THE

NEXT

CHAPTER

Aztech

ANNUAL REPORT 2014

Innovation and Diversification has been an essential part of the Aztech story for over 28 years. In 2014, we began the next chapter of our story with a focus on unlocking values in diversifications. With the foundation that we have and the transformation we have begun, the next chapter promises to be an exciting one.

Unlocking Values in Diversifications

CONTENTS

FOREWORD ABOUT AZTECH GROUP

Established in 1986, Aztech Group Ltd is a Singapore Exchange Mainboard-listed company with key business units spanning Electronics, LED Lighting, Material Supply & Marine, as well as F&B Retail & Supplies.

The Group has:

- 8 sales & sales support offices in Singapore, China, Hong Kong, Malaysia, Philippines, Germany and USA
- 4 R&D centres in Singapore, China and Hong Kong
- Electronics and LED Lighting manufacturing plant in China
- Own shipyard with fleet of marine vessels
- Customers from over 50 countries
- Over 2,000 employees worldwide

Aztech *innovate to connect*

Provider of innovative Broadband, Networking and HOME products through services of ODM/OEM, Contract Manufacturing and Retail Distribution.

AZ e-lite *Light Up with LED!*

Designs and manufactures quality LED lighting for commercial and residential applications.

Az Marine

Fast-growing offshore and marine company offering full-fledged marine transportation and shipyard services.

Az United

Major supplier of materials for the building construction industry and infrastructure development projects.

Shiro *simply delectable*

Distributor of premium food products to restaurants and food service industry.

琪利 KAY LEE 珠江燒臘

Famed roast meat joint for Zhujiang style roast duck, char siew and roast pork.

Corporate Information ◆ Financial Calendar

CEO / CHAIRMAN

Michael Mun Hong Yew

DIRECTORS

Michael Mun Hong Yew

Martin Chia Heok Miin

Jeremy Mun Weng Hung

Philip Tan Tee Yong

Colin Ng Teck Sim

Khoo Ho Tong

Tan Teik Seng

LEAD INDEPENDENT DIRECTOR

Philip Tan Tee Yong

AUDIT COMMITTEE

Philip Tan Tee Yong (Chairman)

Colin Ng Teck Sim

Khoo Ho Tong

Tan Teik Seng

NOMINATING COMMITTEE

Colin Ng Teck Sim (Chairman)

Khoo Ho Tong

Michael Mun Hong Yew

Philip Tan Tee Yong

Tan Teik Seng

REMUNERATION COMMITTEE

Khoo Ho Tong (Chairman)

Philip Tan Tee Yong

Colin Ng Teck Sim

Tan Teik Seng

COMPANY SECRETARY

Pavani Nagarajah

AUDITORS

Deloitte & Touche LLP

6 Shenton Way,
OUE Downtown 2, #33-00
Singapore 068809

PARTNER-IN-CHARGE

Cheung Pui Yuen

Appointed July 21, 2010

REGISTRAR

B.A.C.S Pte Ltd

63 Cantonment Road
Singapore 089758

REGISTERED OFFICE

31 Ubi Road 1 #09-01
Singapore 408694

COMPANY REGISTRATION NO.

198601642R

Financial Calendar **FY2014**

ANNOUNCEMENT OF RESULTS	
1st Quarter	23 APR 2014
2nd Quarter	23 JUL 2014
3rd Quarter	23 OCT 2014
Full Year	18 FEB 2015
Annual Report and Accounts Issued On	23 MAR 2015
FY2014 Annual General Meeting	24 APR 2015

Venture into Aztech HOME products

Roll out of AZ e-lite consumer product range

Acquisition of shipyard at 15D Pandan Road, Singapore

Az United presented with "Valued Partner Award" under Samsung's Global Partner Agreement

Opening of Kay Lee at Suntec, Singapore

Setting up of Kay Lee Central Kitchen

Opening of Aztech Showroom in Ubi, Singapore

FY2014 revenue has increased to S$329.4 million through our diversification, a 36.6% growth over FY2013. This is also an improvement over revenue of S$276.5 million in FY2008 when we started charting our strategic direction.

Michael Mun
Group CEO & Chairman

Dear Fellow Shareholders,

The theme for this year's Annual Report is "The Next Chapter – Unlocking Values in Diversifications".

It has been more than 6 years since the start of the global financial crisis, triggered by sub-prime mortgage crisis with the collapse of Lehman Brothers in September 2008. This was followed by European sovereign-debt crisis after the bail out of Greece in May 2010. The world has since witnessed slow growth and high unemployment in the US and European zones which virtually impacted the global business landscape.

Aztech Group embarked on its diversification strategy to further strengthen the Group's resilience amidst these weak global markets driven by the need to:

- Penetrate other geographical markets to supplement our dependence on certain key markets ;
- Develop additional business segments and portfolio that are yield-enhancing for a balanced and sustainable long-term growth; and
- Manage growth both organically and through acquisitions, striking a careful balance in deployment of resources and gearings.

Guided by the above 3 key principles, the Group has completed its diversification thrust in 2014 with the acquisition of a shipyard at 15D Pandan Road and the business of Kay Lee Roast Meat Joint.

FY2014 Financials

FY2014 revenue has increased to S$329.4 million through our diversification, a 36.6% growth over FY2013. This is also an improvement over revenue of S$276.5 million in FY2008 when we started charting our strategic direction. The Group has managed to register a compounded annual growth rate of 3.0% over the last 5 years, a marked achievement considering the challenging task of transforming the Group's businesses under the difficult market conditions.

Through the above strategic direction, we were able to generate positive cash flow from operations for all years and were in profitable positions except for FY2011 when the Group impaired the carrying value of the assets of its fleet of vessels.

The growth in revenue coupled with prudent financial and costs disciplines has enabled the Group to generate healthy positive cash flow and navigate our diversification transformation successfully leveraging on conservative debts level. Consequently, the Group was able to maintain healthy debts gearing and cash balances position as at 31 December 2014 and registered a net profit after tax of S$5.8 million. While lower compared to S$6.5 million registered in FY2013, there is nevertheless a 6.7% return on equity.

As a reward to our shareholders, the Group is proposing a final dividend payout of 0.5 cents, bringing our total dividend payout for 2014 to 0.75 cents, the same level as 2013, taking into account the interim dividend of 0.25 cents paid in November 2014.

Unlocking Values in Diversifications

With the Group completing its diversification thrust, it is fitting that I devote the second half of my letter to articulate the Group's growth strategy moving forward. Underpinned by a global positive growth projection and outlook tampered with wide spread economy divergence that is likely to elevate the level of protectionism among countries that can pose a challenge for global trade and to the Group, we need to embrace the new global growth norm and continue to exercise financial prudence. I am optimistic that the Group has the right people, strategies and resilience in place to capture new exciting business opportunities from our 3 business pillars and overcome any challenge.

Pillar 1 - Electronics and LED Lighting

Still our largest revenue contributor, the Electronics sector registered a 20% revenue growth to S$196.8 million compared to FY2013 on improved sales of both Datacom and LED Lighting products.

We have achieved new certifications for our China manufacturing plant, including TS16949:2009 certification for manufacturing of automotive products and ISO14001:2004 certification for environment management. To cater for higher production volume, we have taken measures to expand our manufacturing facilities, procure new equipment and implement automation for the production lines and assembly lines to increase productivity.

For R&D, we are deepening the valued-added focus on Contract Manufacturing and ODM through collaborative joint development programme. With our integrated R&D capabilities, we are able to undertake product development and deliver manufacturing services that can be customised to suit the needs of every customer.

We also proactively expanded our product line in the electronics sector through the offering and exploration of more networking products, house brand products and launching a wider range of lighting innovations. These include the new Superfast Aztech HL129EP (1200Mbps Powerline Adaptor) and also the Ultra-fast Aztech FG7008 (2400Mbps Wireless AC Router) to meet the needs of fibre broadband users.

Electronics is venturing into a new phase of opportunity with the introduction of Aztech Home products, such as Slow Juicer, Air Purifier and Multifunction Cooker. With these consumer products and AZ e-lite's new range of household lighting, we hope to strengthen our branding and foothold in the market.

Pillar 2 - Material Supply and Marine

Revenue from Material Supply and Marine segment was S$127.7 million in FY2014, a 71.6% increase compared to FY2013. During the year, we focused on the fulfilment and execution of several contracts for supply of construction and reclamation sand.

With the intent to expand our reach, we have acquired a shipyard ("AMOS") which will allow us to expand our offering and engagement in Singapore, a major shipping hub and offshore maritime market as well as one of the busiest ports in the world. With AMOS, Az Marine has transformed from a logistics division to a full-fledged marine company with sizable marine assets base and capability. We now provide total marine services including valued-added marine logistics, ship repair and maintenance as well as offshore services, which enable us to seek new opportunities in the lucrative offshore and oil & gas sectors.

Pillar 3 – F&B Retail & Supplies

Revenue from the F&B Retail and Supplies segment contributed S$5.0 million to the Group turnover in FY2014.

Following the acquisition of Kay Lee Roast Meat Joint business and the outlet at 125 Upper Paya Lebar Road in November 2014, our food division has enlisted its transformation. We are no longer just a trading arm but own a recognizable brand that will propel us for further growth and opportunity in the retail and food services space.

To support this segment, a Central Kitchen at FoodAxis, Senoko has been set up. The 45,000 square feet Central Kitchen and food production facility has the capacity to support Kay Lee's outlets requirements and ensures consistent quality control with improved productivity. This development will enable us to leverage on the Kay Lee brand to roll out new product offerings and drive revenue and growth for our F&B segment.

Corporate Actions and Appreciation

The Group has recently undertaken a few corporate actions to rationalise its listing status and balance sheet, namely the proposed consolidation of shares to rationalise our capital base and capital reduction to enhance the Group's capability for dividend payout.

I am delighted to welcome our new Independent Director, Mr Tan Teik Seng to our Board to expand our Board's diversity and representation given his experiences and credentials.

We also noted that Mr Colin Ng, an Independent Director who is due to retire by rotation at the forthcoming AGM, is not seeking re-election. Mr Ng has served the Board since 1993 and is the Chairman of Nominating Committee. We'd like to thank Mr Ng for his exemplary service and contributions to the Group.

Not forgetting our other Directors, management, staff, shareholders, valued customers and business partners, a BIG THANK YOU for your trust and support. As Singapore celebrates its 50th anniversary, we have put together a special promotion for our valued shareholders to enjoy at the Aztech Showroom and Kay Lee outlets.

Let's create the Next Chapter together.

Michael Mun
Group CEO & Chairman

Board of Directors

Front row left to right

Philip Tan Tee Yong
Lead Independent Director
Chairman of AC and
Member of RC and NC

Michael Mun Hong Yew
Group CEO and Chairman
Member of NC

Back row left to right

Colin Ng Teck Sim
Independent Director
Chairman of NC and
Member of RC and AC

Khoo Ho Tong
Independent Director
Chairman of RC and
Member of AC and NC

Tan Teik Seng
Independent Director
Member of AC, RC and NC

Jeremy Mun Weng Hung
Executive Director
Senior Vice President

Martin Chia Heok Miin
Executive Director
Senior Vice President

Michael Mun Hong Yew

Group CEO & Chairman

Mr Mun is one of Aztech's co-founders and is responsible for the overall strategy and direction of the Group. He started Aztech in 1986 and transformed Aztech from a PC maker to a multi-disciplined company focusing on Electronics and LED lighting products with in-house R&D and full-fledged manufacturing facilities, as well as Material Supply, Marine and Food businesses. He is a member of the Nominating Committee.

Martin Chia Heok Miin

Executive Director

Senior Vice President

Mr Chia joined Aztech in 1989 and was appointed as a Board Director in 2006. He is responsible for the sales activities of the Group and heads the international sales of Datacom segment. Mr Chia also assists in overseeing the Group's Material Supply and Marine sectors. He holds directorships in some of Aztech's subsidiaries.

Jeremy Mun Weng Hung

Executive Director

Senior Vice President

Mr Jeremy Mun joined Aztech in 2002 and was appointed as a Board Director in 2006. He is in charge of the Group's marketing and branding activities to raise its profile in international market. He is also responsible for the product development and sales activities of the Group's LED lighting segment as well as F&B Retail business. He holds directorships in some of Aztech's subsidiaries.

Philip Tan Tee Yong

Lead Independent Director

Chairman of AC and
Member of RC and NC

Mr Tan is the owner and Managing Director of PTOS Singapore Pte Ltd. He is a Fellow of the Chartered Institute of Management Accountants, CGMA and a CPA. He has over 40 years of experience in banking, accounting, finance, marketing and sales, commercial and banking software development, consulting, manufacturing, IPOs, Rights Issues and entrepreneurship. Mr Tan was a Member of Parliament for 2 terms aggregating 7 years.

Khoo Ho Tong

Independent Director

Chairman of RC and
Member of AC and NC

Mr Khoo is a practising Public Accountant for over 30 years. He was a council member and member of various sub-committees of the Institute of Certified Public Accountants, Singapore. Mr Khoo was the Treasurer and Council member of the Asean Federation of Accountants. He is currently Board Member of Singapore Institute of Accredited Tax Professionals Limited and Director of SAA Global Education Centre Pte Ltd.

Colin Ng Teck Sim

Independent Director

Chairman of NC and
Member of RC and AC

Mr Ng is a practising lawyer with over 25 years of experience. His practice focuses on corporate banking and finance. Mr Ng was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1982 and as a solicitor of the Supreme Court of England & Wales in 2000. He obtained a Master of Business Administration (Accountancy) in 2007 from Nanyang Technological University and is a Notary Public and a Member of the SGX-ST's and Catalist's Appeals Panel.

** Due to retire at the AGM to be held on 24 April 2015 and shall not be seeking re-election.*

Tan Teik Seng

Independent Director

Member of AC, RC and NC

Mr Tan is an Independent Non-Executive Director of NASDAQ-listed 02 Micro International and a Director of Teleios SC Pte Ltd, a boutique executive search firm. He brings with him over 30 years of experience in the electronics industry, with previous appointments including Senior Managing Director of AMD and Chairman of the Board of Directors for Bizlink Centre Singapore Ltd. Mr Tan received a B.E. in Electrical Engineering and M.S. in Industrial Engineering from the National University of Singapore. He is a Fellow of the Singapore Human Resource Institute and Member of the Singapore Institute of Directors.

CHAPTER 4
Senior Management

1. Michael Lee Thiam Seong

Senior Vice-President, Strategic Alliance

Mr Lee has been with the Group since 2006. He is responsible for developing strategic alliances and assisting in the management of new businesses undertaken by the Group. Mr Lee holds a Bachelor's degree in Accounting with Computing and has over 20 years of business, corporate and financial experiences.

2. Jason Saw Chwee Meng

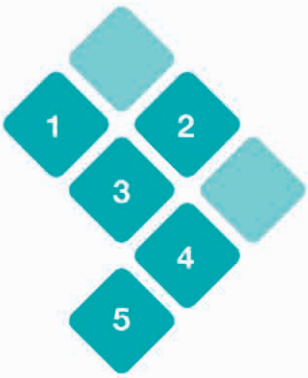
Senior Vice-President, Research and Development

Mr Saw joined Aztech in May 2005. He is responsible for the planning, coordination, and execution of product designs and development handled by the R&D Centres. He holds a Diploma in Electronics Engineering from Ngee Ann Polytechnic, Singapore.

3. Pavani Nagarajah

Senior Vice-President, Legal and Corporate Affairs

Ms Nagarajah joined Aztech in 1998 and heads the legal and corporate secretarial department. Ms Nagarajah also heads the departments of Investor Relations and Corporate HR, and is the Company Secretary of the Group. She holds a Bachelor of Laws (Hons) degree and a Graduate Diploma in law from the National University of Singapore.



4. Angela Lim Ai Ping

Vice-President, Finance

Ms Lim joined Aztech in 2014. She is responsible for the Group's financial management and treasury functions. Ms Lim has more than 20 years of experience in accounting and financial management and has assumed roles as financial controller and chief financial officer of several regional corporations. Ms Lim holds a Bachelor's degree in Accountancy (Hons) from National University of Singapore and is a Certified Public Accountant registered with the Institute of Certified Public Accountants of Singapore.

5. Funny Chan

Vice-President, Materials and Operations

Ms Chan joined Aztech in 2004. She is in charge of procurement and purchasing functions and also oversees operations at the factory. She holds a Bachelor of Business Administration from the Thames Valley University and a Master of Science – Logistics & Supply Chain Management from the National University of Ireland.

Aztech Group Ltd

- **Electronics**
  - Aztech Technologies Pte Ltd (Singapore)
  - AZ-Technology Sdn Bhd (Malaysia)
  - Aztech Systems (Hong Kong) Ltd (Hong Kong)
  - Aztech Labs, Inc. (US)
  - Aztech Systems GmbH (Germany)
  - Aztech Electronics (Philippines)
  - AZ e-lite Pte Ltd (Singapore)
  - AZ e-lite (HK) Ltd (Hong Kong)
  - Aztech Communication Device (DG) Ltd (China)
  - Aztech Trading Company Ltd (China)
- **Material Supply & Marine**
  - Az United Pte Ltd (Singapore)
  - Az Marine Pte Ltd (Singapore)
  - AZ Marine Offshore Services (Singapore)
- **F&B Retail & Supplies**
  - Shiro Corporation Pte Ltd (Singapore)
  - Kay Lee Pte Ltd (Singapore)

Audit Committee

Internal Audit
Carrie Cheung

CEO
Michael Mun

Electronics

Business Development
- Martin Chia
  SVP, Sales
- Daniel Oh
  VP, International Sales
- Allen Tan
  Sales Director, Malaysia
- Sam Sultan
  Sales Director, USA

Product Development
- Jason Saw
  SVP, R&D

Factory Operations
- Funny Chan
  VP, Materials & Operations

LED Lighting

Business Development
- Jeremy Mun
  SVP, Sales, Asia
- Jeff Lau
  Sales Director, International

Product Development
- Terence Kwong
  R&D Director

Factory Operations
- Funny Chan
  VP, Materials & Operations

Material Supply & Marine

Business Development
- Ivan Mun
  Sales Director

Shipyard Operations
- Ricky Soh
  Operations Manager

F&B Retail & Supplies

Business Development
- Jeremy Mun
  SVP
- Corrine Toh
  Senior Sales Manager

Product Development
- Dr Christine Lee
  Senior R&D Manager

Strategic Alliance
Michael Lee

Finance & Treasury
Angela Lim

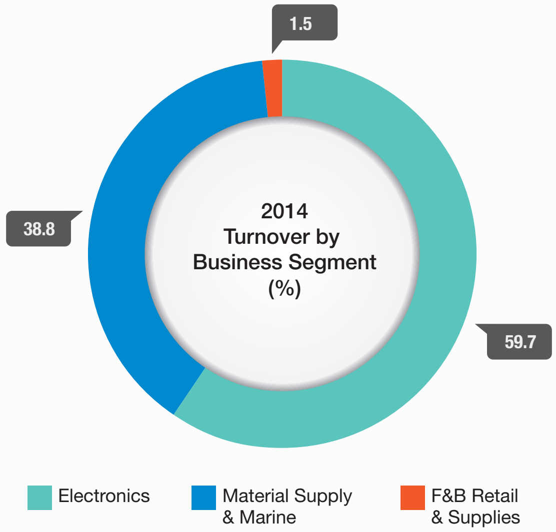
Legal & Corporate Affairs
Pavani Nagarajah

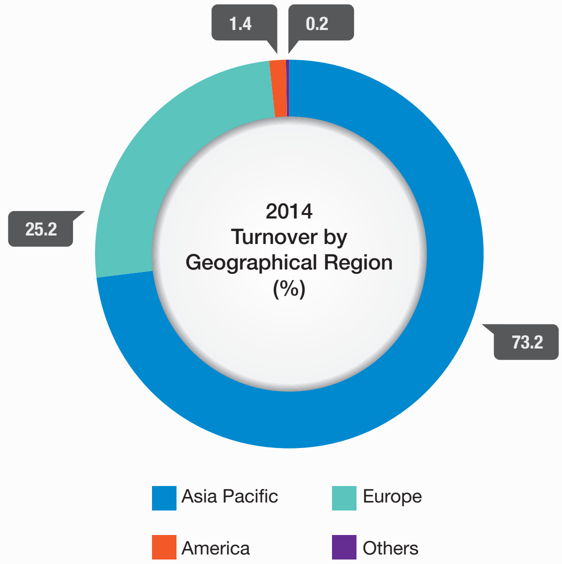
Marketing
Jeremy Mun

Information Technology
Dixon Hong

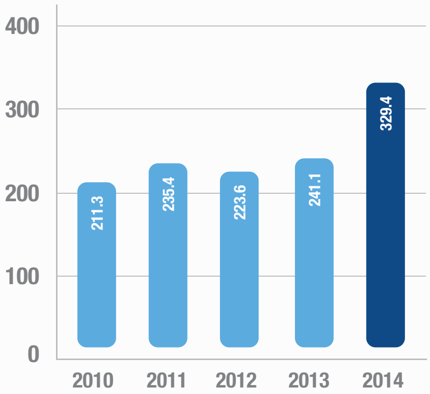
Financials at a Glance

	2014 S$'000	2013 S$'000	2012 S$'000	2011 S$'000	2010 S$'000
Results					
Revenue	**329,413**	241,146	223,605	235,438	211,336
EBITDA	**17,753**	15,832	9,802	4,374	18,413
Net profit (loss) for the year	**5,776**	6,470	230	(24,974)	5,330
Net cash (outflow) inflow	**(5,512)**	1,185	(15,125)	9,953	(4,304)
Assets & Liabilities					
Net current assets	**23,830**	27,754	22,798	27,419	39,212
Total assets	**219,913**	173,572	147,437	171,024	184,204
Total liabilities	**133,515**	88,924	70,348	90,893	78,127
Total borrowings	**69,498**	50,639	35,437	56,095	49,316
Shareholders' equity	**86,398**	84,648	77,089	80,131	106,077
Per Share Basis (in cents)					
Earnings (Loss) - basic	**1.19**	1.33	0.05	(5.12)	1.09
Gross dividend	**0.75**	0.75	n.a.	n.a.	0.60
Net asset value	**17.77**	17.41	15.86	16.48	21.73
Ratios					
Net profit margin	**1.8%**	2.7%	0.1%	n.a.	2.5%
Current ratio	**1.20**	1.32	1.33	1.33	1.62
Dividend payout ratio	**63.1%**	56.4%	n.a.	n.a.	55.0%
Dividend cover	**1.58**	1.77	n.a.	n.a.	1.82
Net gearing ratio	**56.7%**	29.5%	15.0%	20.2%	14.5%
Return on assets	**2.6%**	3.7%	0.2%	n.a.	2.9%
Return on equity	**6.7%**	7.6%	0.3%	n.a.	5.0%

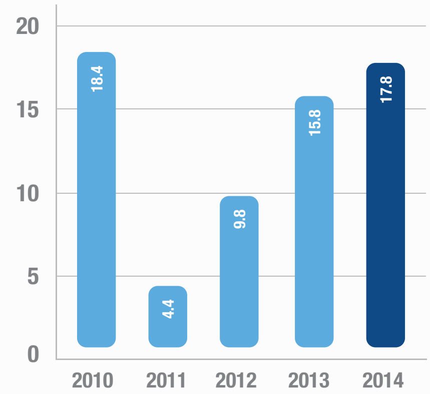




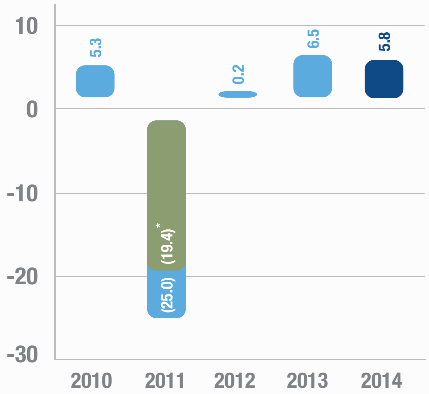
Group Turnover (S$m)



EBITDA (S$m)

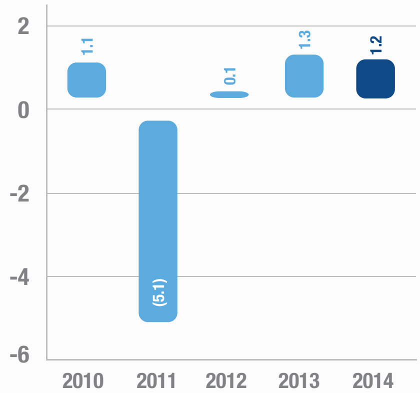


Net Profit (Loss) (S$m)

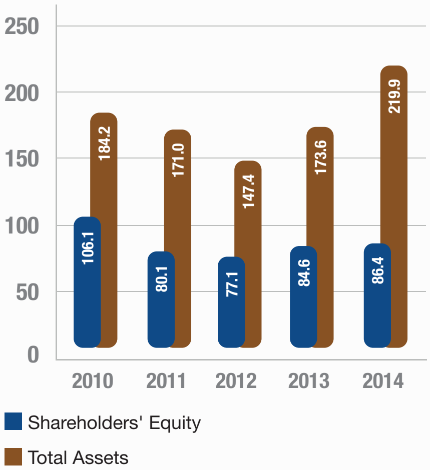


* *Including impairment charge on vessels of S$19.4m in 2011*

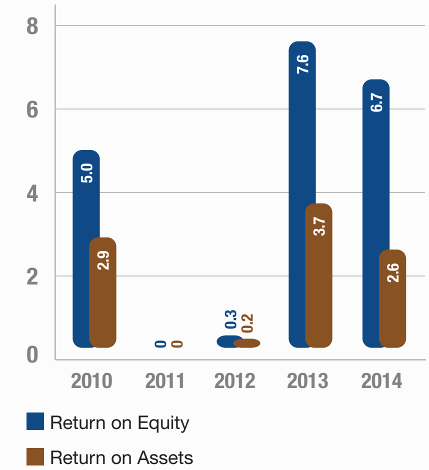
Earnings (Loss) Per Share (cents)



Shareholders' Equity & Total Assets (S$m)



Return on Equity & Return on Assets (%)



Electronics - Aztech

PowerlineTechnologies and HOME Products

Aztech builds its core competencies on electronics products and is supported by its manufacturing plant in China, sales offices in 7 countries and 4 R&D centres. We design and manufacture a wide range of electronics and communications equipment for OEM, Telco, Contract Manufacturing and Retail Brand Distribution.

