Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	ASTI HOLDINGS LIMITED
Securities	ASTI HOLDINGS LIMITED - SG1G77872271 - 575
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	12-Apr-2016 18:07:27
Status	New
Report Type	Annual Report
Announcement Reference	SG160412OTHRYMG1
Submitted By (Co./ Ind. Name)	DATO MICHAEL LOH SOON GNEE
Designation	EXECUTIVE CHAIRMAN & CEO
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the attachment.

Additional Details

Period Ended	31/12/2015

Attachments	ASTI AR2015 Corporate Web Version.pdf Total size =1307K

ASTI

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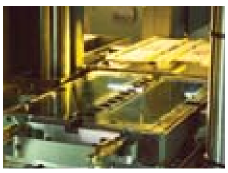
annual 2015 report

ASTI HOLDINGS LIMITED



CONTENTS

About ASTI	1
Geographic Reach	1
Letter to Shareholders and Operations Review	2
Board of Directors	6
Key Management	8
Financial Highlights	10
Corporate Information	11
Corporate Social Responsibilities	12
Appendix 1 Corporate Governance Report	A1
Appendix 2 Directors' Statement and Audited Financial Statements	A2
Appendix 3 Statistics of Shareholdings	A3
Appendix 4 Notice of Annual General Meeting	A4
Appendix 5 Proxy Form	A5

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 also has a controlling equity interests 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.

On 30 April 2015, a new subsidiary, EoCell Limited ("EoCell") was incorporated in Hong Kong. EoCell is engaged in the development of battery and storage solutions.

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

Geographic Reach

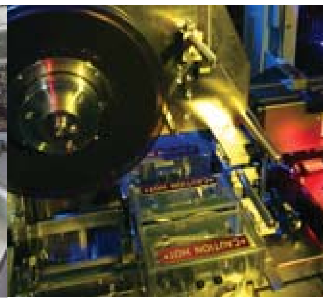
The ASTI Group of companies has extensive global footprints. Currently we have 4 research and development centres, 14 factories and 30 sales offices located in Southeast Asia, Greater China, Korea, the United States of America and the United Kingdom.

LETTER TO **SHAREHOLDERS AND OPERATIONS REVIEW**

"Looking into 2016, we foresee good growth in ASTI generic manufacturing and equipment businesses coming from new products and services and new customer acquisitions."

Dear Shareholders,

We started 2015 on a positive outlook and ended the year with markedly different landscape. The world is now finally coming to grips that China growth rate and economic mix may structurally be different in the next quarter century versus the last quarter century. The prevailing view is that the RMB is going to depreciate rather than appreciate. The Ringgit is lower now than it was post the Asian Financial Crisis in 1997/8. And crude oil price is less than half what it was just a year or so ago. While we continue to believe that we are at a strategic inflection point albeit a delay and detour, we embarked on a decidedly prudent position by impairing and provisioning S$32.6 million of exceptional items.



ASTI OPERATION REVIEW

INCOME STATEMENT

Revenue

The Group reported a 13.8% or S$18.6 million decline in revenue from S$135.2 million (FY2014) to S$116.5 million (FY2015).

Backend Equipment Solutions & Technologies ("BEST") business recorded a 14.8% or S$19.7 million decrease in revenue from S$133.0 million (FY2014) to S$113.3 million (FY2015). The decline in revenue was due to lower demand for the equipment business. The revenue from Distribution & Service business increased S$1.0 million from S$2.2 million (FY2014) to S$3.2 million (FY2015) due to increase in sales from the distribution business.

Gross Profit Margin

Gross profit margin in FY2015 was 33.0%, which was 1.4% lower compared to the 34.4% reported in FY2014.

Operating Expenses

Marketing & distribution, research & development and general administrative expenses of S$52.5 million incurred in FY2015 were S$6.9 million higher compared to the expenses reported in FY2014. The expenditure rose mainly due to the increase in payroll related costs and higher research and development activities carried out for the development of the advanced semiconductor packages and batteries.

Financing costs increased S$43,000 in FY2015 compared to FY2014.

The foreign exchange gain of S$1.1 million in FY2015 was comparable to the gain reported in FY2014.

Depreciation of property, plant and equipment in FY2015 increased due to additional purchase of property, plant and equipment during the years 2014 and 2015.

Exceptional items amounted to SS$32.6 million due to impairment losses on property, plant and equipment and goodwill as a result of the weaker business environment.

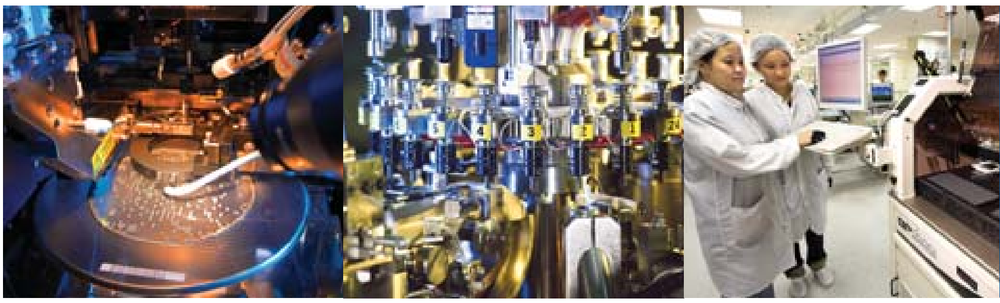
Net Loss/Profit

The Group reported a net loss attributable to shareholders of S$20.5 million in FY2015 compared to the net profit of S$2.9 million in FY2014, mainly due to the exceptional losses of S$32.6 million and lower revenue recorded in the year.

BALANCE SHEET

As at 31 December 2015, total assets stood at S$124.6 million comprising S$23.4 million from non-current assets and S$101.2 million from current assets. Total liabilities stood at S$54.3 million comprising current liabilities of S$51.6 million and non-current liabilities of S$2.7 million. Shareholders' equity including non-controlling interests stood at S$70.3 million.

The following are highlights of the Group's balance sheet as at 31 December 2015.



LETTER TO **SHAREHOLDERS AND OPERATIONS REVIEW**

Intangible assets
The decrease in intangible assets was mainly due to the impairment losses on goodwill after reviews of impairment assessment. Other reasons for the decrease included the amortisation of customer relationships and intellectual properties, and asset values fluctuation due to currency volatility.

Property, plant and equipment
The impairment losses and the depreciation during the year resulted in the decrease in the property, plant and equipment ("PPE"). However, the decline in PPE was partially offset by the additional purchases in the year.

Investment securities
Investment securities increased mainly due to the 4% acquisition of the issued share capital of Nanofuel Co., Ltd. ("Nanofuel"). Nanofuel is engaged in the research and development of nano-emulsification technology for biomass energy.

Prepayment (Non-current)
The prepayment relates to the cost incurred for the development project along the Yangtze Riverbank.

Investment in associate
Investment in associate relates to the 49% acquisition of the issued share capital of APA Capital & Advisory Co., Ltd on 29 April 2015.

Inventories
Inventories decreased S$0.8 million from S$27.1 million to S$26.2 million, mainly due to lesser inventory purchases in view of lower customers' demands.

Other receivables and prepayments
The receivables decreased mainly due to an impairment loss on a loan to external party and the final receipt from the disposal of the discontinued operations. The decline was partly offset by the partial consideration made for the 19% acquisition of the issued share capital of Heat Tech Japan Co., Ltd. As at 31 December 2015, this acquisition is pending completion.

Trade receivables
Trade receivables' balance decreased S$7.0 million due to the lower sales in year 2015.

Loans and borrowings
Loans and borrowings decreased S$13.3 million from S$28.8 million to S$15.5 million, due to repayments made during the year.

Payables and accruals
Payables and accruals remained comparable in 2015 and 2014.

CASH FLOWS STATEMENT

The Group utilised S$0.5 million for its operations. An amount of S$2.0 million was used for the payment of interest and tax. S$11.4 million was received, being proceeds from the disposal of investment and the final receipts from the disposal of discontinued operations. A net amount of S$8.0 million was used for the purchase of property, plant and equipment. An amount of

S$2.5 million was received from a share placement exercise by a subsidiary. The Group repaid net loans and borrowings of S$13.9 million to the financial institutions. The Group also utilised S$0.7 million and S$1.6 million for expenditure on development projects and the purchase of equity stakes in certain investments respectively.

OUTLOOK

Although the tremendous economic earthquake has altered the strategic economic landscape, we continue to be optimistic on our strategic outlook while being cognizant of the headwinds - a slowing global economy, a decelerated and structurally changing China economic growth and mix, and a Watch List ticking time clock. Looking forward into 2016, we foresee good growth in ASTI generic manufacturing and equipment businesses coming from new products and services and new customer acquisitions. Our ASA ECMS businesses are looking at possible recovery growth, and we will continue to pursue opportunities that align with the strategic roadmap. Our DGI battery business will begin the commercialization and revenue may materialize if all goes well. We had cost down where necessary and will continue to cost down, restructure and / or dispose where appropriate and prudent. By and large, even in the face of the headwinds, while we still have serious issues and plenty of work to do, some fundamentals are in place for us to achieve that strategic inflection turning point.

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, 60
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 close to 40 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, 51
Group Administrative Officer
and Executive Director

Diploma in Sales and Marketing,
CIMUK

Mr Lim brings with him close to 30 years of experience in the regional semiconductor industry. As the Group Administrative Officer, he is responsible for the Administrative, Human Resource 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, 46
Lead Independent Director
Audit Committee Chairman

Chartered Accountant,
Member of Malaysian Institute of Certified Public Accountants

Mr Fong is currently the CEO of PanPages Berhad. Mr Fong is responsible for PanPages Berhad's day-to-day operation. He 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 PanPages Berhad, he was a partner in Devonshire Capital Group and 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

Professor Dr Kriengsak Chareonwongsak, 61
Independent Director
Nominating Committee Chairman

PhD Economics,
Monash University, Australia
D.Phil Management,
University of Oxford, UK
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

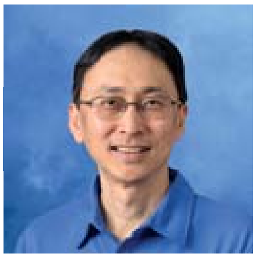
Mr Peter Lai Hock Meng, 60
Independent Director
Remuneration Committee Chairman

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 Chairman of HML Consulting Group Pte Ltd, a boutique corporate advisory firm.

