,292) |
| **31 December 2013:** | | | | |
| DGI Group | Singapore | 55% | 4,748 | 21,681 |
| ASA Group | Singapore | 45% | 1,229 | 8,998 |
| EoPlex Group | Hong Kong | 15% | 754 | (1,450) |

There were no dividends paid to the above NCI during the years ended 31 December 2014 and 31 December 2013.

**Significant restrictions:**

There were no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests except that these subsidiaries are required to seek the approval of the NCI should the Group needs to deploy the assets from these subsidiaries to the Company or its other subsidiaries.

**Summarised financial information about subsidiaries with material NCI**

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

**Summarised balance sheets**

| | DGI Group | | ASA Group | | EoPlex Group | |
|---|---|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Current** | | | | | | |
| Assets | 25,080 | 27,497 | 20,696 | 18,606 | 2,055 | 2,703 |
| Liabilities | 1,538 | 1,808 | 15,544 | 15,593 | 18,386 | 13,831 |
| **Net current assets/(liabilities)** | 23,542 | 25,689 | 5,152 | 3,013 | (16,331) | (11,128) |
| **Non-current** | | | | | | |
| Assets | 10,225 | 10,057 | 27,062 | 27,939 | 1,159 | 1,530 |
| Liabilities | – | – | 2,016 | 2,516 | 1,016 | 974 |
| **Net non-current assets/(liabilities)** | 10,225 | 10,057 | 25,046 | 25,423 | 143 | 556 |
| **Net assets/(liabilities)** | 33,767 | 35,746 | 30,198 | 28,436 | (16,188) | (10,572) |

**Summarised income statement**

| | DGI Group | | ASA Group | | EoPlex Group | |
|---|---|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Revenue | 2,187 | 1,020 | 34,826 | 21,354 | 4 | 4 |
| Loss before income tax from continuing operations | (3,158) | (9,208) | (922) | (2,468) | (4,948) | (5,027) |
| Income tax expense | (4) | (29) | (361) | (63) | – | – |
| Loss from continuing operations | (3,162) | (9,237) | (1,283) | (2,531) | (4,948) | (5,027) |
| Loss from discontinued operations | – | (703) | – | – | – | – |
| Loss for the year | (3,162) | (9,940) | (1,283) | (2,531) | (4,948) | (5,027) |

**Summarised statement of other comprehensive income**

| | DGI Group | | ASA Group | | EoPlex Group | |
|---|---|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Loss for the year | (3,162) | (9,940) | (1,283) | (2,531) | (4,948) | (5,027) |
| Other comprehensive income | 1,215 | 1,743 | (44) | 990 | (667) | (262) |
| Total comprehensive income for the year | (1,947) | (8,197) | (1,327) | (1,541) | (5,615) | (5,289) |

**Other summarised information**

| | DGI Group | | ASA Group | | EoPlex Group | |
|---|---|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Net cash flows (used in)/generated from operations | (5,000) | 4,154 | (1,925) | (3,150) | (24) | 532 |
| Acquisition of significant property, plant and equipment | (179) | (805) | (1,713) | (866) | (34) | (395) |

***Business combinations carried out and changes in equity interest in subsidiaries in 2014***

**(i) Acquisition of additional interest by ASA**

On 28 January 2014, the Company's subsidiary, ASA, announced that it had entered into two Sale and Purchase Agreements to purchase an additional 35% equity interest in its subsidiary, ASA Multiplate (M) Sdn. Bhd. ("ASA Multiplate") which increased ASA's equity interest in ASA Multiplate to 90%. The aggregate consideration for the acquisition was MYR5,950,000 (the "Consideration") and approximately 189,408,333 new ordinary shares of ASA were issued as satisfaction of the Consideration.

The acquisition was completed on 27 March 2014. Arising from the issuance of 189,408,333 ASA's shares, the Group's equity interest in ASA was diluted from 54.96% to 49.62%.

ASA remained a subsidiary of the Company as the Directors are of the opinion that the Company continues to have de facto control over ASA. As such, the issuance of ordinary shares did not result in a loss of control and the loss on dilution of S$332,000 has been taken to "capital reserves" within equity.

**(ii) Dilution in equity interest in Advanced Systems Automation Limited arising from share placement**

On 2 December 2014, ASA entered into four placement agreements with four vendors for the allotment and issuance of an aggregate of 688,888,886 new ordinary shares in the issued and paid-up capital of ASA at S$0.0045 per share for cash. The aggregate gross proceeds from the share placement amounted to S$3,100,000. Expenses incurred for the share placement exercise amounted to approximately S$10,000. The share placement was completed on 18 December 2014. As a result of the share placement, the Group's equity interest in the issued and paid-up capital of ASA decreased from 49.62% to 36.66%. ASA remains a subsidiary of the Company as the Directors are of the opinion that the Company continues to have de facto control over ASA. As such, the placement of ordinary shares did not result in a loss of control and the loss on dilution of S$1,105,000 has been taken to "capital reserves" within equity.

***Business combinations carried out and changes in equity interest in subsidiaries in 2013***

**(iii) Disposal of Dragon Technology Distribution Pte. Ltd.**

On 3 May 2013, the Company's subsidiary, Dragon Group International Limited ("DGI") completed the disposal of its entire shareholding interest in its wholly-owned subsidiary, Dragon Technology Distribution Pte. Ltd. ("DTD") at the consideration of US dollars ("US$") 18,419,000 (approximately S$22,745,000). Proceeds received in 2014 and 2013 amounted to US$16,577,000 (approximately S$20,308,000) with US$1,842,000 (approximately S$2,437,000) receivable in future periods. Further information on the disposal group held for sale is disclosed in Note 15 to the financial statements.

The value of assets and liabilities of DTD Group recorded in the consolidated financial statements as at 3 May 2013, and the cash flow effects of the disposal were:

| | **2013**<br>S$'000 |
|---|---|
| **Assets** | |
| Property, plant and equipment | 589 |
| Deferred tax assets | 295 |
| Debtors | 61,369 |
| Tax recoverable | 20 |
| Prepayment | 434 |
| Stocks | 26,453 |
| Pledged deposits | 1,736 |
| Cash and bank balances | 32,480 |
| **Liabilities** | |
| Creditors and accruals | (43,939) |
| Loans and borrowings | (56,966) |
| Provision for taxation | (311) |
| Deferred tax liabilities | (81) |
| **Net assets disposed** | 22,079 |
| Less : Net assets disposed attributable to non-controlling interest of DTD Group | (690) |
| **Carrying value of net assets disposed** | 21,389 |
| Gain on disposal | 1,356 |
| Total consideration | 22,745 |
| Portion of the proceeds to be received in subsequent periods | (4,546) |
| Cash proceeds received in 2013 | 18,199 |
| Cash and cash equivalents of the subsidiary | (32,480) |
| Net cash outflow on disposal of subsidiary in 2013 | (14,281) |

**(iv) Acquisition of non-controlling interests by ASA**

On 9 September 2013, a subsidiary of the Company, ASA acquired an additional 10% equity interest in its associate, ASA Multiplate (M) Sdn. Bhd. ("ASA Multiplate") from its non-controlling interests for a cash consideration of MYR1,710,000 (or approximately S$667,000). As a result of this acquisition, ASA's interest in ASA Multiplate increased from 45% to 55%. ASA Multiplate ceased to be an associate of ASA and became a subsidiary of ASA. The acquisition of ASA Multiplate was reported based on provisional amounts in the Group's financial statements for the year ended 31 December 2013.

The allocation of the purchase price on the acquisition of ASA Multiplate in the financial year ended 31 December 2013 was provisional as the Group had sought an independent valuer to determine the fair values of the identifiable assets and liabilities of ASA Multiplate at the acquisition date. The results of this valuation had not been received at the date 2013 financial statements were authorised for issue. The allocation of purchase price to the identifiable assets and liabilities was completed in the current financial year. The Group made certain restatements in connection with the acquisition of ASA Multiplate as follows.

| | **2013 Provisional fair values at date of acquisition** S$'000 | **Fair value adjustments** S$'000 | **2013 Fair values recognised on date of acquisition** S$'000 |
|---|---|---|---|
| Property, plant and equipment | 7,961 | 601 | 8,562 |
| Customer relationships | – | 459 | 459 |
| Inventories | 1,122 | (6) | 1,116 |
| Trade receivables, net | 1,005 | – | 1,005 |
| Prepayments and advances | 40 | – | 40 |
| Other receivables, net | 121 | – | 121 |
| Cash and cash equivalents | 3 | – | 3 |
| Trade payables and accruals | (583) | – | (583) |
| Other payables | (3,038) | – | (3,038) |
| Income tax payable | (181) | – | (181) |
| Amount due to holding company | (1,107) | – | (1,107) |
| Loans and borrowings | (2,609) | – | (2,609) |
| Bank overdrafts | (102) | – | (102) |
| Deferred tax liability | (470) | (266) | (736) |
| Net identifiable assets | 2,162 | 788 | 2,950 |
| Less: non-controlling interests | (973) | (355) | (1,328) |
| | 1,189 | 433 | 1,622 |
| Goodwill arising from business combination (Note 4) | 2,483 | (433) | 2,050 |
| Consideration paid for business combination | 3,672 | – | 3,672 |

Arising from the finalisation of the purchase price allocation exercise, the impact to the Group's profit and loss is as follows:

- decrease of S$26,000 in cost of sales;
- increase of $36,000 in selling and marketing expenses;
- decrease of S$2,000 in administrative costs; and
- decrease of S$5,000 in taxation.

| | **2013** S$'000 |
|---|---|
| Consideration represented by: | |
| - Cost of investment in associate | 3,392 |
| - Realisation of translation reserve on the re-measurement of previously-held interest in an associate | (218) |
| - Loss on re-measurement of previously – held - interest in an associate | (169) |
| - Fair value of investment in associate | 3,005 |
| - Cash consideration paid in 2013 | 667 |
| | 3,672 |

Effect of the acquisition of ASA Multiplate on cash flows:

| | **2013** S$'000 |
|---|---|
| Total consideration for equity interest acquired | 3,672 |
| Less: non-cash consideration | |
| - Fair value of investment in associate | (3,005) |
| Consideration settled in cash | 667 |
| Add: cash and cash equivalents of subsidiary acquired * | 99 |
| Net cash outflow on acquisition | 766 |

* The cash and cash equivalents of subsidiary acquired consists of the following:

| | **2013** S$'000 |
|---|---|
| Cash and bank balances | 3 |
| Bank overdrafts | (102) |
| Total cash and cash equivalents | (99) |

Loss on re-measuring previously held equity interest in ASA Multiplate to fair value at acquisition date

The Group recognised a loss of $169,000 in 2013 as a result of re-measuring at fair value its 45% equity interest in ASA Multiplate held before the business combination. The fair value was based on the price per share on acquisition of the additional 10% as discussed above. The loss was included in the "General and administrative costs" line item in the Group's consolidated income statement for the year ended 31 December 2013.