Aztech innovate to connect

Aztech HOME

OEM / Telco

Aztech continues to work closely with Telcos and Internet Service Providers to manufacture and supply ADSL2+, VDSL2, Fibre Gateway, Powerline, 3G/4G and Wireless products. Today, Aztech has built for established brands in more than 40 countries.

Contract Manufacturing

A key part of our electronics business is Contract Manufacturing which constitutes 63.8% of the Electronics revenue. We provide complete Contract Manufacturing services for electronics PCBA assembly, plastic tooling, plastic injection and complete box built products.

Helming our manufacturing operations is our vertically-integrated factory in China, which is capable of handling high volume and high mix productions. Equipped with state-of-the-art manufacturing equipment, strong process and test engineering capabilities as well as cost-efficient structure, we deliver high performance products with fast turnaround from product transfer to mass production.

Aztech Brand Products

Aztech manages a wide retail distribution network under its own brand. We produce networking products and home appliances for end consumers in more than 10 countries, including Singapore, Malaysia, Hong Kong, Thailand, Vietnam, Indonesia, Philippines, Myanmar, Turkey, UAE and Saudi Arabia.

Aztech Networking – Innovate to Connect

Aztech delivers innovative and integrated networking products to enhance connectivity, such as HomePlugs, Routers, Repeaters, Wifi Adaptors and IP Cameras.

Some of the networking products launched in 2014 include:

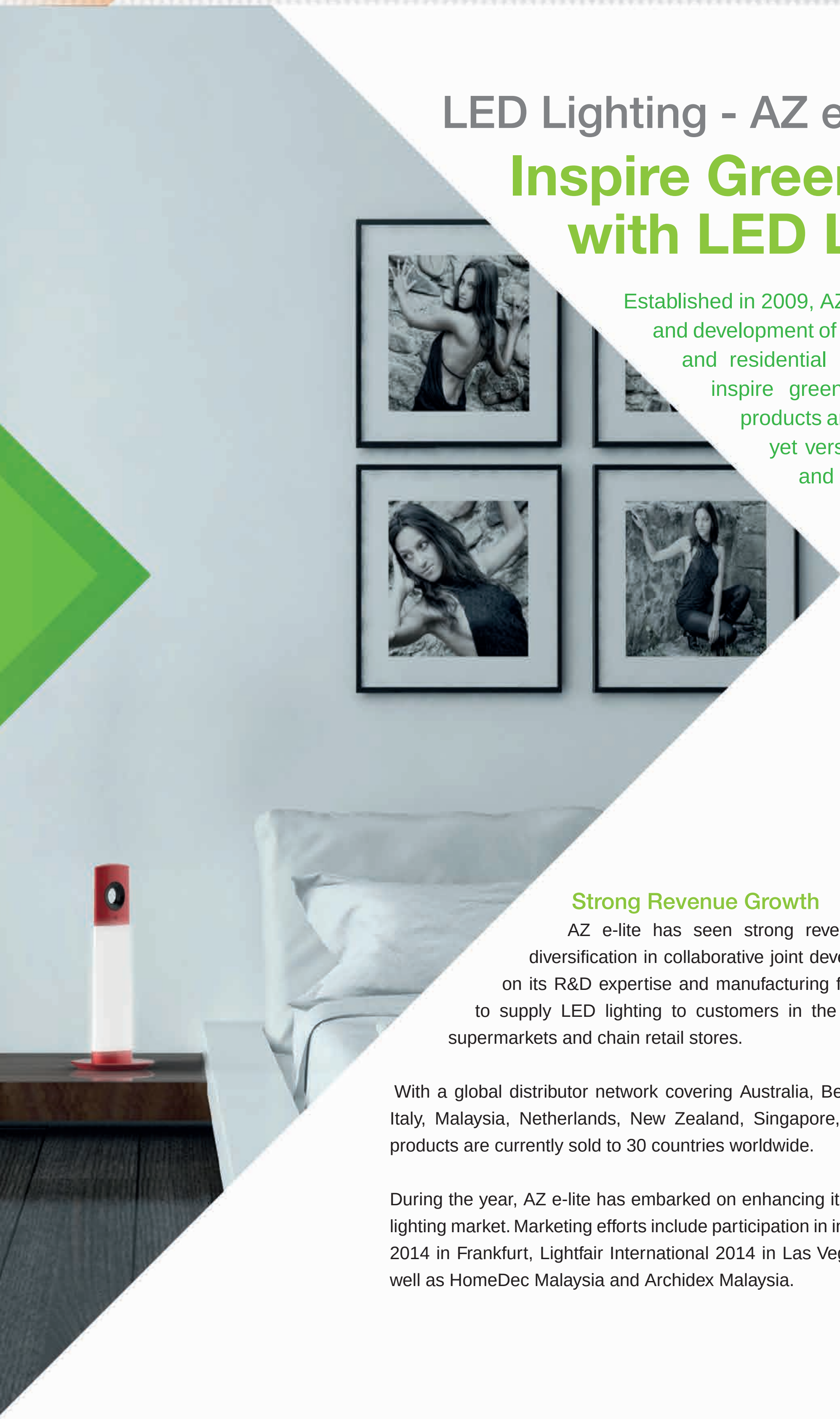
- FG7008GR(AC) - 4-Port Wireless AC (2400Mbps) Fibre Gateway
- HL129EP - HomePlug AV2 1200Mbps Gigabit Ethernet Adapter with Smart Link
- MWR647 - 4G MiFi Router with Built-in PowerBank
- WIPC409HD - HD Wireless-N IP Camera with 2-Way Audio Support

Aztech HOME – Simplify Your Life

With the aim to simplify people's lives and enhance their well-being, Aztech has introduced a range of home appliance products known as the Aztech HOME, including:

- EG008 LollieEgg Roll Maker
- SJ1000 JuiceMAX Slow Juicer
- AEK1700 Electric Kettle
- MT400 and MT402 Air Purifier
- MF801 8-in-1 Multi-function Cooker

To showcase our full range of products across our various business sectors, a new showroom at Level 1 of Aztech's headquarters in Ubi has been set up. The showroom is designed to give customers a complete experience on the quality and features of Aztech products.



LED Lighting - AZ e-lite

Inspire Green Living with LED Lighting

Established in 2009, AZ e-lite's business comprises the design and development of high quality LED lighting for commercial and residential lighting applications. With a vision to inspire green living with LED lighting, AZ e-lite products are designed to be contemporary in style, yet versatile, easy to install, maintenance-free and long lasting.

AZ e-lite
Light Up with LED!

Strong Revenue Growth

AZ e-lite has seen strong revenue growth in FY2014, driven by strategic diversification in collaborative joint development of LED lighting products. Leveraging on its R&D expertise and manufacturing facilities, AZ e-lite has clinched many projects to supply LED lighting to customers in the public and private sectors, including hotels, supermarkets and chain retail stores.

With a global distributor network covering Australia, Belgium, Brunei, France, Germany, Hong Kong, Italy, Malaysia, Netherlands, New Zealand, Singapore, Spain, Switzerland, UAE and UK, AZ e-lite products are currently sold to 30 countries worldwide.

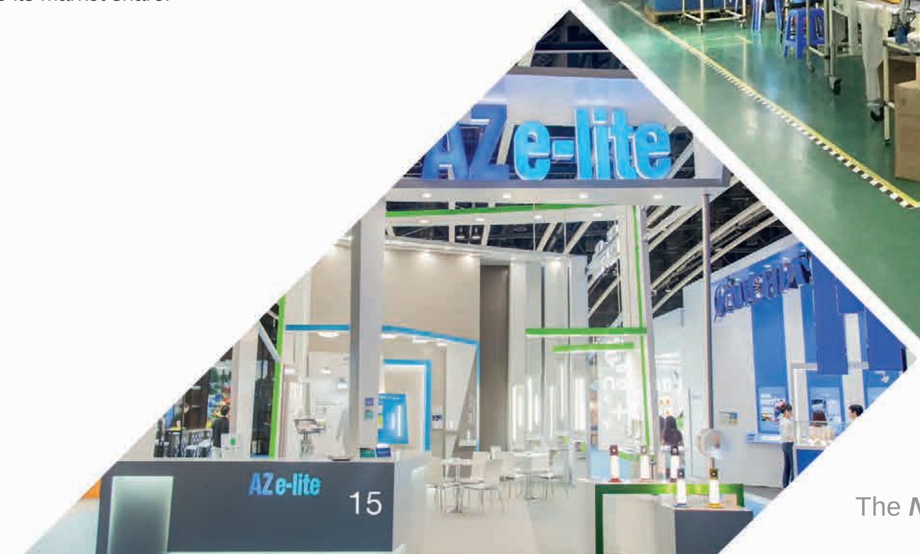
During the year, AZ e-lite has embarked on enhancing its brand name and presence in the global LED lighting market. Marketing efforts include participation in international exhibitions such as Light + Building 2014 in Frankfurt, Lightfair International 2014 in Las Vegas, Hong Kong International Lighting Fair, as well as HomeDec Malaysia and Archidex Malaysia.

Product Roll-out

AZ e-lite has also expanded its LED lighting product offerings with AZCEL LED Glass Tubes, AZPOSE XL2 LED Floodlight with Microwave Sensor and SHAPDE Table Lamp with transformable lamp shade.

Targeting the residential market, AZ e-lite will be launching a series of stylish LED home lighting under the AZEL brand name. The flagship product, AZEL MONO, functions as mood lighting for living room and bedroom, table lighting for alfresco dining, as well as portable handheld light. Its unique feature is the wireless charging base which enables Qi-enabled mobile devices to be charged wirelessly.

AZ e-lite will continue to expand its presence worldwide and focus on product innovation to enhance its market share.



Material Supply & Marine - Az United & Az Marine

Established in 2008, Az United and Az Marine marked the Group's foray into the Material Supply and Marine segment. Both subsidiaries have since expanded their capabilities and successfully completed several multi-million dollar projects in the region.

For FY2014, the Material Supply and Marine segment contributed S$127.7 million to the Group's revenue, a 71.6% increase compared to FY2013. This constituted 38.8% of Group revenue.

Az United

Az United's business is in the procurement and supply of materials for the building construction industry and infrastructure development projects. Today, we are a major sand importer and key player in the material supply sector in Singapore with multiple sourcing capabilities.

Az United is capable of providing full supply chain management from dredging, freight transportation, stevedoring and supply of sand for both the public and private sectors. We work closely with the concession holders in various countries to ensure a consistent supply of sand. We also work hand in hand with the dredging companies to monitor the loading process so as to ensure better quality sand.

Az United is selected to be included in both Hyundai and Samsung in their "Global Partnership Programme" which testifies its capability and excellent track record. With its expertise and experienced team in operating and managing the entire supply chain, Az United is well positioned to offer a one-stop solution to service the growing construction and infrastructure sectors in Singapore and the region.

Az Marine & AMOS

Az Marine is a fast growing and dynamic offshore and marine company offering a wide range of marine services. We provide full-fledged marine transportation as well as operations, sales and purchasing, ship chartering, ship chandling and ship agency services.

To strengthen its core marine capabilities, the Group has acquired a shipyard at 15D Pandan Road and set up AZ Marine Offshore Services (AMOS) in August 2014. This strategic investment will enable the Group to provide a wide range of marine logistics, ship repair, maintenance as well as offshore services. With the ownership of a large waterfront shipyard facility, Az Marine is able to provide third-party repair, refurbishment and retrofitting works of vessels.

Az Marine currently boasts a fleet of vessels comprising 11 tugs, 13 barges, 2 conveyor barges, 2 mooring boats and 1 passenger launch boat that can support a wide range of operations. AMOS has also obtained ISO9001, ISO14001 and BS OHSAS18001 certificates.

Marine Services:

- Comprehensive Marine Logistics Support
- Full Maritime Logistics & Husbanding Support
- Ship Agency
- Ship Brokering (Charter and S&P)
- Ship Chandling
- Mooring Master Services
- Stevedoring Services
- Transshipment Vessel
- Ship Supply Support
- Ship Repair Support
- Marine & Offshore Support

Az Marine will continue to play a pivotal and integral role in the Group's infrastructure material business and transhipment requirement while expanding into offshore and marine business.

F&B Retail & Supplies – Kay Lee & Shiro

The foray into the Food business is part of the Group's long-term strategy to create a new revenue stream. Since its set up in 2009, Shiro has established itself as a distributor of premium food products to restaurants and food service industry in Singapore.

During the year, Shiro expanded its food product range with items such as Canadian beef and Jade Mooncake. In addition to its Jade brand of canned abalone and shellfish products, Shiro is a distributor for other brands which include Gourmet Chef Packers for UHP lobster meat, Aux Champs d'Elise for foie gras, Junta for its award-winning Chilean wine and Jia Yen for its range of ready-to-cook items such as herbal chicken and yam paste.

Revenue from the food business contributed S$5.0 million to the Group's turnover in FY2014. As part of its expansion plan into the F&B industry, the Group acquired Kay Lee Roast Meat Joint business and the outlet at 125 Upper Paya Lebar Road in November 2014.

Kay Lee Branch at Suntec City

Kay Lee's first branch was opened in Suntec City in February 2015 with a seating capacity of 100 diners and an expanded menu. Suntec is completing its major renovations and is set to become a major entertainment hub in the city. Its strategic location together with abundance of carpark and captive audience of office tenants and exhibitors will enhance the Kay Lee brand in Singapore.

Central Kitchen

To support our Kay Lee and Shiro food business, a central kitchen at FoodAxis, Senoko has been set up. Occupying a floor space of 45,000 square feet, the Kay Lee Central Kitchen houses a cold room and production facilities including induction cookers, ovens, mixers, tumblers and packing machines. The Central Kitchen will be used to prepare roast products for the Kay Lee outlets in Singapore with a production capacity of more than 1,000 roast meat items a day.

This investment will allow Kay Lee to enhance its operational efficiency as the Central Kitchen is able to achieve economies of scale with production in larger quantities, ensure better consistency in dishes across outlets as well as increase productivity through reduction of manpower. It also enhances its capability to develop new products through its in-house food scientists.

Wine Charity Run 2014, Hong Kong


Green Corridor Run 2014, Singapore

Recruitment Fair at tertiary institution


Yellow Ribbon Run 2014, Singapore

Aztech is committed to improve the economic, environmental and social well-being of its stakeholders. We conduct our business, interact with stakeholders and contribute to the well-being of our staff and the community in an ethical and responsible manner.

The Group upholds high standards of corporate governance and transparency to safeguard shareholders' interests, and has an adequate and effective enterprise risk management system to enhance its business resilience and agility.

Employee Care

Aztech aims to recruit, develop and motivate employees to drive growth for the Group. In line with our mission to empower employees with resources, skills and knowledge, the Group continuously looks to develop the potential of our staff through nurturing and upgrading their skills.

To appreciate staff for their hard work, we organise Annual Dinner as well as give out Long Service Awards for staff who have served the company for at least 5 years. In 2014, we introduced a new incentive programme where Aztech Vouchers were given out to staff to promote Aztech Group's products to their family and friends.

Talent Recruitment and Retention

Aztech participates in various recruitment activities to attract talents, including online job posting, staff referral scheme and career fairs.

To retain talented individuals, we advocate internal promotions to staff who have good potential and have made outstanding contributions to the company. Periodically, we review our staff's career development as well as our welfare and benefits scheme to provide a caring work environment.

Performance Appreciation

Our remuneration framework aims to drive motivation and productivity of our employees. The incentive component of this framework recognises the individual's achievements through performance-based bonuses.

As an added incentive, the Group has introduced Employee Recognition Programme to recognise excellent performing staff. Winners will be entitled to an incentive trip to China and Hong Kong.

Promoting Healthy Lifestyle

As part of its Workplace Health Programme, Aztech encourages staff to participate in sports activities in Singapore and overseas offices such as the Green Corridor Run and Yellow Ribbon Run. The company sponsored the registration fees for more than 50 employees who participated in the runs.

Electronic Communication Platforms

Access to the Intranet portal is given to all employees and provides them with information such as company policies and shared documents. Company news and happenings are communicated via internal newsletter (Aztech Times) and email blasts. Employees are also encouraged to "like" the Facebook pages of our business units to receive product updates and sales promotions.

Integrated Management System (IMS)

Aztech's quality policy is to provide quality products and services through continual improvements so as to enhance customers' satisfaction. Following the acquisition of the shipyard and setting up of AMOS in August 2014, the Group has strengthened its quality systems into an Integrated Management System, which constitutes of Quality, Environmental, Occupational Health and other elements.

The Integrated Management System has been certified to ISO9001, ISO14001, OHSAS18001, ISO22000, SS444 and SS590 standards and covers the following subsidiaries of the Group:

- Aztech Communication Device (DG)
  - ISO 9001:2008
  - ISO 14001:2004
  - TL 9000 R5.0/R5.0
  - TS 16949:2009

- Az United
  - ISO 9001:2008
  - ISO 14001:2004
  - BS OHSAS 18001:2007

- AZ Marine Offshore Services (AMOS)
  - ISO 9001:2008
  - ISO 14001:2004
  - BS OHSAS 18001:2007

- Shiro
  - ISO 22000:2005
  - ISO 9001:2008
  - SS 444:2010
  - SS 590:2013

Health and Safety Management

An important part of our operations is Occupational Health and Safety, which is incorporated into our business activities. Aligning with the Singapore Government's vision of "a safe and healthy workplace for everyone", Aztech performs risk assessments and implements risk controls so that workplace hazards are reduced.

Aztech maintains site-specific programmes to respond to emergencies. These include evacuation procedures, qualification and training of first aiders and emergency response drills. Emergency systems such as fire alarm systems, emergency lighting and use of protective equipment are also in place to ensure safety of our employees.

Emergency Response Teams (ERTs) are located throughout our facilities and its members are trained to respond to various incidents such as fire and medical crisis, and are required to have the skills and knowledge on controlling its impact and minimising injury and damage.

Since 2012, Az United and AMOS have in place an occupational health and safety management system which is certified to OHSAS 18001:2007 standard. This OHS management system comprises a comprehensive policy and set of supporting procedures addressing occupational safety, emergency preparedness, occupational illness and injury, machine safeguarding as well as physically demanding work.

Various Aztech subsidiaries have achieved BizSAFE certifications issued by the Workplace Safety and Health Council in Singapore for promoting workplace safety and health in their operations. They include:

- Az United – BizSAFE Star Level
- Aztech Technologies – BizSAFE Level 4
- AZ e-lite – BizSAFE Level 4
- Shiro – BizSAFE Level 3
- AMOS – BizSAFE Level 3

AMOS shipyard facilities

Kay Lee Central Kitchen

Storage of frozen food at cold room

Environment Management

With the Integrated Management System in place, various management programmes are introduced to promote environmental management based on the ISO 14001:2008 requirements. These include monthly tracking on the electricity and water usage for AMOS, as well as proper waste and chemical management for both Az United and AMOS.

We minimise solid and hazardous waste in our operations through reusing and recycling materials such as our product packaging. Hazardous wastes are identified, carefully collected and disposed by qualified waste processing contractors according to local legal requirements. Factors that affect the environment such as wastes and air emissions are monitored and inspected annually by local authorities.

Our manufactured products comply with the Restriction of Hazardous Substances (RoHS) Directive and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation. We collaborate with our suppliers and solicit their support in the management of hazardous substances.

Food Safety Management

Food products supplied by Shiro are regulated for safety and wholesomeness by the local authorities. In 2014, Shiro implemented and maintained ISO 22000:2005 to minimise any microbiological, physical and chemical contamination while sorting and packing for wholesome distribution, as well as the storage and delivery of frozen seafood, meat, processed food, canned food, wine and spirits.

Shiro is also certified to Hazard Analysis and Critical Control Point System (HACCP) - SS 444:2010 and HACCP food safety management systems - SS 590:2013. These include having a proper standard of management for food activities including sourcing of products, preparation, processing, manufacturing, packaging, storage, transportation, distribution and handling of food items.

Community Involvement

Aztech recognises that the long-term success of its business is closely linked with the health and well-being of the communities we operate in. In keeping with the Group's philosophy to give back to the society, we participated in various community events and corporate social responsibility (CSR) initiatives.

Walk for Our Children

Causes related to children continue to be the primary focus of Aztech's fund-raising efforts. Since 2008, the Group has supported the Singapore Children's Society "Walk for Our Children" event to raise funds for 46,000 less privileged children, youth and families.

More than 40 Aztech staff, senior management and family members participated in the walkathon-cum-carnival, held at Bishan-Ang Mo Kio Park on 17 August 2014. The Group raised about S$5,000 from pledge card donations, sale of food items as well as participation in the Dodge Ball Challenge.