Current Listed Companies' Directorships
- ASTI Holdings Limited
- CFM Holdings Limited
- Delong Holdings Ltd
- PureCircle Ltd

Past 3 Years Listed Companies' Directorships
- China Energy Limited
- China Essence Group Ltd
- China Oilfield Technology Services Group Ltd
- Metax Engineering Corp Limited
- Success Dragon International holdings Ltd (f.k.a. CY Foundation Group Limited)



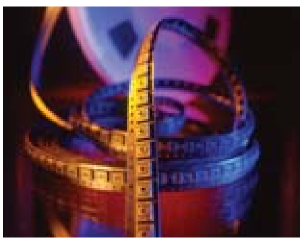
Mr Mandie Chong Man Sui, 58
Non-Executive and
Non-Independent Director

Bachelor of Science in Engineering,
National Taiwan University

Mr Chong is a veteran with more 30 years of experience in the semiconductor 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
President, STI

Mr Lau joined the Group in 1997 and has close to 30 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 Vincent Lew
Senior 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 almost 30 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 Han Chin Fong
Vice President, STI

Mr Han joined the Group in 1994 and has close to 30 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 Larry Lim
President of Telford Group

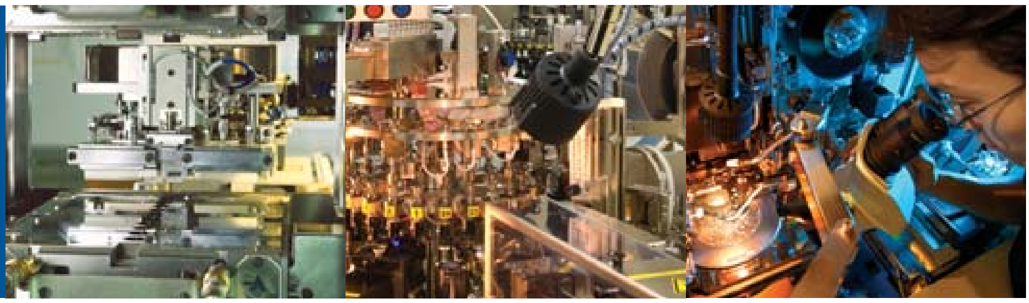
Mr Lim joined the Group in 1993 and currently manages eight of the Group's subsidiaries in Asia and Europe, which total workforce of more than 2,000 provides tape and reel, and programming services for both the semiconductor and contract manufacturing industries. Prior to joining Telford Group, Mr Lim 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 Gary Smith
Managing Director,
Reel Service Ltd, Scotland

Mr Smith originally joined Reel Service in 1988 as Engineering Manager then became Director of the Engineering for the Reel Service Group where he helped set up subsidiaries in Germany, Singapore, USA, the Philippines and Israel. Prior to joining Reel Service he spent 5 years working with Hughes Microelectronics (Now Raytheon) where he gained extensive knowledge and experience in Quality, Project and Process Engineering. In 2002 Mr Smith set up his own Company in Property Development & Project Management. Prior to starting back with Reel Service in August 2015 Mr Smith was working with charity based Housing Associations dealing with Property Development & Maintenance.



Mr Michael Pak
Chief Operating Officer, EoCell Inc.

Mr Pak joined EoCell in 2015 and brings with him 19 years of experience in the Lithium-ion battery and Catalyst related industry where he gained extensive knowledge and experience in engineering, product management and sales. Mr Pak holds a Bachelor of Science in Engineering Science, Harvard University.

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

Mr Rogren joined the Group in 2012, bringing with him over 30 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 lead frame 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 December 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

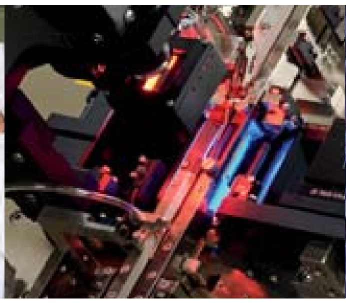
Dato' Ben Loh brings with him over 20 years of experience in various industries such as paper packaging, metal fabrication and sheets metal. Prior to joining Microfits, Dato' Ben Loh was a businessman and served as Director of various Malaysian companies such as R-Plus Technology, Megatouch, CSH-Prime 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 Tan has accumulated 37 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 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 Multiplate. 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	2013	2014	2015
	S$'000	S$'000	S$'000
STATEMENT OF THE GROUP RESULTS			
Turnover	96,809	135,160	116,539
Adjusted EBITDA*	(7,370)	9,316	(4,739)
(Loss)/profit before income tax	(20,800)	538	(46,054)
Income tax	(483)	(878)	(836)
Loss from continuing operations	(21,283)	(340)	(46,890)
Loss attributable to discontinued operations	(703)	-	-
Loss for the year	(21,986)	(340)	(46,890)
Attributable to:			
Owners of the Company	(15,189)	2,857	(20,478)
Non-controlling interests	(6,797)	(3,197)	(26,412)
	(21,986)	(340)	(46,890)
(Loss)/earnings per share (cents)	(2.3)	0.4	(3.1)
FINANCIAL POSITION OF THE GROUP			
Intangible assets	15,456	15,114	839
Property, plant & equipment	40,498	37,412	20,666
Investment in associate	-	-	11
Investment securities and deferred tax assets	5,680	367	1,172
Other receivables and prepayments	2,314	-	693
Current assets	93,546	121,100	99,320
Non-current assets held for sale	-	11,100	1,904
Total Assets	157,494	185,093	124,605
Equity attributable to owners of the Company	79,661	86,227	62,460
Non-controlling interests	29,138	31,001	7,847
	108,799	117,228	70,307
Long term & deferred liabilities	4,078	3,493	2,702
Current liabilities	44,617	64,372	51,596
Total Equity and Liabilities	157,494	185,093	124,605
NAV per share (cents)	12.2	13.2	9.5
Weighted average number of shares in the year	654,731,486	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			
Back-End Equipment Solutions and Technologies	95,788	132,973	113,318
Distribution and Services	1,021	2,187	3,221
	96,809	135,160	116,539
Group (loss)/profit before tax			
Back-End Equipment Solutions and Technologies	(11,596)	3,697	(26,394)
Distribution and Services	(9,204)	(3,159)	(19,660)
	(20,800)	538	(46,054)

* Adjusted EBITDA = earnings before interest, taxes, depreciation, amortisation, and exceptional items

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
President, STI

Mr Vincent Lew
Senior Vice President, STI

Mr Han Chin Fong
Vice President, STI

Mr Larry Lim
President of Telford Group

Mr Ong Yu Huat
Senior Vice President, Telford Group

Mr Gary Smith
Managing Director, Reel Service, Scotland

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

Mr Roslan Bin Affandi
Vice President, Operations of EoPlex Group

Mr Michael Pak
Chief Operating Officer, EoCell Inc.

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 Sunny Tan
Chief Executive Officer, ASA Multiplate

REGISTERED OFFICE

1 Robinson Road #18-00
AIA Tower
Singapore 048542
Tel: (65) 6535 1944
Fax: (65) 6535 8577

BUSINESS OFFICE

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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

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

CORPORATE SOCIAL **RESPONSIBILITIES**

SINGAPORE

The Keep Singapore Clean Movement is a national rally call for Singapore to move from being a ‘cleaned city to a truly clean city’.

The philosophy of the movement is to encourage everyone to:

- Show consideration for the next user by keeping public spaces clean;
- Learn the importance of keeping Singapore clean through litter picking;
- Advocate for a clean Singapore.

In support of the Keep Singapore Clean Movement, ASTI Holdings organised a Litter Picking Activity on 18th September 2015 at East Coast Park Beach Area. A total of 51 employees including children participated in this event.

THE PHILIPPINES

Our colleagues in the Philippines have adopted a series of programmes during the year focusing particularly on health and wellness.

In 2015, the team participated in blood donation and went on a village medical mission to the Religious Organisation at General Trias, Cavite. This mission provides free medical services to the community there to give them a better understanding of their health conditions and aid early detection of diseases.

annual 2015 report
ASTI HOLDINGS LIMITED

APPENDIX 1

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2015

ASTI Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") are committed to maintaining a high standard of corporate governance and to comply 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, we have provided the rationale, where appropriate. The Board of Directors (the "**Board**") of the Company 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 2015 ("**FY2015**") 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 the management of the Company (the "**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, set and approve the strategic and financial objectives of the Group, and to ensure 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 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 the Company 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.

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.

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 Constitution allows for telephone, videoconference and other forms of electronic or instantaneous communication by members for such meetings if they cannot be personally present.

Whenever a new Director is appointed on the Board, the Company will provide a formal letter to the Director, setting out, amongst other things, his duties and obligations. The Company will also 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.

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 and no individual or group of individuals is able to dominate the Board's decision-making process.

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, provide 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, management, relevant industry knowledge, strategic planning and customer-based experience and knowledge. 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 and the other Directors.

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 12 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 has continued to demonstrate strong independence in discharging his responsibilities as a Director of the Company, notwithstanding that he has served on the Board for more than nine years from the date of his appointment.

Principle 3: Executive 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 Executive Chairman has assumed additional responsibilities as the Group CEO until a suitable CEO is found. The Board is confident that given the Executive Chairman's vast experience and past contributions, he will be able to bring great value to the Group.

The Executive Chairman and Group CEO 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 his role.

The Executive Chairman and Group CEO 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 Executive Chairman and Group CEO 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 advice. 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 staff 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 encouraged to contribute at the Board meetings.

In view of the fact that the Executive Chairman and the 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 issues of concern for which communication through the Executive Chairman and Group CEO, or the Vice President, Finance may not be appropriate in some circumstances.

To facilitate a more efficient check on Management and the Executive Chairman and Group CEO, the Independent Directors have been encouraged to meet without the presence of Management and the Executive Chairman and Group CEO at separate occasions. The Lead Independent Director then provides feedback to the Executive Chairman and Group CEO 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 and when warranted by particular circumstances, as deemed appropriate by the Board. The Company's Constitution 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	3	3	1	1

*** By Invitation**

Board Appointments

The NC makes recommendations to the Board on all Board appointments and re-appointments. All of the members of the NC, made up of Dr Kriengsak Chareonwongsak (NC Chairman), Mr Fong Wai Leong and Mr Peter Lai Hock Meng, are Independent Directors. The Lead Independent Director is a member of the NC.

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

- Review board succession plans for Directors, in particular, the Executive Chairman and Group 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 based on his skills, knowledge and experience and ensures that 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 Constitution provides that a newly appointed Director during the financial year must retire and submit himself for re-appointment at the annual general meeting ("**AGM**") following his appointment. Thereafter, he is subject to re-appointment 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.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. The Company's Constitution 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	30 Apr 2015
Mandie Chong Man Sui	Non-executive and Non-Independent 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	30 Apr 2015

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:

Fong Wai Leong	Lead Independent Director
Mandie Chong Man Sui	Non-executive Director and Non-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 Independent Director has provided a declaration of their independence which is deliberated upon by the NC and the Board.

For good corporate 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 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 expressing his opinions and seeking relevant explanations and clarifications on matters concerning the Group from Management. Moreover, he has gained knowledge and an understanding of the Group's business and operations that 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 FY2015, the NC and the Board, having considered the guidelines set out in the Code, have confirmed the independence of the following 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 internal 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 a director 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 FY2015, the directorships for each Director did not exceed the Company's guideline for maximum listed company board representations and the Board is of the view 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 once annually. These peer assessments are collated by the NC and are taken into account when the NC assesses and makes recommendations to the Board as to whether the retiring Directors are suitable for re-election/re-appointment in consultation with the Executive Chairman and Group CEO. 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.