Goodwill arising from acquisition

The goodwill, subsequent to the finalisation of the purchase price allocation exercise of $2,050,000 comprises the value of strengthening the Group's core competency in its ECMS business as the principal activities of ASA Multiplate were complementary to the Group's ECMS business. It also includes the orders or production backlogs, database and trade secrets, which has not been recognised separately. Goodwill is allocated entirely to the ECMS segment. Management had determined that orders or production backlogs were short-term and the resulting values would not be considered material and therefore was not considered as an identifiable intangible asset in the acquisition. Database was considered to be subsumed within the customer relationships and therefore not considered to be a separately identifiable intangible asset from the customer relationships. There were no specific trade secrets and hence trade secrets did not meet the criteria for recognition as an intangible asset under FRS38. None of the goodwill recognised is expected to be deductible for income tax purposes.

Customer relationships arising from acquisition

Arising from the finalisation of the purchase price allocation exercise in 2014, customer relationships had been identified as an intangible asset arising from the acquisition. The Group engaged an independent valuer to determine the fair value of the customer relationships. In 2014, the fair value of the customer relationships amounted to $459,000 had been determined based on an independent valuation.

Goodwill arising from this acquisition, the carrying amount of the customer relationships, deferred tax liability and amortisation of the customer relationships have been adjusted accordingly on a retrospective basis on finalisation of the valuation in 2014.

Impact on the acquisition on profit or loss

From the date of business combination, a net loss of S$8,000 attributable to the ASA Multiplate had been accounted for in the net loss of the Group for financial year 2013. If the combination had taken place at 1 January 2013, the revenue for the Group for the year ended 31 December 2013 would have been S$99,384,000 and there would be no material differences to the net loss of the Group for the year ended 31 December 2013.

**(v) Dilution in equity interest in Advanced Systems Automation Limited arising from share placement**

On 1 March 2013, the Company's subsidiary, Advanced Systems Automation Limited ("ASA") entered into three placement agreements with three vendors for allotment and issuance of an aggregate of 100,000,000 new ordinary shares in the issued and paid-up capital of ASA at S$0.0189 per share for cash ("ASA Share Placement"). The aggregate gross proceed from the placement amounted to S$1.89 million. Expenses incurred for the placement exercise amounted to approximately S$10,000. The placement was completed on 25 March 2013. As a result of the ASA Share Placement, the Group's equity interest in the issued and paid-up capital of ASA decreased from 53.54% to 50.17%. The placement of ordinary shares did not result in a loss of control and the gain on disposal of S$387,000 had been taken to "capital reserves" within equity.

**(vi) Group restructuring**

As part of the Group's restructuring plan to consolidate its resources in its precision engineering activities under the Equipment Contract Manufacturing Services operations of the ASA Group, the Company entered into a share purchase agreement with ASA for the proposed disposal of its entire shareholding interest in the share capital of Emerald Precision Engineering Sdn. Bhd. ("Emerald") to ASA (the "Proposed Disposal") on 18 October 2013. Upon completion of the Proposed Disposal on 30 November 2013, Emerald ceased to be a wholly-owned subsidiary of the Company but remained within the ASTI Group. The effective percentage of equity held by the Group was reduced to 54.96%.

The aggregate purchase consideration for the Proposed Disposal was MYR12.0 million. The consideration was settled by:

- cash payment of MYR6.0 million; and
- the allotment and issue of approximately 169,092,857 new ordinary shares in the issued and paid-up capital of ASA at an issue price of S$0.014 per share (the "ASA Consideration Shares").

Upon the ASA Consideration Shares being issued and allotted to the Company on 26 November 2013, the Company's equity interest in ASA has increased from 50.17% to 54.96%. This has resulted in a gain of S$588,000 and as this is a transaction with non-controlling interest, the gain has been taken to "capital reserves" within equity. Upon the finalisation of purchase price allocation of ASA in the current financial year, the gain arising from group restructuring was decreased by S$2,000.

**(vii) Dilution in equity interest in Dragon Group International Limited arising from share placement**

On 9 October 2012 and 7 November 2012, the Company's subsidiary, Dragon Group International Limited ("DGI") announced proposed placements of 30,000,000 and 10,000,000 new ordinary shares in the share capital of DGI at the issue price of S$0.10 for each new share for cash (the "DGI Share Placement"). The placement was completed on 20 February 2013.

On 6 December 2013 and 11 December 2013, DGI allotted and issued 5,000 and 59,950 shares respectively to its warrant holders pursuant to their exercises of DGI warrants (the "DGI Warrants Exercise").

As a result of the DGI Share Placement and DGI Warrant Exercise, the Group's equity interest in the issued and paid-up capital of DGI decreased from 61.61% to 53.91%. The loss arising from share placement of S$764,000 was taken to "capital reserves" within equity.

**(viii) Divestment of equity interests in DGI**

On 21 November 2013, the Company disposed 30,000,000 ordinary shares (representing 9.37% equity interest) in its listed subsidiary - Dragon Group International Limited ("DGI") at S$0.11 per share. The total disposal consideration amounted to S$3,300,000 which was settled in cash. The net assets value attributable to the shares disposed at the date of disposal was S$2,994,000.

Subsequent to the divestment, the Company's equity interest in DGI decreased from 53.91% to 44.53%. DGI remains a subsidiary of the Company although the Company held less than 50% of the voting interest in DGI after the divestment. The Directors were of the opinion that the Company continued to have the ability to govern the operating and financial policies of DGI and its subsidiaries via de facto control hence continued to account for DGI as a subsidiary of ASTI. The sale of ordinary shares in DGI did not result in a loss of control and the gain on disposal of S$64,000 was accounted for as an equity transaction.

## 7. INVESTMENT SECURITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 (Restated) | 2014 | 2013 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Available-for-sale financial assets: | | | | |
| - Quoted equity shares in corporations, at fair value (Note 42(b)(ii)) | 188 | 109 | – | – |
| - Unquoted equity shares in corporations, at fair value (Note 42(b)(ii)) (2013: at cost) | 8,885 | 5,298 | 8,885 | 5,298 |
| - Unquoted equity shares in corporations, at cost | 1,235 | 2,403 | – | – |
| | 10,308 | 7,810 | 8,885 | 5,298 |
| Less: Allowance for impairment – unquoted equity | (1,235) | (2,403) | – | – |
| | 9,073 | 5,407 | 8,885 | 5,298 |
| Movement in allowance for impairment –unquoted equity | | | | |
| At 1 January | 2,403 | 1,747 | – | – |
| Charge to profit or loss | – | 600 | – | – |
| Written off | (1,218) | – | – | – |
| Currency realignment | 50 | 56 | – | – |
| At 31 December | 1,235 | 2,403 | – | – |
| Additional gain recognised in fair value reserve | 3,587 | – | 3,587 | – |
| **Disclosure in balance sheets** | | | | |
| Investment securities | 188 | 5,407 | – | 5,298 |
| Non-current assets held for sale (Note 16) | 8,885 | – | 8,885 | – |
| | 9,073 | 5,407 | 8,885 | 5,298 |

Included in the balance for unquoted equity shares in corporations for the Company and the Group is an amount of S$8,885,000 (2013: S$5,298,000) representing an investment in 24.2% (2013: 24.2%) equity interest in the issued and paid-up capital of APS Investment Pte Ltd ("APSI") ("APSI Shares"). Notwithstanding the Group having an equity interest of 24.2% in APSI as at 31 December 2013, the management did not account for APSI as an associate of the Group as the Group did not have significant influence in the business operations and directions of APSI. At 31 December 2013, the investment in APSI shares was carried at cost because the fair value could not be measured reliably.

On 29 December 2014, the Company together with other vendors, entered into a conditional sale and purchase agreement with J C Investment Pte Ltd for the proposed disposal by the Company of its entire shareholding interests in APSI for a consideration of S$8,905,000. At 31 December 2014, the Company remeasured its investment in APSI to its fair value of S$8,885,000, after assuming a disposal expense of $20,000 and recognised a gain of S$3,587,000 in other comprehensive income. In accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations, the Company's and Group's equity interests in APSI were being classified as part of "Non-current assets held for sale" in the balance sheet (Note 16).

The disposal has been completed on 31 March 2015.

Impairment losses

During the financial year, the Group recognised an impairment loss of S$332,000 (2013: S$ Nil) in profit or loss account for quoted equity shares as there was a "significant" or "prolonged" decline in the fair value of the investment below their cost.

In 2013, the Group recognised an impairment loss of S$600,000 in profit or loss account for unquoted equity shares as there was a "significant" or "prolonged" decline in the fair value of the investment below their cost.