Supporting the Arts

In support of local arts, the Group sponsored LED lighting for DECK, the festival village for Singapore International Photography Festival 2014. AZ e-lite's T5 LED fittings were used to illuminate the 19 furbished containers housing the photography exhibition, while its LED tubes were installed at outdoor areas for ambient lighting.

Donation of Mooncakes

As part of its CSR efforts, the Group has donated 80 boxes of Jade Mooncakes to charity organisations to celebrate Mid-Autumn Festival. They include Lions Home for the Elderly (Toa Payoh & Bedok Home), Thye Hua Kwan Family Service Centre @ Tanjong Pagar and "Food from the Heart" food distribution programme.

Youth Sponsorship & Internship

The Group actively engages in sponsorship of student activities, such as tertiary institution open houses. We also take in tertiary students from polytechnics and local universities as interns to improve their skill sets and enhance their work experience. In 2014, we hired a total of 19 interns under the Aztech Internship Programme in Singapore.

Aztech believes that such meaningful contribution benefits the less fortunate and will continue to support community events to reach out to them.

Walk for Our Children CSR event

Walk for Our Children - Dodge Ball Challenge

Sponsorship of LED lighting for DECK photography exhibition

Donation of mooncakes to Lions Home for the Elderly

APPENDIX
Highlights Of The Year

JANUARY / FEBRUARY

- Takashimaya Chinese New Year Food Fair, Singapore

MARCH

- IT Show, Singapore

APRIL

- Light + Building 2014, Frankfurt
- PIKOM PC Fair, Malaysia

MAY

- HomeDec, Malaysia

JUNE

- Lightfair International 2014, Las Vegas
- PC Show, Singapore
- Archidex, Malaysia
- China Processing Trade Products Fair 2014, Dong Guan

AUGUST

- Hong Kong Computer & Communications Festival

SEPTEMBER

- Comex, Singapore
- Epicurean Market 2014, Singapore

OCTOBER

- Hong Kong International Lighting Fair (Autumn Edition)
- HomeDec, Malaysia

NOVEMBER

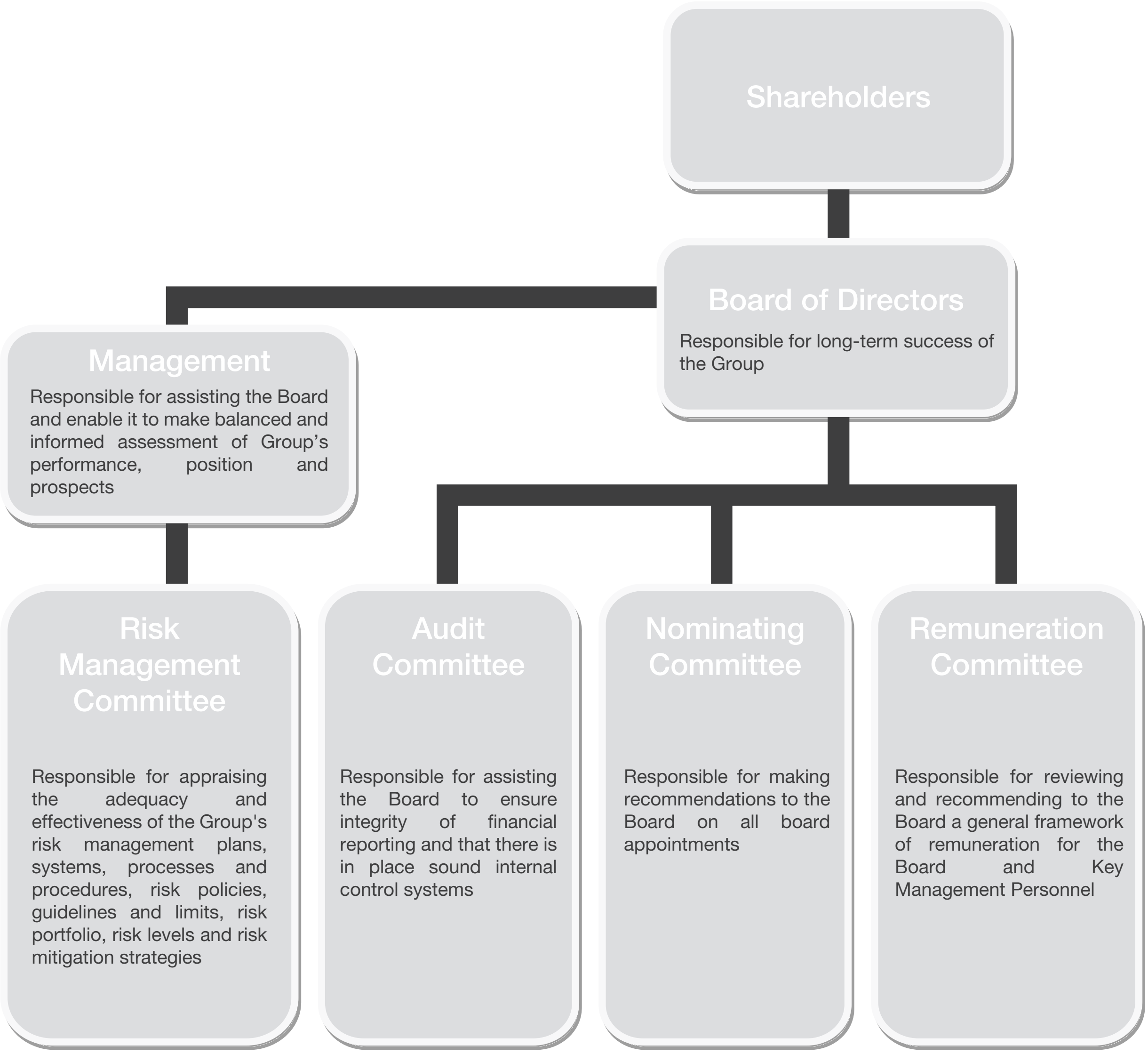
- Sitex, Singapore
- China Guangdong 21st Century Maritime Silk Road International Expo, Dong Guan

Aztech Group Ltd ("Aztech") is committed to achieving the highest standard of corporate governance and transparency to protect the interests of stakeholders and promote long-term sustainability of the Group. To this end, Aztech has put in place a set of well-defined policies, practices and processes which enhances corporate transparency, accountability, business integrity, performance and protects shareholders' interests.

This report is arranged according to the principles listed in the Code of Corporate Governance 2012 (the "Code").

Aztech's Board of Directors is pleased to report that Aztech has complied in all material aspects with the principles and guidelines of the Code for the financial year ended 31 December 2014. Any deviations from the Code are explained in this report.

Structure of Aztech's Corporate Governance



BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

As at the date of this report, Aztech is led by an effective board comprising of seven Directors, namely Mr Michael Mun Hong Yew (Chairman), Mr Philip Tan Tee Yong, Mr Khoo Ho Tong, Mr Colin Ng Teck Sim, Mr Tan Teik Seng (appointed on 19 January 2015), Mr Martin Chia Heok Miin and Mr Jeremy Mun Weng Hung.

Board Balance and Independence
✓ 3 Executive Directors
✓ 4 Non-Executive, Independent Directors

Guideline 1.1 of the Code:
Board's Role

The Board plays a pivotal role in protecting shareholders' long-term value by overseeing the Group's overall affairs. It is collectively responsible for the Group's long-term success. In addition to its statutory responsibilities, the Board provides entrepreneurial leadership, sets strategic goals and objectives and considers sustainability issues as part of its strategic formulation. It approves budget and financial plans, key operational matters, major findings and investment proposals. It reviews and approves, on a quarterly basis, financial reporting statements before releasing to shareholders via the SGX-Net. It monitors and assesses significant risk factors, reviews the adequacy of internal controls and ensures the Company's strategies are in the interest of the shareholders and assumes the responsibility for corporate governance.

Guideline 1.2 of the Code:
Directors as Fiduciaries in the Interests of the Company

The Board exercises due diligence and independent judgement, acts in good faith and considers the business affairs of the Company.

Guideline 1.3 of the Code:
Delegation of the Board's Authority

Board Committees

To assist the Board in the efficient discharge of its responsibilities, the Board has delegated certain functions to Board Committees to oversee specific responsibilities. Each Board Committee has well defined terms of reference setting out the duties and authorities given to them. The terms of reference are reviewed by the Board to ensure their continued relevance. A brief description of the current composition of each Board Committee is set out below:-

Board Committees	Composition
Audit Committee ("AC")	4 members, all of whom are Independent Directors
Nominating Committee ("NC")	5 members, 4 of whom are Independent Directors and 1 Executive Director
Remuneration Committee ("RC")	4 members, all of whom are Independent Directors

Guideline 1.4 of the Code:
Board to Meet Regularly

The Board meets regularly and sets aside time to attend presentations by senior executives on strategic issues relating to specific business areas to allow the Board to develop a good understanding of the Group's businesses. In addition to the scheduled meetings each year, the Board meets when warranted by circumstances. In the financial year ended 31 December 2014, a total of seven board meetings were held.

The schedules of Board, Board Committees and Annual General Meetings for the whole year are circulated in advance to the Directors for them to plan their attendance. When Directors were unable to attend meetings in person, telephony means are used as permitted under Aztech's Articles of Association. The Board and Board Committees may also make decisions via written resolutions.

The attendance of the Directors at scheduled meetings during the financial year ended 31 December 2014 is disclosed below:

	Board		AC		NC		RC	
Name of Directors	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Michael Mun Hong Yew	7	7	4*	4*	4	4	-	-
Philip Tan Tee Yong	7	7	4	4	4	4	2	2
Colin Ng Teck Sim	7	7	4	4	4	4	2	2
Khoo Ho Tong	7	7	4	4	4	4	2	2
Martin Chia Heok Miin	7	7	4*	4*	-	-	-	-
Jeremy Mun Weng Hung	7	6	4*	4*	-	-	-	-
Tan Teik Seng**	-	-	-	-	-	-	-	-

*Attendance by invitation of AC

**Mr Tan Teik Seng was appointed on 19 January 2015.

Guideline 1.5 of the Code:
Guidelines on Matters for Board Approval

Aztech has guidelines setting out the specified transactions which require Board's approval. The Group has established financial authorisations and approval limits for operating and capital expenditures and the acquisition and disposal of investments. All commitments to term loans and credit lines from banks require the approval of the Board. In particular, Aztech's Code requires Board's approval for the following:-

Nature of Transactions	Quantum of Transactions
Any transfer of capital asset or any expenditure which was not previously included in the approved annual budget	Any amount exceeding $500,000
Any investment which is not in the ordinary course of the Group's businesses	Any amount
Any guarantee by the Group or any borrowing or lending of funds (other than in the ordinary course of the Group's businesses).	Any amount exceeding $250,000

Guideline 1.6 of the Code:
Orientation, Briefing, Updates and Training

Comprehensive orientation and briefings are arranged to ensure the new Director's familiarity with the Group's businesses, transparency and corporate governance practices. The Group also encourages the new Director to attend courses organised by the Singapore Institute of Directors.

All existing Directors have been briefed on the Group's businesses and governance practices, policies, business risks as well as statutory and other duties and responsibilities as Directors at the time of their respective appointments. Current Directors are updated regularly on relevant laws, governance practices as well as accounting and regulatory changes.

Guideline 1.7 of the Code:
New Director

Upon appointment, the new Director is issued Aztech's Memorandum and Articles of Association, Best Practices Code and Aztech's Code. He is also briefed on key disclosure and statutory obligations as well as the Group's Management, business and governance practices through detailed induction briefing by the Senior Management and the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guideline 2.1 & 2.2 of the Code:
Strong and Independent Element on the Board
One-half of the Board shall be Independent Directors

There is a strong independent element on the Board. This ensures that the Board is able to exercise objective judgment on corporate affairs in the best interest of the Company.

Guideline 2.3 of the Code:
Independent Director

The Board has adopted the concept of Independent Directors as provided in the Code. Upon appointment, every Independent Director shall complete a form confirming his independence. Every Independent Director shall notify the Company Secretary immediately of any change in circumstances that may result in him not being able to meet the criteria for independence.

Guideline 2.4 of the Code:
Rigorous Review of Directors Serving Beyond 9 Years

The Board conducts a rigorous review and determines annually whether each Director who has served beyond nine years from the date of his first appointment is considered independent with the following key assessment topics:

- Directors' independence under the Code
- Directors' independence from Management relationship
- Directors' independence from substantial shareholders
- Directors' related party transactions
- Whether Directors' compensation were fixed
- Whether Directors expressed their views during Board meetings

For this financial year under review, Mr Tan, Mr Khoo and Mr Ng have served tenures of more than nine years. After conducting the above assessment, the Board is of the view that all three Directors have maintained their independence and are deemed to be independent. The Board took into account the need for progressive refreshing of the Board and appointed Mr Tan Teik Seng as new Independent and Non-Executive Director on 19 January 2015.

Guideline 2.5 of the Code:
Size of the Board

The Board reviews and examines the size and composition of the Board and Board Committees to ensure that the size is conducive to effective discussion and decision-making.

Guideline 2.6 of the Code:
Composition of the Board

The Board consists of members with relevant core competencies in areas such as accounting, business, industry knowledge, strategic planning and customer-based experience and knowledge. The detailed profiles of each Director are found in the "Board of Directors" section in this Annual Report.

Guideline 2.7 of the Code:
Non-Executive Directors

The responsibilities of Non-Executive Directors are:

1. constructively challenge and help develop proposals on strategy
2. review the performance of Management in achieving agreed goals and objectives
3. monitor the reporting of performance
4. discuss matters such as the Board processes, succession planning, corporate governance initiatives and the Group's performance, amongst others.

Guideline 2.8 of the Code:
Non-Executive Directors' Meeting without the Presence of Management

To facilitate a more effective check on Management, Non-Executive Directors set aside time to meet without the presence of the Management. Where required by circumstances, non-scheduled meetings of Non-Executive Directors are also held.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guideline 3.1 & 3.2 of the Code:
Chairman and CEO

The functions of Chairman and Group's CEO are held by Mr Michael Mun.

Mr Michael Mun provides strong leadership and vision. As Chairman of the Board, he ensures that the Board is informed of all key information and issues faced by the various business sectors of the Group. He takes the leading role in ensuring the Group's compliance with corporate governance practices with full support of Directors, Company Secretary and Senior Management.

As CEO of Aztech, Mr Michael Mun plays a hands-on role in the day-to-day operations of the Group and develops the businesses of the Group. In addition, he provides guidance to the Management with regard to global growth strategy and project investments. Mr Mun, as Chairman and CEO of the Group, enables that the decision-making process is robust and efficient. This is critical especially under the current challenges faced in the global market.

Mr Michael Mun's performance and remuneration are reviewed by NC and RC. With a strong independent element in the Board, the Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority in the spirit of good corporate governance. Considering the current size and operation of the Group, the Board is of the view that it is in the best interest of the Group that Mr Michael Mun be the Chairman and CEO of Aztech.

Guideline 3.3 of the Code:
Appointment of Lead Independent Director

Mr Philip Tan has served as Lead Independent Director ("LID") of the Board since 2 October 2006. He was re-appointed as the LID on 2 October 2014 and shall continue to serve as such until 1 October 2016.

As the LID, Mr Tan assists the Chairman and the Board in ensuring effective corporate governance in managing the affairs of the Board and Aztech. He is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the chief financial officer ("CFO") has failed to resolve or is inappropriate.

Guideline 3.4 of the Code:
Lead Independent Director's Feedback

Mr Tan coordinates the activities of the Independent Directors and leads meetings with Independent Directors without the presence of other Directors and provides feedback to the Chairman on any issues that are raised and ensures all matters are addressed.

BOARD MEMBERSHIP

Principle 4
There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guideline 4.1 of the Code:
Composition of NC

Currently, the NC comprises the following five Board members, four of whom, including the Chairman, are Independent Directors:-

- Colin Ng Teck Sim (Chairman)
- Khoo Ho Tong
- Philip Tan Tee Yong
- Michael Mun Hong Yew
- Tan Teik Seng (appointed on 19 January 2015)

The NC of Aztech has been established to make recommendations to the Board on all board appointments. The NC ensures that a formal and transparent procedure for the appointment and re-nomination of directors is in place.

The key terms of reference and duties of NC are as follows:

(i) facilitate formal and transparent process for appointing, re-nominating, re-electing and removing Directors;
(ii) determine the independence of Directors;
(iii) review each Director's competencies and contributions;
(iv) implement a formal process to assess the performance and contributions of each individual Director, Board Committee and the Board as a whole;
(v) assess if the Board is able to adequately discharge its obligations to oversee Management performance and provide guidance to the Group; and
(vi) review training and professional development programs for the Board.

Guideline 4.2 of the Code:
NC's Recommendations

The NC recommends the process of evaluation of the Board, Board Committees and individual Directors' performance, competencies, commitment and contribution. It reviews training and professional development programs for the Board and recommends the appointment and re-appointment of Directors. Pursuant to Article 107 of the Company's Articles of Association, at the Annual General Meeting in every year, one-third of the Directors for the time being (other than the Managing Director), or, if their number is not three or multiple of three, then the number nearest one-third, shall retire from office. Article 108 of the Company's Articles of Association further provides that the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The NC recommended the appointment of a new Independent Director, Mr Tan Teik Seng. With an engineering background and over 30 years of experience in the electronics industry, he has the necessary international expertise to be able to contribute to the Company's expanding electronics business in the fields of LED lighting and broadband and networking products as well as contract manufacturing service.

Guideline 4.3 of the Code:
NC's Determination of Directors' Independence

The NC annually reviews the independence of Directors and provides its views to the Board.

Guideline 4.4 of the Code:
Multiple Directorships

Aztech's Code sets out the guidelines that address the competing time commitments that are faced when Directors serve on multiple boards. It provides that the number of listed company board representations which a Director may hold should be no more than six directorships for a Director with full-time employment and eight directorships for a Director with no full-time employment. All Directors annually disclose their directorships in listed companies to the NC. The NC then ascertains whether or not a director with multiple board representations is able to and has been adequately carrying out his duties.

Taking into account the results of the assessment of the effectiveness of individual Directors as well as the attendance on the Board and Board Committee meetings, the NC is satisfied that all Directors have adequately carried out their duties as such notwithstanding their multiple board representations.

Guideline 4.5 of the Code:
Avoid Appointment of Alternate Directors

Aztech does not have alternate Directors.

Guideline 4.6 of the Code:
Process for Selection, Appointment and Re-appointment of Directors

The process for selection and appointment of new Director is as follows:-

(i) NC reviews the balance and diversity of skills, expertise, knowledge and experience required by the Board and the size of the Board in consultation with Management.
(ii) NC assesses if there is a requirement for additional Director and determines the desirable competencies for a particular appointment.
(iii) Suitable candidates are identified from recommendations of Management or other Directors.
(iv) NC assesses and evaluates potential candidate's suitability.
(v) NC makes recommendations to the Board for approval.

In selecting a new Director, Aztech Board recognises and embraces the benefits of having a diverse Board which will include individuals from different skills, industry expertise, background and gender. All Board appointments are made on merit, taking into consideration the experience, independence and skill set which the Board as a whole requires to be effective.

Guideline 4.7 of the Code:
Key Information on Directors

The date of appointment, last re-appointment, directorships (present and those held over the preceding three years in listed companies) of each Director are disclosed below:

Name of Director	Date of first appointment/last re-election to Aztech	Present directorships in Listed Companies	Past directorships in other listed companies from 1 January 2012 to 31 December 2014
Michael Mun Hong Yew	6 August 1986	Aztech Group Ltd	Nil
Martin Chia Heok Miin	8 June 2006/ 26 April 2013	Aztech Group Ltd	Nil
Jeremy Mun Weng Hung	8 June 2006/ 27 April 2012	Aztech Group Ltd	Nil
Philip Tan Tee Yong	26 June 1993/ 25 April 2014	Aztech Group Ltd	
Colin Ng Teck Sim	12 October 1993/ 8 April 2011	Aztech Group Ltd Achieva Ltd (Independent Director, Chairman of NC, Member of AC and RC) CEI Contract Manufacturing Limited (Independent Director, Chairman of NC, Member of RC and AC)	TSH Corporation Limited (until 31 March 2014) (Independent Director, Member of RC and NC) Chaswood Resources Holdings Ltd (until 30 November 2014) (Independent Director, Chairman of AC and RC)
Khoo Ho Tong	12 November 2002/ 25 April 2014	Aztech Group Ltd Nam Lee Pressed Metal Industries Ltd (Independent Director, Chairman of AC, Member of RC and NC)	Asia Travel.com Holdings Ltd (until 31 January 2012) (Independent Director, Chairman of AC, Member of RC and NC)
Tan Teik Seng	19 January 2015	Aztech Group Ltd 02 Micro International (Nasdaq Listed) (Independent Director, Chairman of AC)	Nil

Mr Jeremy Mun Weng Hung is the son of Mr Michael Mun Hong Yew.

Mr Khoo Ho Tong, who is over the age of 70 years, will retire at the forthcoming AGM and be subject to re-appointment by the Company's shareholders pursuant to Section 153(6) of the Companies Act, Chapter 50 ("Companies Act").

Mr Tan Teik Seng, who was appointed to the Board on 19 January 2015, is subject to re-election at the forthcoming AGM pursuant to Article 117 of the Company's Articles of Association.

Mr Colin Ng Teck Sim will retire by rotation at the forthcoming AGM pursuant to Article 107 of the Company's Articles of Association and will not be seeking re-election at the upcoming AGM.

BOARD PERFORMANCE

Principle 5

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines 5.1 - 5.3 of the Code:
Process of Evaluation of the Board, Board Committees and Individual Directors

The NC assesses the performance and effectiveness of the Board as a whole, Board Committees and the individual Directors' commitment and contributions to the effectiveness of the entire Board annually. In order to further strengthen the evaluation process of the Board as a whole, the Internal Auditor and Company Secretary are also called to assess the effectiveness of the Board.

Evaluation of the Board as a Whole and Board Committees

The process of evaluating the performance of the Board and of Board Committees is as follows:

(i) An assessment checklist (the "Assessment Checklist") for annual evaluation, which takes into consideration factors such as Board's and of the Board Committee's composition, proceedings and relationship with Management, is completed by the Board members and Board Committee members.

(ii) The Company Secretary collates and presents the feedback from the completed Assessment Checklist to the NC.

(iii) The NC will assess and discuss the performance of the Board as a whole and the Board Committees every year and ascertain key areas for improvement and actions to be undertaken.

Evaluation of Individual Director

The process of evaluating the performance of the individual Directors is as follows:

(i) The Board members rates the Directors by completing the Directors' Assessment Checklist ("the Checklist"). The Checklist aims to assess the Director's attendance and participation at Board meetings, leadership capability, ability to strategise and propose sound business direction and general effectiveness.

(ii) The Company Secretary collates and presents the feedback from the completed Assessment Checklist to the NC.

(iii) The NC will then review and appoint a member of the NC to discuss the feedback with the individual Board members.

The Chairman acts on the results of performance evaluation. In consultation with NC, he may provide appropriate guidance to the respective Director to improve his performance.

For FY2014, the NC is of the view that the Board, Board Committees and all Directors have contributed effectively and demonstrated full commitments to their roles.

ACCESS TO INFORMATION

Principle 6

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guideline 6.1 of the Code:
Complete, Adequate and Timely Information from the Management

Management believes that complete, adequate and timely information is essential to the Board's effective and efficient discharge of its duties. The Board has separate and independent access to Management. Directors may request from Management such additional information as needed to make informed decisions.