The Executive Chairman and Group CEO updates the Board during the quarterly Board meetings on the 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) of Singapore and the SGX-ST's Listing Manual. The Company Secretary under the direction of the Executive Chairman and Group CEO 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 RC comprising three members, Mr Peter Lai Hock Meng (RC Chairman), Mr Fong Wai Leong and Dr Kriengsak Chareonwongsak who are all Independent Directors. There is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. 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 also to 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
- review and submit to the Board proposals for the setting-up of share option schemes or long term incentive schemes.

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

- Review and recommend to the Board for endorsement, a general framework of remuneration for the Board and key management personnel. The framework covers all aspects 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 option plan, if any.
- 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 assess 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 an 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 does not have any connection with the Group or any of its Directors which could affect their independence and objectivity. No remuneration consultants were engaged by the Company during FY2015.

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, by linking rewards to corporate and individual performance and therefore promoting 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 has a significant portion of performance-related elements.

The Independent Directors have no service contracts with the Company and their terms are specified in the Company's Constitution. 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 service contract are typically set at period of six months or less. There are incentive components in the remuneration package for the Group's Executive Chairman and Group CEO which are linked to his performance which is assessed based on the Group's financial performance. This remuneration package has been designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance in order to promote the long-term sustainability of the Group. 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 RC has established a suitable remuneration framework to incentivise, compensate and reward the key management and executives. 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.

An share option scheme, which would be 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 would 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, would be dependent on the grade of the employee, subject to the approval of the RC.

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 2015

Directors	Remuneration (S$'000)	Fees* (%)	Fixed Salary (%)	Bonus & Management Incentive (%)	Share-Based Compensation (%)	Benefits & Allowance (%)	Total (%)
Dato' Michael Loh Soon Gnee	3,476	4%	73%	20%	N.A.	3%	100%
Timothy Lim Boon Liat	307	13%	76%	N.A.	N.A.	11%	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 FY2015 which are subject to shareholders' approval in the forthcoming AGM.*

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

Remuneration Band	2015
Below S$250,000	None
S$250,000 to below S$500,000	4
S$500,000 to below S$750,000	1

There are 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$1,915,000. Taking into consideration the competitive industry in which the Group operates, the Company believes that it is not in the best interests of the Company to disclose the names, remunerations, or the breakdown of the remunerations (in percentage or dollar terms) of the top five key management personnel (who are not directors or CEO).

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 2015.

Shareholders' approval was previously obtained for the implementation of the employee share option scheme in 2001 and the employee share option scheme has expired on 22 May 2011. There are no outstanding share options granted under the expired employee share option scheme.

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 with 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 of the Listing Manual, with the assistance of the Group's legal counsel.

Financial reports and other price sensitive information, all news releases and analyst presentations are disseminated to shareholders through SGXNet and posted on the Company's website at www.astigp.com.

The Annual Report is disseminated to all shareholders and is available on the Company's website.

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 assisting the Board with the risk management function, the AC is guided by the following terms of reference:

- Determine the Group's levels of risk tolerance and risk policies.
- Oversee Management in the formulation, updating 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 recommendations 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 the Code.
- 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 and Group CEO, 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 2015 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 Interested Person Transactions

An assessment of the significant risk areas relevant to the Company's businesses, 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 producers 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 development 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.

Principle 12: Audit Committee

The AC comprises three members, Mr Fong Wai Leong (AC Chairman), Dr Kriengsak Chareonwongsak and Mr Peter Lai Hock Meng, all of whom are 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 the 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, checks on the adequacy of the internal audit procedures and an 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 Executive Chairman and Group CEO, Vice President, Finance, Group Administrative Officer (Mr Timothy Lim Boon Liat), legal counsels, internal auditors and external auditors were invited to these meetings. Other members of senior management were also invited to attend as appropriate to present reports.

The AC met with the Company's external auditors, Ernst & Young LLP ("**E&Y**") two times in FY2015. 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 FY2015 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 the 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, E&Y, on behalf of the Board. During FY2015, 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 E&Y be re-appointed as the external auditor. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of E&Y.

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 for FY 2015 are S$564,000 and S$74,000 respectively. These fees are also disclosed in the notes to the financial statements.

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 audit partner from E&Y for the Company took over from the previous audit partner from the financial year ended 31 December 2011. As such, the current E&Y audit partner will be stepping down, and a new E&Y audit partner will be appointed for the financial year ended 31 December 2016. 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 controls

During the year, the AC 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 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 have 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, E&Y, carried 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. Any material non-compliance and internal control weaknesses noted during their audit, and the external auditors' recommendations to address the same were reported to the AC. Management, with the assistance of the Internal Auditor, follows up on the external 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.

Whistle-blowing policy

The Company has implemented a whistle blowing policy since September 2007 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 the Group Administrative Officer. The AC has reviewed and is satisfied with the adequacy of the whistle blowing policy.

There were no complaints received up to the date of this annual report.

Principle 13: Internal Audit

The internal audit function was outsourced to KPMG LLP ("the **Internal Auditor**") in FY2015. 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 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, has 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 the 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 is mindful of the obligation to provide regular, effective and fair communication with shareholders and ensures that all the Company's shareholders are treated equitably and the rights of all shareholders are protected. The Company conducts dialogue sessions with investors, securities analysts, fund managers and the press as and when necessary.

On a regular and timely basis, the Company disseminates 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 not more than two proxies to attend the general meeting and vote in his stead, provided the member name is certified by the Depository (Nominee Company) to the Company as appearing on the Depository Register not earlier than 72 hours before the AGM 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 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 bundling of resolutions are avoided 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.

OTHER CORPORATE GOVERNANCE MATTERS

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 regards to dealings in the Company's securities including reminders that the law on insider trading is applicable at all times. The adoption of this Internal Code has been notified to all Directors, officers and employees of the Group.

The Internal Code provides that the Company, its officers and employees of the Group should not deal in securities of the Company when they are in possession of any unpublished material price-sensitive information in relation to those securities as this is an offence.

The Company's Internal Code also provides that the Company, its officers and employees of the Group should not trade in the Company's securities during the period commencing two weeks before the date of announcement of the Company's quarterly and half-year financial results and the period commencing one month before the date of announcement of the Company's full-year financial results, ending on the date of announcement of the relevant results.

In addition, the Company's officers and employees should not deal in the Company's securities for short-term considerations.

The Internal Code complies with, and the Board confirms that for the financial year ended 31 December 2015, the Company has complied with, Rule 1207(19) of the SGX-ST Listing Manual.

Material Contracts

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Chairman and Group CEO, directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

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 FY2015.

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.

annual 2015 report

ASTI HOLDINGS LIMITED

APPENDIX 2

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2015

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

1 Directors' Statement

3 Independent Auditor's Report

4 Balance Sheets

5 Consolidated Income Statement

6 Consolidated Statement of Comprehensive Income

7 Consolidated Statement of Changes in Equity

9 Consolidated Cash Flow Statement

11 Notes to the Financial Statements

DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2015.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheets of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; 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.

DIRECTORS

The Directors of the Company in office at the date of this statement 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 2016
Ordinary shares of the Company			
Dato' Michael Loh Soon Gnee			
- held in name of Director	65,209,600	65,209,600	65,209,600
- deemed interest	65,000,000	65,000,000	65,000,000
Mandie Chong Man Sui			
- held in name of Director	136,800	136,800	136,800
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' STATEMENT

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.

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

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

4 April 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 4 to 63, which comprise the balance sheets of the Group and the Company as at 31 December 2015, 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 financial statements and to maintain accountability of assets.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, 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 subsidiary corporations 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

4 April 2016

BALANCE SHEETS

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Assets					
Non-current assets					
Intangible assets	4	839	15,114	–	–
Property, plant and equipment	5	20,666	37,412	34	73
Investments in subsidiaries	6	–	–	25,282	31,379
Investments in associate		11	–	–	–
Investment securities	7	897	188	–	–
Deferred tax assets	23	275	179	–	–
Prepayments and advances	10	693	–	–	–
Amounts due from subsidiaries	11	–	–	1,350	–
		23,381	52,893	26,666	31,452
Current assets					
Inventories	9	26,223	27,050	–	–
Prepayments and advances	10	2,448	1,374	55	101
Amounts due from subsidiaries	11	–	–	8,525	7,766
Trade receivables	12	26,156	33,162	–	–
Other receivables	13	3,246	6,819	–	305
Cash and cash equivalents	14	41,247	52,693	1,671	1,359
Restricted cash		–	2	–	–
		99,320	121,100	10,251	9,531
Non-current assets held for sale	15	1,904	11,100	–	8,885
		101,224	132,200	10,251	18,416
Total assets		**124,605**	**185,093**	**36,917**	**49,868**
Equity and liabilities					
Current liabilities					
Provisions	16	467	587	–	–
Income tax payable		1,919	1,507	–	91
Loans and borrowings	17	14,743	27,823	5,000	5,000
Trade payables and accruals	18	30,959	30,508	1,370	1,528
Other payables	19	3,508	3,947	221	402
Amounts due to subsidiaries	20	–	–	1,740	1,514
		51,596	64,372	8,331	8,535
Non-current liabilities					
Deferred tax liabilities	23	329	1,028	–	–
Lease creditors	21	538	511	–	–
Long term payables	22	1,084	1,016	–	–
Loans and borrowings	17	751	938	–	–
Amounts due to subsidiaries	20	–	–	27,324	29,605
		2,702	3,493	27,324	29,605
Total liabilities		54,298	67,865	35,655	38,140
Net assets		**70,307**	**117,228**	**1,262**	**11,728**
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	(1,135)	(1,418)	–	–
Capital reserves	33	(8,038)	(8,056)	(2,960)	(2,960)
Fair value reserve	34	18	3,608	–	3,587
Accumulated losses	44	(56,230)	(35,752)	(123,623)	(116,744)
		62,460	86,227	1,262	11,728
Non-controlling interests		7,847	31,001	–	–
Total equity		70,307	117,228	1,262	11,728
Total equity and liabilities		**124,605**	**185,093**	**36,917**	**49,868**

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 2015

		Group	
		2015	**2014**
	Note	S$'000	S$'000
Revenue	24	116,539	135,160
Cost of sales		(78,092)	(88,624)
Gross profit		38,447	46,536
Other income	25	661	711
Other expense			
Marketing and distribution		(12,014)	(11,819)
Research and development		(14,100)	(9,880)
Administrative expenses		(26,416)	(23,930)
Other net operating costs		1,007	998
Finance costs, net	26	(1,058)	(1,015)
Exceptional items	27	(32,578)	(1,063)
Share of results of associate, net of tax		(3)	–
(Loss)/profit before tax	28	(46,054)	538
Income tax expense	23	(836)	(878)
Loss for the year		**(46,890)**	**(340)**
Attributable to:			
Owners of the Company		(20,478)	2,857
Non-controlling interests		(26,412)	(3,197)
Loss for the year		**(46,890)**	**(340)**
(Loss)/earnings per share (cents per share)			
Basic	29	(3.13)	0.44
Diluted	29	(3.13)	0.44