## 8. OTHER FINANCIAL ASSET

In November 2008, a subsidiary signed a loan agreement with Dragon Art Media Co., Ltd ("DAM"), a publishing company in Bangkok, Thailand whereby the subsidiary would provide a loan not exceeding Baht 60 million to DAM. This loan was extended after the subsidiary's Board of Directors (the "subsidiary's Board") deliberated on the various investment opportunities detailed in a report prepared by a firm of consultants in Thailand. The purpose of the loan was to enable the subsidiary to get a further strategic foothold in the travel and leisure business sector which the subsidiary's Board believes would complement the Group's investment in the Treasure Boat business.

The loan to DAM as at 31 December 2014 amounted to S$2,322,000 (2013: S$2,228,000). The loan was structured as follows: -

(a) unsecured;

(b) interest bearing at the minimum loan rate as announced by the Bangkok Bank Public Company Limited from time to time applicable on the withdrawal date of the loan;

(c) repayable after 2 years from date of draw down or upon request by the subsidiary; and

(d) convertible at a fixed rate in part or in full at the discretion of the subsidiary, subject to the clearance of the required legislation in Thailand.

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Loan to DAM – nominal amounts | 2,322 | 2,228 |
| Less: Allowance for impairment | (2,322) | (2,228) |
| | – | – |
| Movement in allowance for impairment | | |
| At 1 January | 2,228 | 2,145 |
| Currency realignment | 94 | 83 |
| At 31 December | 2,322 | 2,228 |

The allowance for impairment arose as a result of the poor financial results and financial position of DAM. Management is of the opinion that there is significant uncertainty on recovery of the loan from DAM.

## 9. INVENTORIES

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Balance sheet: | | |
| Raw materials | 2,430 | 3,336 |
| Work-in-progress | 22,056 | 15,553 |
| Finished goods | 2,564 | 3,515 |
| | 27,050 | 22,404 |
| Income statement: | | |
| Inventories recognised as an expense in cost of sales | 70,147 | 47,091 |
| Inclusive of the following charge: | | |
| - Allowance for obsolete and slow-moving inventories | 446 | 1,948 |

## 10. PREPAYMENTS AND ADVANCES

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Prepayments | 1,261 | 811 | 101 | 37 |
| Advances | 113 | 67 | – | – |
| | 1,374 | 878 | 101 | 37 |

## 11. AMOUNTS DUE FROM SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Non-interest bearing | 903 | 951 |
| Interest bearing | 6,863 | 845 |
| | 7,766 | 1,796 |

Amounts due from subsidiaries are stated after an allowance for uncollectible amounts of S$29,388,000 (2013: S$25,124,000).

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Movement in allowance for uncollectible amounts | | |
| At 1 January | 25,124 | 9,699 |
| Charged to profit or loss | 4,617 | 15,506 |
| Written off against provision | (353) | (81) |
| At 31 December | 29,388 | 25,124 |

The non-interest bearing receivables are non-trade in nature, unsecured, repayable on demand and to be settled in cash.

The interest bearing receivables are non-trade in nature, unsecured, bear interest ranging from 1% to 4% (2013: 1% to 4%) per annum, repriced on quarterly basis, are repayable on demand and to be settled in cash.

Included in amounts due from subsidiaries are amounts of S$608,000 (2013: S$583,000) denominated in US dollars.

## 12. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Trade receivables – third parties | 33,162 | 25,690 |

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to S$20,522,000 (2013: S$15,581,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Trade receivables past due but not impaired: | | |
| Less than 30 days | 6,365 | 4,561 |
| 30 to 60 days | 6,031 | 3,894 |
| 61 to 90 days | 2,387 | 2,562 |
| 91 to 120 days | 2,937 | 1,279 |
| More than 120 days | 2,802 | 3,285 |
| | 20,522 | 15,581 |

Receivables that are impaired

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

| | Group Individually impaired | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Trade receivables - nominal amounts | 1,151 | 1,411 |
| Less: Allowance for impairment | (1,140) | (1,411) |
| | 11 | – |
| Movement in allowance accounts | | |
| At 1 January | 1,411 | 5,818 |
| Acquisition of subsidiaries | – | 233 |
| Write back to profit or loss | (194) | (52) |
| Written off | (95) | (4,736) |
| Currency realignment | 18 | 148 |
| At 31 December | 1,140 | 1,411 |

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

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| US dollars | 21,562 | 14,076 |
| Singapore dollars | 296 | 823 |
| Others | 300 | 265 |

## 13. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Tax recoverable | 246 | 245 | – | 20 |
| Deposits | 1,512 | 2,673 | 1 | 1 |
| Proceeds receivable arising from disposal of subsidiaries | 2,437 | 4,675 | – | 1,582 |
| Sundry debtors | 2,624 | 1,199 | 304 | 318 |
| | 6,819 | 8,792 | 305 | 1,921 |
| **Disclosure in balances sheets** | | | | |
| Current | 6,819 | 6,478 | 305 | 1,921 |
| Non-current | – | 2,314 | – | – |
| | 6,819 | 8,792 | 305 | 1,921 |

Other receivables include proceeds of S$2,437,000 (2013: S$4,675,000) from the disposal of the discontinued operations. In 2013, a portion of the proceeds amounted to S$2,314,000 was to be collected after twelve months from the balance sheet date and was being classified as non-current asset.

Sundry debtors includes a loan of S$1,627,000 (2013: S$204,000) to a third party. The loan is unsecured, bears interest at market rates and is repayable upon demand in cash.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| US dollars | 55 | 41 | – | – |
| Singapore dollars | 10 | 15 | – | – |
| Renminbi | 40 | – | – | – |
| Philippines peso | 763 | 685 | – | – |

## 14. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Cash on hand and at bank | 37,033 | 20,446 | 1,359 | 1,332 |
| Short-term deposits | 15,660 | 17,646 | – | – |
| | 52,693 | 38,092 | 1,359 | 1,332 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits of the Group with financial institutions mature on varying periods within 3 months (2013: 4 months) from the financial year end, respectively. Interest rates for the Group and Company range from 0.05% to 1.0% (2013: 0.18% to 0.7%) per annum, respectively, which are also the effective interest rates.

Cash and cash equivalents denominated in foreign currencies as at 31 December are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| US dollars | 9,718 | 5,881 | 677 | 20 |
| Singapore dollars | 814 | 3,161 | – | – |
| Philippines peso | 1,449 | 1,591 | – | – |
| Others | 326 | 172 | – | – |

## 15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 13 September 2012, the Company's subsidiary, Dragon Group International Limited announced that it had entered into a conditional sale and purchase agreement with InflexionPoint Technologies Pte. Limited for the proposed disposal (the "Proposed Disposal") of all issued and paid up ordinary shares in the share capital of Dragon Technology Distribution Pte. Ltd. (the "Disposal Group") at a consideration equivalent to the value of the net tangible assets of the Disposal Group as at the completion of the Proposed Disposal.

In accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations, the results of the Disposal Group had been presented separately on the Group Income Statement as Discontinued Operations for the financial year ended 31 December 2013. The disposal was completed in 2013.

The results for the discontinued operations for the year ended 31 December 2013 were as follows:

| | S$'000 |
|---|---|
| **Revenue** | 90,614 |
| Cost of sales | (83,823) |
| **Gross profit** | 6,791 |
| | |
| Other income | 89 |
| | |
| **Other expense** | |
| Marketing and distribution | (4,107) |
| Administrative expenses | (2,422) |
| Other net operating costs | (158) |
| Finance costs, net | (757) |
| Loss before tax from discontinued operations | (564) |
| Income tax expense | (139) |
| Loss from discontinued operations, net of tax | (703) |
| | |
| **Attributable to:** | |
| Owners of the Company | (410) |
| Non-controlling interests | (293) |
| | (703) |

The cash flows attributable to the discontinued operations for the year ended 31 December 2013 were as follows:

| | S$'000 |
|---|---|
| Operating | 7,979 |
| Investing | (26) |
| Financing | 4,259 |
| | 12,212 |

The loss per share attributable to the discontinued operations for the year ended 31 December 2013 was as follows:-

| | |
|---|---|
| Loss per share from discontinued operation attributable to owners of the Company (cents per share) | |
| Basic | (0.06) |
| Diluted | (0.06) |

The basic and diluted per share from discontinued operation were calculated by dividing the loss from discontinued operation, net of tax, attributable to owner of the Company by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. Loss and shares data are presented in Note 29.

## 16. NON-CURRENT ASSETS HELD FOR SALE

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Leasehold land and buildings (Note 5) | 2,215 | – | – | – |
| Available for sale financial assets (Note 7) | 8,885 | – | 8,885 | – |
| | 11,100 | – | 8,885 | – |

(i) Leasehold land and building was reclassified from property, plant and equipment as disclosed in Note 5. The leasehold land and building are mortgaged to secure a subsidiary's bank borrowings (Note 18); and

(ii) Unquoted available for sale financial assets was reclassified from investment securities as disclosed in Note 7.

## 17. PROVISION

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| At 1 January | 516 | 604 |
| Charged to profit or loss | 397 | 216 |
| Utilisation during the year | (326) | (304) |
| At 31 December | 587 | 516 |

Provision for warranty

The Group provides a one-year warranty on most products under which faulty products are repaired or replaced. The provision is based on the sales volume and past experience with the levels of repairs and returns.

## 18. LOANS AND BORROWINGS

As at 31 December 2014, a non-current portion of a term loan of a subsidiary amounting to approximately S$1,068,000 (2013: S$1,096,000) includes an overriding repayment on demand ("callable loan") clause which gives the lender the right to demand repayment at any time at their sole discretion irrespective of whether a default event has occurred. This amount was classified as a current liability in the balance sheet.

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Loan - Unsecured | 26,119 | 13,427 | 5,000 | 5,000 |
| - Secured | 2,529 | 2,615 | – | – |
| Bank overdrafts | 113 | 115 | – | – |
| | 28,761 | 16,157 | 5,000 | 5,000 |
| Less : Non-current portion of | | | | |
| - Unsecured | – | – | – | – |
| - Secured | (938) | (1,015) | – | – |
| | (938) | (1,015) | – | – |
| Current portion | 27,823 | 15,142 | 5,000 | 5,000 |

### (i) Loan - Unsecured

(a) An unsecured floating rate revolving loan, amounting to S$5,000,000 (2013: S$5,000,000) of the Company is jointly and severally guaranteed by two subsidiaries of the Company. The loan carried interest ranging from 2.9% to 2.92% (2013: 2.88% to 2.9%) per annum which is also the effective interest rate. This loan is repayable on demand.