Guideline 6.2 of the Code:
Information Provided to the Board

On a regular basis, Management provides the Board with updates to keep the Board fully appraised of the Group's operational and financial performance. Management also keeps Directors updated on challenges that the Group's operations may face and openly discusses possible solution. The finance team presents financial highlights and a detailed analysis of each quarter's performance and addresses any queries that the Board may have.

Agenda, draft minutes of meetings, Board and Board Committee papers, disclosure documents, budgets, forecasts and related materials are circulated in advance of the meeting to the Directors for them to suggest items for the Agenda and to enable the Board to prepare for the meetings. Budgets are discussed annually and any material variance between the projections and actual results are explained comprehensively by the finance team.

Guideline 6.3 of the Code:
Directors' Access to Company Secretary

The role of the Company Secretary is clearly defined in Aztech's Code. The Company Secretary attends all Board and Committee meetings and is responsible for ensuring that Board procedures are observed and that the Company's Memorandum and Articles of Association, relevant rules and regulations, including Companies Act, Listing Manual and the Code are complied with. She is charged with the responsibility to ensure corporate governance practices are implemented well. She facilitates trainings for Directors and briefing of new Director. Under the direction of the Chairman, she ensures that good information flows within the Board and Board Committees as well as between Management and Independent Directors. She is also the channel of communications between the Company and SGX-ST. Directors have separate and independent access to the Company Secretary.

Guideline 6.4 of the Code:
Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Guideline 6.5 of the Code:
Independent Advice

The Directors, either individually or as a group, may, in the furtherance of their duties and subject to the approval of the Chairman, take independent professional advice at the expense of the Company.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guideline 7.1 of the Code:
Establishment of the RC

The RC comprises the following four Directors:

- Khoo Ho Tong (Chairman)
- Philip Tan Tee Yong
- Colin Ng Teck Sim
- Tan Teik Seng (appointed on 19 January 2015)

In order to minimise the risk of any potential conflict of interest, all RC members are Independent and Non-Executive Directors. No RC member is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him.

The key terms of reference of RC are as follows:

(i) facilitate a formal and transparent process in fixing the remuneration of Directors and Key Management Personnel; and
(ii) adopt performance measurement tools as may be appropriate for the purpose of assessing performance of Directors and Key Management Personnel.

Guideline 7.2 of the Code:
RC's Review of Remuneration of the Board and Key Management Personnel

The RC assists the Board in establishing and implementing a framework for the remuneration of Directors and Key Management Personnel. The RC covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind. The RC reviews all proposed remuneration, including all adjustments and promotions of Executive Directors and Key Management Personnel. The quantum and promotion is finalised only upon approval of the RC and the endorsement of the Board. No Director is involved in deciding his own remuneration.

Guideline 7.3 of the Code:
RC to Seek Expert Advice on Remuneration

Being managers of their own businesses and in view of their extensive experience, all members of the RC are familiar with executive compensation matters. All members have access to advice and input from the Human Resources Department and, if required, may seek the advice of internal and external experts.

Guideline 7.4 of the Code:
RC's Review of Company's Obligations upon Termination of Executive Directors and Key Management Personnel

The RC reviews the Executive Directors' Service Agreement to ensure that such agreements contain fair and reasonable termination clauses which are not overly generous.

LEVEL AND MIX OF REMUNERATION

Principle 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guideline 8.1 & 8.2 of the Code:
Structure of Remuneration of Executive Directors and Key Management Personnel

The RC conducts annual review of the Executive Directors and Key Management Personnel's remuneration. It ensures that their compensation packages are structured to link rewards to corporate and individual performance. The RC also balances the requirement to reward and retain the said individuals and the financial and commercial state of the Company as well as the interests of shareholders.

Guideline 8.3 of the Code:
Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors are appropriate to the level of their contribution taking into account factors such as the effort and time spent and responsibilities assigned to them. All Non-Executive Directors hold Aztech shares to better align their interests with the interest of shareholders.

The Board concurred with the RC's proposal for the Directors' fees for the year ending 31 December 2015 which shall be paid on a quarterly basis, subject to shareholders' approval at the AGM. For Directors who hold office for part of the financial year, their fees shall be pro-rated accordingly. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive, taking into account the effort and time spent and the necessary onerous responsibilities of the Directors.

Guideline 8.4 of the Code:
Reclaiming Incentive Components of Remuneration from Executive Directors and Key Management Personnel

All Executive Directors have service agreements approved by the RC and renewed every three years.

DISCLOSURE ON REMUNERATION

Principle 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guideline 9.1 of the Code:
Report to Shareholders

The Company annually reports to shareholders on the remuneration of its Directors, CEO, top Key Management Personnel and employees who are immediate family members of a Director or the CEO and whose remuneration exceeds $50,000.

Guideline 9.2 of the Code:
Full Disclosure of Director and CEO's Remuneration on a Named Basis

The structure of the Directors' fees is set out below:

Basic Retainer Fee as Board Member	$30,000 per annum
Fee for Appointment as AC Chairman	$30,000 per annum
Fee for Appointment as RC Chairman	$10,000 per annum
Fee for Appointment as NC Chairman	$10,000 per annum
Fee for Appointment as Member of One or More Committees	$20,000 per annum
Fee for Appointment as Lead Independent Director	$5,000 per annum

Non-Executive Directors do not receive any other fees aside from the above. The remuneration of Executive Directors will be discussed below.

CEO's Remuneration

The exact remuneration and breakdown of remuneration of the CEO (who is also an Executive Director) for the financial year ended 31 December 2014 is set out below:

	Salary and Director's Fees	Bonus	Profit Sharing	*Others	Total
Michael Mun Hong Yew	$843,080	$132,180	$69,312	$195,865	$1,240,437

* The contribution to the Central Provident Fund, allowances and car cost are included in the column referred to as "Others" above.

In appreciation of the CEO's contributions and service to the Company, two club memberships will be granted to him upon his retirement. None of the other Directors and Key Management Personnel has similar termination, retirement or post-employment benefits.

Executive Directors' Remuneration

The exact remuneration and breakdown of remuneration of the Executive Directors for the financial year ended 31 December 2014 is set out below:

Executive Directors	Salary and Director's Fees	Bonus	Profit Sharing	*Others	Total
Martin Chia Heok Miin	$306,000	$28,750	$8,000	$58,118	$400,868
Jeremy Mun Weng Hung	$209,000	$30,000	$10,000	$59,732	$308,732

* The contribution to the Central Provident Fund, allowances and car cost are included in the column referred to as "Others" above.

Guideline 9.3 of the Code:
Remuneration of Top 5 Key Management Personnel

Top Key Management Personnel

The term "Key Management Personnel" is defined in the Code to mean "the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company".

Having regard to the authority and responsibilities conferred on the members of our management team, the Company's Key Management Personnel (who are not Directors or CEO) are as follows:

1. Michael Lee Thiam Seong - Senior Vice President, Head of Strategic Alliance
2. Jason Saw Chwee Meng - Senior Vice President, Head of Research and Development
3. Pavani Nagarajah - Senior Vice President, Head of Legal and Corporate Affairs
4. Angela Lim Ai Ping - Vice President, Head of Finance/CFO
5. Funny Chan - Vice President, Head of Factory Operations

In addition to the activities of the Group managed by the Key Management Personnel as set out above, the sales as well as the marketing and branding activities of the Group are headed by our two Executive Directors, Mr Martin Chia Heok Miin and Mr Jeremy Mun Weng Hung respectively. For the financial year ended 31 December 2014, save as disclosed above, Aztech and its subsidiary companies do not have any other personnel who fall within the definition of "Key Management Personnel".

To maintain the confidentiality of the remuneration policies of the Company, the Management is of the view that it is in the best interest of the Company not to fully disclose the exact remuneration of each of the top Key Management Personnel. Instead, the remuneration of top Key Management Personnel (who are not Directors or the CEO) is disclosed in bands of $100,000. The breakdown of their remuneration are as follows:

Top Key Management Personnel	Salary (%)	Bonus and Profit Sharing (%)	*Others (%)	Total (%)
Between $300,000 and $400,000				
Michael Lee Thiam Seong	66	14	20	100
Between $200,000 and $300,000				
Jason Saw Chwee Meng	64	5	31	100
Pavani Nagarajah	65	13	22	100
Funny Chan Sau Ying	72	23	5	100
Below $100,000				
Angela Lim Ai Ping**	82	0	18	100

* The contribution to the Central Provident Fund, allowances and car cost (if any) are included in the column referred to as "Others" above.

** Angela Lim Ai Ping joined on 24 November 2014.

Guideline 9.4 of the Code:
Remuneration of Employees who are immediate family members of a director or the CEO and whose remuneration exceeds S$50,000 during the year

Employee Who Is an Immediate Family Member of A Director or CEO

For the financial year ended 31 December 2014, save as disclosed in the following table, the Company and its subsidiary companies do not have any other employee who is an immediate family member of a director or CEO and whose remuneration exceeds S$50,000.

The breakdown of the remuneration of Mun Weng Kai (Wen Yongjia), the son of Michael Mun Hong Yew, the CEO and a substantial shareholder of the Company and brother of Jeremy Mun Weng Hung, an Executive Director of the Company and Company's subsidiaries is disclosed below:

	Salary (%)	Bonus and Profit Sharing (%)	*Others (%)	Total (%)
Between $150,000 and $200,000				
Mun Weng Kai (Wen Yongjia)	50	10	40	100

* The contribution to the Central Provident Fund, allowances and car cost are included in the column referred to as "Others" above.

Guideline 9.5 of the Code:
Employee Share Schemes

The Group does not have any share based compensation scheme or long-term incentive schemes in force such as share options schemes or share grant schemes.

Guideline 9.6 of the Code:
Link Between Remuneration and Performance

Aztech advocates performance-based remuneration system for Executive Directors and Key Management Personnel that is highly flexible and responsive to the market, business units and individual employee's performance. The remuneration mix comprises of basic salary, variable performance bonus and other components which will be discussed below. The variable performance bonus is tied to the Company's, business unit's and individual performance. The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders as well as the long-term success of the Company.

Aztech has implemented profit sharing scheme (the "Scheme") to achieve a good balance of the Group's financial objectives and operating performance. It also encourages Directors, Key Management Personnel and other key staff to become committed to the business. The Scheme for Executive Directors is discussed in the Directors' Report at page 49-50. The Key Management Personnel are also eligible to share in the same profit sharing pool (the "Pool") as described in page 50.

The process for determining the quantum of payment is as follows:

1. The CEO proposes the quantum of payment from the Pool for Executive Directors and Key Management Personnel to the RC.
2. The RC makes recommendations to the Board for their endorsement.
3. The Board deliberates on the RC's recommendations and, if deemed acceptable, approves the payment of profit sharing.

For the financial year ended 31 December 2014, all Executive Directors are entitled to payment on the Scheme.

ACCOUNTABILITY

Principle 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guideline 10.1 of the Code:
Board to Provide Balanced and Understandable Assessment of Company's Performance

The Board, through quarterly and full-year results, aims to provide a balanced and understandable assessment of the Company's performance, position and prospects. The Board provides shareholders with first three quarterly results within 30 days from end of each quarter and the full year results within 60 days from end of the financial year.

The Board embraces transparency in the conduct of its affairs while preserving the commercial interests of the Company. Timely announcements on developments in the Group's businesses and other price sensitive information are disseminated to shareholders via SGXNet and Company's website. Aztech's Annual Reports are accessible on the Company's website (www.aztech-group.com). Shareholders may however request for a physical copy at no cost.

Guideline 10.2 of the Code:
Board to Ensure Compliance with Legislative and Regulatory Requirements

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual, for instance, by establishing written policies where appropriate.

To confirm that to the best of its knowledge, nothing has come to the attention of the Board which may render the interim financial statements (quarterly and half-yearly) to be false or misleading in any material aspect, the Board also issues negative assurance statements in its interim financial results announcements pursuant to Rule 705(5) of the Listing Manual.

Guideline 10.3 of the Code:
Management to Provide the Board with Management Accounts

Management provides the Board with management accounts, which present balanced and understandable assessment of Company's performance, position and prospects. It also provides the members of the Board with projections for next quarter. Any material variances between the projections and actual results are disclosed and explained. The Company believes that the foregoing details are adequate to give the Board an understanding of the Company's financials and actual performance. Hence, the foregoing information is only provided on a quarterly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guideline 11.1 and 11.2 of the Code:
Board Determine Levels of Risk Tolerance and Risk Policies and Review Adequacy and Effectiveness of Risk Management and Internal Control Systems

To identify areas of significant risks and recommend appropriate measures to control and mitigate such risks, the Board reviews the Group's businesses and operational activities as presented by Management. It then guides the Management in the formulation of risk policies and processes in order to safeguard shareholder' interest and the Company's assets. In addition, the Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

Guideline 11.3 of the Code:
Board to Comment on Adequacy and Effectiveness of Internal Controls

For the year ended 31 December 2014, the Board has received assurance from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances and regarding the effectiveness of the company's risk management and internal control systems.

The Board's opinion on the adequacy of internal controls is discussed at page 49 of this Annual Report.

Aztech Code of Conduct and Ethics

Aztech's Code of Conduct and Ethics sets out the guidelines and standards of behavior that are expected of all employees of the Group in dealing with customers, business associates and colleagues in order to safeguard the Group's business operations and sustain social trust. Members of the public may access Aztech's Code of Conduct and Ethics on the Company's website.

Guideline 11.4 of the Code:
Establishment of Risk Committee

Risk Management Committee ("RMC") has been set up to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies. It also appraises the adequacy and effectiveness of the Group's risk management plans, systems, processes and procedures, risk policies, guidelines and limits, risk portfolio, risk levels and risk mitigation strategies.

The members of the RMC comprise Mr Michael Mun Hong Yew, Mr Martin Chia Heok Miin, Ms Angela Lim Ai Ping and Ms Pavani Nagarajah.

AUDIT COMMITTEE

Principle 12

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1 of the Code:
Composition of AC

Currently, the AC comprises four Directors, all of whom are non-executive and independent and free from Management and business relationships with any substantial shareholder. The members of AC are as follows:

- Philip Tan Tee Yong (Chairman)
- Khoo Ho Tong
- Colin Ng Teck Sim
- Tan Teik Seng (appointed on 19 January 2015)

The operation of the AC is guided by its terms of reference. The key terms of reference of AC will be discussed below in detail.

Guideline 12.2 of the Code:
Qualification of AC Members

All members of the AC have the requisite financial management and business experience to discharge their duties competently. The Chairman, Mr Philip Tan Tee Yong and Mr Khoo Ho Tong have accounting and auditing expertise and experience.

Guideline 12.3 of the Code:
AC to Have Full Access and Co-operation of Management

To effectively discharge its duties, the AC has the explicit authority to investigate any matters within its terms of reference, full access to and co-operation by the Management. It also has full discretion to invite any Director or Management to attend its meetings. Full resources are available for AC to discharge its functions properly.

Guideline 12.4 of the Code:
Duties of AC

The key terms of reference of the AC are:

(i) reviewing the scope and results of the audit and its cost effectiveness;

(ii) conducting an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before confirming their re-nomination;

(iii) keeping the nature and extent of non-audit services under review, seeking to balance the maintenance of objectivity and value for money;

(iv) reviewing the significant financial reporting issues and judgments;

(v) ensuring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

(vi) reviewing the adequacy of the company's internal financial controls, operational and compliance controls and risk management policies and systems established by the management;

(vii) reviewing the effectiveness of the Company's internal audit function;

(viii) making recommendations to the Board on the appointment, reappointment and removal of the External Auditors;

(ix) approving the remuneration and terms of engagement of the External Auditors;

(x) reviewing the scope and results of external audit and the independence and objectivity of the External Auditors annually;

(xi) reviewing the internal audit programme and report;

(xii) reviewing interested person transactions (as defined in the Listing Manual) and reporting its findings to the Board;

(xiii) reviewing arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action; and

(xiv) undertaking such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

Guideline 12.5 of the Code:
AC to Meet Auditors without the Presence of Management

The AC has full access to External Auditors and Internal Auditor and meets them at least annually without the presence of Management.

Guideline 12.6 of the Code:
AC to Review Independence of External Auditors

The AC reviews the independence of the External Auditors annually. The AC has recommended to the Board the re-appointment of Deloitte & Touche LLP as the Company's External Auditors at the forthcoming AGM.

The aggregate amount of fees paid to the External Auditors for that financial year ended 31 December 2014 and breakdown of the fees paid in total for audit and non-audit services respectively are stated below:

External Auditor Fees for FY2014	***$'000***
Total Audit Fees	*278*
Total Non-Audit Fees	*100*
Total Fees Paid	***378***

The AC has reviewed all non-audit services provided by External Auditors to the Company and is of the opinion that they would not affect the independence of External Auditors.

Aztech confirms that it has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of auditors.

Guideline 12.7 of the Code:
Whistle-blowing Policy

To strengthen corporate governance and ethical business practices across all business units, a Whistle-blowing Policy has been in place by which Directors, officers and employees of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The policy defines the processes clearly to ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken.

Employees are encouraged to raise serious concerns to their immediate supervisors. However, if they are not comfortable speaking with their supervisors or are not satisfied with their supervisor's response, they can approach the head of their division or the Internal Auditor directly.

The Internal Auditor is responsible for investigating and resolving all reported complaints and allegations concerning violations and shall advise the LID of all of his or her findings. The Internal Auditor shall work with the LID and the Group's Head of Human Resources to address all violations so that appropriate action may be taken against the perpetrator.

There have been no reported incidents pertaining to whistle-blowing for financial year ended 31 December 2014.

Guideline 12.8 of the Code:
AC's Activities

During the financial year ended 31 December 2014, the AC's activities included:

(i) reviewing quarterly financial statements prior to approving and recommending to the Board that such statements be released;
(ii) reviewing the interested person transactions of the Group;
(iii) reviewing the annual re-appointment of the External Auditors and determining their remuneration and making a recommendation for Board approval;
(iv) reviewing the External Auditors' proposed audit scope and approach; and
(v) reviewing the adequacy and effectiveness of internal controls addressing operational, financial and compliance activities of the Group.

The Internal Auditor highlights to the AC any material non-compliance or lapses in internal controls and the measures taken to address them. The AC reviews the timeliness of actions taken by Management to address the recommendations of the auditors.

The AC discusses with External Auditors the changes in accounting standards, Listing Rules of SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

Guideline 12.9 of the Code:
Prohibition for Certain Persons to be an AC Member

No former partner or Director of the Company's existing auditing firm acts as a member of the AC.

INTERNAL AUDIT

Principle 13

The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

Guideline 13.1 and 13.2 of the Code:
Internal Auditor

Aztech has its own in-house internal audit function that is independent of the activities it audits. The Group's Internal Auditor, Ms Carrie Cheung, reports directly to the AC Chairman and administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the Group's Internal Auditor. The Group's Internal Auditor has unrestricted direct access to the AC and unfettered access to all Group's documents, records, properties and personnel.

The key role of the Group's Internal Auditor is to assist the AC to provide reasonable assurance that the Group maintains adequate system of internal controls by conducting periodic reviews of material controls. All operating companies within the Group are subjected to audit on a rotational basis. The Internal Auditor participates in all AC meetings and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

Guideline 13.3 and 13.4 of the Code:
Qualifications of Internal Audit Function

The Group's Internal Auditor is an associate member of the Hong Kong Institute of Certified Public Accountants, has adopted and met with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. She has the requisite professional qualification, skill, knowledge and experience. She effectively fulfills the audit plan and timetable and issues audit reports timely. She is active in promoting awareness and importance of good governance, risk management and control matters.

Guideline 13.5 of the Code:
Review of Adequacy and Effectiveness of Internal Audit Function

The Group's Internal Auditor works closely with the Management to promote effective risk management, internal control and governance practices. She then issues annual assessment report of the Company's overall internal control system to the AC. On the special request of the Board, the Internal Auditor provides reports on specific issues raised by the Board.

External Auditors would highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. All findings and recommendations for both internal and external audit processes are made to the Board. The Board will then give a comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and risk management systems. The Board's commentary will include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems.

The AC biannually reviews the adequacy and effectiveness of Aztech's internal audit function. For the financial year ended 31 December 2014, the AC is satisfied that the internal audit function is adequate and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guideline 14.1 of the Code:
Facilitate the Exercise of Ownership Rights by All Shareholders

Aztech places strong emphasis on strengthening relationship with its shareholders and the investment community. To this end, Aztech keeps the shareholders sufficiently informed of the changes in the Company or its business units which would likely to materially affect the price or value of the Company's shares.

Guideline 14.2 of the Code:
Opportunity for Shareholders to Participate at General Meetings

Aztech's AGM and/or EGM are the principal forums for communication with shareholders. Shareholders are informed of these meetings three weeks in advance through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNet, published in local newspapers, and posted on the company website. Applicable rules during meetings, including the voting procedures that govern General Meetings, are duly communicated to shareholders during the meeting.

Guideline 14.3 of the Code:
Appointment of Proxies

In view of Article 90(2) of the Company's Articles of Association, a member is not entitled to appoint more than two proxies to attend and vote at the same General Meeting. In view of this, Guideline 14.3 has not been adopted.

COMMUNICATION WITH SHAREHOLDERS

Principle 15

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guideline 15.1 and 15.2 of the Code:
Effective Investor Relations

Aztech has in place investor relations policy which sets out the principles and practices that Aztech applies to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. Aztech's website contains information such as latest news and announcements, annual report, corporate information, financial information and stock information. Shareholders may also opt to subscribe for Company announcements and SGXNet filings of Aztech by simply filling out the details required on Aztech's website.

Guideline 15.3 and 15.4 of the Code:
Dialogue with Shareholders

The Board addresses shareholders concerns during AGM and EGM, if any. Shareholders are encouraged to participate in such meetings by raising relevant questions or seeking clarification on each resolution to be decided upon. During the said meetings, the Board gathers views or inputs from shareholders and addresses shareholders' concerns.

Aztech has a dedicated investor relations team which is headed by the Company Secretary. The team solicits and understands the view of shareholders and attends to their queries and concerns. Institutional shareholders and analysts can contact investor relations officers whose contact details are available on Aztech's website.

Guideline 15.5 of the Code:
Policy on Dividends

The form, frequency and amount of dividends of the Company will depend on the Group's earnings, financial position, result of operations, capital expenditures and other factors. For the year ended 31 December 2014, the Company is declaring a final one-tier tax exempt dividend of $0.0050 per share. This is in addition to the interim dividend of $0.0025 issued in November 2014.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guideline 16.1 of the Code:
Shareholders' Participation at General Meetings

Aztech strongly encourages shareholder's attendance and participation at general meetings. In the event that shareholders will not be able to attend the general meetings, Aztech's Articles of Association allows a shareholder to appoint up to two proxies to attend and vote in place of the shareholder.

Guideline 16.2 of the Code:
Separate Resolutions on Separate Issues

Each item of special business included in the notice of the meeting is accompanied by explanation for the proposed resolution. Additional resolutions are proposed for separate issues at the meeting. The Chairman declares the number of proxy votes received for and against each resolution. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolutions before the resolutions are voted on.

Guideline 16.3 of the Code:
Presence of Directors at General Meetings

All Directors are required to attend the meetings in order to address shareholders' questions and concerns. External Auditors are also present to answer questions on the conduct of audit and the preparation and content of the auditor's report. Aside from the Directors and External Auditors, Aztech's Registrar, B.A.C.S Pte Ltd, also attends the meetings.