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 2015

	Note	Group 2015 S$'000	Group 2014 S$'000
Loss for the year		(46,890)	(340)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		1,094	956
Realisation of translation reserve on deregistration of subsidiaries		–	1,163
Fair value changes on available-for-sale financial assets reclassified to profit or loss		(3,587)	–
Fair value changes on available-for-sale assets		(6)	3,592
Other comprehensive income for the year, net of tax		(2,499)	5,711
Total comprehensive income for the year		(49,389)	5,371
Attributable to:			
Owners of the Company		(23,730)	8,003
Non-controlling interests		(25,659)	(2,632)
Total comprehensive income for the year		(49,389)	5,371

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 2015

	Attributable to owners of the Company								
2015 Group	**Share capital**	**Treasury shares**	**Capital reserves**	**Fair value reserve**	**Foreign currency translation reserve**	**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
Opening balance at 1 Jan 2015	132,617	(4,772)	(8,056)	3,608	(1,418)	(35,752)	**86,227**	31,001	**117,228**
Loss for the year	–	–	–	–	–	(20,478)	**(20,478)**	(26,412)	**(46,890)**
Other comprehensive income									
Foreign currency translation adjustment	–	–	–	–	338	–	**338**	756	**1,094**
Fair value changes on available-for-sale financial assets reclassified to profit or loss	–	–	–	(3,587)	–	–	**(3,587)**	–	**(3,587)**
Fair value changes on available-for-sale assets	–	–	–	(3)	–	–	**(3)**	(3)	**(6)**
Other comprehensive income for the year, net of tax	–	–	–	(3,590)	338	–	**(3,252)**	753	**(2,499)**
Total comprehensive income for the year	–	–	–	(3,590)	338	(20,478)	**(23,730)**	(25,659)	**(49,389)**
Changes in ownership interests in subsidiaries without a change in control									
Share placements to non-controlling interests (Note 6(i))	–	–	18	–	(55)	–	**(37)**	2,505	**2,468**
Total changes in ownership interests in subsidiaries	–	–	18	–	(55)	–	**(37)**	2,505	**2,468**
Closing balance at 31 Dec 2015	132,617	(4,772)	(8,038)	18	(1,135)	(56,230)	**62,460**	7,847	**70,307**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company								
2014 Group	**Share capital**	**Treasury shares**	**Capital reserves**	**Fair value reserve**	**Foreign currency translation reserve**	**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
Opening balance at 1 Jan 2014	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(iii))	–	–	(332)	–	–	–	**(332)**	332	**–**
Share placements to non-controlling interests (Note 6(iv))	–	–	(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 accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	**2014**
	S$'000	S$'000
Operating activities		
(Loss)/profit before tax	(46,054)	538
Adjustments for:		
Depreciation of property, plant and equipment	7,603	6,613
Amortisation of intangible assets	301	294
Gain on disposal of property, plant and equipment	(36)	(44)
Impairment loss on property, plant and equipment	20,311	–
Impairment loss on intangible assets	50	43
Impairment loss on goodwill	13,717	–
Property, plant and equipment written off	59	124
Allowance/(write back of allowance) on trade receivables	73	(194)
Allowance on other receivables	2,149	–
Allowance for stock obsolescence	511	446
Provisions for warranty	138	397
Gain on disposal of investment security	(3,599)	(400)
Impairment loss on investment securities – quoted	–	332
Realisation of translation reserves on deregistration of subsidiaries	–	1,163
Net fair value (gain)/loss on derivatives	(181)	79
Share of results of associate	3	–
Gain on deregistration of a subsidiary	–	(32)
Interest income	(95)	(103)
Interest expense	928	911
Effects of exchange gain	(270)	(507)
Total adjustments	41,662	9,122
Operating cash flows before reinvestment in working capital	(4,392)	9,660
Changes in working capital		
Receivables	5,861	(8,081)
Inventories	(1,963)	(5,991)
Payables	213	7,160
Provisions	(258)	(326)
Total changes in working capital	3,853	(7,238)
Cash flow (used in)/from operations	(539)	2,422
Interest paid	(843)	(833)
Interest received	70	49
Income tax paid	(1,208)	(1,006)
Income tax refund	1	111
Net cash (used in)/generated from operating activities	(2,519)	743
Investing activities		
Proceeds from disposal of property, plant and equipment	254	102
Purchase of property, plant and equipment (Note (i))	(8,273)	(4,371)
Purchase of investment security	(689)	–
Partial consideration paid for purchase of investment security	(950)	–
Expenditure on development project	(676)	–
Proceeds from disposal of discontinued operations	2,537	2,314
Proceeds from disposal of investment security, net	8,897	–
Acquisition of an associate	(18)	–
Net cash generating from/(used in) investing activities	1,082	(1,955)
Financing activities		
Proceeds from share placement by subsidiaries and disposal of share in subsidiary	2,500	3,100
Share issuance expenses	(32)	(10)
Payment to finance lease creditors	(875)	(866)
Proceeds from bank borrowings	–	12,835
Repayments of bank borrowings	(13,069)	(272)
Decrease in restricted cash	2	2
Net cash flows (used in)/provided by financing activities	(11,474)	14,789

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	**2014**
	S$'000	S$'000
Net (decrease)/increase in cash and cash equivalents	(12,911)	13,577
Cash and cash equivalents at 1 January	52,580	37,977
Effects of exchange rate changes on cash and cash equivalents	1,497	1,026
Cash and cash equivalents at 31 December	41,166	52,580

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

	Group	
	2015	**2014**
	S$'000	S$'000
Cash and bank balances (Note 14)	41,247	52,693
Bank overdrafts (Note 17)	(81)	(113)
	41,166	52,580

(i) Purchase of property, plant and equipment

Property, plant and equipment were acquired by means of:

	Group	
	2015	**2014**
	S$'000	S$'000
Cash payments	8,273	4,371
Finance leases and others	844	185
	9,117	4,556

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 1 Robinson Road, #18-00 AIA Tower, Singapore 048542. 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 2015 were authorised for issue in accordance with a resolution of the Directors on 4 April 2016.

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 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

Except for FRS 109 and FRS 115, the directors expect that the adoption of the standards 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 FRS 109 and FRS 115 are described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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:

Consolidation of Advanced Systems Automation Limited ("ASA") and Dragon Group International Limited ("DGI")

As at 31 December 2015, the Company has an equity interest of 37% and 41% in ASA and DGI respectively. Management has considered the size of the Company's shareholding relative to the size and dispersion of shareholdings held by other shareholders and determined that it has the current ability to direct the relevant activities of 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.

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.

(i) 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 cash-generating units ("CGUs") 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 CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions are disclosed and further explained in Note 4. The carrying amount of the Group's goodwill at 31 December 2015 is S$Nil (2014: S$13,974,000).

(ii) Impairment of property, plant and equipment

The Group determines the recoverable amount of property, plant and equipment based on the higher of its fair values less costs to sell and its value in use. When value in use calculation is undertaken, management estimates the expected future cash flows from the asset or cash-generating unit by applying a suitable discount rate to calculate the present value of those cash flows. The carrying amount of the Group's property, plant and equipment as at 31 December 2015 is disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

(i) 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.

(ii) 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.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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, Malaysia, Philippines and People's Republic of China ("PRC") companies in the Group make contributions to the Central Provident Fund scheme in Singapore, or Employees Provident Fund in Malaysia, or Social Security System in Philippines, or Social Security Bureau in PRC respectively. These are defined contribution pension schemes. Contributions to these 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 – as lessee

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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:

(i) A person or a close member of that person's family is related to the Group and Company if that person:

(1) Has control or joint control over the Company;

(2) Has significant influence over the Company; or

(3) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(ii) An entity is related to the Group and the Company if any of the following conditions applies:

(1) 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).

(2) 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).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) 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;

(6) The entity is controlled or jointly controlled by a person identified in (i);

(7) A person identified in (i)(1) 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2014	8,733	862	15,361	452	459	25,867
Currency realignment	–	37	(37)	10	–	10
At 31 December 2014 and 1 January 2015	8,733	899	15,324	462	459	25,877
Currency realignment	–	60	(257)	16	–	(181)
At 31 December 2015	8,733	959	15,067	478	459	25,696
Accumulated amortisation and impairment loss						
At 1 January 2014	8,733	173	1,350	119	36	10,411
Charge for the year	–	86	–	4	204	294
Impairment loss	–	–	–	43	–	43
Currency realignment	–	11	–	4	–	15
At 31 December 2014 and 1 January 2015	8,733	270	1,350	170	240	10,763
Charge for the year	–	93	–	4	204	301
Impairment loss	–	–	13,717	50	–	13,767
Currency realignment	–	20	–	6	–	26
At 31 December 2015	8,733	383	15,067	230	444	24,857
Net book value						
At 31 December 2015	–	576	–	248	15	839
At 31 December 2014	–	629	13,974	292	219	15,114
Average remaining amortisation period At 31 December 2015 (years)	–	6	NA	NA	1	NA

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 line item of the consolidated income statement.

Impairment testing of goodwill

Management conducts an annual impairment testing of goodwill. Management considers the growth trends, demand and supply forecast of the semiconductor and electronics industry and accordingly revises its forecast to reflect the developments in the global semiconductor market.

Goodwill acquired through business combinations in prior years had 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

	BEST Segment		Distribution and Services Segment	
	2015 S$'000	**2014** S$'000	**2015** S$'000	**2014** S$'000
Goodwill	–	13,974	–	–

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	
	2015	**2014**	**2015**	**2014**
Growth rates beyond five-year period	1.0%	1.0%	NA	NA
Pre-tax discount rates	15.0%	15.0%	NA	NA

Key assumptions used in the value in use calculations

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

Budgeted revenues – Revenue growth of 18% forecasted for 2016 and an annual growth of 4% per annum for the forecast period of 2017 to 2020.

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.

Impairment loss recognised

As a result of the above impairment testing, an impairment loss of S$13,717,000 (2014: S$Nil) was recognised to fully write down the carrying amount of the goodwill attributed to the BEST segment. The impairment loss had been included in the "exceptional items" line item of the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2014	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 (Note 15)	–	(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 and 1 January 2015	8,676	3,222	9,033	79,263	4,360	867	7,533	112,954
Additions	–	–	518	6,384	891	41	1,283	9,117
Disposals	–	–	–	(1,805)	(9)	(200)	–	(2,014)
Transfer from inventories	–	–	–	2,279	–	–	–	2,279
Transfer from non-current assets held for sale (Note 15)	–	2,376	–	–	–	–	–	2,376
Transfer to non-current assets held for sale (Note 15)	–	(2,182)	–	–	–	–	–	(2,182)
Written off	–	–	(688)	(1,219)	(285)	(31)	–	(2,223)
Currency realignment	219	(116)	87	353	81	1	169	794
At 31 December 2015	8,895	3,300	8,950	85,255	5,038	678	8,985	121,101
Accumulated depreciation and impairment loss								
At 1 January 2014	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 (Note 15)	–	(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 and 1 January 2015	2,415	1,025	7,993	59,823	3,732	554	–	75,542
Impairment loss	46	2,123	263	9,106	4	–	8,769	20,311
Charge for the year	298	214	474	6,007	493	117	–	7,603
Disposals	–	–	–	(1,593)	(8)	(195)	–	(1,796)
Transfer from non-current assets held for sale (Note 15)	–	161	–	–	–	–	–	161
Transfer to non-current assets held for sale (Note 15)	–	(278)	–	–	–	–	–	(278)
Written off	–	–	(639)	(1,216)	(278)	(31)	–	(2,164)
Currency realignment	105	55	59	548	72	1	216	1,056
At 31 December 2015	2,864	3,300	8,150	72,675	4,015	446	8,985	100,435
Net book value								
At 31 December 2015	6,031	--	800	12,580	1,023	232	–	20,666
At 31 December 2014	6,261	2,197	1,040	19,440	628	313	7,533	37,412
Net book value of property, plant and equipment under finance leases (Note 21)								
At 31 December 2015	–	–	–	974	352	50	–	1,376
At 31 December 2014	–	–	–	999	–	61	–	1,060
Net book value of property, plant and equipment pledged for bank loans**								
At 31 December 2015	–	–	–	–	–	–	–	–
At 31 December 2014	1,237	–	–	1,507	–	–	–	2,744

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

* Includes freehold land at cost of S$2,983,000 (2014: S$2,881,000).
** These are property, plant and equipment pledged as collateral for certain bank borrowings of the Group (Note 17).