(b) Unsecured floating rate bank borrowings of the subsidiaries bear effective interest rates ranging from 2.06% to 7.25% (2013: 2.34% to 7.25%) per annum. These bank borrowings comprise S$21,119,000 (2013: S$8,283,000) which is repayable ranging from 90 days to 180 days.

(c) Unsecured term loan, amounting to S$ Nil (2013: S$144,000) of a subsidiary carried interest ranging from 6.5% to 6.53% per annum. The unsecured term loan was repaid in the current financial year.

The aggregate balance of bank borrowings that are denominated in US dollars is S$12,315,000 (2013: S$6,140,000).

**(ii) Secured**

(a) A floating rate bank loan of a subsidiary of S$ Nil (2013: S$28,000) carried effective interest at 7.2% per annum. The interest rate was repriced on a monthly basis. The loan was secured on the freehold land and buildings of the subsidiary and was repayable over 108 equal monthly instalments of MYR12,028 commencing from date of drawdown and a final instalment of MYR37,000. The bank loan was repaid in the current financial year.

(b) A floating rate bank loan of a subsidiary of S$1,028,000 (2013: S$1,100,000) bears effective interest at 5.1% (2013: 4.6%) per annum. The interest rate is repriced on a monthly basis. The loan is secured on the leasehold land and buildings of the subsidiary and is repayable over 144 equal monthly instalments of MYR28,893 commencing from date of drawdown.

(c) Bank overdrafts and trade financing amounting to S$113,000 (2013: S$115,000) and S$106,000 (2013:S$108,000) respectively of a subsidiary are secured over legal charges over the leasehold land and buildings of the subsidiary. The effective interest rates for the bank overdrafts and trade financing are 7.60% (2013: 7.6%) and 7.55% (2013: 5.29%) per annum respectively.

(d) A fixed rate bank loan of a subsidiary of S$1,006,000 (2013: S$992,000) bears effective interest at 4% (2013: 4%) per annum. The loan is secured on the leasehold land and buildings of the subsidiary and is repayable over 60 equal monthly instalments of MYR56,157 commencing from date of drawdown. This callable loan is classified as current in its entirety at 31 December 2014 and 2013.

(e) A fixed rate bank loan of a subsidiary of S$389,000 (2013: S$387,000) bears effective interest at 4% (2013: 4%) per annum. The loan is secured on the leasehold land and buildings of the subsidiary and is repayable over 60 monthly instalments of MYR28,078 commencing from date of drawdown. This callable loan is classified as current in its entirety at 31 December 2014 and 2013.

During the financial year, a Malaysian subsidiary had not met the following covenants relating to bank borrowings (d) and (e) above amounting to an aggregate balance of S$1,395,000 (2013: S$1,379,000):

- Maintaining a Malaysian shareholding of not less than 60% throughout the tenure of borrowings; and
- Undertaking from the formal directors and shareholders of the subsidiary not to withdraw the directors' and shareholders' advances of MYR500,000 and MYR1,341,000 respectively granted to subsidiary without the prior written consent of the financial institution during the tenure of borrowings and the said advances shall be fully subordinated to the principal, interest and other sum payable by subsidiary under the borrowings.

The outstanding loans of S$1,395,000 (2013: S$1,379,000) have been classified as part of current liabilities since 2013. The subsidiary is currently negotiating with financial institution to address the above breaches and certain delayed principal repayments.

## 19. TRADE PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Trade payables – third parties | 18,589 | 12,879 | 246 | 225 |
| Accruals | 11,919 | 9,371 | 1,282 | 1,425 |
| | 30,508 | 22,250 | 1,528 | 1,650 |

The amounts are non-interest bearing. Trade payables are normally settled on 60-days terms, while accruals have an average term of six months.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| US dollars | 1,409 | 993 | 16 | 6 |
| Singapore dollars | 398 | 484 | – | – |
| Renminbi | 404 | – | – | – |
| Philippines peso | 1,680 | 1,276 | – | – |
| Others | 168 | 134 | – | – |

## 20. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Current portion of lease creditors (Note 22) | 737 | 869 | – | – |
| Non-bank borrowings | 33 | 68 | – | – |
| Proposed Directors' fees | 221 | 180 | 221 | 180 |
| Proposed Directors' fees of subsidiaries | 309 | 292 | – | – |
| Advances received from customers (Note (i)) | 1,037 | 666 | – | – |
| Foreign exchange forward contracts (Note (ii)) | 181 | 102 | 181 | 102 |
| Deferred income | – | 76 | – | – |
| Other borrowings (Note (iii)) | 1,284 | 2,629 | – | – |
| Others | 145 | 140 | – | – |
| | 3,947 | 5,022 | 402 | 282 |

(i) The advances received from customers relate to the amounts received for sales orders.

(ii) The Group and the Company are committed to sell US dollars with notional amounts totalling S$6,435,000 (2013: S$7,435,000) and S$6,435,000 (2013: S$7,435,000), respectively, under the terms of outstanding foreign exchange forward contracts. As at 31 December 2014, the forward contracts mature at various dates till May 2015. Information on foreign currency risk is disclosed in Note 41(iv) of the financial statements.

(iii) Other borrowings of a subsidiary are interest-free unsecured loans previously made to a subsidiary by certain individuals with no fixed terms of repayment and to be settled in cash. Included in other borrowings is an amount of S$804,000 (2013: S$793,000) due to a director of a subsidiary.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| US dollars | 582 | 324 | 181 | 102 |
| Singapore dollars | 182 | 1,010 | – | – |
| Philippines peso | 647 | 778 | – | – |
| Others | – | 4 | – | – |

## 21. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries includes an unsecured loan of S$1,191,000 (2013: S$1,142,000) which is denominated in US dollars. The loan bears interest at 4% (2013: 4%) per annum, to be settled in cash and is repayable within a year from drawdown.

Other than disclosed above, the amounts due to subsidiaries are non-trade in nature, unsecured, bear interest ranging from 1% to 4% (2013: 0.5% to 4%) per annum, to be settled in cash and are repayable on demand except for an amount of S$29,605,000 (2013: S$ Nil) which is not expected to be settled within the next twelve months from balance sheet date. The amounts due to subsidiaries that are denominated in US dollars is S$16,581,000 (2013: S$12,367,000).

## 22. LEASE CREDITORS

| Group | Minimum lease payments | | Net present value of lease payments | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Future payments payable for finance leases | | | | |
| Within one year | 784 | 987 | 737 | 869 |
| Within two to five years | 475 | 745 | 464 | 687 |
| After five years | 48 | 418 | 47 | 396 |
| | 1,307 | 2,150 | 1,248 | 1,952 |
| Finance charges allocated to future periods | (59) | (198) | – | – |
| | 1,248 | 1,952 | 1,248 | 1,952 |
| Current portion (included in other payables - Note 20) | | | 737 | 869 |
| Non-current portion | | | 511 | 1,083 |
| | | | 1,248 | 1,952 |

Finance leases bear interest ranging from 6.45% to 10.52% (2013: 3.35% to 9.5%) per annum, which are also the effective interest rates.

The interest rates for the lease creditors are fixed upon entering into the lease agreements and are therefore not subjected to fluctuations in market interest rates.

All assets acquired under finance leases are secured by leased assets. The net book values of assets acquired under finance leases are disclosed in Note 5.

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

Included in lease creditors of the Group are amounts of S$689,000 (2013: S$1,132,000) and S$309,000 (2013: S$635,000) denominated in Malaysia ringgit and Philippines peso respectively.

## 23. INCOME TAX EXPENSE

| | Group | |
|---|---|---|
| | 2014 | 2013 (Restated) |
| | S$'000 | S$'000 |
| Income tax payable in respect of results for the year: - | | |
| Current income tax | | |
| - Singapore | (13) | (276) |
| - Others | (1,044) | (763) |
| Deferred income tax | (31) | 33 |
| | (1,088) | (1,006) |
| Over/(under) provision in respect of previous years: - | | |
| Current income tax | 314 | 443 |
| Deferred income tax | (104) | 80 |
| Income tax attributable to continuing operations | (878) | (483) |
| Income tax attributable to discontinued operations (Note 15) | – | (139) |
| Income tax expense recognised in profit or loss | (878) | (622) |

A reconciliation of the Singapore statutory tax rate with the effective tax rate of the Group for the financial years ended 31 December was as follows: -

| | Group | |
|---|---|---|
| | **2014** | **2013 (Restated)** |
| | % | % |
| Tax calculated at a tax rate of 17% (2013: 17%) | (17) | 17 |
| Tax effects of the following reconciliation items: | | |
| - different effective tax of other countries | (35) | (2) |
| - disallowed expenses[1] | (284) | (24) |
| - non-taxable income | 45 | 11 |
| - tax incentives/exemption[2] | 57 | 1 |
| - tax losses and unabsorbed capital allowances for the year and other deferred tax assets not recognised | (288) | (7) |
| - utilisation of prior year tax losses and unabsorbed capital allowances | 320 | 1 |
| - overprovision in respect of previous years | 39 | 1 |
| Effective tax rate | (163) | (2) |

[1] Disallowed expenses mainly related to interest expenses not attributable to income producing assets and operating expenses of certain subsidiaries which were taxed on the basis of gross profit margin.
[2] Incentives granted by relevant tax authorities to incentivise investments on machineries and automation, and to encourage research and development activities.