Guideline 16.4 of the Code:
Minutes of General Meeting

On the same day of the meetings, the results are released to shareholders via SGXNet. The Company Secretary prepares the minutes of the general meeting which will be available to shareholders upon request

Guideline 16.5 of the Code:
Resolutions by Poll

As required by the Listing Manual, the Company intends to adopt voting by poll effective 1 August 2015.

Interested Person Transactions ("IPT")

Under Chapter 9 of the Listing Manual, an IPT means a transaction between an entity at risk (the listed company, its subsidiaries or associated companies) and an interested person (director, chief executive officer or controlling shareholder or any of their associate(s)).

In the light of the provisions of the Listing Manual, Aztech has adopted the procedure for internal controls on IPT as follows:

1. All proposed significant IPTs are reviewed by Aztech finance team and AC.
2. Aztech's finance team also prepares the list of IPTs every quarter and submits the list to the Company's CFO for review.
3. The CFO will then forward the list to the Company's Internal Auditor.
4. The Internal Auditor will then review and, where necessary, request for information to confirm that the transactions are conducted at arm's length.
5. The CFO will report to the AC on a quarterly basis on any IPT.

The transaction entered into with an interested person during the financial year ended 31 December 2014 which falls under Rule 907 of the Listing Manual is:

Name of Interested Person	Aggregate value of interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions under shareholder's mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000)
Legal services rendered by a company related to Mr Colin Ng Teck Sim	$143,000	-

Material Contracts

Saved as disclosed above, there was no material contract entered into by the Group involving the interests of Directors, CEO or shareholders subsisting at the end of the financial year ended 31 December 2014 or entered into at the end of the previous financial year.

Dealings in Securities

The Group has issued an internal code of conduct on dealings in the securities to Directors and employees when they are in possession of unpublished price-sensitive information on the Company's securities.

Directors and employees are also reminded to be mindful of the law on insider trading and to ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act. They are also reminded not to deal in the Company's securities on short-term considerations. Annually, the Directors and key employees are requested to issue written confirmation of their compliance with the Group's internal code.

In accordance with that prescribed by Rule 1207(19) of the Listing Manual, the Group's "black-out" policy states that Directors and employees are advised not to deal in the Company's securities during the period commencing two weeks before the announcement of each of the Group's quarterly financial results and during the period of one month before the announcement of each of the Group's full year results. The black-out period ends on the date of the announcement of the relevant results.

Financial Statements

CONTENTS

Report
of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2014.

1 DIRECTORS

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

Michael Mun Hong Yew	
Martin Chia Heok Miin	
Philip Tan Tee Yong	
Colin Ng Teck Sim	
Khoo Ho Tong	
Jeremy Mun Weng Hung	
Tan Teik Seng	(Appointed on January 19, 2015)

2 AUDIT COMMITTEE

The Board has adopted the principles as described in the Code of Corporate Governance formulated by the Singapore Exchange Securities Trading Limited ("SGX-ST") with regards to the Audit Committee. The members of the Audit Committee of the Company at the date of this report are as follows:

Philip Tan Tee Yong	(Chairman and independent director)
Colin Ng Teck Sim	(Non-executive independent director)
Khoo Ho Tong	(Non-executive independent director)
Tan Teik Seng	(Non-executive independent director)

The Audit Committee met three times since the last Annual General Meeting ("AGM") and reviewed the following, where relevant, with the Executive Directors, the External Auditors and Internal Auditor of the Company:

(a) the audit plans and results of the Internal Auditor's examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and the External Auditors' report on those financial statements;

(d) the quarterly, half yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's External Auditors and Internal Auditor;

(f) interested person transactions; and

(g) the re-appointment of the External Auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and management to attend its meetings. The External Auditors and Internal Auditor have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as External Auditors of the Group at the forthcoming Annual General Meeting ("AGM") of the Company.

3 **BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS ADDRESSING FINANCIAL, OPERATIONAL AND COMPLIANCE RISKS**

Based on the internal controls established and maintained by the Group, work performed by the Group's Internal Auditor and reviews performed by the Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks were adequate and effective as at December 31, 2014.

The Group has a system of internal controls and risk management which provide a reasonable, but not absolute, assurance that the Group will not be adversely affected by any occurrence that can be reasonably foreseen as it endeavours to attain its business goals and objectives. Nevertheless, the Board is also aware of the fact that no system of internal controls and risk management can provide absolute assurance in this regard or against the occurrence of human errors, poor judgement in decision-making, losses, fraud or any other irregularities.

4 **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

5 **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Names of Directors and companies in which interests are held	Shareholdings registered in names of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company - Aztech Group Ltd (Ordinary shares)				
Michael Mun Hong Yew	116,305,663	116,305,663	3,636,000	3,636,000
Jeremy Mun Weng Hung	1,044,000	1,044,000	-	-
Martin Chia Heok Miin	3,826,000	3,826,000	22,000	22,000
Khoo Ho Tong	806,000	806,000	-	-
Philip Tan Tee Yong	600,000	600,000	-	-
Colin Ng Teck Sim	768,000	768,000	120,000	120,000

By virtue of Section 7 of the Singapore Companies Act, Michael Mun Hong Yew is deemed to have an interest in the Company and in all the subsidiaries of the Company.

The Directors' interests as at January 21, 2015 were the same as those as at December 31, 2014.

6 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements and the Profit Sharing Scheme ("Scheme") as described below and as disclosed in the financial statements.

Certain Directors received remuneration from related corporations in their capacity as Directors and/or executives of those related corporations.

There were certain transactions (as shown in Note 6 to the financial statements) with corporations in which certain Directors have an interest.

Directors' Profit Sharing Scheme

The Company has entered into the Scheme, which was recommended by the Remuneration Committee and approved by the Board of Directors, with the following Directors of the Company:

Michael Mun Hong Yew
Martin Chia Heok Miin
Jeremy Mun Weng Hung

For Michael Mun Hong Yew

In accordance with the Scheme, Michael Mun Hong Yew is entitled to profit share based on the amount of the audited consolidated profit after tax ("PAT"), as computed in the following manner:

(i) When PAT is equal to or exceeds $5 million ("Minimum Profit") but less than $10 million, the amount shall be equal to 1.2% of the PAT;

(ii) When PAT is equal to or exceeds $10 million but is less than $15 million, the amount shall be equal to 1.6% of the PAT; and

(iii) When the PAT is equal to or exceeds $15 million, the amount shall be 2.0% of the PAT.

For Martin Chia Heok Miin and Jeremy Mun Weng Hung

In accordance with the Scheme, Martin Chia Heok Miin and Jeremy Mun Weng Hung and others are entitled to share in the Profit Sharing Pool ("Pool"), based on the amount of PAT, as computed in the following manner:

(i) When PAT is equal to or exceeds Minimum Profit, but less than $10 million, the Pool shall be equal to 1.8% of the PAT;

(ii) When PAT is equal to or exceeds $10 million but is less than $15 million, the Pool shall be equal to 2.4% of the PAT; and

(iii) When the PAT is equal to or exceeds $15 million, the Pool shall be 3.0% of the PAT.

Under the Scheme, the Remuneration Committee shall review and recommend their respective share of the Pool to be allocated to the abovementioned Directors. The actual amount payable to them shall be deliberated and decided by the Board of Directors.

For the financial year ended December 31, 2014, $175,000 was accrued pursuant to the Scheme. An amount of $167,000 was accrued and paid for the financial year ended December 31, 2013.

7 **SHARE OPTIONS**

During the financial year, there were

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

(b) no shares issued by virtue of any exercise of option to any person to take up unissued shares of the Company.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

8 **AUDITORS**

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

…………………………………….
Michael Mun Hong Yew

…………………………………….
Martin Chia Heok Miin

Date: March 23, 2015

Statement of Directors

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 54 to 114 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....
Michael Mun Hong Yew

....
Martin Chia Heok Miin

Date: March 23, 2015

Independent Auditors' Report
to the Members of Aztech Group Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Aztech Group Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 to 114.

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 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Chartered Accountants
Singapore

Date: March 23, 2015

Statements of Financial Position December 31, 2014

	Note	GROUP 2014 $'000	GROUP 2013 $'000	COMPANY 2014 $'000	COMPANY 2013 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	20,483	25,676	5,619	4,040
Trade receivables	8	60,967	43,229	-	-
Other receivables and prepayments	9	8,642	5,413	14,234	2,274
Tax recoverable		70	29	1	1
Held for trading investments	14	2,485	1,441	2,223	1,441
Available-for-sale financial assets	15	1,992	722	1,989	719
Derivative financial instruments	10	-	76	-	-
Inventories	11	48,374	38,571	-	-
Total current assets		143,013	115,157	24,066	8,475
Non-current assets					
Trade receivables	8	148	864	-	-
Other receivables and prepayments	9	1,075	1,449	-	-
Investment in subsidiaries	12	-	-	97,968	84,516
Property, plant and equipment	13	70,202	52,225	767	631
Available-for-sale financial assets	15	412	412	405	405
Deferred tax assets	16	8	2	-	-
Intangible assets	17	5,055	3,463	-	-
Total non-current assets		76,900	58,415	99,140	85,552
Total assets		219,913	173,572	123,206	94,027
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	18	55,118	49,336	5,208	3,543
Finance leases	19	403	117	20	20
Trade payables	20	54,206	30,662	220	-
Other payables	21	8,609	6,791	34,601	21,691
Derivative financial instruments	10	700	234	-	-
Income tax payable		147	263	-	-
Total current liabilities		119,183	87,403	40,049	25,254
Non-current liabilities					
Borrowings	18	12,775	750	11,000	-
Finance leases	19	1,202	436	58	79
Deferred tax liabilities	16	355	335	-	2
Total non-current liabilities		14,332	1,521	11,058	81
Capital and reserves					
Share capital	22	121,450	121,450	121,450	121,450
Treasury shares	23	(5,894)	(5,894)	(5,894)	(5,894)
Foreign currency translation reserve		(8,740)	(9,561)	-	-
Investment revaluation reserve		64	62	64	62
Accumulated losses		(20,482)	(21,409)	(43,521)	(46,926)
Total equity		86,398	84,648	72,099	68,692
Total liabilities and equity		219,913	173,572	123,206	94,027

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income
Year ended December 31, 2014

	Note	GROUP 2014	GROUP 2013
		$'000	$'000
Revenue	26	329,413	241,146
Cost of sales		(294,687)	(209,383)
Gross profit		34,726	31,763
Other operating income	27	1,866	2,171
Selling and distribution costs		(6,178)	(6,243)
Administrative expenses			
Impairment of vessels	13	-	(450)
Other administrative expenses		(21,309)	(18,465)
		(21,309)	(18,915)
Finance costs	28	(1,901)	(1,270)
Profit before income tax		7,204	7,506
Income tax	29	(1,428)	(1,036)
Profit for the year	30	5,776	6,470
Other comprehensive income:			
Items that may be reclassified subsequently into profit or loss			
Exchange differences on translation of foreign operations		821	1,116
Available-for-sale financial assets		2	(27)
Other comprehensive income for the year, net of tax		823	1,089
Total comprehensive income for the year		6,599	7,559
Profit attributable to:			
Owners of the Company		5,776	6,470
Total comprehensive income attributable to:			
Owners of the Company		6,599	7,559
Earnings per share (cents)			
- Basic	31	1.19	1.33
- Diluted	31	1.19	1.33

See accompanying notes to financial statements.

Statements of Changes in Equity
Year ended December 31, 2014

	Note	Share capital	Treasury shares	Foreign currency translation reserve	Employee share-based compensation reserve	Investment revaluation reserve[1]	Accumulated losses[2]	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP								
Balance at January 1, 2013		121,450	(5,894)	(10,677)	613	89	(28,492)	77,089
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	6,470	6,470
Other comprehensive income (loss) for the year		-	-	1,116	-	(27)	-	1,089
Total		-	-	1,116	-	(27)	6,470	7,559
Transactions with owners, recognised directly in equity								
Transfer of employee share-based reserve to accumulated losses		-	-	-	(613)	-	613	-
Balance at December 31, 2013		121,450	(5,894)	(9,561)	-	62	(21,409)	84,648
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	5,776	5,776
Other comprehensive income for the year		-	-	821	-	2	-	823
Total		-	-	821	-	2	5,776	6,599
Transactions with owners, recognised directly in equity								
Refund of unclaimed dividends		-	-	-	-	-	12	12
Dividend paid	32	-	-	-	-	-	(4,861)	(4,861)
Total		-	-	-	-	-	(4,849)	(4,849)
Balance at December 31, 2014		121,450	(5,894)	(8,740)	-	64	(20,482)	86,398

	Note	Share capital $'000	Treasury shares $'000	Employee share-based compensation reserve $'000	Investment revaluation reserve [1] $'000	Accumulated losses $'000	Total $'000
COMPANY							
Balance at January 1, 2013		121,450	(5,894)	613	89	(46,941)	69,317
Total comprehensive loss for the year							
Loss for the year		-	-	-	-	(598)	(598)
Other comprehensive loss for the year		-	-	-	(27)	-	(27)
Total		-	-	-	(27)	(598)	(625)
Transactions with owner, recognised directly in equity							
Transfer of employee share-based reserve to accumulated losses		-	-	(613)	-	613	-
Balance at December 31, 2013		121,450	(5,894)	-	62	(46,926)	68,692
Total comprehensive income for the year							
Profit for the year		-	-	-	-	8,254	8,254
Other comprehensive income for the year		-	-	-	2	-	2
Total		-	-	-	2	8,254	8,256
Transactions with owner, recognised directly in equity							
Refund of unclaimed dividends		-	-	-	-	12	12
Dividends paid	32	-	-	-	-	(4,861)	(4,861)
Total		-	-	-	-	(4,849)	(4,849)
Balance at December 31, 2014		121,450	(5,894)	-	64	(43,521)	72,099

(1) The investment revaluation reserve arises from the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

(2) Included in the Group's accumulated losses is an amount of $1,254,000 (2013 : $1,254,000) appropriated from profit after taxation of Aztech Communication Device (DG) Ltd to statutory reserve fund pursuant to relevant laws and regulations in China and the Articles of Association of Aztech Communication Device (DG) Ltd. The statutory reserve fund may be used to make up losses incurred and to increase registered capital and declare dividend.

See accompanying notes to financial statements.

Consolidated
Statement of Cash Flows Year ended December 31, 2014

	GROUP	
	2014	2013
	$'000	$'000
Operating activities		
Profit before income tax	7,204	7,506
Adjustments for:		
Allowance for inventory obsolescence	22	386
Allowance for doubtful debts	9	248
Reversal of impairment of property, plant and equipment	(160)	-
Depreciation	6,939	4,980
Loss/(Gain) on disposal of property, plant and equipment	35	(94)
Gain on disposal of held for trading investments	-	(1)
Loss/(Gain) on disposal of available-for-sale financial assets	2	(74)
Impairment loss on vessels	-	450
Amortisation of intangible assets	2,330	2,458
Fair value gain on derivative financial instruments	(351)	(979)
Fair value (gain)/loss on held for trading investments	(29)	125
Interest income	(213)	(292)
Interest expense	1,280	888
Net foreign exchange loss	487	822
Operating cash flows before movements in working capital	17,555	16,423
Trade receivables	(14,863)	(16,932)
Other receivables and prepayments	(3,268)	(1,612)
Inventories	(7,748)	(9,008)
Trade payables	21,337	423
Other payables	629	1,959
Cash generated from (used in) operations	13,642	(8,747)
Interest paid	(1,280)	(888)
Income tax paid	(1,663)	(959)
Net cash from (used in) operating activities	10,699	(10,594)
Investing activities		
Proceeds on disposal of property, plant and equipment	119	294
Purchase of available-for-sale financial assets	(1,770)	(3)
Purchase of held for trading investments	(1,015)	-
Net proceeds on disposal of available-for-sale financial assets	500	4,827
Net proceeds on disposal of held for trading investments	-	251
Acquisition of subsidiary (Note 24)	(11,314)	-
Acquisition of business (Note 25)	(3,141)	-
Purchase of property, plant and equipment (Note A)	(8,987)	(5,941)
Deferred development costs	(1,989)	(2,404)
Interest received	213	292
Proceeds from derivative financial instruments	876	1,021
Net cash used in investing activities	(26,508)	(1,663)

Consolidated
Statement of Cash Flows Year ended December 31, 2014

	Group	
	2014	2013
	$'000	$'000
Financing activities		
Repayment of obligations under finance leases	(321)	(38)
Proceeds from bank borrowings	246,725	161,777
Repayment of bank borrowings	(231,258)	(148,297)
Refund of unclaimed dividends	12	-
Payment of dividends	(4,861)	-
Net cash from financing activities	10,297	13,442
Net (decrease) increase in cash and cash equivalents	(5,512)	1,185
Effects of exchange rate changes on the balance of cash held in foreign currencies	319	397
Cash and cash equivalents at beginning of year	25,676	24,094
Cash and cash equivalents at end of year (Note 7)	20,483	25,676

Note A

The Group acquired property, plant and equipment with an aggregate cost of $24,436,000 (FY2013: $6,532,000) of which $1,373,000 (FY2013: $591,000) was acquired by means of finance leases, $11,155,000 and $2,158,000 were acquired along with the acquisition of a subsidiary (Note 24) and business (Note 25) respectively, and $763,000 was paid in 2013 and recorded as a deposit. Cash payments for property, plant and equipment amounted $8,987,000 (FY2013: $5,941,000).

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 1986-01642-R) is incorporated in Singapore with its principal place of business and registered office at 31 Ubi Road 1 #09-01, Aztech Building, Singapore 408694. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars and all values are rounded to the nearest thousand ($'000) unless otherwise indicated.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2014 were authorised for issue by the Board of Directors on 20 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 32 *Financial Instruments: Presentation relating to Offsetting Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required. The financial impact is as disclosed in Note 4(a).

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[(1)]
- FRS 115 *Revenue from Contracts with Customers*[(2)]
- Improvements to Financial Reporting Standards (January 2014)[(3)]
- Improvements to Financial Reporting Standards (February 2014)[(3)]
- Improvements to Financial Reporting Standards (November 2014)[(4)]

(1) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
(2) Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
(3) Applies to annual periods beginning on or after July 1, 2014, with early application permitted.
(4) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109 include:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 Financial Instruments (cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is currently evaluating the impact of the changes in the period of their initial adoption.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.

- Step 2: Identify the performance obligations in the contract.

- Step 3: Determine the transaction price.

- Step 4: Allocate the transaction price to the performance obligations in the contract.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group is currently evaluating the impact of the changes in the period of their initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 Revenue from Contracts with Customers (cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at their fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

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

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

The accounting policy for initial measurement of non-controlling interests is described above.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

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

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

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

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets at fair value through profit or loss (FVTPL) (cont'd)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4.

Available-for-sale financial assets

Investments in club memberships and quoted debts securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income (revaluation reserve) with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and loss on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in the revaluation reserve is reclassified to profit or loss. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets (cont'd)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When trade and other receivables are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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 through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Treasury shares

When the Company purchases its ordinary shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners and presented as "treasury shares" within equity, until they are cancelled, sold or reissued.

When treasury shares are subsequently sold or reissued, the cost of the treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the share capital of the Company.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

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

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss (FVTPL), subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into foreign currency forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 10 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments (cont'd)

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold property	-	over the terms of lease, which are from 1.75% to 20%
Building on freehold land	-	2%
Computer and office equipment	-	20% to 33.33%
Factory equipment	-	12.5% to 20%
Factory furniture and fittings	-	20%
Vessels	-	4% to 7%
Dry-docking expenditure	-	20%
Marine related equipment	-	8.33%
Assets on board of the vessels	-	33.33%
Office furniture and fittings	-	20%
Research and development equipment and tools	-	20% to 33.33%
Software applications	-	20% to 33.33%
Motor vehicles	-	20%

No depreciation is provided on freehold land. Vessel component costs include the cost of major components which are usually replaced or renewed in connection with a dry-docking when a vessel is delivered. The assets are stated at cost less accumulated depreciation and accumulated impairment losses. The vessel component costs are depreciated over the estimated period to the first dry docking. The Group subsequently capitalises dry docking costs as they are incurred and depreciates these costs over their estimated useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

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

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

INTANGIBLE ASSETS

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INTANGIBLE ASSETS (cont'd)

Internally-generated intangible assets - research and development expenditure (cont'd)

- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Development costs that have been capitalised as intangible assets are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected benefits, which normally does not exceed 3 years. Where no internally-generated asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately – brand

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Cost incurred in the acquisition of brand asset has been capitalised as intangible asset with a finite useful life, amortised on a straight-line basis over the estimated useful life of 10 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets acquired separately – brand (cont'd)

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

OFFSETTING ARRANGEMENTS - Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available at the date of the end of the financial year, rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Rental income from subletting arrangements is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share-based compensation reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessee (cont'd)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of electronics and food products and supply of construction materials and restaurant sales

Revenue from the sale of electronics and food products and supply of construction materials and restaurant sales is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Ship repair and marine logistic services

Revenue from marine logistic services is recognised as and when services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

The Group's policy for recognition of rental income from operating leases is described above.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Dividend income (cont'd)

PROFIT SHARING SCHEME - Certain Directors are entitled to a share of the profit under the profit sharing scheme as disclosed in the Directors' Report. A provision is made for the estimated liability under the profit sharing scheme.

EMPLOYEE LEAVE ENTITLEMENT - Employees entitlements to annual leave are recognised when they accrue to employees. A provision 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.

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Dividend income (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand, demand deposits and other short- term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

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

Land use rights certificates

As at December 31, 2014, the Group's production facilities in China are located on plots of land of which land use rights certificates have not been obtained. Management has continued to follow up with the relevant local authorities and is of the opinion that the required certificates will be obtained in the near future. Further details on the land use rights are disclosed in Note 13 to the financial statements.

Income tax

The subsidiaries within the Group operate in a number of jurisdictions. Significant assumptions are required in determining the provision for income taxes based on the tax laws and regulations in those jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Taxation is disclosed in Notes 16 and 29 to the financial statements.

Acquisition of a subsidiary

As described in Note 24 of the financial statements, the Group acquired 100% of the issued share capital of Az Marine Offshore Services Pte Ltd ("AMOS")(formerly known as Glenn Marine Logistics Base Pte Ltd ("GMLB")) on August 21, 2014. The auditors' report on the financial statements of GMLB prior to the date of acquisition contained a disclaimer opinion. The Directors of the Company assessed and concluded that those matters for which the disclaimer were made were legacy issues prior to the acquisition and will not impact the Group post acquisition.

Acquisition of a business

As described in Note 25 of the financial statements, the Group acquired the business of Kay Lee Roast Meat Joint on November 18, 2014. The Directors of the Company have assessed and recognised separately the identifiable intangible assets (i.e. the business name, domain name, existing logo, recipe and knowhow) acquired and have valued the intangible assets on the basis of the future economic benefits expected to be derived from ownership of the asset. The Directors are of the view that the intangible assets comprises a group of complimentary intangible assets which will be known as a "Brand" and that these assets that make up the group have similar useful life; and the Brand is anticipated to generate benefits for 10 years and hence will be amortised over its useful life.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the respective assets. The value in use calculation requires the Group to estimate the future cash flows expected to arise from such assets, and a suitable discount rate and growth rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

For the year ended December 31, 2014 and December 31, 2013, no impairment loss has been recognised and as at December 31, 2014, the carrying amount of intangible assets is $5,055,000 (2013 : $3,463,000). Further details are disclosed in Note 17 to the financial statements.

Estimated impairment of receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment 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). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2014, the carrying amount of trade receivables is $61,115,000 (2013 : $44,093,000), net of allowance for doubtful debts of $701,000 (2013 : $726,000).