Impairment loss recognised

(i) Property, plant and equipment except for construction in progress

The Group carried out a review of the recoverable amount of its property, plant and equipment as certain subsidiary companies had been persistently making losses. An impairment of S$11,462,000, representing the write-down of these property, plant and equipment to their recoverable amounts was recognised in “Exceptional items” of the consolidated income statement for the financial year ended 31 December 2015. The recoverable amount of these property, plant and equipment was based on its value in use and the pre-tax discount rate applied to value in use computation was 16.0% per annum.

(ii) Construction in progress

Construction-in-progress relates to the construction of a vessel in the People’s Republic of China. The progress of construction of the boat had been delayed several times in the past. During the year, a further delay in the progress of construction was encountered. In view of the latest delay, and the fact that it coincided with unfavourable economic conditions in China, the Group updated its impairment assessment using cash flow projections based on more conservative financial budgets covering a twenty-year period with 2035 being the terminal year. The construction of the vessel is revised to complete only in 2018 and revenue generating activities will start thereafter. As a result of the assessment, the impairment of construction-in-progress relating to the vessel was required. An impairment loss of S$8,769,000 (2014: S$Nil), representing the write-down of the construction of the vessel to its recoverable amounts was recognised in the “Exceptional items” line of the consolidated income statement for the financial year ended 31 December 2015. The recoverable amount of these property, plant and equipment was based on its value in use and the pre-tax discount rate applied to value in use computation was 18.3% (2014: 18.3%) per annum.

Company	**Office equipment** S$'000
Cost	
At 1 January 2014	449
Additions	12
Written off	(125)
At 31 December 2014 and at 1 January 2015	336
Additions	11
Written off	(54)
At 31 December 2015	293
Accumulated depreciation	
At 1 January 2014	337
Charge for the year	51
Written off	(125)
At 31 December 2014 and at 1 January 2015	263
Charge for the year	50
Written off	(54)
At 31 December 2015	259
Net book value	
At 31 December 2015	34
At 31 December 2014	73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. INVESTMENTS IN SUBSIDIARIES

	Company 2015 S$'000	Company 2014 S$'000
Quoted shares, at cost	64,622	64,622
Unquoted shares, at cost	29,401	28,032
Less: Dividend income declared from subsidiary's pre-acquisition reserves	(294)	(294)
Carrying amount before impairment loss	93,729	92,360
Impairment loss on quoted shares	(52,626)	(46,088)
Impairment loss on unquoted shares	(15,821)	(14,893)
Carrying amount after impairment loss	25,282	31,379
Allowance for impairment		
At 1 January	60,981	50,703
Charge for the year	7,466	10,278
At 31 December	68,447	60,981
Carrying amount of quoted share at 31 December	11,996	18,534
Market value of quoted shares at 31 December	11,994	12,137

Impairment testing of investment in subsidiaries

During the financial 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$7,466,000 (2014: S$10,278,000).

Subsidiaries

The significant subsidiaries as at 31 December 2015 are:

	Name of company (Country of incorporation)	Principal activities	Proportion (%) of ownership interest 2015 %	Proportion (%) of ownership interest 2014 %
	Held by the Company			
(1)	Semiconductor Technologies & Instruments Pte Ltd (Singapore)	Research, design, development, manufacture and marketing of semiconductor equipment	100	100
(1)	Telford Industries Pte Ltd (Singapore)	Provision of semiconductor manufacturing services for surface mount technology components	100	100
(2)	Telford SVC. Phils., Inc. (Philippines)	Provision of semiconductor manufacturing services for surface mount technology components	100	100
(2)	Reel Service Limited (United Kingdom)	Investment holding, manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing	100	100
(2)	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
(3)	Telford Technologies (Shanghai) Pte Ltd (People's Republic of China)	Provision of semiconductor manufacturing services for surface mount technology components	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Name of company (Country of incorporation)	Principal activities	Proportion (%) of ownership interest 2015 %	2014 %
(2)	Telford Property Management Inc. (Philippines)	Property investment	100	100
(1)	Dragon Group International Limited (Singapore)	Investment holding and acting as corporate manager and advisor to its subsidiaries	41	45
(1)	Advanced Systems Automation Limited (Singapore)	Investment holding	37	37
(3)	EoPlex Limited (Hong Kong)	Development of advanced chip packaging and related technologies	85	85
	Held by EoPlex Limited			
(4)	EoPlex Inc (United State of America)	Development of advanced chip packaging and related technologies	100	100
	Held by Telford Industries Pte Ltd			
(2)	Telford Service Sdn. Bhd. (Malaysia)	Provision of semiconductor manufacturing services for surface mount technology components	100	100
(2)	TQS Manufacturing Sdn. Bhd. (Malaysia)	Provision of semiconductor manufacturing services for surface mount technology components	100	100
	Held by Dragon Group International Limited			
(1)	Sooner Technology Pte Ltd (Singapore)	Trading in electronic components, computer peripherals and acting as commission agent	100	100
(3)	Dragon Equipment & Materials Technology Ltd (Hong Kong)	Sale, distribution and acting as commission agent in equipment, materials and electronic components	100	100
(3)	DTB Limited (Hong Kong)	Investment holding	100	100
(5)	EoCell Limited (Hong Kong)	Development of battery and storage solutions	100	–
	Held by EoCell Limited			
(4)	EoCell Inc (United State of America)	Development of battery and storage solutions	100	–
	Held by DTB Limited			
(3)	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
(3)	Dragon Ventures Limited (Hong Kong)	Investment holding	100	100
	Held by Dragon Ventures Limited			
(5)	Dragon Tourism Management Company Limited (People's Republic of China)	Develop and manage a mixed-used property	100	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Held by Advanced Systems Automation Limited			
(1)	Microfits Pte Ltd (Singapore)	Design and manufacture of automatic moulding machines and other back-ended assembly equipment for the semiconductor industry	100	100
(2)	Microfits (Beijing) Technology Co., Ltd (People's Republic of China)	Manufacturing of precision tools, dies and mould	100	100
(3)	Dragon Microfits Sdn. Bhd. (Malaysia)	Design of precision tools, dies and mould	100	100
(2)	Emerald Precision Engineering Sdn. Bhd. (Malaysia)	Fabrication of tooling, dies and related moulding of spare parts and other related businesses	100	100
(3)	ASA Multiplate (M) Sdn. Bhd. (Malaysia)	Provision of thermal coating, surface finishing of electronics products and specialised electroplating of semiconductor products services	90	90

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

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by a member firm of Ernst & Young Global
(3) Audited by other audit firms
(4) Not required to be audited in country of incorporation
(5) Not due for audit in the year of incorporation

Subsidiaries that are audited by other audit firms: -

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
Dragon Ventures 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 2015:				
DGI Group	Singapore	59%	13,488	10,448
ASA Group	Singapore	63%	11,776	1,137
EoPlex Group	Hong Kong	15%	1,149	(3,631)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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)

There were no dividends paid to the above NCI during the years ended 31 December 2015 and 31 December 2014.

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 need 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	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current						
Assets	17,656	25,080	16,006	22,911	1,880	2,055
Liabilities	2,745	1,538	13,778	15,544	27,433	18,386
Net current assets/(liabilities)	14,911	23,542	2,228	7,367	(25,553)	(16,331)
Non-current						
Assets	3,266	10,225	2,224	24,847	1,751	1,159
Liabilities	–	–	2,340	2,016	1,312	1,016
Net non-current assets/(liabilities)	3,266	10,225	(116)	22,831	439	143
Net assets/(liabilities)	18,177	33,767	2,112	30,198	(25,114)	(16,188)

Summarised income statement

	DGI Group		ASA Group		EoPlex Group	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	3,221	2,187	24,066	34,826	36	4
Loss before income tax	(19,659)	(3,158)	(18,306)	(922)	(7,659)	(4,948)
Income tax credit/(expense)	4	(4)	250	(361)	–	–
Loss for the year	(19,655)	(3,162)	(18,056)	(1,283)	(7,659)	(4,948)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Summarised statement of other comprehensive income

	DGI Group		ASA Group		EoPlex Group	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Loss for the year	(19,655)	(3,162)	(18,056)	(1,283)	(7,659)	(4,948)
Other comprehensive income	1,598	1,215	66	(44)	(1,267)	(667)
Total comprehensive income for the year	(18,057)	(1,947)	(17,990)	(1,327)	(8,926)	(5,615)

Other summarised information

	DGI Group		ASA Group		EoPlex Group	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Net cash flows (used in)/generated from operations	(5,589)	(5,000)	(3,397)	(1,925)	361	(24)
Acquisition of significant property, plant and equipment	(1,855)	(179)	(1,051)	(1,713)	(538)	(34)

Changes in equity interest in subsidiaries and incorporation of new subsidiaries in 2015

(i) Dilution in equity interest in DGI arising from share placement

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. Expenses incurred for the share placement exercise amounted to approximately S$32,000. As a result of the share placement, the Group’s equity interest in the issued and paid-up capital of DGI diluted from 44.53% to 40.98%. DGI remains a subsidiary of the Company as the directors are of the opinion that the Company continues to have control over DGI. As such, the placement of ordinary shares did not result in a loss of control and the gain on dilution of S$18,000 has been taken to “capital reserves” within equity.

(ii) Incorporation of new subsidiaries

On 22 March 2015, DGI’s wholly owned subsidiary, Dragon Venture Limited incorporated a wholly owned subsidiary, Dragon Tourism Management Company Limited (“DTMC”) with a registered capital of US$20,000,000. DGI has 100% of the voting rights of DTMC.

On 30 April 2015, DGI incorporated of a wholly owned subsidiary, EoCell Limited in Hong Kong with a paid up capital of HK$93. EoCell Limited was set up as an investment vehicle to explore opportunities in the battery industry. EoCell incorporated a wholly owned subsidiary, EoCell Inc with a paid up capital of US$100. EoCell Inc will be engaged in the development of batteries and storage solutions.