***Deferred tax liabilities/assets***

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Deferred tax liabilities arise as a result of: - | | | | |
| - Differences in depreciation | 921 | 787 | – | – |
| - Others | 107 | 218 | – | – |
| | 1,028 | 1,005 | – | – |
| Deferred tax assets arise as a result of: - | | | | |
| - Differences in depreciation | 125 | 165 | – | – |
| - Others | 54 | 108 | – | – |
| | 179 | 273 | – | – |

Certain subsidiaries had estimated unutilised tax losses and unabsorbed capital allowances amounting to approximately S$80,328,000 (2013: S$80,057,000) and S$4,669,000 (2013: S$6,641,000) available for set off against future taxable profits of the subsidiaries in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

The amount of benefit arising from previously unrecognised tax losses and capital allowance of prior years that is used to reduce current year tax expense amounted to S$1,726,000 (2013: S$263,000).

According to the Applicable Enterprise Income Tax ("EIT") laws and regulations, income such as rental, royalty and profits from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable EIT Laws and regulations.

Pursuant to a tax treaty between the PRC and the Republic of Singapore, which became effective on 1 January 2008, a company incorporated in Singapore will be subject to a withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds 25% or more interests in the PRC company, or 10% if it holds less than 25% interests in the PRC company.

At the end of the reporting period, no withholding tax (2013: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries of S$20,775,000 (2013: S$19,973,000) as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Furthermore, certain other subsidiaries of the Group (primarily in Malaysia) had undistributed earnings of S$13,710,000 (2013: $11,539,000). The Group has not recorded withholding taxes on these undistributed earnings as the tax jurisdictions in which the earnings arose do not charge withholding taxes on the repatriation of these earnings.

## 24. REVENUE

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Revenue is analysed as follows: - | | |
| Sales of equipment and materials | 110,366 | 73,881 |
| Distribution sales | 2,187 | 1,021 |
| Provision of services | 22,607 | 21,907 |
| | 135,160 | 96,809 |

## 25. OTHER INCOME

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Rental income | 318 | 275 |
| Royalty income | 20 | 74 |
| Provision of other services | 30 | 54 |
| Recovery of trade receivables previously written off | – | 3 |
| Gain on sale of intangible assets | – | 35 |
| Government incentives and grant income | 260 | 70 |
| Insurance claim | – | 19 |
| Others | 83 | 122 |
| | 711 | 652 |

## 26. FINANCE COSTS, NET

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Interest income in respect of: - | | |
| - fixed deposits/current accounts | 80 | 135 |
| - amounts owing from associates | 12 | 6 |
| - amounts owing from other debtor | 11 | – |
| Interest expense in respect of: - | | |
| - finance leases | (99) | (120) |
| - bank loans, trade financing & overdraft | (812) | (679) |
| Bank charges | (207) | (176) |
| | (1,015) | (834) |

## 27. EXCEPTIONAL ITEMS

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$'000 | S$'000 |
| Realisation of foreign currency translation reserves on deregistration of subsidiaries | (1,163) | – |
| Gain on deregistration of a subsidiary | 32 | – |
| Loss relating to disposal of discontinued operations | | |
| - realisation of reserves held for sale on disposal | – | (6,099) |
| - gain on disposal of subsidiaries | – | 1,356 |
| Impairment loss on goodwill | – | (1,350) |
| Loss on disposal of intangible asset | – | (43) |
| Impairment losses on investment securities – unquoted (Note 7) | – | (600) |
| Impairment losses on investment securities – quoted (Note 7) | (332) | – |
| Gain on disposal of investment securities | 400 | – |
| | (1,063) | (6,736) |

## 28. PROFIT/(LOSS) BEFORE TAX

| | Group | |
|---|---|---|
| | 2014 | 2013 (Restated) |
| | S$'000 | S$'000 |
| Profit/(loss) before tax is stated after (charging)/crediting: - | | |
| Depreciation of property, plant and equipment | (6,613) | (5,911) |
| Amortisation of intangible assets | (294) | (125) |
| Allowance for obsolete and slow-moving inventories | (446) | (1,948) |
| Write back of uncollectible trade amounts | 194 | 52 |
| Staff costs | | |
| - salaries, wages, bonuses and others | (40,061) | (37,613) |
| - defined contribution plans | (3,295) | (3,215) |
| Gain on disposal of property, plant and equipment | 44 | 767 |
| Realisation of translation reserve on the re-measurement of previously-held interest in an associate | – | (218) |
| Loss on re-measurement of previously-held interest in an associate | – | (169) |
| Property, plant and equipment written off | (124) | (34) |
| Loss on fair valuation of derivative financial instruments | (79) | (15) |
| Foreign currency exchange gain | 1,200 | 265 |

## 29. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing the net profit/(loss) after income tax and attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) and attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) and adjusted for the effects of dilutive securities under options outstanding during the financial year.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations for the years ended 31 December:

| | Group | |
|---|---|---|
| | 2014 | 2013 (Restated) |
| | S$'000 | S$'000 |
| Net profit/(loss) attributable to owners of the Company used in computation of basic and diluted earnings/(loss) per share | | |
| - from continuing operations | 2,857 | (14,779) |
| - from discontinued operations | – | (410) |
| | 2,857 | (15,189) |

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | '000 | '000 |
| Weighted average number of ordinary shares in issue applicable to basic and diluted earnings/(loss) per share | 654,731 | 654,731 |

## 30. SHARE CAPITAL

| | Group and Company | |
|---|---|---|
| | 2014 | 2013 |
| | S$'000 | S$'000 |
| **Issued and fully paid ordinary shares:-** | | |
| Balance at 1 January and 31 December 681,966,341 (2013: 681,966,341) ordinary shares | 132,617 | 132,617 |

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

## 31. TREASURY SHARES

| | Group and Company | |
|---|---|---|
| | **2014** S$'000 | **2013** S$'000 |
| Balance at 1 January and 31 December 27,234,855 (2013: 27,234,855) treasury shares | (4,772) | (4,772) |

Treasury shares relate to the ordinary shares of the Company that are held by the Company. Losses or gains on disposal or reissue of treasury shares are reflected as equity in the balance sheet.

## 32. FOREIGN CURRENCY TRANSLATION RESERVE

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

## 33. CAPITAL RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** S$'000 | **2013 (Restated)** S$'000 | **2014** S$'000 | **2013** S$'000 |
| (a) <u>Gain or loss arising from sale or reissue of treasury shares</u> | | | | |
| Balance at 1 January and 31 December | (3,746) | (3,746) | (2,960) | (2,960) |
| (b) <u>(Premium paid)/discount received on acquisition of non-controlling interests or additional interest in subsidiary</u> | | | | |
| Balance at 1 January | (799) | (799) | – | – |
| Acquisition of additional interest in a subsidiary (Note 6(i)) | (332) | – | – | – |
| Balance at 31 December | (1,131) | (799) | – | – |
| (c) <u>(Discount)/premium on disposal to non-controlling interests</u> | | | | |
| Balance at 1 January | (2,894) | (2,958) | – | – |
| Gain on divestment of interests in DGI | – | 64 | – | – |
| Balance at 31 December | (2,894) | (2,894) | – | – |
| (d) <u>Gain/(loss) on dilution in interest in subsidiary</u> | | | | |
| Balance at 1 January | 820 | 610 | – | – |
| (Loss)/gain on dilution in interest from ASA's share placement (Note 6(ii)) (2013: Note 6 (v)) | (1,105) | 387 | – | – |
| Loss on dilution in interest from DGI's share placement (Note 6 (vii)) | – | (764) | – | – |
| Gain on dilution of interests in ASA Multiplate (***as previously reported***) (Note 6 (vi)) | – | 588 | – | – |
| Effect of FRS103 - Business combinations | – | (2) | – | – |
| Gain on dilution of interests in ASA Multiplate (***restated***) | – | 586 | – | – |
| Gain on dilution in interest in DGI from shares issued on exercise of warrants by DGI's warrant holders | – | 1 | – | – |
| Balance at 31 December | (285) | 820 | – | – |
| Total balance at 31 December | (8,056) | (6,619) | (2,960) | (2,960) |

No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

**Gain or loss arising from sale or reissue of treasury shares**

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

## 34. FAIR VALUE RESERVE

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

## 35. SEGMENT INFORMATION

The Group positioned its operations into two strategic business segments comprising Back-end Equipment Solutions and Technologies ("BEST") and Distribution & Services. BEST is mainly engaged in provision of solutions and technologies in the back-end (i.e. assembly, test and finishing) arena of the semiconductor industry. The Distribution & Services segment is engaged mainly in the provision of semiconductor application in consumer electronics, computer peripheral and communication solution.

Segment accounting policies are the same as the policies described in Note 3.25.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets, investments and intangibles.

Financial information about business segments is presented as follows: -

| | Back-end Equipment Solutions and Technologies | | Distribution and Services | | Discontinued operations | | Adjustments and elimination [(1)] | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 (Restated) | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 (Restated) |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Revenue** | 132,973 | 95,788 | 2,187 | 1,021 | – | 90,614 | – | – | 135,160 | 187,423 |
| **Segment results** | 2,823 | (12,050) | (3,163) | (9,233) | – | (703) | – | – | (340) | (21,986) |
| EBITDA[#] | 11,357 | (4,935) | (2,955) | (8,992) | – | 31 | (46) | (38) | 8,356 | (13,934) |
| Interest expense | (957) | (849) | – | 12 | – | (493) | 46 | 38 | (911) | (1,292) |
| Depreciation | (6,413) | (5,691) | (200) | (220) | – | (102) | – | – | (6,613) | (6,013) |
| Amortisation | (290) | (121) | (4) | (4) | – | – | – | – | (294) | (125) |
| Profit/(loss) before income tax | 3,697 | (11,596) | (3,159) | (9,204) | – | (564) | – | – | 538 | (21,364) |
| Income tax | (874) | (454) | (4) | (29) | – | (139) | – | – | (878) | (622) |
| Profit/(loss) for the year | 2,823 | (12,050) | (3,163) | (9,233) | – | (703) | – | – | (340) | (21,986) |
| Other segment information: | | | | | | | | | | |
| Share of results of associates, net of tax | – | 93 | – | – | – | – | – | – | – | 93 |
| Other non-cash expenses[##] | 204 | 2,310 | 169 | (137) | – | 326 | – | – | 373 | 2,499 |
| Exceptional items | (1,163) | (1,350) | 100 | (5,386) | – | – | – | – | (1,063) | (6,736) |
| **Segment assets** | 151,156 | 121,176 | 35,305 | 37,554 | – | – | (1,368) | (1,236) | 185,093 | 157,494 |
| **Segment liabilities** | 67,695 | 48,123 | 1,538 | 1,808 | – | – | (1,368) | (1,236) | 67,865 | 48,695 |
| Other segment information: | | | | | | | | | | |
| Additions to non-current assets [###] | 4,377 | 15,603 | 179 | 833 | – | – | – | – | 4,556 | 16,436 |

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

# EBITDA: Earnings before interest expense, tax, depreciation and amortisation.

## Other non-cash expenses comprise inventories written off, inventories written down, impairment of trade receivables, trade receivables written off and unrealised foreign currency exchange.