Estimated allowance for inventories

At the end of the reporting period, management carries out a review on a product-by-product and on an aging basis to make allowance for obsolete, slow-moving and expired inventory items. The management estimates the net realisable value for such inventory items based primarily on the current market conditions. As at December 31, 2014, the carrying amount of inventories is $48,374,000 (2013 : $38,571,000), net of allowance for inventories of $1,928,000 (2013 : $1,823,000).

Estimated impairment in value of investment in subsidiaries

Determining whether investment in subsidiaries is impaired involves the consideration of the performance of the subsidiaries and the market conditions in which the subsidiaries operate in. At the end of the reporting period, the management of the Company has performed an impairment assessment of its investment in its subsidiaries. As at December 31, 2014, the allowance for impairment loss is $11,445,000 (2013 : $11,445,000).

If the performance of the subsidiaries and/or market conditions were to deteriorate, additional impairment may be required.

Depreciation of property, plant and equipment

The Group depreciates its property, plant and equipment over their estimated useful lives, after taking into account their estimated residual value using the straight-line method. The estimated useful life reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the management's estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. As at December 31, 2014, the carrying amount of property, plant and equipment is $70,202,000 (2013 : $52,225,000).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Estimated service life, scrap value and recoverable amount of vessels

The estimated service life and scrap value of the vessels are assessed annually and adjusted if necessary. Irrespective of indications of impairment, the recoverable values of vessels are determined at least annually based on an independent valuer's valuations and calculated value in use. Significant changes in the estimated service life and scrap values and the result of the impairment test of vessels may have an impact on operating income. The carrying amount of vessels is disclosed in Note 13 to the financial statement.

The Group carried out a review of the recoverable amounts of the vessels in the current financial year. The results of the impairment assessment led to no additional impairment (2013 : an additional impairment loss of $450,000). The fair values less costs to sell of the vessels were estimated based on the calculations of an independent valuer. As at December 31, 2014, the carrying amounts of vessels, dry docking expenditures and assets on board of the vessels are $40,330,000 (2013 : $39,353,000).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets				
Fair value through profit or loss:				
- Held for trading	2,485	1,441	2,223	1,441
- Derivative financial instruments	-	76	-	-
Loans and receivables (including cash and cash equivalents)	85,411	73,945	19,732	6,263
Available-for-sale financial assets	2,404	1,134	2,394	1,124
Financial liabilities				
Fair value through profit or loss:				
- Derivative financial instruments	700	234	-	-
Amortised cost (including loans and finance leases)	131,427	86,755	51,107	25,333

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

	Gross amounts of recognised financial asset $'000	Gross amounts of recognised financial liabilities set off in the statement of financial position $'000	Net amounts of financial assets presented in the statement of financial position $'000
COMPANY			
2014			
Financial asset			
Other receivables	14,674	(14,674)	-
2013			
Financial asset			
Other receivables	18,003	(18,003)	-
Financial liabilities			
Other payables	14,674	(14,674)	-
2013			
Financial liabilities			
Other payables	18,003	(18,003)	-

(c) Financial risk management policies and objectives

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management control and procedures, the results of which are reported to the Audit Committee.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency that gives rise to this risk is primarily United States dollars.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

The Group manages foreign currency risk by matching assets and liabilities in the same currency denomination and supplemented with appropriate financial instruments where necessary. The Group uses derivative financial instruments to mitigate the financial impact associated with foreign currency fluctuation relating to certain forecasted transactions.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the end of the reporting period are as follows:

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Singapore dollars	11,937	8,021	7,783	3,020	-	-	-	-
Renminbi	19,821	103	51,228	48	-	-	-	-
Hong Kong dollars	55	4,835	94	-	-	-	-	-
United States dollars	108,646	47,245	54,490	27,401	5,393	6,162	121	1,009

Foreign currency sensitivity

The following analyses detail the sensitivity to a 5% increase and decrease in the Singapore dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, the effect on profit or loss will increase/(decrease) by:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore dollars	208	250	-	-
Renminbi	(1,570)	3	-	-
Hong Kong dollars	(2)	242	-	-
United States dollars	2,708	992	264	258

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, the above will have an opposite effect.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for cash and cash equivalents placed with and borrowing from banks and financial institutions in Singapore, China and Hong Kong at the end of the reporting period.

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the year ended December 31, 2014 would decrease/increase by $347,000 (2013 : $253,000).

No analysis is prepared at the Company level as the impact is not expected to be material.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in average bank borrowings.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial losses from default. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Where appropriate, the Group obtains collateral from its customers. Cash terms, advance payments and letter of credits are required for customers of lower credit standing. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

As at December 31, 2014, 83.3% (2013 : 75.1%) of trade receivables for the Group relate to amounts due from four (2013 : five) major customers. The Group manages concentration of credit risk by performing credit analysis procedures to assess the potential customers' credit quality and defines credit limits by customer before offering credit term to any new customer. The credit terms to customers are reviewed at least once a year.

The increase in the Group's concentration of credit risk to the major customers is mainly due to the increase in transactions with several major customers during the year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

The maximum amount the Company could be forced to settle under the corporate guarantee given to banks in connection with facilities utilised by the subsidiaries is $58,763,000 (2013 : $44,824,000). The earliest period that the guarantee could be called is within 1 year (2013 : 1 year) from the end of the reporting period. Based on expectations at the end of the reporting period, management considers that it is more likely than not that no amount will be payable. However, this estimate is subject to change depending on the probability of the banks claiming under the guarantee which is a function of the likelihood that the subsidiaries default on the repayment of the borrowings.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group places its cash with creditworthy institutions.

(iv) Liquidity risk management

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surplus and the raising of loans to cover expected cash demand, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term. Undrawn facilities are disclosed in Note 18 to the financial statements.

At the end of the reporting period, the Company's current liabilities exceeded its current assets by $15,983,000 (2013 : $16,779,000). As at December 31, 2014, the Company's current liabilities of $40,049,000 (2013 : $25,254,000) include amount due to subsidiaries amounting to $33,081,000 (2013 : $20,995,000). The Company is the ultimate holding company for all its subsidiaries and based on the lines of funding available and the ability to control the timing of repayment for the liabilities owing to its subsidiaries, management is satisfied that the Company is able to meet its existing and prospective funding requirements and continue to operate as a going concern.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

	Weighted average effective interestrate	On demand orwithin 1year	Within 2to 5years	After 5years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
GROUP						
2014						
Non-interest bearing	-	61,929	-	-	-	61,929
Finance lease liability (fixed rate)	2.1	446	1,332	-	(173)	1,605
Bank loans (variable rate)	2.1	55,492	13,492	-	(1,091)	67,893
		117,867	14,824	-	(1,264)	131,427
2013						
Non-interest bearing	-	36,116	-	-	-	36,116
Finance lease liability (fixed rate)	2.6	131	493	-	(71)	553
Bank loans (variable rate)	1.9	49,358	804	-	(301)	49,861
Bank loans (fixed rate)	5.0	228	-	-	(3)	225
		85,833	1,297	-	(375)	86,755
COMPANY						
2014						
Non-interest bearing	-	34,821	-	-	-	34,821
Finance lease liability (fixed rate)	2.6	23	65	-	(10)	78
Bank loans (variable rate)	2.7	5,527	11,664	-	(983)	16,208
		40,371	11,729	-	(993)	51,107
2013						
Non-interest bearing	-	21,691	-	-	-	21,691
Finance lease liability (fixed rate)	2.6	22	90	-	(13)	99
Bank loans (variable rate)	2.3	3,556	-	-	(13)	3,543
		25,269	90	-	(26)	25,333

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statements of financial position.

	Weighted average effective interestrate	On demand orwithin 1year	Within 2to 5years	After 5years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
GROUP						
2014						
Non-interest bearing	-	81,472	148	-	-	81,620
Fixed deposits	0.3	3,791	-	-	-	3,791
		85,263	148	-	-	85,411
2013						
Non-interest bearing	-	70,165	864	-	-	71,029
Fixed deposits	0.2	2,916	-	-	-	2,916
		73,081	864	-	-	73,945
COMPANY						
2014						
Non-interest bearing	-	15,941	-	-	-	15,941
Fixed deposits	0.3	3,791	-	-	-	3,791
		19,732	-	-	-	19,732
2013						
Non-interest bearing	-	4,355	-	-	-	4,355
Fixed deposits	0.2	1,908	-	-	-	1,908
		6,263	-	-	-	6,263

Derivative financial instruments

The Group's derivative financial instruments comprise of forward foreign exchange derivative contracts as disclosed in Note 10 to the financial statements. As at December 31, 2014, the contracted gross cash inflow and gross cash outflow arising from these foreign exchange derivative contracts amounting to Nil and $700,000 (2013 : $76,000 and $234,000) respectively. As disclosed in Note 10, the gross-settled foreign exchange derivative contracts are due within 1 year (2013 : due within 1 year and 2 to 5 years).

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets and financial liabilities recorded at amortised cost whose maturity is more than a year, management also considers that such financial instruments approximate their fair values. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities (cont'd)

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets transactions and dealer quotes for similar instruments; and

- the fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
GROUP				
Financial liabilities				
Bank loans (fixed rate)	-	-	225	227

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Financial instruments measured at fair value

	Total	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
GROUP				
2014				
Financial assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	2,485	2,485	-	-
Available-for-sale financial assets:				
- Club membership	412	-	412	-
- Quoted debt securities	1,992	1,992	-	-
Total	4,889	4,477	412	-
Financial liabilities				
Derivative financial instruments	700	-	700	-

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities (cont'd)

	Total	Level1	Level2	Level3
	$'000	$'000	$'000	$'000
GROUP				
2013				
Financial assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	1,441	1,441	-	-
- Derivative financial instruments	76	-	76	-
Available-for-sale financial assets:				
- Club membership	412	-	412	-
- Quoted debt securities	722	722	-	-
Total	2,651	2,163	488	-
Financial liabilities				
Derivative financial instruments	234	-	234	-
COMPANY				
2014				
Financial assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	2,223	2,223	-	-
Available-for-sale financial assets:				
- Club membership	405	-	405	-
- Quoted debt securities	1,989	1,989	-	-
Total	4,617	4,212	405	-
2013				
Financial assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	1,441	1,441	-	-
Available-for-sale financial assets:				
- Club membership	405	-	405	-
- Quoted debt securities	719	719	-	-
Total	2,565	2,160	405	-

The fair value of Level 1 instruments were quoted bid prices in an active market. The fair value of Level 2 derivative instruments and club membership were estimated based on recent market transacted prices, as well as input from valuation experts using the Monte Carlo Simulation model. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy in 2014 and 2013.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(d) *Capital risk management policies and objectives*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of equity attributable to Owners of the Company, comprising issued capital, reserves and retained earnings.

Management monitors capital based on the Group's current ratio and net gearing ratio. As at December 31, 2014, the Group's current ratio and net gearing ratio were 1.2 (2013 : 1.3) and 0.6 (2013 : 0.3) respectively.

The current ratio is calculated as total current assets divided by total current liabilities.

The net gearing ratio is calculated as net borrowings divided by shareholders' funds. Net borrowings are calculated as total borrowings (Note 18) and finance leases (Note 19) less cash and bank balances (Note 7).

Management also reviews financial measures and position of the Group on a regular basis to monitor if the Group fulfils the financial covenants prescribed in its banking facilities. The Group had obtained the waiver of non-compliance of these banking financial covenants from the bank during the financial year ended December 31, 2014 and 2013. As at December 31, 2014, the Group was in compliance with all externally imposed capital requirements.

5 RELATED COMPANY BALANCES

Related companies in these financial statements refer to the Company and subsidiaries. The intercompany balances are unsecured, interest-free and are repayable within the next twelve months unless stated otherwise.

6 RELATED PARTY TRANSACTIONS

(a) By virtue of Section 7 of the Singapore Companies Act, Michael Mun Hong Yew is deemed to have an interest in the Company and in all the subsidiaries of the Company.

In accordance with FRS 24 *Related Party Disclosures*, the close members of the family of Michael Mun Hong Yew are considered to be related parties.

(b) Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. Such related party transactions are reviewed by the Audit Committee. The balances with related parties are unsecured, interest-free and repayable within the next twelve months unless otherwise stated.

During the year, Group entities entered into the following transactions with related parties:

	GROUP	
	2014	2013
	$'000	$'000
(1) Transaction with companies in which Michael Mun Hong Yew and Jeremy Mun Weng Hung have equity interests:		
Rental income	-	(14)
Sale of goods	(8)	(77)
Purchase of goods	32	22
Purchase of property, plant and equipment	-	1,105
Transportation services	-	740
Disposal of property, plant and equipment	-	(136)

6 RELATED PARTY TRANSACTIONS (cont'd)

	GROUP 2014 $'000	GROUP 2013 $'000
(2) Salaries paid to employees of the Group who are relatives of Michael Mun Hong Yew and Jeremy Mun Weng Hung:		
Salary expenses	185	165
(3) Transaction with companies in which an Independent Director has an interest:		
Consulting and corporate secretarial services	143	18

The Company has given corporate guarantees to its subsidiaries for loan and trade facilities. The total charge for this guarantee is $1,616,000 (2013 : $1,202,000).

Compensation of directors and key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	GROUP 2014 $'000	GROUP 2013 $'000
Short-term benefits	3,080	3,169

The remuneration of Directors and key management is determined by the Remuneration Committee having regard to the performance of individuals.

7 CASH AND CASH EQUIVALENTS

	GROUP 2014 $'000	GROUP 2013 $'000	COMPANY 2014 $'000	COMPANY 2013 $'000
Cash at bank and in hand	16,692	22,760	1,828	2,132
Fixed deposits	3,791	2,916	3,791	1,908
Cash and cash equivalents	20,483	25,676	5,619	4,040

Bank balances and cash comprise cash held by the Group and the Company and short-term bank deposits with an original maturity of one month or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at a weighted average rate of 0.3% (2013 : 0.2%) per annum and for a tenure of approximately 11 days (2013 : 17 days).

8 TRADE RECEIVABLES

	GROUP	
	2014	2013
	$'000	$'000
Current		
Outside parties	61,668	43,955
Allowance for doubtful trade receivables	(701)	(726)
	60,967	43,229
Non-current		
Outside parties	148	864
Total	61,115	44,093

The average credit period on sale of goods is 42 days (2013 : 45 days). No interest is charged on the trade receivables.

Before accepting any new customer, the Group uses both internal and external credit review systems to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once per year. As at December 31, 2014, 71.5% (2013 : 63.9%) of the trade receivables are neither past due nor impaired. There has not been a significant change in the credit quality of the trade receivables that are not past due and not impaired.

The table below is an analysis of trade receivables as at December 31:

	GROUP	
	2014	2013
	$'000	$'000
Not past due and not impaired	44,194	28,647
Past due but not impaired (i)	16,921	15,446
Sub-total	61,115	44,093
Impaired receivables – individually assessed		
- Customers placed under liquidation	441	478
- Past due more than 12 months with no indication of intention to repay	260	248
Less: Allowance for impairment	(701)	(726)
Sub-total	-	-
Total trade receivables, net	61,115	44,093

(i) Aging of receivables that are past due but not impaired:

	GROUP	
	2014	2013
	$'000	$'000
1 to 30 days	12,296	14,285
31 to 60 days	3,815	442
More than 60 days	810	719
	16,921	15,446

Included in the Group's trade receivable balance are debtors with a carrying amount of $16.9 million (2013 : $15.4 million) which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Included in the allowance for doubtful debts are specific trade receivables with a balance of $441,000 (2013 : $478,000) relating to customers who have been placed in liquidation. The impairment recognised represents the difference between the carrying amount of the specific trade receivable and present value of expected liquidation proceeds. As at the end of the reporting period, total allowance for doubtful debts amounts to $701,000 (2013 : $726,000), and the Group does not hold any collateral over these balances.

8 TRADE RECEIVABLES (cont'd)

Movements in the allowance for doubtful debts:

	GROUP	
	2014	2013
	$'000	$'000
Balance at beginning of the year	726	466
Allowance during the year	9	248
Written off during the year	(64)	-
Exchange difference	30	12
Balance at end of the year	701	726

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, the management believes that there is no further impairment required in excess of the allowance for doubtful debts.

9 OTHER RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Other receivables	2,003	1,764	120	61
Value added tax receivable	4,068	-	-	-
Deposit	1,091	1,356	65	12
Deposit for leasehold property	719	686	-	-
Advance to suppliers	-	370	-	-
Prepayments	1,836	2,686	121	51
Subsidiaries (Notes 5 and 12)	-	-	78,898	67,120
Allowance for doubtful other receivables - subsidiaries	-	-	(64,970)	(64,970)
	9,717	6,862	14,234	2,274
Less: Non-current portion of deposits paid for leasehold property and prepayments of capital assets	(1,075)	(1,449)	-	-
	8,642	5,413	14,234	2,274

The Group's other receivables are interest-free and repayable on demand. The Group has not recognised any allowance for impairment on other receivables as management is of the view that these receivables are recoverable.

The Company's other receivables due from subsidiaries are repayable on demand and interest-free except for balance with a subsidiary amounting to $50,640,000 (2013 : $48,972,000) which is subject to interest at 1.85% per annum above US$ London Interbank Offered Rate ("LIBOR"). The average effective interest rate is approximately 2.08% (2013 : 2.12%) per annum.

10 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP			
	Assets		Liabilities	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Foreign exchange derivative contracts	-	76	(700)	(234)

10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Foreign exchange derivative contracts

The Group is party to a variety of foreign exchange derivative contracts in the management of its exchange rate exposures. The derivative financial instruments outstanding as at end of the reporting period are as follows:

(i) Structured Forward Contract

The Group has entered into US$/RMB structured forward contracts which give the Group the opportunity to sell US$/buy RMB at rates which are more favourable than the market forward rates prevailing on the trade dates of the transactions by means of paying fixed US$ and receiving variable RMB amounts per month when the RMB against US$ are at levels not exceeding 6.3. On the other hand, the Group is obliged to sell US$/buy RMB for certain specified amounts at rates less favourable than the then prevailing market spot rates in the event of RMB depreciating against US$ beyond certain levels of 6.2 to 6.4 (2013 : 6.3 to 6.4).

As of December 31, 2014, the total notional amount of the outstanding US$/RMB structured forward contract was US $31.5 million covering monthly settlements up to August 2015 (2013 : US$37.0 million covering up to August 2015). As at December 31, 2014, the total notional amount due within 1 year and 2 to 5 years amounted to US$22.5 million and US$9 million (2013 : US$27.0 million and US$10.0 million) respectively.

The Group has also entered into structured forward contracts for S$/US$ creating an avenue for the Group to purchase US$ for its working capital needs. These instruments set an obligation for the Group to sell S$/buy US$ for certain specified amounts at the contractual rates when it is less favourable for the Group when compared to the prevailing market spot rates at the specified strike dates. On the other hand, these instruments provide the Group an option to receive the net settlement gains or to sell S$/buy US$ at contractual rates if it is more favourable to the prevailing market spot rates. These instruments are structured to knock-out once the cumulative gains arising from favourable trades achieve its targeted gains.

There are no outstanding instruments as at December 31, 2014. The instruments outstanding as at December 31, 2013 bear strike rates ranging from 1.22 to 1.27. Total notional amount of the outstanding structure forward contracts in 2013 was US$55.7 million with weekly and monthly settlements up to June 2014.

The instruments above, comprising both US$/RMB and S$/US$ instruments, are denominated in USD. Net fair value gain on the structured forward foreign exchange contract amounting to $274,000 (2013 : $364,000) are credited to profit or loss. As at December 31, 2014, total outstanding instruments carried at fair value, amounting to $Nil (2013 : $76,000) and $656,000 (2013 : $105,000), are presented as derivative financial assets and derivative financial liabilities respectively.

(ii) Foreign Exchange Derivative Contracts

The instruments purchased are denominated in US$. Net fair value gain on the forward foreign exchange contracts amounting to $77,000 (2013 : $615,000) is credited to profit or loss.

At the end of the reporting period, the notional amount of outstanding forward foreign exchange contracts to which the Group is committed is as follows:

	2014	2013
	$'000	$'000
Forward foreign exchange contracts	27,676	31,002

Details of the forward foreign exchange contracts outstanding as at the end of the reporting period are as follows:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2014	2013	2014	2013	2014	2013	2014	2013
			FC'000	FC'000	$'000	$'000	$'000	$'000
Buy US$ to sell S$ less than 6 months	1.26	1.24	20,900	24,500	27,676	31,002	(44)	(129)

11 INVENTORIES

	GROUP	
	2014	2013
	$'000	$'000
Finished goods	19,214	16,083
Work-in-progress	7,312	2,354
Raw materials	23,776	17,529
	50,302	35,966
Goods-in-transit	-	4,428
Allowance for inventories	(1,928)	(1,823)
	48,374	38,571

Movements in the allowance for inventories:

	GROUP	
	2014	2013
	$'000	$'000
Balance beginning of the year	1,823	1,428
Allowance during the year	22	433
Reversal during the year	-	(47)
Exchange difference	83	9
Balance at the end of the year	1,928	1,823

The cost of inventories recognised as an expense includes $22,000 (2013 : $433,000) in respect of write-downs of inventory to net realisable value, and has been reduced by $Nil (2013 : $47,000) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of subsequent sales of such inventory in excess of previous estimated realisable value.

12 INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2014	2013
	$'000	$'000
At cost		
Unquoted equity shares	107,820	94,759
Deemed interest [(i)]	1,593	1,202
	109,413	95,961
Impairment loss	(11,445)	(11,445)
Carrying amount	97,968	84,516

[(i)] Deemed interest arose from financial guarantees provided by the Company to banks in respect of financing facilities granted to its subsidiaries. Management has assessed that the fair value of the financial guarantees is equivalent to 1.0% (2013 : 1.0%) per annum of the amount of financing facilities guaranteed from the dates when the financing facilities were issued.

Movement in the allowance for impairment:

	COMPANY	
	2014	2013
	$'000	$'000
Balance at beginning of year	11,445	11,270
Increase in allowance recognised in profit or loss	-	175
Balance at end of year	11,445	11,445

12 **INVESTMENT IN SUBSIDIARIES (cont'd)**

During the year, the Company carried out a review on the recoverable amount of its investment in subsidiaries. The review concluded that no additional impairment (2013 : additional impairment of $175,000) is required on the carrying value of the investments. The recoverable amount is determined based on fair value, estimated by management to approximate the carrying amount of the net tangible assets of the respective subsidiaries, as at the end of the reporting period.