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

(iii) 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 continued to have 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 had been taken to “capital reserves” within equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(iv) 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 remained a subsidiary of the Company as the Directors were of the opinion that the Company continued to have 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 had been taken to "capital reserves" within equity.

7. INVESTMENT SECURITIES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	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))	192	188	–	–
- Unquoted equity shares in corporations, at cost	2,023	1,235	–	–
	2,215	1,423	–	–
Less: Allowance for impairment – unquoted equity	(1,318)	(1,235)	–	–
	897	188	–	–
Movement in allowance for impairment – unquoted equity				
At 1 January	1,235	2,403	–	–
Written off	–	(1,218)	–	–
Currency realignment	83	50	–	–
At 31 December	1,318	1,235	–	–

<u>Impairment losses</u>

In year 2014, a subsidiary of the Company was allotted and issued with quoted equity shares in the capital of Axesstel, Inc in consideration for selling the subsidiary's equity interest in the share capital of Flexcomm Limited to Axesstel, Inc. The quoted equity shares in the capital of Axesstel were valued at S$332,000 upon the completion of the disposal.

As at 31 December 2014, the Group recognised an impairment loss of S$332,000 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.

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 believed would complement the Group's investment in the Treasure Boat business.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The nominal amount of loan to DAM was S$2,322,000. In 2009, the Group recognised an impairment loss on the total outstanding loan to DAM as a result of the deteriorating financial results and financial position of DAM. Management is of the opinion that DAM continues to be unable to repay the loan in the near future. The Group wrote-off the loan in 2015.

9. INVENTORIES

	Group	
	2015	**2014**
	S$'000	S$'000
Balance sheet:		
Raw materials	2,310	2,430
Work-in-progress	19,628	22,056
Finished goods	4,285	2,564
	26,223	27,050
Income statement:		
Inventories recognised as an expense in cost of sales	56,895	70,147
inclusive of the following charge:		
- Allowance for obsolete and slow-moving inventories	511	446

10. PREPAYMENTS AND ADVANCES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Prepayments (Note (i))	1,810	1,261	55	101
Advances	393	113	–	–
Partial consideration paid for purchase of investment security (Note (ii))	938	–	–	–
	3,141	1,374	55	101
Disclosure in balances sheets				
Current	2,448	1,374	55	101
Non-current	693	–	–	–
	3,141	1,374	55	101

(i) Prepayments include payments in advance amounting to S$693,000 (2014: S$Nil) for the development project along the Yangtze Riverbank. Management is of the opinion this prepayment will not be utilised within the next twelve months from balance sheet date and is being classified as part of the non-current assets.

(ii) The amount relates to DGI's partial payment for its acquisition of a 19% equity interest in Heat Tech Japan Co. Ltd for an aggregate consideration of S$1,900,000. The remaining unpaid consideration is to be satisfied by the issuance of 11,875,000 ordinary shares in capital of DGI (the "Consideration Shares") at S$0.08 per Consideration Share.

11. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2015	**2014**
	S$'000	S$'000
Non-interest bearing	548	903
Interest bearing	9,327	6,863
	9,875	7,766
Disclosure in balances sheets		
Current	8,525	7,766
Non-current	1,350	–
	9,875	7,766

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Amounts due from subsidiaries are stated after an allowance for uncollectible amounts of S$43,359,000 (2014: S$29,388,000).

	Company	
	2015	**2014**
	S$'000	S$'000
Movement in allowance for uncollectible amounts		
At 1 January	29,388	25,124
Charged for the year	13,971	4,617
Utilised	–	(353)
At 31 December	43,359	29,388

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% (2014: 1% to 4%) per annum, repriced on quarterly basis, are repayable on demand and to be settled in cash except for S$1,350,000 (2014: S$Nil) is to be collected after twelve months from the balance sheet date and is being classified as part of non-current assets.

Included in amounts due from subsidiaries are amounts of S$755,000 (2014: S$608,000) denominated in US dollars.

12. TRADE RECEIVABLES

	Group	
	2015	**2014**
	S$'000	S$'000
Trade receivables – third parties	26,156	33,162

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$12,385,000 (2014: S$20,522,000) 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	
	2015	**2014**
	S$'000	S$'000
Trade receivables past due but not impaired:		
Less than 30 days	4,999	6,365
30 to 60 days	2,322	6,031
61 to 90 days	2,244	2,387
91 to 120 days	1,216	2,937
More than 120 days	1,604	2,802
	12,385	20,522

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group Individually impaired	
	2015	**2014**
	S$'000	S$'000
Trade receivables - nominal amounts	1,088	1,151
Less: Allowance for impairment	(1,076)	(1,140)
	12	11
Movement in allowance accounts		
At 1 January	1,140	1,411
Charge/(write back) for the year	73	(194)
Utilised	(124)	(95)
Currency realignment	(13)	18
At 31 December	1,076	1,140

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

	Group	
	2015	**2014**
	S$'000	S$'000
US dollars	13,309	21,562
Philippines peso	553	150
Others	193	150

13. OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Tax recoverable	172	246	–	–
Deposits	1,477	1,512	–	1
Proceeds receivable arising from disposal of subsidiaries	–	2,437	–	–
Sundry debtors	1,597	2,624	–	304
	3,246	6,819	–	305

In 2014, included in sundry debtors was a loan of S$1,627,000 to a third party. The loan was unsecured, carried interest at market rates and was repayable upon demand in cash. During the current financial year, the Group extended further loans of S$686,000 to the third party. As at 31 December 2015, the Group recognised an impairment loss on loans to this third party and the impairment loss of S$2,149,000 (2014: S$Nil) was recognised in "Exceptional items" in the consolidated income statement. The difference of S$164,000 pertains to currency realignment.

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
US dollars	133	55	–	–
Renminbi	–	40	–	–
Philippines peso	793	763	–	–

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Cash on hand and at bank	32,125	37,033	1,671	1,359
Short-term deposits	9,122	15,660	–	–
	41,247	52,693	1,671	1,359

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 (2014: 3 months) from the financial year end. Interest rates for the Group and Company range from 0.40% to 0.88% (2014: 0.05% to 1.0%) 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	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
US dollars	11,337	9,718	1,451	677
Philippines peso	929	1,449	–	–
Others	102	326	–	–

15. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Leasehold land and buildings	1,904	2,215	–	–
Available for sale financial assets				
- Unquoted equity shares in a corporation	–	8,885	–	8,885
	1,904	11,100	–	8,885

(i) In 2014, ASA Multiplate entered into a sale and purchase agreement to dispose of its 100% owned leasehold land and building located at Plot 52, Hilir Sungai Keluang, Bayan Lepas Industrial Park Phase 4, 11900 Penang ("Property"), with land area measuring 4,067 square meters and gross floor area measuring 3,065 square meters. The Property was occupied and used as a factory by ASA Multiplate. Leasehold land and building were reclassified as non-current assets held for sale as at 31 December 2014. The leasehold land and building were mortgaged to secure the Group's bank borrowings (Note 17). During 2015, the parties to the agreement had mutually agreed to terminate the agreement as regulatory approvals were not granted. Arising from the termination, the leasehold land and building were reclassified from non-current assets held for sale to property, plant and equipment.

In 2015, ASA Multiplate entered into a new sale and purchase agreement with a different buyer to dispose of the same Property for a consideration of MYR 5,800,000 (equivalent to approximately S$1,905,000). The Property has been classified as non-current assets held for sale as at 31 December 2015 as ASA Multiplate has subsequently obtained regulatory approvals in March 2016 and is expected to be completed in 2016. Management had performed an impairment assessment and recognised an impairment loss of S$80,000 prior to the reclassification to asset held for sale.

(ii) In 2014, unquoted equity shares in a corporation comprised an equity interest in the issued and paid-up capital of APS Investment Pte Ltd ("APSI").

On 29 December 2014, the Company together with the 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. The Company's and Group's equity interests in APSI were classified as part of "Non-current assets held for sale" in the balance sheet as at 31 December 2014. The disposal was completed on 31 March 2015.

16. PROVISIONS

	Group	
	2015	**2014**
	S$'000	S$'000
At 1 January	587	516
Charged for the year	138	397
Utilised	(258)	(326)
At 31 December	467	587

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Provisions 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.

17. 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 included an overriding repayment on demand ("callable loan") clause which gave the lender the right to demand repayment at any time at their sole discretion irrespective of whether a default event had occurred. This amount was classified as part of current liability in the balance sheet. During the current financial year, this term loan was fully repaid.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Loan - Unsecured	14,513	26,119	5,000	5,000
- Secured	900	2,529	–	–
Bank overdrafts	81	113	–	–
	15,494	28,761	5,000	5,000
Less : Non-current portion of secured loan	(751)	(938)	–	–
Current portion	14,743	27,823	5,000	5,000

(i) Loan - Unsecured

(a) An unsecured floating rate revolving loan, amounting to S$5,000,000 (2014: S$5,000,000) of the Company is jointly and severally guaranteed by two subsidiaries of the Company. The loan carried interest ranging from 2.92% to 3.94% (2014: 2.9% to 2.92%) 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 2.13% to 7.25% (2014: 2.06% to 7.25%) per annum. These bank borrowings comprise S$9,513,000 (2014: S$21,119,000) which are repayable ranging from 90 days to 180 days.

The aggregate balance of bank borrowings that are denominated in US dollars is S$6,881,000 (2014: S$12,315,000).

(ii) Secured

(a) A floating rate bank loan of a subsidiary of S$808,000 (2014: S$1,028,000) bears effective interest at 6.85% (2014: 5.1%) 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 the date of drawdown.

(b) Bank overdrafts and trade financing amounting to S$81,000 (2014: S$113,000) and S$92,000 (2014: S$106,000) 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% (2014: 7.60%) and 7.55% (2014: 7.55%) per annum respectively.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

In 2014, a Malaysian subsidiary had not met the following covenants relating to bank borrowings (c) and (d) above amounting to an aggregate balance of S$1,395,000:

- Maintaining a Malaysian shareholding of not less than 60% throughout the tenure of borrowings; and
- Undertaking from the former 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 were fully repaid in the current financial year.

18. TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Trade payables – third parties	19,339	18,589	152	246
Accruals	11,620	11,919	1,218	1,282
	30,959	30,508	1,370	1,528

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	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
US dollars	7,519	1,409	6	16
Renminbi	7	404	–	–
Philippines peso	1,642	1,680	–	–
Sterling pound	272	–	–	–
Thailand baht	351	45	–	–
Others	186	123	–	–

19. OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Current portion of lease creditors (Note 21)	632	737	–	–
Non-bank borrowings	–	33	–	–
Proposed Directors' fees	221	221	221	221
Proposed Directors' fees of subsidiaries	310	309	–	–
Payable arising from purchase of property, plant and equipment	95	–	–	–
Advances received from customers (Note (i))	1,114	1,037	–	–
Foreign exchange forward contracts (Note (ii))	–	181	–	181
Advances for capital injection from non-controlling interest	435	–	–	–
Other borrowings (Note (iii))	466	1,284	–	–
Others	235	145	–	–
	3,508	3,947	221	402

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

(ii) In 2014, the Group and the Company were committed to sell US dollars with notional amounts totalling S$6,435,000, under the terms of outstanding foreign exchange forward contracts. The foreign exchange forward contracts matured during 2015 and as at 31 December 2015, there were no outstanding forward contracts. Information on foreign currency risk is disclosed in Note 41(iv) of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(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$100,000 (2014: S$804,000) due to a director of a subsidiary.