### Additions to non-current assets comprise additions to intangible assets and property, plant and equipment.

Geographical information

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

| | Revenue | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| China | 25,776 | 74,678 |
| Singapore | 18,015 | 32,233 |
| Malaysia | 20,039 | 19,853 |
| Philippines | 22,471 | 21,838 |
| Taiwan | 13,522 | 9,704 |
| Korea | 22,294 | 11,034 |
| India | 22 | 4,999 |
| Hong Kong | 282 | 106 |
| Others | 12,739 | 12,978 |
| | 135,160 | 187,423 |
| Less: Discontinued operations | – | (90,614) |
| | 135,160 | 96,809 |

| | Non-current assets | |
|---|---|---|
| | **2014** | **2013 (Restated)** |
| | S$'000 | S$'000 |
| China | 12,656 | 12,650 |
| Singapore | 1,562 | 2,750 |
| Malaysia | 12,557 | 14,346 |
| Philippines | 9,563 | 9,581 |
| Korea | 12 | 12 |
| Hong Kong | 675 | 805 |
| Others | 1,527 | 1,799 |
| | 38,552 | 41,943 |

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

Information about a major customer

Revenue from one major customer amounted to S$457,000 (2013: S$104,000), arising from sales by the Distribution & Services segment.

Revenue from one major customer amounted to S$14,700,000 (2013: S$8,331,000), arising from sales by the BEST segment.

## 36. OPERATING LEASE COMMITMENTS

*Operating lease payments*

The Group leases premises, machinery and equipment under non-cancellable lease arrangements. Future minimum rentals under non-cancellable leases as of 31 December are as follows: -

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Within one year | 3,235 | 2,919 |
| Within two to five years | 2,707 | 3,248 |
| | 5,942 | 6,167 |

Rental expense (principally for premises, machinery and equipment) was S$3,424,000 and S$3,119,000 for the years ended 31 December 2014 and 2013 respectively.

Lease terms do not provide for contingent rents and do not contain restrictions on Group activities concerning dividends, additional debt or entering into other leasing agreement. Certain leases include renewal options for additional lease periods ranging from 1 - 3 years (2013: 1 to 3 years) or an unspecified number of years, and at rental rates based on negotiations or prevailing market rates. The Group is restricted from subleasing the leased equipment to third parties.

*Operating lease income*

The Group leases out certain premises under non-cancellable lease arrangements. Future minimum rentals under non-cancellable leases as of 31 December are as follows: -

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Within one year | 329 | 257 |
| Within two to five years | 612 | 578 |
| | 941 | 835 |

Rental income relating to the above leasing arrangements was S$318,000 and S$275,000 for the years ended 31 December 2014 and 2013 respectively.

Certain operating leases above include escalation clauses. The operating leases do not provide for contingent rents and do not contain renewal options nor options to purchase for the lessee.

## 37. COMMITMENTS

### (a) Financial support

The Company has agreed to provide financial support to certain subsidiaries to meet their liabilities as and when they fall due and to subordinate the amount owing from them for the prior payment of other liabilities.

### (b) Guarantees

The Company has provided corporate guarantees amounting to S$19,553,000 (2013: S$7,389,000) to secure banking facilities for its subsidiaries.

## 38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

### (a) Proposed share placements by a subsidiary

On 26 January 2015, DGI entered into a placement agreement (the "Placement Agreement") with a placee to allot and issue an aggregate of 27,777,778 new ordinary shares in the capital of DGI (the "Placement Shares") at S$0.09 (the "Issue Price") for each new share. This represents a premium of 19.2% over the weighted average price of S$0.075 of DGI's ordinary shares for trades done on the Singapore Exchange Securities Trading Limited (the ("SGX-ST")) on the date of the Placement Agreement. The aggregate consideration for the Placement Shares is S$2,500,000. The Placement shares had been allotted and issued to the Placee on 30 March 2015. Upon the issue of Placement shares, the Company's equity interest in DGI decreased from 44.53% to 40.98%.

### (b) Proposed acquisition of equity interest in Heat Tech Japan Co., Ltd by a subsidiary

On 5 January 2015, a subsidiary of the Company, Dragon Group International Limited ("DGI") entered into a conditional sale and purchase agreement with Green Power Ventures Limited (GPV" or the "Vendor") to initially acquire 30% interest in Heat Tech Japan Co., Ltd ("HTJ") (the "Proposed Acquisition").

The Proposed Acquisition will be effected via the purchase of 113,201 shares in the capital of Heat Tech Japan Co., Ltd ("HTJ") (the "Sale Shares"), which represents approximately 30% equity interest in HTJ for a sum of S$6,000,000, of which S$2,000,000 shall be paid in cash and another 40,000,000 DGI shares (the "Consideration Shares") shall be issued at S$0.10 per Consideration Share.

Upon the completion of the Proposed Acquisition, the Company's equity interest in DGI will decrease from 40.98% to 36.75%.

The Proposed Acquisition grants DGI the option to acquire:

(i) an additional 138,369 HTJ Shares from the Vendor (the "HTJ Option Shares"), representing 36.67% equity interest in HTJ, which would bring DGI's total shareholding in HTJ to 66.67%; and

(ii) 40,000 shares in the capital of 3DOM Inc. ("3DOM") from the Vendor (the "3DOM Option Shares") representing 20% equity interest in 3DOM

at any date between the completion of the Proposed Acquisition ("Completion Date") to the date falling 12 calendar months after the Completion Date.

The consideration for the acquisition of the HTJ Option Shares and the 3DOM Option Shares shall be:

(i) not exceeding S$23 million (approximately US$17.4 million) and

(ii) a mix of cash and DGI's shares (to be priced at the higher of S$0.10 per DGI share or 90% of DGI's share price at the option exercise date based on a 30-day weighted average of DGI's trading price on SGX-ST, such mix to be at DGI's absolute discretion.

HTJ is engaged in the development of heat dissipating technologies while 3DOM Inc. is in the business of development, manufacturing and distribution of separators for batteries.

## 39. AUDIT AND NON-AUDIT FEES PAID TO AUDITORS

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Audit fees paid to auditors of the Company, including member firms | 524 | 589 |
| Audit fees paid to other auditors | 82 | 54 |
| Non-audit fees paid to auditors of the Company, including member firms | 80 | 66 |

## 40. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions are entered with related parties and the effects of these transactions on the basis determined between the parties are reflected in these financial statements.

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| **Related parties :-** | | |
| **Directors :-** | | |
| Proposed directors' fees of the Company | 221 | 180 |
| Proposed directors' fees of listed subsidiaries | 309 | 292 |
| Directors' remuneration | 3,461 | 4,832 |
| Defined contribution benefits | 12 | 32 |
| **Key executive officers :-** | | |
| Key executive officers' remuneration (excluding Directors' remuneration) | | |
| - Short-term employee benefits | 2,810 | 2,976 |
| - Defined contribution benefits | 115 | 149 |

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

### (i) Credit risk

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

The Group's objective is to minimise losses incurred due to increased credit risk exposure. The Group monitors the exposure to credit risk on an ongoing basis and credit evaluations are performed on customers requiring credit over a certain amount. Cash terms, advance payments, or letters of credit are required for customers of lower credit standing.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and
- corporate guarantees provided by the Company to financial institutions on credit facilities extended to the subsidiaries (Note 37).

<u>Credit risk concentration profile</u>

The Group analyses the credit risk concentration profile separately for the Distribution & Service and BEST segments.

*Distribution & Services Segment*

The Group determines concentrations of credit risk for the Distribution & Services Segment by monitoring the country profile of its trade receivables on an on-going basis. Arising from the disposal of DTD as disclosed in Note 6(iii), there were no significant credit risk concentrations and exposures faced by the Distribution & Services Segment in 2014 and 2013.

*BEST Segment*

There was no significant concentration of credit risk in the BEST segment except that significant trade receivables are customers engaging businesses in the semiconductor and electronic industries. In addition, the Group monitors its concentrations of credit risk for the BEST Segment by specific customers' profile, based on their market position and relative financial stability. As at 31 December 2014, approximately 26% (2013: 37%) of the trade receivables are due from the top five customers of the BEST Segment. These are multi-national corporations who are key market players and leaders in the semiconductor industry and with strong financial standing.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 12.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's financing activities are managed centrally with the objective of maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group also ensures availability of bank credit lines to address any short-term funding requirement.

Except for loans and borrowings, lease creditors and long term payables, the Group's and the Company's financial liabilities and outstanding foreign exchange forward contracts (Note 20(ii)) at the end of the reporting period are repayable/mature within one year. The repayment terms of lease creditors and the loans and borrowings are disclosed in Note 22 and Note 18.