The subsidiaries of the Company are set out below:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group		Cost of investment by the Company		Principal activity
		2014	2013	2014	2013	
		%	%	$'000	$'000	
Held by the Company						
Aztech Electronics Pte Ltd	Singapore	100	100	73,635	72,727	Investment holding company
Aztech Systems GmbH [(1)]	Germany	100	100	6,556	6,556	Distribution and sale of multi-communication products and computer peripherals and provision of marketing services
Hitemco Pte Ltd	Singapore	100	100	3,000	3,000	Investment holding and property management
AZ United Pte Ltd	Singapore	100	100	12,344	11,725	Non-building construction related works, including supply and procurement of materials
AZ Marine Pte Ltd	Singapore	100	100	2,019	1,953	Chartering, operating and management of sea going vessels and provision of marine transportation services and investment holding
AZ Marine Offshore Services Pte Ltd	Singapore	100	-	11,314	-	Provider of ship repair and marine logistics services
Kay Lee Pte Ltd	Singapore	100	-	545	-	Management and operation of food and beverage retail and related food processing
Held by Aztech Electronics Pte Ltd						
AZ – Technology Sdn Bhd [(3)]	Malaysia	100	100	-	-	Distribution and sale of multi-communication products and computer peripherals and provision of marketing services
Aztech Labs, Inc. [(1)]	United States of America	100	100	-	-	Distribution and sale of multi-communication products and computer peripherals and provision of marketing services
AZ E-Lite (HK) Ltd [(3)]	Hong Kong	100	100	-	-	Distribution and sale of electrical and LED lights and electronic and multi-communication products

12 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group		Cost of investment by the Company		Principal activity
		2014	2013	2014	2013	
		%	%	$'000	$'000	
Held by Aztech Electronics Pte Ltd (cont'd)						
Aztech Systems (Hong Kong) Ltd (3)	Hong Kong	100	100	-	-	Manufacture and sale of multi-communication products and computer peripherals
Azfin Semiconductors Pte Ltd (2)	Singapore	82	82	-	-	Dormant
Shiro Corporation Pte Ltd	Singapore	100	100	-	-	Distribution and sales of food; wholesale of liquor and carry on research and development of all kinds of food, food products and beverages
Aztech Technologies Pte Ltd	Singapore	100	100	-	-	Distribution and sale of multi-communication products and computer peripherals and design and manufacture of electrical and LED lights and lighting system installation
AZ E-Lite Pte Ltd	Singapore	100	100	-	-	Design and manufacture of electrical and LED lights and lighting system installation
Aztech Global Pte Ltd (2)	Singapore	100	100	-	-	Dormant
Held by Shiro Corporation Pte Ltd						
Shiro Corporation (HK) Limited (3)	Hong Kong	100	100	-	-	Dormant
Held by Aztech Systems (Hong Kong) Ltd						
Aztech Communication Device (DG) Ltd (3)	China	100	100	-	-	Manufacture and sale of multi-communication products, LED lights and plastic injection parts
Held by Aztech Communication Device (DG) Ltd						
Shenzhen Aztech Trading Company Limited (3)	China	100	100	-	-	Research and development of multi-communication products and general trading
Held by AZ United Pte Ltd						
AZ Materials Pte Ltd	Singapore	100	100	-	-	Non-building construction related works, including supply of materials

12 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group		Cost of investment by the Company		Principal activity
		2014	2013	2014	2013	
		%	%	$'000	$'000	
Held by AZ Marine Pte Ltd						
AZ Lavender Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Lily Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Orchid Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Rose Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Tulip Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Peony Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Carnation Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Sunflower Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Iris Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Marine Logistics Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Sakura Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Ivy Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Marigold Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
Aiden Marine Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of conveyor barge
Biden Marine Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of conveyor barge
				109,413	95,961	

All the subsidiaries are audited by Deloitte & Touche LLP, Singapore except for the subsidiaries that are indicated as follows:

(1) Not required to be audited by law in its country of incorporation. The net tangible assets and pre-tax profits of the entities are less than 20% of the Group's consolidated net tangible assets and pre-tax profits respectively. Their unaudited financial statements have been reviewed as part of the Group audit.

(2) These subsidiaries are exempted from audit and the net tangible assets and pre-tax profits of the subsidiaries are less than 20% of the Group's consolidated net tangible assets and pre-tax profits respectively. Their unaudited financial statements have been reviewed as part of the Group audit.

(3) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

13 PROPERTY, PLANT AND EQUIPMENT

(a)

	Leasehold property $'000	Freehold landand building $'000	Computer andoffice equipment $'000	Factory equipment $'000	Factory furniture and fittings $'000	Vessels[i] $'000	Dry-docking expenditure $'000	Marine related equipment $'000	Assets onboard ofthe vessels $'000	Office furniture and fittings $'000	Research and development equipment andtools $'000	Software applications $'000	Motor vehicles[ii] $'000	Total $'000
GROUP														
At cost:														
At January 1, 2013	7,045	-	3,222	21,934	1,027	64,566	3,721	-	1,513	1,081	1,544	953	1,693	108,299
Additions	-	-	412	1,123	151	169	444	-	-	1,265	34	61	2,873	6,532
Disposals	-	-	(413)	(104)	-	-	-	-	-	(46)	(42)	-	(621)	(1,226)
Exchange difference	252	-	62	770	21	-	-	-	-	9	5	10	18	1,147
At December 31, 2013	7,297	-	3,283	23,723	1,199	64,735	4,165	-	1,513	2,309	1,541	1,024	3,963	114,752
Additions	-	-	455	3,797	579	1,469	1,838	1,076	328	355	246	117	863	11,123
Acquired on acquisition of a business (Note 25)	-	2,158	-	-	-	-	-	-	-	-	-	-	-	2,158
Acquired on acquisition of a subsidiary (Note 24)	11,155	-	-	-	-	-	-	-	-	-	-	-	-	11,155
Disposals	-	-	(28)	(142)	-	(59)	-	-	-	(2)	-	-	(295)	(526)
Exchange difference	342	-	52	1,244	85	-	-	-	-	9	8	4	28	1,772
At December 31, 2014	18,794	2,158	3,762	28,622	1,863	66,145	6,003	1,076	1,841	2,671	1,795	1,145	4,559	140,434
Accumulated depreciation:														
At January 1, 2013	(2,038)	-	(2,954)	(18,780)	(908)	(6,717)	(1,853)	-	(823)	(1,035)	(1,460)	(795)	(1,117)	(38,480)
Charge for the year	(288)	-	(142)	(1,460)	(74)	(1,443)	(704)	-	(280)	(107)	(44)	(62)	(376)	(4,980)
Disposals	-	-	411	103	-	-	-	-	-	38	42	-	432	1,026
Exchange difference	(77)	-	(2)	(735)	-	-	-	-	-	(10)	(6)	(6)	(17)	(853)
At December 31, 2013	(2,403)	-	(2,687)	(20,872)	(982)	(8,160)	(2,557)	-	(1,103)	(1,114)	(1,468)	(863)	(1,078)	(43,287)
Charge for the year	(1,252)	(8)	(214)	(1,396)	(115)	(1,780)	(706)	(77)	(274)	(291)	(66)	(65)	(695)	(6,939)
Disposals	-	-	27	137	-	1	-	-	-	2	-	-	205	372
Exchange difference	(127)	-	(36)	(1,038)	(52)	-	-	-	-	(9)	(8)	(3)	(25)	(1,298)
At December 31, 2014	(3,782)	(8)	(2,910)	(23,169)	(1,149)	(9,939)	(3,263)	(77)	(1,377)	(1,412)	(1,542)	(931)	(1,593)	(51,152)

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) GROUP (cont'd)

	Leasehold property $'000	Freehold landand building $'000	Computer andoffice equipment $'000	Factory equipment $'000	Factory furniture and fittings $'000	Vessels[i] $'000	Dry-docking expenditure $'000	Marine related equipment $'000	Assets onboard ofthe vessels $'000	Office furniture and fittings $'000	Researchand development equipment andtools $'000	Software applications $'000	Motor vehicles[ii] $'000	Total $'000
Impairment														
At January 1, 2013	-	-	-	-	-	(18,790)	-	-	-	-	-	-	-	(18,790)
Impairment loss recognised	-	-	-	-	-	(450)	-	-	-	-	-	-	-	(450)
At December 31, 2013	-	-	-	-	-	(19,240)	-	-	-	-	-	-	-	(19,240)
Reversal of impairment loss	-	-	-	-	-	160	-	-	-	-	-	-	-	160
At December 31, 2014	-	-	-	-	-	(19,080)	-	-	-	-	-	-	-	(19,080)
Carrying amount:														
At December 31, 2014	15,012	2,150	852	5,453	714	37,126	2,740	999	464	1,259	253	214	2,966	70,202
At December 31, 2013	4,894	-	596	2,851	217	37,335	1,608	-	410	1,195	73	161	2,885	52,225

(i) During the year, the Group carried out a review of the recoverable amounts of its vessels used in the Group's materials supply and marine logistics segment. The recoverable amount of the vessels has been determined on the basis of their fair value less costs of disposal. The fair value less costs of disposal had been estimated based on the valuation by an independent professional valuer who has experience in the type and category of the vessels being valued. The valuation was determined based on the replacement cost method which is transactional price of similar make and build of the vessels. The review led to a reversal of impairment loss of $160,000 (2013 : led to the recognition of an impairment loss of $450,000) during the year. Impairment losses are included within administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the respective years.

(ii) Some of the motor vehicles were purchased under finance leases (Note 19).

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) COMPANY

	Renovation $'000	Computer andoffice equipment $'000	Office furniture andfittings $'000	Researchand development equipment andtools $'000	Motor vehicles[(i)] $'000	Total $'000
At cost:						
At January 1, 2013	-	441	599	63	401	1,504
Additions	-	-	-	-	677	677
Disposal	-	-	-	-	(401)	(401)
At December 31, 2013	-	441	599	63	677	1,780
Additions	181	-	79	-	-	260
At December 31, 2014	181	441	678	63	677	2,040
Accumulated depreciation:						
At January 1, 2013	-	(432)	(593)	(63)	(211)	(1,299)
Charge for the year	-	(4)	(2)	-	(94)	(100)
Disposal	-	-	-	-	250	250
At December 31, 2013	-	(436)	(595)	(63)	(55)	(1,149)
Charge for the year	(3)	(2)	(3)	-	(116)	(124)
At December 31, 2014	(3)	(438)	(598)	(63)	(171)	(1,273)
Carrying amount:						
At December 31, 2014	178	3	80	-	506	767
At December 31, 2013	-	5	4	-	622	631

(i) One of the motor vehicles acquired during the year was purchased under finance lease (Note 19).

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) Leasehold property of the Group is as follows:

Description	Location	Existing use	Area (in sq metres)	Tenure of lease	Carrying value 2014 $'000	Carrying value 2013 $'000
Leasehold Property	Dongguan Jiu Jiang Shui Village, Chang Ping Town, Dong Guan City, Guangdong Province, China	Self use	32,000	50 years with effect from October 1, 2002	4,817	4,894

As at December 31, 2014, the Group was applying for the land use right certificate and property ownership certificates in respect of the leasehold property interest of $4,817,000 (2013 : $4,894,000) from the relevant China government authorities.

14 HELD FOR TRADING INVESTMENTS

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Quoted debt securities, at fair value	2,485	1,441	2,223	1,441

The investments above include investments in quoted debt securities that offer the Group and Company the opportunity for return through interest income and fair value gains. They have no fixed maturity and have coupon rates ranging from 4.00% to 5.13% per annum (2013 : 4.00% to 5.13% per annum). The fair values of these securities are based on closing quoted market prices at the end of the reporting period.

The held for trading investments are denominated in the functional currency of each Group entity and the Company.

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current				
Club memberships at fair value:				
At January 1 and December 31	412	412	405	405
Current				
Quoted debt securities at fair value:				
At January 1	722	5,499	719	5,499
Additions	1,770	3	1,770	-
Disposals	(502)	(4,753)	(502)	(4,753)
Fair value adjustment	2	(27)	2	(27)
At December 31	1,992	722	1,989	719

As at December 31, 2014, quoted debt securities of the Group and the Company have nominal values amounting to $2,022,000 (2013 : $753,000) and $2,019,000 (2013 : $750,000) respectively, with coupon rates ranging from 3.50% to 5.90% (2013 : 3.83% to 4.00%) per annum and maturing in 3 to 28 years (2013 : 1 to 29 years). The Group and the Company have intention to sell the quoted debt securities in the near term.

16 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation	Tax losses	Deferred expenditure	Total
	$'000	$'000	$'000	$'000
GROUP				
At January 1, 2013	56	(1)	352	407
Credit to profit or loss for the year (Note 29)	(69)	-	(5)	(74)
At December 31, 2013	(13)	(1)	347	333
Charge (credit) to profit or loss for the year (Note 29)	133	1	(120)	14
At December 31, 2014	120	-	227	347
COMPANY				
At January 1, 2013 and December 31, 2013	2	-	-	2
Credit to profit or loss for the year	(2)	-	-	(2)
At December 31, 2014	-	-	-	-

Certain deferred tax liabilities and assets have been offset in accordance with the Group and Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for the purpose of presenting on statement of financial position:

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax liabilities	355	335	-	2
Deferred tax assets	(8)	(2)	-	-

Subject to the agreement by the tax authorities in the relevant foreign tax jurisdictions in which the Group operates and conditions imposed by law, the Group has tax losses carryforwards available for offsetting against future taxable income as detailed below. In addition, the Singapore tax loss carryforwards are subject to the retention of majority shareholders as defined.

	GROUP	
	2014	2013
	$'000	$'000
Unutilised tax losses		
As at January 1	19,649	20,136
Adjustment for prior years	1,345	1,732
Arising in current year	9,285	7,086
Exchange difference	463	426
Amount utilised (includes group relief)	(9,414)	(9,731)
As at December 31	21,328	19,649
Deferred tax benefit on above not recorded	4,861	4,519

No deferred tax asset has been recognised by the Group in respect of the tax losses amounting to $21,328,000 as at December 31, 2014 (2013 : $19,649,000) due to the unpredictability of future profits stream of the relevant subsidiaries.

16 DEFERRED TAX (cont'd)

The Group's tax loss carryforwards amounting to $15,308,000 (2013 : $13,878,000) are available for an unlimited future period. The remaining tax loss carryforwards amounting to $6,020,000 (2013 : $5,771,000) have a limited life ranging from 3 to 8 years (2013 : 4 to 8 years) to offset against future profits after which any unutilised amount will be foregone.

No deferred tax asset has been recognised by the Group in respect of unabsorbed capital allowances and temporary differences arising from difference in accounting and tax depreciation of $1,622,000 (2013 : $1,072,000) due to the unpredictability of future profits stream of the relevant subsidiaries. The use and expiry of these temporary differences are subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $1,539,000 (2012 : $1,255,000).

No deferred tax liability has been recognised in respect of the temporary difference associated with undistributed earnings of subsidiaries because the Group is in the position to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

17 INTANGIBLE ASSETS

GROUP	Deferred development cost	Brand	Total
	$'000	$'000	$'000
Costs:			
At January 1, 2013	20,996	-	20,996
Additions	2,404	-	2,404
At December 31, 2013	23,400	-	23,400
Additions	1,989	1,933	3,922
At December 31, 2014	25,389	1,933	27,322
Accumulated amortisation:			
At January 1, 2013	17,479	-	17,479
Amortisation for the year	2,458	-	2,458
At December 31, 2013	19,937	-	19,937
Amortisation for the year	2,315	15	2,330
At December 31, 2014	22,252	15	22,267
Carrying amount:			
At December 31, 2014	3,137	1,918	5,055
At December 31, 2013	3,463	-	3,463

The deferred development cost above has finite useful lives, and is amortised on a straight line basis. The amortisation period for development costs incurred is between one to three years. The amortisation of deferred development cost has been included under administrative expenses. As at December 31, 2014, the average remaining amortisation period of the intangible assets is 2 years (2013 : 2 years).

The recoverable amount of the development cost relating to each product is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the product. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Brand asset above, arising from the acquisition of a business during the year (Note 25), carries a finite useful life and is amortised on a straight line basis over 10 years. The amortisation of brand has been included under administrative expenses.

The Group prepares discounted cash flow forecasts for three to five years from the end of the reporting period based on an estimated growth rate of 0% to 10% (2013 : 0% to 10%) per annum for the different assets and product categories. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows is 5% (2013 : 5%) per annum.

18 BORROWINGS

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current:				
Unsecured				
Bills payable	19,663	11,555	-	-
Export trade loans	25,279	27,873	-	-
Revolving loans	8,056	7,697	3,708	3,543
Term loans	200	538	-	-
Secured				
Term loan	1,920	-	1,500	-
Vessel loans	-	1,673	-	-
	55,118	49,336	5,208	3,543
Non-Current:				
Unsecured				
Term loans	550	750	-	-
Secured				
Term loans	12,225	-	11,000	-
	12,775	750	11,000	-
Total borrowings	67,893	50,086	16,208	3,543
The borrowings are repayable as follows:				
On demand or within one year	55,118	49,336	5,208	3,543
In the second year	2,470	200	1,500	-
In the third year	1,920	550	1,500	-
In the fourth year	1,885	-	1,500	-
In the fifth year	6,500	-	6,500	-
	67,893	50,086	16,208	3,543
Less: Amount due for settlement within 12 months (shown under current liabilities)	(55,118)	(49,336)	(5,208)	(3,543)
Amount due for settlement after 12 months	12,775	750	11,000	-

1) Trade finance

The Group has banking facilities relating to bills discounted with recourse, trade bills payable, revolving credits, export trade loan and bank overdrafts of $88,409,000 (2013 : $92,330,000), of which $52,998,000 (2013 : $47,125,000) have been utilised as at December 31, 2014. These banking facilities are secured by a corporate guarantee from the Company. These banking facilities bear interest rates from 1.6% to 5.8% (2013 : 1.7% to 5.8%) per annum.

2) Term loans

The term loans comprise:

i) an amount of $2,186,000 denominated in HK$12,000,000 extended to a subsidiary of the Company on October 30, 2009. The loan bears interest at 1.75% per annum over Hong Kong Inter-bank Offered Rate ("HIBOR") and is repayable in 60 monthly instalments commencing in November 2009. The loan was fully repaid as at December 31, 2014 (2013 : had an outstanding balance of $338,000 denominated as HK$2,083,000). In 2013, the average effective interest rate for the loan was approximately 2.0% per annum.

18 BORROWINGS (cont'd)

2) Term loans (cont'd)

ii) an amount of $1,000,000 extended to a subsidiary of the Company in August 2013 and November 2013 in 2 equal tranches. The loan bears interest at 2% per annum above United Overseas Bank ("UOB") swap rate and is repayable in 12 equal quarterly instalments of $50,000 until August 2016, with the remaining balance to be repaid in a lump-sum repayment in September 2016. The average effective interest rate for the loan is approximately 2.4% (2013 : 2.4%) per annum. As at December 31, 2014, the outstanding balance of the loan was $750,000 (2013 : $950,000).

iii) an amount of $1,680,000 denominated in Singapore dollars was extended to a subsidiary of the Company in November 2014, secured by a freehold property. The loan bears interest at 1.9% per annum above the bank's cost of funds and is repayable in 48 equal monthly instalments of $35,000 until October 2018. As at December 31, 2014, the outstanding balance of the loan was $1,645,000.

iv) an amount of $12,500,000 denominated in Singapore dollars was drawn down by the Company in October 2014 for the acquisition of the shipyard located at 15D Pandan Road and certain related marine logistics equipment. The loan, secured by the shipyard leasehold property, bears interest at 2.35% per annum above UOB swap rate and is repayable in 19 equal quarterly instalments of $375,000 until June 2019, with the remaining balance to be repaid through lump-sum repayment in September 2019. As at December 31, 2014, the outstanding balance of the loan was $12,500,000.

3) Vessel loans

i) A loan of approximately $16,994,000 denominated as US$11,732,000 was extended to a subsidiary of the Company to purchase 2 tug boats and 6 barges in 2008 and 2009. The loan bears interest at 1.85% per annum over US$ SIBOR and is repayable over 5 years commencing in May 2009. The vessel loan was secured by first priority mortgage over the vessels and a corporate guarantee from the Company. As at December 31, 2014, the vessel loan was fully settled (2013 : carries an outstanding balance of $1,448,000 denominated as US$1,144,000). The average effective interest rate for the loan in 2013 was approximately 2.1% per annum

ii) A loan of approximately $1,520,000 extended to a subsidiary of the Company to purchase a barge in 2010. The loan bears fixed interest rate at 5.0% per annum and is repayable in 48 equal monthly instalments commencing in January 2011. The vessel loan was secured by first priority mortgage over the vessel and a corporate guarantee from the Company. As at December 31, 2014, the vessel loan was fully settled (2013 : carried an outstanding balance of $225,000). The average effective interest rate for the loan in 2013 was approximately 5.0% per annum.

19 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
GROUP				
Amounts payable under finance leases:				
Within one year	445	131	403	117
In the second to fifth years inclusive	1,333	493	1,202	436
Less: Future finance charges	(173)	(71)	-	-
Present value of lease obligations	1,605	553	1,605	553
Less: Amount due for settlement within 12 months (shown under current liabilities)			(403)	(117)
Amount due for settlement after 12 months			1,202	436

19 FINANCE LEASES (cont'd)

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
COMPANY				
Amounts payable under finance leases:				
Within one year	22	22	20	20
In the second to fifth years inclusive	66	90	58	79
Less: Future finance charges	(10)	(13)	-	-
Present value of lease obligations	78	99	78	99
Less: Amount due for settlement within 12 months (shown under current liabilities)			(20)	(20)
Amount due for settlement after 12 months			58	79

The Group and the Company acquired certain of its plant and equipment under finance leases in accordance with its policy. The leases bear an average interest rate of 2.2% per annum (2013 : 2.6% per annum) and are repayable over an average lease term of 4 years (2013 : 5 years). Interest rates are fixed at the contract dates, and thus expose the Group and the Company to fair value interest rate risk. All leases are on a fixed repayment basis with no arrangements entered into for contingent rental payments.

As at the end of the reporting period, the Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets, recorded within property, plant and equipment (Note 13), with net carrying values of $2,336,000 and $163,000 (2013 : $1,090,000 and $202,000) respectively.

The fair value of the Group's and the Company's lease obligations approximate their carrying amounts and were denominated in the functional currency of the respective entities.

20 TRADE PAYABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Outside parties	54,206	30,662	220	-

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

21 OTHER PAYABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Subsidiaries (Notes 5 and 12)	-	-	33,081	20,995
Accrued expenses	4,641	4,581	1,237	691
Customer deposits	886	1,337	-	-
Contingent consideration payable (Note 25)	950	-	-	-
Other payables	2,132	873	283	5
	8,609	6,791	34,601	21,691

22 SHARE CAPITAL

	GROUP AND COMPANY		GROUP AND COMPANY	
	2014	2013	2014	2013
	'000	'000	$'000	$'000
	Number of ordinary shares			
Issued and paid up:				
At January 1 and at December 31	510,094	510,094	121,450	121,450

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

23 TREASURY SHARES

	GROUP AND COMPANY		GROUP AND COMPANY	
	2014	2013	2014	2013
	'000	'000	$'000	$'000
	Number of ordinary shares			
At January 1 and at December 31	24,001	24,001	5,894	5,894

24 ACQUISITION OF A SUBSIDIARY

On August 21, 2014, the Group acquired 100% of the issued share capital of Glenn Marine Logistics Base Pte Ltd ("GMLB"), renamed AZ Marine Offshore Services Pte Ltd ("AMOS"). This transaction has been accounted for as an asset acquisition.

AMOS is an entity incorporated in the Republic of Singapore with its principal activity registered as a provider of ship repair and maritime logistics services. Through the acquisition of 100% of the shares of the AMOS, the Group acquired the leasehold interest of a shipyard located at 15D Pandan Road Singapore 609266, with an open yard and jetty, which will allow the marine business segment to expand into ship repair and maintenance as well as to provide offshore services. The acquisition is in line with the overall strategy of the Group to strengthen its core marine logistics capability.

Total consideration transferred at acquisition date comprise of cash consideration of $11,314,000.

Fair value of assets acquired and liabilities assumed at the date of acquisition:

	2014
	$'000
Current assets	
Trade receivables	8
Other receivables and prepayments	205
Non-current assets	
Property, plant and equipment	11,155
Current liabilities	
Other payables	(54)
Net assets acquired and liabilities assumed	11,314

The receivables acquired carries a fair value of $213,000 had gross contractual amounts of $213,000. At acquisition date, all contractual cash flows were expected to be collected.