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
US dollars	706	582	–	181
Philippines peso	592	647	–	–

20. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries include an unsecured loan of S$1,270,000 (2014: S$1,191,000). The loan bears interest at 4% (2014: 4%) per annum, to be settled in cash and is repayable within a year from drawdown, unless rolled-over as agreed between the parties.

Other than disclosed above, the amounts due to subsidiaries are non-trade in nature, unsecured, bear interest ranging from 0.5% to 4.82% (2014: 1% to 4%) per annum, to be settled in cash and are repayable on demand except for an amount of S$27,324,000 (2014: S$29,605,000) 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 totalled S$18,238,000 (2014: S$16,581,000).

21. LEASE CREDITORS

Group	Minimum lease payments		Net present value of lease payments	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Future payments payable for finance leases				
Within one year	694	784	632	737
Within two to five years	461	475	423	464
After five years	120	48	115	47
	1,275	1,307	1,170	1,248
Finance charges allocated to future periods	(105)	(59)	–	–
	1,170	1,248	1,170	1,248
Current portion (included in other payables - Note 19)			632	737
Non-current portion			538	511
			1,170	1,248

Finance leases bear interest ranging from 3.40% to 11.43% (2014: 4.84% to 10.52%) 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$345,000 (2014: S$Nil), S$211,000 (2014: S$689,000) and S$154,000 (2014: S$309,000) denominated in US dollars, Malaysia ringgit and Philippines peso respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22. LONG TERM PAYABLES

Long term payables are non-trade in nature, bear interest at 8% (2014: 8%) per annum, to be settled in cash and are not expected to be repaid within the next 12 months.

23. INCOME TAX EXPENSE

	Group	
	2015	**2014**
	S$'000	S$'000
Income tax payable in respect of results for the year:		
Current income tax		
- Singapore	(490)	(13)
- Others	(849)	(1,044)
Deferred income tax	479	(31)
	(860)	(1,088)
Over/(under) provision in respect of prior years:		
Current income tax	(261)	314
Deferred income tax	285	(104)
	24	210
Income tax expense recognised in profit or loss	(836)	(878)

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the year ended 31 December 2015 and 2014 was as follows:

	Group	
	2015	**2014**
	S$'000	S$'000
(Loss)/profit before tax	(46,054)	538
Tax calculated at a tax rate of 17% (2014: 17%)	7,829	(91)
Adjustments:		
Tax effects of the following reconciliation items:		
Differential tax rate of overseas subsidiaries	700	(188)
Expenses not deductible for tax purposes (1)	(8,037)	(1,530)
Income not subject to tax	484	241
Tax incentives/exemption(2)	1,241	305
Deferred tax assets not recognised	(3,332)	(1,551)
Benefits from previously unrecognised tax losses and unabsorbed capital allowances	255	1,726
Overprovision in respect of prior years	24	210
Income tax expense	(836)	(878)

(1) Disallowed expenses mainly related to impairment losses on property, plant and equipment, goodwill and other receivables, 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	
	2015	**2014**	**2015**	**2014**
	S$'000	S$'000	S$'000	S$'000
Deferred tax liabilities arise as a result of:				
- Differences in depreciation	312	921	–	–
- Others	17	107	–	–
	329	1,028	–	–
Deferred tax assets arise as a result of:				
- Differences in depreciation	112	125	–	–
- Others	163	54	–	–
	275	179	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Certain subsidiaries had estimated unutilised tax losses and unabsorbed capital allowances amounting to approximately S$99,511,000 (2014: S$80,328,000) and S$5,302,000 (2014: S$4,669,000) 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$255,000 (2014: S$1,726,000).

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 (2014: S$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries of S$21,992,000 (2014: S$20,775,000) 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$10,571,000 (2014: S$13,710,000). 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	
	2015	**2014**
	S$'000	S$'000
Revenue is analysed as follows:		
Sales of equipment and materials	84,417	110,366
Distribution sales	3,221	2,187
Provision of services	28,901	22,607
	116,539	135,160

25. OTHER INCOME

	Group	
	2015	**2014**
	S$'000	S$'000
Rental income	384	318
Royalty income	–	20
Provision of other services	80	30
Government incentives and grant income	130	260
Others	67	83
	661	711

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. FINANCE COSTS, NET

	Group	
	2015	**2014**
	S$'000	S$'000
Interest income in respect of:		
- fixed deposits/current accounts	69	92
- amounts owing from other debtors	26	11
Interest expense in respect of:		
- finance leases	(88)	(99)
- bank loans, trade financing and overdraft	(840)	(812)
Bank charges	(225)	(207)
	(1,058)	(1,015)

27. EXCEPTIONAL ITEMS

	Group	
	2015	**2014**
	S$'000	S$'000
Impairment loss on property, plant and equipment (Note 5)	(20,311)	–
Impairment loss on goodwill (Note 4)	(13,717)	–
Impairment losses on other receivables (Note 13)	(2,149)	–
Gain on disposal of investment securities	3,599	400
Realisation of foreign currency translation reserves on deregistration of subsidiaries	–	(1,163)
Gain on deregistration of a subsidiary	–	32
Impairment losses on investment securities – quoted (Note 7)	–	(332)
	(32,578)	(1,063)

28. (LOSS)/PROFIT BEFORE TAX

	Group	
	2015	**2014**
	S$'000	S$'000
(Loss)/profit before tax is stated after (charging)/crediting:		
Depreciation of property, plant and equipment	(7,603)	(6,613)
Amortisation of intangible assets	(301)	(294)
Allowance for obsolete and slow-moving inventories	(511)	(446)
(Allowance)/write back of allowance on trade receivables	(73)	194
Staff costs		
- salaries, wages, bonuses and others	(46,890)	(40,061)
- defined contribution plans	(3,817)	(3,295)
Gain on disposal of property, plant and equipment	36	44
Property, plant and equipment written off	(59)	(124)
Net gain/(loss) on fair valuation of derivative financial instruments	181	(79)
Foreign currency exchange gain	900	1,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. (LOSS)/EARNINGS PER SHARE

The basic and diluted (loss)/earnings per share is calculated by dividing the net (loss)/profit 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.

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

	Group	
	2015	**2014**
	S$'000	S$'000
Net (loss)/profit attributable to owners of the Company used in computation of basic and diluted (loss)/earnings per share	(20,478)	2,857

	Group	
	2015	**2014**
	'000	'000
Weighted average number of ordinary shares in issue applicable to basic and diluted (loss)/earnings per share	654,731	654,731

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no outstanding convertible securities for both the financial years ended 31 December 2015 and 31 December 2014.

30. SHARE CAPITAL

	Group and Company	
	2015	**2014**
	S$'000	S$'000
Issued and fully paid ordinary shares:-		
Balance at 1 January and 31 December 681,966,341 (2014: 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	
	2015	**2014**
	S$'000	S$'000
Balance at 1 January and 31 December 27,234,855 (2014: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. CAPITAL RESERVES

	Group 2015 S$'000	Group 2014 S$'000	Company 2015 S$'000	Company 2014 S$'000
(a) Gain or loss arising from sale or reissue of treasury shares				
Balance at 1 January and 31 December	(3,746)	(3,746)	(2,960)	(2,960)
(b) (Premium paid)/discount received on acquisition of non-controlling interests or additional interest in subsidiary				
Balance at 1 January	(1,131)	(799)	–	–
Acquisition of additional interest in a subsidiary (Note 6(iii))	–	(332)	–	–
Balance at 31 December	(1,131)	(1,131)	–	–
(c) (Discount)/premium on disposal to non-controlling interests				
Balance at 1 January and 31 December	(2,894)	(2,894)	–	–
(d) Gain/(loss) on dilution in interest in subsidiary				
Balance at 1 January	(285)	820	–	–
Gain on dilution in interest from DGI's share placement (Note 6(i))	18	–	–	–
Loss on dilution in interest from ASA's share placement (Note 6(iv))	–	(1,105)	–	–
Balance at 31 December	(267)	(285)	–	–
Total balance at 31 December	(8,038)	(8,056)	(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 reserves.

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 and 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 and Services segment is engaged mainly in the provision of semiconductor application in consumer electronics, computer peripheral and communication solution.

Segment accounting policies are 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Back-end Equipment Solutions and Technologies		Distribution and Services		Adjustments and elimination (1)		Consolidated	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Revenue	113,318	132,973	3,221	2,187	–	–	116,539	135,160
Segment results	(27,234)	2,823	(19,656)	(3,163)	–	–	(46,890)	(340)
EBITDA#	(17,787)	11,319	(19,530)	(3,067)	–	–	(37,317)	8,252
Interest income	29	38	112	112	(46)	(46)	95	104
Interest expense	(974)	(957)	–	–	46	46	(928)	(911)
Depreciation	(7,365)	(6,413)	(238)	(200)	–	–	(7,603)	(6,613)
Amortisation	(297)	(290)	(4)	(4)	–	–	(301)	(294)
(Loss)/profit before income tax	(26,394)	3,697	(19,660)	(3,159)	–	–	(46,054)	538
Income tax (expense)/credit	(840)	(874)	4	(4)	–	–	(836)	(878)
(Loss)/profit for the year	(27,234)	2,823	(19,656)	(3,163)	–	–	(46,890)	(340)
Other segment information:								
Share of results of associates, net of tax	–	–	(3)	–	–	–	(3)	–
Other non-cash expenses##	(196)	204	780	169	–	–	584	373
Exceptional items	(19,524)	(1,163)	(13,054)	100	–	–	(32,578)	(1,063)
Segment assets	105,322	151,156	20,922	35,305	(1,639)	(1,368)	124,605	185,093
Segment liabilities	53,192	67,695	2,745	1,538	(1,639)	(1,368)	54,298	67,865
Other segment information:								
Additions to non-current assets ###	7,262	4,377	1,855	179	–	–	9,117	4,556

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

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

Other non-cash expenses comprise inventories written off, inventories written down, allowance 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 are based on the geographical location of the entities:

	Revenue 2015 S$'000	Revenue 2014 S$'000
China	26,620	25,776
Singapore	9,369	18,015
Malaysia	19,371	20,039
Philippines	23,338	22,471
Taiwan	11,939	13,522
Korea	10,754	22,294
United Kingdom	4,084	4,202
Europe	4,629	5,117
Others	6,435	3,724
	116,539	135,160

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Non-current assets	
	2015	**2014**
	S$'000	S$'000
China	2,187	12,656
Singapore	1,423	1,562
Malaysia	2,547	12,557
Philippines	12,021	9,563
United States	1,684	440
United Kingdom	743	712
Hong Kong	579	675
Others	321	387
	21,505	38,552

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$1,542,000 (2014: S$457,000), arising from sales by the Distribution and Services segment.