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

| **2014** | **1 year or less** S$'000 | **1 to 5 years** S$'000 | **Over 5 years** S$'000 | **Total** S$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| ***Financial assets*** | | | | |
| Trade receivables | 33,162 | – | – | 33,162 |
| Other receivables | 6,573 | – | – | 6,573 |
| Cash and cash equivalents | 52,693 | – | – | 52,693 |
| Restricted cash | 2 | – | – | 2 |
| Total undiscounted financial assets | 92,430 | – | – | 92,430 |
| ***Financial liabilities*** | | | | |
| Trade payables and accruals | 30,508 | – | – | 30,508 |
| Other payables | 1,992 | – | – | 1,992 |
| Lease creditors | 784 | 475 | 48 | 1,307 |
| Long term payables | – | – | 1,016 | 1,016 |
| Loans and borrowings | 27,983 | 525 | 648 | 29,156 |
| Total undiscounted financial liabilities | 61,267 | 1,000 | 1,712 | 63,979 |
| *Total net undiscounted financial assets/(liabilities)* | 31,163 | (1,000) | (1,712) | 28,451 |

| **2014** | **1 year or less** S$'000 | **1 to 5 years** S$'000 | **Over 5 years** S$'000 | **Total** S$'000 |
|---|---|---|---|---|
| **Company** | | | | |
| ***Financial assets*** | | | | |
| Amounts due from subsidiaries | 7,944 | – | – | 7,944 |
| Other receivables | 305 | – | – | 305 |
| Cash and cash equivalents | 1,359 | – | – | 1,359 |
| Total undiscounted financial assets | 9,608 | – | – | 9,608 |
| ***Financial liabilities*** | | | | |
| Trade payables and accruals | 1,528 | – | – | 1,528 |
| Other payables | 221 | – | – | 221 |
| Loans and borrowings | 5,011 | – | – | 5,011 |
| Amounts due to subsidiaries | 1,538 | 30,299 | – | 31,837 |
| Total undiscounted financial liabilities | 8,298 | 30,299 | – | 38,597 |
| *Total net undiscounted financial assets/(liabilities)* | 1,310 | (30,299) | – | (28,989) |

| **2013** | **1 year or less** S$'000 | **1 to 5 years** S$'000 | **Over 5 years** S$'000 | **Total** S$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| ***Financial assets*** | | | | |
| Trade receivables | 25,690 | – | – | 25,690 |
| Other receivables | 6,233 | 2,314 | – | 8,547 |
| Cash and cash equivalents | 38,092 | – | – | 38,092 |
| Restricted cash | 4 | – | – | 4 |
| Total undiscounted financial assets | 70,019 | 2,314 | – | 72,333 |
| ***Financial liabilities*** | | | | |
| Trade payables and accruals | 22,250 | – | – | 22,250 |
| Other payables | 3,309 | – | – | 3,309 |
| Lease creditors | 987 | 745 | 418 | 2,150 |
| Long term payables | – | – | 975 | 975 |
| Loans and borrowings | 15,281 | 535 | 623 | 16,439 |
| Total undiscounted financial liabilities | 41,827 | 1,280 | 2,016 | 45,123 |
| *Total net undiscounted financial assets/(liabilities)* | 28,192 | 1,034 | (2,016) | 27,210 |

| **2013** | **1 year or less** S$'000 | **1 to 5 years** S$'000 | **Over 5 years** S$'000 | **Total** S$'000 |
|---|---|---|---|---|
| **Company** | | | | |
| ***Financial assets*** | | | | |
| Amounts due from subsidiaries | 1,817 | – | – | 1,817 |
| Amounts due from associates | – | – | – | – |
| Other receivables | 1,901 | – | – | 1,901 |
| Cash and cash equivalents | 1,332 | – | – | 1,332 |
| Total undiscounted financial assets | 5,050 | – | – | 5,050 |
| ***Financial liabilities*** | | | | |
| Trade payables and accruals | 1,650 | – | – | 1,650 |
| Other payables | 180 | – | – | 180 |
| Loans and borrowings | 5,011 | – | – | 5,011 |
| Amounts due to subsidiaries | 27,072 | – | – | 27,072 |
| Total undiscounted financial liabilities | 33,913 | – | – | 33,913 |
| *Total net undiscounted financial liabilities* | (28,863) | – | – | (28,863) |

**(iii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties. The Company's loans at floating rate given to related parties form a natural hedge for its floating rate bank loan. All of the Group's and the Company's financial liabilities at floating rates are contractually repriced at intervals of less than 3 months (2013: less than 3 months) from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2013: 75) basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been S$171,000 lower/higher (2013: S$94,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

**(iv) Foreign currency risk**

Certain subsidiaries of the Group have transactional currency exposures arising from sales that are denominated in currencies other than their respective functional currencies. The foreign currency in which these transactions are mostly denominated is US dollars ("USD"). Approximately 70% (2013: 63%) of the Group's sales are denominated in currencies other than its operating entities' respective functional currencies. The Group's trade receivables at the end of the reporting period have similar exposures.

The Group and the Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (mainly in USD) amounted to S$12,307,000 and S$677,000 (2013: S$10,805,000 and S$20,000) for the Group and the Company respectively.

The Group uses forward currency contracts to mitigate the currency exposures to the USD.

Sensitivity analysis for foreign currency risk

The Group has significant foreign currency risk exposure to fluctuation in the USD against SGD. At the end of the reporting period, if USD had strengthened or weakened by 5% (2013: 5%) against SGD, taking into considerations of the impact on the foreign currency forward contracts that are outstanding as at 31 December 2014 and with all other variables held constant, the Group's loss net of tax would have been S$613,000 lower or S$613,000 higher (2013: S$564,000 lower or S$757,000 higher).

**(v) Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the Singapore Exchange and are classified as available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the share price of the quoted investments had been 6% (2013: 6%) higher/lower with all other variables held constant, there would have been no significant impact on the financial statements of the Group.

## 42. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | Note | Group 2014 S$'000 | Group 2013 S$'000 | Company 2014 S$'000 | Company 2013 S$'000 |
|---|---|---|---|---|---|
| ***Loans and receivables*** | | | | | |
| Amounts due from subsidiaries | 11 | – | – | 7,766 | 1,796 |
| Trade receivables | 12 | 33,162 | 25,690 | – | – |
| Other receivables | 13 | 6,573 | 8,547 | 305 | 1,901 |
| Cash and cash equivalents | 14 | 52,693 | 38,092 | 1,359 | 1,332 |
| Restricted cash | | 2 | 4 | – | – |
| | | 92,430 | 72,333 | 9,430 | 5,029 |
| ***Available-for-sale financial assets*** | | | | | |
| Investment securities | 7 | 188 | 5,407 | – | 5,298 |
| ***Financial liabilities measured at amortised cost*** | | | | | |
| Trade payables and accruals | 19 | 30,508 | 22,250 | 1,528 | 1,650 |
| Other payables | 20 | 1,992 | 3,309 | 221 | 180 |
| Long term lease creditors | 22 | 511 | 1,083 | – | – |
| Long term payables | | 1,016 | 975 | – | – |
| Loans and borrowings | 18 | 28,761 | 16,157 | 5,000 | 5,000 |
| Amounts due to subsidiaries | 21 | – | – | 31,119 | 26,695 |
| | | 62,788 | 43,774 | 37,868 | 33,525 |
| ***Financial liabilities at fair value through profit or loss*** | | | | | |
| Foreign exchange forward contracts | 20 | 181 | 102 | 181 | 102 |

### (b) Fair value of assets and liabilities

#### (i) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

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

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

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

| | Group 2014 S$'000 | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Recurring fair value measurements** | | | | |
| **Financial assets:** | | | | |
| Available-for-sale financial assets (Note 7) | | | | |
| - Equity instruments (quoted) | 188 | – | – | 188 |
| Non-current assets held for sale (Note 16) | | | | |
| - Equity instruments (unquoted) | – | 8,885 | – | 8,885 |
| At 31 December 2014 | 188 | 8,885 | – | 9,073 |
| **Financial liabilities:** | | | | |
| Derivatives | | | | |
| - Foreign exchange forward contracts (Note 20(ii)) | – | 181 | – | 181 |
| At 31 December 2014 | – | 181 | – | 181 |

| | Group 2013 (Restated) S$'000 | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Recurring fair value measurements** | | | | |
| **Financial assets:** | | | | |
| Available-for-sale financial assets (Note 7) | | | | |
| - Equity instruments (quoted) | 109 | – | – | 109 |
| At 31 December 2013 | 109 | – | – | 109 |
| **Financial liabilities:** | | | | |
| Derivatives | | | | |
| - Foreign exchange forward contracts (Note 20(ii)) | – | 102 | – | 102 |
| At 31 December 2013 | – | 102 | – | 102 |

There has been no transfer between Level 1 and Level 2 and no transfers into or out of Level 3 during the financial years ended 2014 and 2013.

**(iii) Level 2 fair value measurements**

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

*Derivatives (Note* 20*(ii))*

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates.

*Non-current assets held for sale – unquoted equity instruments*

Unquoted equity instruments refer to the Company's equity interest in APSI as disclosed in Note 7.

**(iv) Assets and liabilites not carried at fair value but for which fair value is disclosed**

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at the end of reporting period but for which fair value is disclosed:

| | **Company** S$'000 | | | |
|---|---|---|---|---|
| | Fair value measurements at the end of the reporting period using | | | |
| | Quoted prices in active markets for identical assets (Level 1) | Significant unobservable inputs (Level 3) | Total | Carrying amount |
| **2014** | | | | |
| **Assets** | | | | |
| Investment in subsidiaries: | | | | |
| - Quoted shares | 12,137 | – | 12,137 | 18,534 |
| **2013** | | | | |
| **Assets** | | | | |
| Investment in subsidiaries: | | | | |
| - Quoted shares | 22,723 | – | 22,723 | 25,783 |

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

The fair values of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

| | | **Group** | | | | **Company** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Note** | **2014** S$'000 | | **2013** S$'000 | | **2014** S$'000 | | **2013** S$'000 | |
| | | Carrying amount | Fair Value (Level 3) | Carrying amount | Fair Value (Level 3) | Carrying amount | Fair Value | Carrying amount | Fair Value |
| **Financial assets** | | | | | | | | | |
| Investment securities, carried at cost | 7 | – | * | 5,298 | * | – | – | 5,298 | – |
| **Financial liabilities** | | | | | | | | | |
| Lease creditors | | | | | | | | | |
| - Obligations under finance leases | 22 | 1,248 | 1,262 | 1,952 | 1,934 | – | – | – | – |

<u>Determination of fair value</u>

The fair values of lease obligations under finance leases as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending borrowing or leasing arrangements at the end of the reporting period.

Management has determined that the carrying amounts of loans and borrowings based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

*Investment securities carried at cost*

At 31 December 2013, fair value information was not disclosed for the Group's investments in equity instruments carried at cost because fair value could not be measured reliably. These equity instruments represented mainly ordinary shares in companies not quoted on any market and did not have any comparable listed industry peer. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques would be significant.

The fair values of obligations under finance leases as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing arrangements at the end of the reporting period.

Management has determined that the carrying amounts of loans and borrowings based on their notional amounts, reasonably approximate their fair values because these are mostly short team in nature or are re-priced frequently.

## 43. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains sufficient cash and bank balances in order to support its business activities and repayment of loan and borrowings. The Group monitors its monthly cash flows and also manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2014 and 31 December 2013. Except as disclosed in Note 18, the Group is in compliance with all externally imposed capital requirements.

## 44. ACCUMULATED LOSSES

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | S$'000 | S$'000 |
| Balance at 1 January | (106,562) | (64,947) |
| Loss for the year | (10,182) | (41,615) |
| Balance at 31 December | (116,744) | (106,562) |

## 45. DIVIDENDS

The directors do not recommend any dividend in respect of the financial year ended 31 December 2014. No dividend has been paid or declared since the end of the previous financial year.

## 46. COMPARATIVES

As disclosed in Note 6(iv), the allocation of purchase price to the identifiable assets and liabilities was completed in the current financial year and, consequently, the Group made certain restatements for the 2013 acquisition of ASA Multiplate as follows:

| | Group | |
|---|---|---|
| | **2013 As restated** | **2013 As previously reported** |
| | S$'000 | S$'000 |
| **Balance sheet** | | |
| Intangible assets | 15,456 | 15,515 |
| Property, plant and equipment | 40,498 | 39,873 |
| Deferred tax liabilities | (1,005) | (743) |
| Foreign currency translation reserve | (2,975) | (2,951) |
| Capital reserves | (6,619) | (6,617) |
| Non-controlling interests | 29,138 | 28,807 |
| Accumulated losses | (38,609) | (38,608) |
| **Income statement** | | |
| Cost of sales | (65,905) | (65,931) |
| Marketing and distribution | (10,394) | (10,358) |
| Administrative expenses | (25,472) | (25,474) |
| Income tax expense | (483) | (488) |

# APPENDIX 3

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2014

## STATISTICS OF SHAREHOLDINGS

# STATISTICS OF SHAREHOLDINGS

**As at 23 March 2015**

| | | |
|---|---|---|
| **Number of Equity Securities** | : | 654,731,486 |
| **Class of Equity Securities** | : | Ordinary shares (excludes treasury shares) |
| **Voting Rights** | : | One vote per share (excludes treasury shares) |
| **Number of Treasury Shares** | : | 27,234,855 |

The percentage of treasury shares against equity securities is 4.16%.

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 45 | 0.90 | 663 | 0.00 |
| 100 - 1000 | 528 | 10.53 | 492,900 | 0.07 |
| 1,001 - 10,000 | 1,743 | 34.78 | 9,692,592 | 1.48 |
| 10,001 - 1,000,000 | 2,640 | 52.67 | 222,454,035 | 33.98 |
| 1,000,001 and above | 56 | 1.12 | 422,091,296 | 64.47 |
| **Total** | **5,012** | **100.00** | **654,731,486** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| S/No | Name | No. of Shares | % |
|---|---|---|---|
| 1. | Maybank Nominees (Singapore) Private Limited | 70,719,400 | 10.80 |
| 2. | Loh Soon Gnee | 65,209,600 | 9.96 |
| 3. | DB Nominees (Singapore) Pte Ltd | 41,484,000 | 6.34 |
| 4. | Soh Pock Kheng | 28,990,000 | 4.43 |
| 5. | UOB Kay Hian Private Limited | 17,127,000 | 2.62 |
| 6. | OCBC Securities Private Limited | 15,699,900 | 2.40 |
| 7. | Maybank Kim Eng Securities Pte. Ltd. | 14,731,500 | 2.25 |
| 8. | Lim & Tan Securities Pte Ltd | 14,187,000 | 2.17 |
| 9. | DBS Nominees (Private) Limited | 13,630,613 | 2.08 |
| 10. | Ramesh S/O Pritamdas Chandiramani | 10,977,900 | 1.68 |
| 11. | Forte Capital Management Pte Ltd | 10,400,000 | 1.59 |
| 12. | Fiona Soh Siok Lan | 9,428,000 | 1.44 |
| 13. | United Overseas Bank Nominees (Private) Limited | 7,553,300 | 1.15 |
| 14. | OCBC Nominees Singapore Private Limited | 6,510,640 | 0.99 |
| 15. | Tan Kwee Kim | 5,400,000 | 0.82 |
| 16. | Ling Kim Chye | 5,035,000 | 0.77 |
| 17. | Cheng Chai Hong | 4,345,714 | 0.66 |
| 18. | Cher Lew Siang Charles | 4,080,000 | 0.62 |
| 19. | RHB Securities Singapore Pte. Ltd. | 4,000,292 | 0.61 |
| 20. | Wong Poh Hwa @ Kwai Seng | 4,000,000 | 0.61 |
| | **Total** | **353,509,859** | **53.99** |

**SUBSTANTIAL SHAREHOLDERS** (As recorded in the Register of Substantial Shareholders)

| | Direct Interest | %* | Deemed Interest | %* | Total %* |
|---|---|---|---|---|---|
| Michael Loh Soon Gnee[1] | 65,209,600 | 9.96 | 65,000,000 | 9.93 | 19.89 |
| Heah Theare Haw [2] | - | - | 41,484,000 | 6.34 | 6.34 |

**PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC ('PUBLIC FLOAT')[#] IS 73.77% OF ISSUED SHARE CAPITAL OF THE COMPANY**

[1] Deemed interested in 65,000,000 shares held by nominees.
[2] Deemed interested in 41,484,000 shares held by nominees.
* The above percentage is calculated based on the issued share capital of 654,731,486 shares (excluding treasury shares), rounded up.
[#] The Public Float meets the requirements of Rule 723 of the SGX-ST Listing Manual, which requires at least 10% of the shares of the Company to be held by the public.

# APPENDIX 4

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2014

## NOTICE OF ANNUAL GENERAL MEETING

# NOTICE OF ANNUAL GENERAL MEETING

## ASTI HOLDINGS LIMITED

(Company Registration No. 199901514C)
(Incorporated in the Republic of Singapore with limited liability)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of ASTI HOLDINGS LIMITED (the "**Company**") will be held at Blk 25, Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416 on Thursday, 30 April 2015 at 3.30 p.m. for the following purposes:

**AS ORDINARY BUSINESS**

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

2. To re-elect the following Directors of the Company retiring pursuant to Article 103 of the Articles of Association of the Company:

   Professor Dr Kriengsak Chareonwongsak (Retiring under Article 103) **(Resolution 2)**
   Mr Timothy Lim Boon Liat (Retiring under Article 103) **(Resolution 3)**

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$221,000 for the year ended 31 December 2014 (2013: S$179,500). **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

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

**AS SPECIAL BUSINESS**

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

6. **AUTHORITY TO ISSUE SHARES**

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

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

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, 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 of the Company may in their absolute discretion deem fit; and

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

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

# NOTICE OF ANNUAL GENERAL MEETING

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 6)**

By Order of the Board

Dayne Ho Chung Wei
Secretary
Singapore, 14 April 2015

**Explanatory Notes:**

(i) Professor Dr Kriengsak Chareonwongsak will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees and will be considered independent.

Mr Timothy Lim Boon Liat will, upon re-election as a Director of the Company, be considered non-independent.

(ii) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

**Notes:**

1. A Member entitled to attend and vote at the Annual General Meeting (the "**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.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

**Personal data privacy:**

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

# APPENDIX 5

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2014

## PROXY FORM

## ASTI HOLDINGS LIMITED

(Company Registration No. 199901514C)
(Incorporated in the Republic of Singapore)

**IMPORTANT:**

1. For investors who have used their CPF monies to buy **ASTI Holdings Limited's** shares, this Report is forwarded to them at the request of the 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 attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

## PROXY FORM

*(Please see notes overleaf before completing this Form)*

I/We*, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of ASTI Holdings Limited (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Blk 25, Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416 on Thursday, 30 April 2015 at 3.30 p.m. and at any adjournment thereof. I/We direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

| No. | Resolutions relating to: | For | Against |
|---|---|---|---|
| 1 | Adoption of Directors' Report and Audited Financial Statements for the year ended 31 December 2014 | | |
| 2 | Re-election of Professor Dr Kriengsak Chareonwongsak as a Director of the Company | | |
| 3 | Re-election of Mr Timothy Lim Boon Liat as a Director of the Company | | |
| 4 | Approval of Directors' fees amounting to S$221,000 | | |
| 5 | Re-appointment of Messrs Ernst & Young LLP as Auditors | | |
| 6 | Authority 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*

**Delete where inapplicable*

**Important: Please read notes overleaf**

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2015.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

ASTI HOLDINGS LIMITED

Blk 25, Kallang Avenue,
#06-01, Kallang Basin Industrial Estate,
Singapore 339416
Tel : (65) 6392 6922
Fax : (65) 6392 5522
Website : www.astigp.com
(Co. Reg. No. 199901514C)