Revenue from one major customer amounted to S$9,902,000 (2014: S$14,700,000), 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	
	2015	**2014**
	S$'000	S$'000
Within one year	2,560	3,235
Within two to five years	1,733	2,707
	4,293	5,942

Rental expense (principally for premises, machinery and equipment) was S$3,496,000 and S$3,424,000 for the years ended 31 December 2015 and 2014 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 (2014: 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	
	2015	**2014**
	S$'000	S$'000
Within one year	369	329
Within two to five years	624	612
	993	941

Rental income relating to the above leasing arrangements was S$362,000 and S$318,000 for the years ended 31 December 2015 and 2014 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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$10,109,000 (2014: S$19,553,000) to secure banking facilities for its subsidiaries.

(c) Capital commitments

Capital commitments in respect of property, plant and equipment contracted for as at the end of the financial year but not recognised in the financial statements amounted to S$638,000 (2014: S$Nil).

38. AUDIT AND NON-AUDIT FEES PAID TO AUDITORS

	Group	
	2015	**2014**
	S$'000	S$'000
Audit fees paid to auditors of the Company, including member firms	564	524
Audit fees paid to other auditors	75	82
Non-audit fees paid to auditors of the Company, including member firms	74	95

39. 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	
	2015	**2014**
	S$'000	S$'000
Directors :		
Proposed directors' fees of the Company	221	221
Proposed directors' fees of listed subsidiaries	346	309
Directors' remuneration	3,600	3,461
Defined contribution plans	13	12
Key executive officers :		
Key executive officers' remuneration (excluding Directors' remuneration)		
- Short-term employee benefits	4,575	2,810
- Defined contribution plans	129	115
Related party :		
Sales of goods	1,542	–

Related party refer to the company in which the Company's Chairman and Chief Executive Officer holds key executive position and has 5% equity interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

40. 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.

Exposure to credit risk

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).

Credit risk concentration profile

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

Distribution and Services Segment

The Group determines concentrations of credit risk for the Distribution and Services Segment by monitoring the country profile of its trade receivables on an on-going basis. There is no significant credit risk concentrations and exposures faced by the Distribution and Services Segment.

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 2015, approximately 35% (2014: 26%) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 at the end of the reporting period are repayable/mature within one year. The repayment terms of long term payables, lease creditors and the loans and borrowings are disclosed in Note 22, Note 21 and Note 17 respectively.

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.

2015	**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	26,156	–	–	26,156
Other receivables	3,074	–	–	3,074
Cash and cash equivalents	41,247	–	–	41,247
Total undiscounted financial assets	70,477	–	–	70,477
Financial liabilities				
Trade payables and accruals	30,959	–	–	30,959
Other payables	1,327	–	–	1,327
Lease creditors	694	461	120	1,275
Long term payables	–	–	1,170	1,170
Loans and borrowings	14,838	456	624	15,918
Total undiscounted financial liabilities	47,818	917	1,914	50,649
Total net undiscounted financial assets/(liabilities)	22,659	(917)	(1,914)	19,828

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2015	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	8,811	1,405	–	10,216
Cash and cash equivalents	1,671	–	–	1,671
Total undiscounted financial assets	10,482	1,405	–	11,887
Financial liabilities				
Trade payables and accruals	1,370	–	–	1,370
Other payables	221	–	–	221
Loans and borrowings	5,015	–	–	5,015
Amounts due to subsidiaries	1,765	27,706	–	29,471
Total undiscounted financial liabilities	8,371	27,706	–	36,077
Total net undiscounted financial assets/(liabilities)	2,111	(26,301)	–	(24,190)

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	–	–	1,097	1,097
Loans and borrowings	27,983	525	648	29,156
Total undiscounted financial liabilities	61,267	1,000	1,793	64,060
Total net undiscounted financial assets/(liabilities)	31,163	(1,000)	(1,793)	28,370

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 liabilities	1,310	(30,299)	–	(28,989)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(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 (2014: less than 3 months) from the end of the reporting period.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if interest rates had been 75 (2014: 75) basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been S$98,000 lower/higher (2014: S$171,000 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 67% (2014: 70%) 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 amounted to S$12,368,000 and S$1,451,000 (2014: S$11,493,000 and S$677,000) for the Group and the Company respectively.

The Group uses forward currency contracts to mitigate the currency exposures to the USD.

<u>Sensitivity analysis for foreign currency risk</u>

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% (2014: 5%) against SGD with all other variables held constant, the Group's loss net of tax would have been S$1,242,000 lower or S$1,242,000 higher (2014: S$613,000 lower or S$613,000 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.

<u>Sensitivity analysis for equity price risk</u>

At the end of the reporting period, if the share price of the quoted investments had been 6% (2014: 6%) higher/lower with all other variables held constant, there would have been no significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Note	Group 2015 S$'000	Group 2014 S$'000	Company 2015 S$'000	Company 2014 S$'000
Loans and receivables					
Amounts due from subsidiaries	11	–	–	9,875	7,766
Trade receivables	12	26,156	33,162	–	–
Other receivables	13	3,074	6,573	–	305
Cash and cash equivalents	14	41,247	52,693	1,671	1,359
Restricted cash		–	2	–	–
		70,477	92,430	11,546	9,430
Available-for-sale financial assets					
Investment securities	7	897	188	–	–
Financial liabilities measured at amortised cost					
Trade payables and accruals	18	30,959	30,508	1,370	1,528
Other payables	19	1,959	2,729	221	221
Long term lease creditors	21	538	511	–	–
Long term payables	22	1,084	1,016	–	–
Loans and borrowings	17	15,494	28,761	5,000	5,000
Amounts due to subsidiaries	20	–	–	29,064	31,119
		50,034	63,525	35,655	37,868
Financial liabilities at fair value through profit or loss					
Foreign exchange forward contracts	19	–	181	–	181

(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.

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 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(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 2015 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)	192	–	–	192
At 31 December 2015	192	–	–	192

	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 15)				
- Equity instruments (unquoted)	–	8,885	–	8,885
At 31 December 2014	188	8,885	–	9,073
Financial liabilities:				
Derivatives - Foreign exchange forward contracts (Note 19(ii))	–	181	–	181
At 31 December 2014	–	181	–	181

(i) 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*19*(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(ii) 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
2015				
Assets				
Investment in subsidiaries:				
- Quoted shares	11,994	–	11,994	11,996
2014				
Assets				
Investment in subsidiaries:				
- Quoted shares	12,137	–	12,137	18,534

(iii) 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	2015 S$'000		2014 S$'000		2015 S$'000		2014 S$'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	705	*	–	*	–	–	–	–
Financial liabilities									
Lease creditors									
- Obligations under finance leases	21	1,170	1,133	1,248	1,262	–	–	–	–

Determination of fair value

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Investment securities carried at cost

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 term in nature or are re-priced frequently.

42. 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 2015 and 31 December 2014. Except as disclosed in Note 17, the Group is in compliance with all externally imposed capital requirements.

43. ACCUMULATED LOSSES

	Company	
	2015	**2014**
	S$'000	S$'000
Balance at 1 January	(116,744)	(106,562)
Loss for the year	(6,879)	(10,182)
Balance at 31 December	(123,623)	(116,744)

44. DIVIDENDS

The directors do not recommend any dividend in respect of the financial year ended 31 December 2015. No dividend has been paid or declared since the end of the previous financial year.

APPENDIX 3

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2015

STATISTICS OF SHAREHOLDINGS

STATISTICS OF SHAREHOLDINGS

As at 22 March 2016

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	25	0.52	383	0.00
100 - 1000	529	11.03	488,181	0.08
1,001 - 10,000	1,675	34.92	9,255,892	1.41
10,001 - 1,000,000	2,510	52.34	226,072,942	34.53
1,000,001 and above	57	1.19	418,914,088	63.98
Total	**4,796**	**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	28,800,000	4.40
5.	LIM & TAN SECURITIES PTE LTD	20,173,000	3.08
6.	OCBC SECURITIES PRIVATE LIMITED	14,978,700	2.29
7.	MAYBANK KIM ENG SECURITIES PTE. LTD.	12,250,400	1.87
8.	DBS NOMINEES (PRIVATE) LIMITED	12,114,013	1.85
9.	RAMESH S/O PRITAMDAS CHANDIRAMANI	12,000,000	1.83
10.	UOB KAY HIAN PRIVATE LIMITED	10,158,000	1.55
11.	FIONA SOH SIOK LAN MRS LIM GUAN TECK	8,791,000	1.34
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,149,700	1.24
13.	PHILLIP SECURITIES PTE LTD	6,448,480	0.98
14.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,217,640	0.95
15.	LING KIM CHYE	5,508,400	0.84
16.	TAN KWEE KIM	5,400,000	0.82
17.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,127,592	0.78
18.	CHENG CHAI HONG	4,345,714	0.66
19.	WONG POH HWA @ KWAI SENG	4,000,000	0.61
20.	RHB SECURITIES SINGAPORE PTE. LTD.	3,850,292	0.59
	Total	**345,725,931**	**52.78**

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 2015

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 Friday, 29 April 2016 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 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation103 of the Constitution of the Company:

   Mr Fong Wai Leong (Retiring under Regulation 103) **(Resolution 2)**
   Mr Chong Man Sui (Retiring under Regulation 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 2015 (2014: S$221,000). **(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 ("**SGX-ST**"), 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, if any) 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 existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares, if any) 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 SGX-ST) 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:

(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, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution 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, 13 April 2016

Explanatory Notes:

(i) Mr Fong Wai Leong will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent.

Mr Chong Man Sui 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 is entitled to appoint no more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

3. If the member is a corporation, the instrument appointing a proxy or proxies must be under its common seal or the hand of its attorney or a duly authorised officer.

4. Pursuant to Section 181 of the Companies Act (Cap.50) of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36) of Singapore ("**CPF Act**"), in respect of shares purchased under the subsidiary legislation made under that CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The instrument appointing a proxy or proxies must be deposited at **25 Kallang Avenue #06-01, Kallang Basin Industrial Estate, Singapore 339416,** 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 Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

APPENDIX 5

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2015

PROXY FORM

ASTI HOLDINGS LIMITED

(Company Registration No. 199901514C)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Meeting and vote (please see Note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We*, ______________________ (Name) ______________ (NRIC/Passport No.)

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 Friday, 29 April 2016 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.

(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 2015		
2	Re-election of Mr Fong Wai Leong as a Director of the Company		
3	Re-election of Mr Chong Man Sui 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		

Note: Voting will be conducted by poll.

Dated this _______ day of ________________ 2016

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 proxy/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. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

4. A member who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote at the Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. 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.

6. The instrument appointing a proxy or proxies must be deposited at **25 Kallang Avenue #06-01, Kallang Basin Industrial Estate, Singapore 339416,** not less than 48 hours before the time appointed for the Meeting.

7. 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, failing which this proxy form shall be treated as invalid.

8. 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 attending the Meeting and/or any adjournment thereof or 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 13 April 2016.

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

ASTI HOLDINGS LIMITED

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(Co. Reg. No. 199901514C)