25 ACQUISITION OF A BUSINESS

On November 18, 2014, the Group completed the acquisition of Kay Lee Roast Meat Joint for a total cash consideration of approximately $4 million. The consideration transferred at acquisition date comprises the following:

	2014
	$'000
Cash paid	3,141
Contingent consideration (Note A)	950
Consideration transferred at acquisition	4,091

Note A : Contingent consideration includes:

- The consideration of $475,000 that is conditional on the seller's imparting the culinary know-how and techniques, including but not limited to coaching and carrying the ordinary conduct of the business for a period of 3 months, and

- An additional $475,000 consideration to pay the seller for a further period of 3 months for further supervision and coaching after the imparting the know-how and skills.

The transaction has been accounted for by the acquisition method of accounting.

Kay Lee Roast Meat Joint is a registered business of retail of roast duck, roast meat, barbeque pork and other cooked food, under sole proprietorship. The acquisition is in line with the overall strategy of the Group to expand the range of activities in its food business, owning a recognisable brand that will propel further growth and opportunity in the retail and food services space.

Fair value of assets acquired and liabilities assumed at the date of acquisition:

	2014
	$'000
Non-current assets	
Property, plant and equipment	2,158
Intangible asset, known collectively as a Brand (Note 17)	1,933
Net assets acquired and liabilities assumed	4,091

The acquired business had generated $0.3 million in revenue and contributed $0.1 million to the net profit for the period ended December 31, 2014. Had the business combination during the year been effected at January 1, 2014, the revenue for the Group would have been $331.8 million, and the profit for the year would have been $7 million.

The management of the Group considers these 'pro forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro forma' revenue and profit of the Group had the business been acquired at the beginning of the current reporting period, the management has taken into account the expansion program planned.

26 REVENUE

	GROUP	
	2014	2013
	$'000	$'000
Sales of electronic products	196,777	164,151
Supply of construction materials	123,490	71,445
Ship repair and marine logistic services	4,177	2,950
Sales of food products and restaurant sales	4,969	2,600
	329,413	241,146

27 OTHER OPERATING INCOME

	GROUP	
	2014	2013
	$'000	$'000
Rental income	-	159
Interest income	213	292
Fair value gains on derivative financial instruments	351	979
Fair value gains on held for trading investments	29	-
Gain on disposal of held for trading investments	-	1
Gain on disposal of available-for-sale financial assets	-	74
Gain on disposal of property, plant and equipment	-	94
Scrap sales	138	135
Write back on impairment on insurance recoverable	29	-
Marine logistics handling and service income	620	-
Others	486	437
	1,866	2,171

28 FINANCE COSTS

	GROUP	
	2014	2013
	$'000	$'000
Bank charges	621	382
Interest expense for:		
Bills payable and short-term trade loans	946	599
Finance leases	31	4
Vessel loans	12	96
Revolving loans, term loans and bank loans	291	189
	1,901	1,270

29 INCOME TAX

	GROUP	
	2014	2013
	$'000	$'000
Current tax		
- incurred in foreign jurisdictions	1,258	1,050
- under provision in prior years	156	60
Deferred tax		
- credit relating to the origination or reversal of temporary differences	-	(11)
- under/(over) provision in prior years	14	(63)
Income tax expense for the year	1,428	1,036

29 INCOME TAX (cont'd)

Domestic income tax is calculated at 17% (2013 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	GROUP	
	2014	2013
	$'000	$'000
Profit before income tax	7,204	7,506
Income tax expense of statutory rate	1,225	1,276
Effects of different tax rates of overseas subsidiaries	(227)	14
Income exempt from taxation	(61)	(139)
Effects of tax concession	(120)	(67)
Losses from operations not subject to tax exemption	309	297
Non-allowable items	338	561
Deferred tax benefit arising in current year not recognised	336	135
Utilisation of deferred tax benefits previously not recognised	(544)	(1,039)
Underprovision of current tax in prior years	156	60
Under (over) provision of deferred tax in prior years	14	(63)
Others	2	1
Total income tax expense	1,428	1,036

30 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	GROUP	
	2014	2013
	$'000	$'000
Depreciation and amortisation:		
Depreciation of property, plant and equipment	6,939	4,980
Amortisation of intangible assets	2,330	2,458
Impairment of vessels	-	450
Total depreciation, amortisation and impairment costs	9,269	7,888
Directors' remuneration:		
of the Company	1,700	1,705
of subsidiaries	287	295
Directors' fees:		
Directors of the Company	315	315
	2,302	2,315
Employee benefits expense (including Directors' remuneration):		
Staff costs (including Directors' remuneration)	13,852	12,014
Defined contributions plans	1,129	877
Total employee benefits expense	14,981	12,891
Net foreign exchange loss	269	1,188
Gain on disposal of held for trading investments	-	(1)
Loss (gain) on disposal of available-for-sale financial assets	2	(74)
Fair value gain on derivative instruments	(351)	(979)

30 PROFIT FOR THE YEAR (cont'd)

Profit for the year has been arrived at after charging (crediting):

	GROUP	
	2014	2013
	$'000	$'000
Loss (gain) on disposal of property, plant and equipment	34	(94)
Fair value (gain) loss on held for trading investments	(29)	125
Cost of inventories recognised as an expense	268,884	189,415
Audit fees paid to auditors:		
Auditors of the Company	278	254
Other auditors	150	141
Non-audit fees paid to auditors:		
Auditors of the Company	100	98

31 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	2014	2013
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	486,093	486,093
Weighted average number of ordinary shares for the purposes of diluted earnings per share	486,093	486,093
Earnings		
Profit attributable to owners of the Company ($'000)	5,776	6,470
Basic earnings per share (cents)	1.19	1.33
Fully diluted earnings per share (cents)	1.19	1.33

32 DIVIDEND

On May 20, 2014, tax exempt one-tier first and final dividend of 0.75 cents per share amounting to $3,646,000 was paid in respect of the financial year ended December 31, 2013.

On November 18, 2014, a tax exempt one-tier interim dividend of 0.25 cents per share amounting to $1,215,000 was paid.

In respect to the financial year ended December 31, 2014, the directors proposed a tax exempt one-tier final dividend of 0.50 cents per share amounting to $2,431,000. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been accrued as a liability in these financial statements.

33 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Operating lease commitments

The Group as lessee

	GROUP	
	2014	2013
	$'000	$'000
Minimum lease payments under operating leases included in the profit or loss	2,616	1,807

At the end of the reporting period, the commitments in respect of non-cancellable operating leases for office and factory were as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	2,771	1,579	512	878
In the second to fifth years inclusive	6,221	1,994	1,541	125
Total	8,992	3,573	2,053	1,003

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

The Group as lessor

The Group and the Company sublet its leased property in Singapore under operating leases, generating property rental income of $159,000 in 2013. As at December 31, 2013, all sub-leasing arrangements have ceased and there are no outstanding lease income contracts.

(b) Contingent liabilities

Arbitration proceeding with a ship owner

In 2011, a subsidiary of the Group entered into a contract of affreightment (the "contract") with a disponent ship owner (the "ship owner"). The contract was terminated on February 17, 2012 and on March 9, 2012, the subsidiary filed a notice of arbitration to claim for, *inter alia,* despatch monies and/or damages amounting to US$447,011 (equivalent to $545,353) and further for damages for the breach of contract.

On August 21, 2012, the ship owner filed a statement of defense and counterclaim for damages for alleged for wrongful termination of contract which the ship owner quantified at US$718,032 (equivalent to $875,099), alleged net demurrage costs of US$473,902 (equivalent to $578,160) and alleged repair costs in the sum of US$37,919 (equivalent to $46,261).

33 CONTINGENT LIABILITIES AND COMMITMENTS (cont'd)

(b) Contingent liabilities (cont'd)

Arbitration proceeding with a ship owner (cont'd)

In 2013, the subsidiary has amended its claim first to remove its further claim for breach of contract and then to clarify that it is pending to the commercial context of the contract. The ship owner reduced its claim of damages for wrongful termination to US$423,360 (equivalent to $535,720) and increased its claim for repair costs to US$54,469 (equivalent to $68,925). In its Interim Award, the Tribunal has awarded nominal damages of US$15,000 for the subsidiary's termination of contract. The Tribunal has deferred other issues for later determination and gave parties time to come to an agreement on calculation of demurrage and despatch. According to ship owner's calculations, the subsidiary has to pay them US$147,213. Arbitration proceedings are still ongoing. No provision has been recognised as the outcome of the arbitration proceedings is presently unknown and the ship owner's claims are disputed.

(c) Pursuant to a land use right agreement dated June 15, 2002, a subsidiary of the Company is committed to pay to the local authority in China the land management fee of approximately $20,000 (RMB 100,000) per annum with an increment rate of 10% every five years till September 30, 2052.

The subsidiary is committed to an additional $10,000 (RMB 50,000) per annum with an increment rate of 10% every five years until 2057, in accordance to an additional land use right agreement dated April 6, 2007.

(d) Other commitments

The Company has given undertakings to provide continuing financial support to certain of its subsidiaries with capital deficiencies amounting to $58,491,000 (2013 : $51,093,000) to enable them to continue as going concern and to meet their obligations for at least 12 months from the date of this report.

34 SEGMENT INFORMATION

(a) Reportable segments

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on the types of goods supplied and services provided.

Electronics – Design, develop, manufacture and market data communication, voice communication, multimedia and LED lighting products.

Materials Supply and Marine – Supply and procurement of construction building materials as well as the ownership, chartering, operation and management of sea going vessels, provision of marine transportation and ship repair services.

Food & Beverage – Food and beverage, retail and supply business.

Information regarding the Group's reportable segments is presented below. The measurement basis of the Group's reportable segments is in accordance with its accounting policy.

34 SEGMENT INFORMATION (cont'd)

(a) Reportable segments

	Electronics	Materials Supply & Marine	Food & Beverage, Retail & Supplies	Inter-segment elimination	Group
	$'000	$'000	$'000	$'000	$'000
2014					
Revenue	196,777	127,668	4,974	(6)	329,413
Cost of sales	(169,123)	(121,761)	(3,809)	6	(294,687)
Gross profit	27,654	5,907	1,165	-	34,726
Other operating income	2,075	1,289	100	(1,598)	1,866
Selling and distribution costs	(5,291)	(290)	(597)	-	(6,178)
Administrative expenses	(12,414)	(6,996)	(2,196)	297	(21,309)
Finance costs	(1,147)	(2,013)	(42)	1,301	(1,901)
Profit (Loss) before income tax	10,877	(2,103)	(1,570)	-	7,204
Income tax	(1,288)	(140)	-	-	(1,428)
Profit (loss) for the year	**9,589**	**(2,243)**	**(1,570)**	**-**	**5,776**
Segment assets	216,934	93,900	12,064	(102,985)	219,913
Segment liabilities	(146,321)	(121,579)	(13,617)	148,002	(133,515)
Other segment information					
Additions to non-current assets	6,769	17,358	305	-	24,436
Depreciation and amortisation expenses	4,590	4,327	353	-	9,270
Allowance for inventory obsolescence	-	-	22	-	22
Reversal of impairment of property, plant and equipment	-	(160)	-	-	(160)

34 SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

During the financial year, the Group has consolidated the composition of its reportable segments – Material Supply and Marine Logistics in line with the resource allocation and assessment of the segment performance to enable management to better focus on the operating business units in line with the industry that they operate within. Accordingly, the Group has represented the corresponding information for the prior year.

	Electronics	Materials Supply& Marine	Food& Beverage, Retail& Supplies	Inter-segment elimination	Group
	$'000	$'000	$'000	$'000	$'000
2013					
Revenue	164,170	74,395	2,614	(33)	241,146
Cost of sales	(138,914)	(68,348)	(2,140)	19	(209,383)
Gross profit	25,256	6,047	474	(14)	31,763
Other operating income	2,536	1,200	6	(1,571)	2,171
Selling and distribution costs	(4,786)	(1,177)	(280)	-	(6,243)
Administrative expenses	(14,096)	(3,925)	(1,222)	328	(18,915)
Finance costs	(882)	(1,615)	(30)	1,257	(1,270)
Profit (Loss) before income tax	8,028	530	(1,052)	-	7,506
Income tax	(1,099)	63	-	-	(1,036)
Profit (loss) for the year	**6,929**	**593**	**(1,052)**	**-**	**6,470**
Segment assets	131,226	131,950	8,346	(97,950)	173,572
Segment liabilities	(73,796)	(168,690)	(8,966)	162,528	(88,924)
Other segment information					
Additions to non-current assets	5,402	2,137	1,397	-	8,936
Depreciation and amortisation expenses	4,733	2,583	122	-	7,438
Allowance for inventory obsolescence	382	-	4	-	386
Reversal of impairment of property, plant and equipment	-	450	-	-	450

Revenues from major products and services

The Group's revenues from its major products and services were as follows:

	GROUP 2014	2013
	$'000	$'000
ODM/OEM Sales	35,336	58,707
Contract manufacturing	125,447	69,517
Retail distribution	35,994	35,927
Supply and procurement of construction building materials	123,490	71,445
Chartering and other logistics services	4,177	2,950
Food distribution	4,969	2,600
	329,413	241,146

34 SEGMENT INFORMATION (cont'd)

(b) Geographical information

The Group operates in two principal geographical areas – Singapore and China.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred tax assets) by geographical location are detailed below:

	Revenue		Non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore	173,621	112,908	65,097	49,422
China	153,519	125,302	11,745	8,976
Others	2,273	2,936	50	15
Total	329,413	241,146	76,892	58,413

(c) Information about major customers

The Group's customer base includes 3 (2013 : 3) customers with whom transactions have exceeded 10% of the Group's revenues. In 2014, revenues generated from these customers amounted to approximately $215.3 million (2013 : $125.25 million). Details of concentration of credit risk arising from these customers are set out in Note 4.

35 EVENT AFTER REPORTING PERIOD

On March 20, 2015, the Company obtained an in-principle approval for the following share restructuring exercise:

1. Proposed Share Consolidation of every ten existing issued ordinary shares in the capital of the Company held by shareholders of the Company into one ordinary share in compliance with minimum trading price of $0.20 for Mainboard-listed issuers as a continuing listing requirement; and

2. Proposed capital reduction to reduce the issued and fully paid share capital of the Company from $121,450,105 to $77,929,440 by the cancellation of the share capital of the Company that is unrepresented by available assets.

Upon the approval of the shareholders at the AGM, the calculation of the basic and diluted earnings per share attributable to the shareholder of the Company which is set out in note 31 will be updated as follows:

	2014	2013
	$'000	$'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	48,609	48,609
Earnings		
Profit attributable to owners of the Company ($'000)	5,776	6,470
Basic and diluted earnings per share (cents)	11.88	13.31

35 **EVENT AFTER REPORTING PERIOD (cont'd)**

The Proposed capital reduction will reduce the share capital of the Company by $43,520,665 to write off the Accumulated Losses.

	As at 31 December 2014	
Share capital	**No. of Shares**	**S$**
Before the Proposed capital reduction	486,092,846	121,450,105
After the Proposed capital reduction	486,092,846	77,929,440

The Proposed capital reduction will not have any impact on the net tangible asset, earnings per share and gearing of the Company and the Group.

Analysis of Shareholdings as at 10 March 2015

NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARES):	486,092,846
NUMBER/PERCENTAGE OF TREASURY SHARES:	24,001,000 (4.94%)
CLASS OF SHARES:	ORDINARY SHARES
VOTING RIGHTS (EXCLUDING TREASURY SHARES):	ONE VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	142	1.36	1,386	0.00
100 - 1,000	1,805	17.31	1,800,949	0.37
1,001 - 10,000	4,835	46.38	25,601,024	5.27
10,001 – 1,000,000	3,614	34.66	194,242,431	39.96
1,000,001 & ABOVE	30	0.29	264,447,056	54.40
TOTAL	10,426	100.00	486,092,846	100.00

TOP TWENTY SHAREHOLDERS AS AT 10 MARCH 2015	NO. OF SHARES	%
MUN HONG YEW	116,365,663	23.94
DBS NOMINEES PTE LTD	22,996,278	4.73
NG SOK CHENG	14,510,168	2.99
UNITED OVERSEAS BANK NOMINEES PTE LTD	14,246,000	2.93
RAFFLES NOMINEES (PTE) LTD	8,790,800	1.81
NEO AIK SOO	8,191,100	1.69
OCBC NOMINEES SINGAPORE PTE LTD	7,909,200	1.63
DBS VICKERS SECURITIES (S) PTE LTD	7,802,000	1.61
HSBC (SINGAPORE) NOMINEES PTE LTD	7,159,416	1.47
OCBC SECURITIES PRIVATE LTD	7,084,348	1.46
TAY KONG HO	5,000,000	1.03
FOO FONG G	4,688,000	0.96
CITIBANK NOMINEES SINGAPORE PTE LTD	4,519,800	0.93
NG AH KAU @ NG KIM POH	4,403,039	0.91
CHIA HEOK MIIN	3,826,000	0.79
AVS TECHNOLOGIES PTE LTD	3,636,000	0.75
UOB KAY HIAN PTE LTD	3,192,600	0.66
LIM GUAN TECK	2,402,000	0.49
PHILLIP SECURITIES PTE LTD	2,085,612	0.43
BRAHMANA KARTA SAKRI OR SUDRIANI SAKRI	2,050,000	0.42
	250,858,024	51.61

SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES	
	DIRECT INTEREST	DEEMED INTEREST
MUN HONG YEW*	116,365,663	3,636,000

* Note:
Mun Hong Yew is deemed to have an interest in 3,636,000 shares held by AVS Tehnologies Pte Ltd, where he is a Director and Shareholder.

Rule 723
As at 10 March 2015, approximately 73.78% of the shareholding was held in the hands of the public. As such, Rule 723 is complied with.

AZTECH GROUP LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 198601642R

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of AZTECH GROUP LTD will be held at 10 Eunos Road 8, Level 5, Theatrette, Singapore Post Centre, Singapore 408600 on Friday, April 24, 2015 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Accounts for the financial year ended December 31, 2014 together with the Directors' Report and Auditors' Report thereon.
[Resolution 1]

2. To declare a final one-tier tax exempt dividend of S$0.0050 per share for the financial year ended December 31, 2014.
[Resolution 2]

3. To approve Directors' fees of S$328,100 for the financial year ending December 31, 2015. (2014: S$315,000) **[Resolution 3]**

4. To re-elect Mr Khoo Ho Tong under Section 153 of the Companies Act as a Director. **[Resolution 4]**

5. To re-elect Mr Tan Teik Seng under Section 117 of the Articles of Association as a Director. **[Resolution 5]**

   To note that Mr Colin Ng Teck Sim will be retiring at this Annual General Meeting but will not be offering himself for re-election.

6. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.
[Resolution 6]

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

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

8. That authority be and is hereby given to the Directors to:

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

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

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

   provided that:

   (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent of the total number of issued Shares excluding treasury Shares (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 per cent of the total number of issued Shares excluding treasury Shares (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares excluding treasury Shares at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or 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 Articles of Association for the time being of the Company; and

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

[Resolution 7]

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 6 May 2015, for the preparation of final dividend warrants. The final one-tier tax exempt dividend of S$0.0050 per share for the financial year ended 31 December 2014 will be paid on 20 May 2015.

Duly completed transfers received by the Company's Share Registrar, B.A.C.S Pte Ltd of 63 Cantonment Road, Singapore 089758, up to close of business at 5 p.m. on 5 May 2015 will be registered to determine shareholders' entitlement to the said dividend. Members whose securities accounts with the Central Depository (Pte) Limited are credited with shares at 5 p.m. on 5 May 2015 will be entitled to the said dividend.

By Order of the Board

Ms Pavani Nagarajah
Company Secretary
April 2, 2015
Singapore

Notes:

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Company's registered office at 31 Ubi Road 1, #09-01, Singapore 408694 at least 48 hours before the time of the Meeting.

(ii) Resolution 3 is to facilitate payment of Directors' fees during the financial year in which the fees are incurred.

- Should any of the Directors hold office for only part of financial year ending December 31, 2015 ("FY2015") and not the whole of FY2015, the Director's fee payable to him will be appropriately pro-rated.

- The Directors' fees for Mr Philip Tan Tee Yong, Mr Khoo Ho Tong, Mr Mun Hong Yew, Mr Martin Chia Heok Miin and Mr Jeremy Mun Weng Hung will be paid in 4 equal installments on a quarterly basis, within 30 days of the end of each quarter. The aggregate amount of Director's fees for the said Directors is calculated on the assumption that these Directors will hold office for the whole of FY2015.

- The Director's fees for Mr Colin Ng Teck Sim (who will be retiring at this Annual General Meeting but will not be offering himself for re-election) has been calculated on pro-rated basis.

- The Director's fees for Mr Tan Teik Seng (who is appointed on 19 January 2015) has been calculated on pro-rated basis on the assumption that Mr Tan Teik Seng will hold office for the whole of FY2015. Director's fees will be paid on a quarterly basis, within 30 days of the end of each quarter.

(iii) If re-elected under Resolution 4, Mr Khoo Ho Tong will remain, the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered an independent director of the Company.

(iv) If re-elected under Resolution 5, Mr Tan Teik Seng will remain a member of Audit, Remuneration and Nominating Committees and will be considered an independent director of the Company.

(v) Resolution 7 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50%, of which up to 20% may be issued other than on a *pro rata* basis to shareholders, of the issued shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time that Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision or shares.

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.

Aztech Group Ltd
PROXY FORM FOR ANNUAL GENERAL MEETING

No. of Shares held	

I/We ____

of ____

being a Member(s) of Aztech Group Ltd, hereby appoint Mr/Mrs/Ms

Name	Address	NRIC/PASSPORT NO.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy, to vote for me/us and on my/our behalf and, if necessary, to demand a poll, at the AGM of the Company, to be held at 10 Eunos Road 8, Level 5, Theatrette, Singapore Post Centre, Singapore 408600 on Friday, April 24, 2015, and at any adjournment thereof in the following manner:-

Resolution No.	Resolutions	FOR	AGAINST
1	To adopt the Audited Accounts, Director's Report and Auditors' Report		
2	To declare a final one-tier tax exempt dividend of S$0.0050 per share		
3	To approve the payment of Directors' Fees for FY 2015		
4	To re-elect Mr Khoo Ho Tong as a Director under Section 153 of the Companies Act		
5	To re-elect Mr Tan Teik Seng as a Director under Article 117		
6	To re-appoint Auditors and authorise Directors to fix their remuneration		
7	To authorise Directors to issue Shares and/or instruments		

If you wish to exercise all your votes For or Against, please tick with " √ ". Alternatively, please indicate the number of votes For or Against each resolution.

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall, as in the case of any other business raised at the meeting, vote as the proxy deems fit.

As witness my/our hand(s) this ______________ day of ________________ 2015.

____

Signature of Shareholder

OR

The Common Seal of the company was hereunto affixed in the presence of :-

________________________________ ________________________________

Director Director/Secretary

IMPORTANT:

This Annual Report is forwarded to CPF Investors at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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), 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 entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him.

3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 percent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies together with the letter or power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 31 Ubi Road 1, #09-01, Singapore 408694, not less than 48 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized 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 authorized.

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

8. Please indicate with a "√ " in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

9. 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.

10. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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.

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MANUFACTURING FACILITIES

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SUBSIDIARIES

ELECTRONICS

Aztech Technologies Pte Ltd
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Fax : (65) 6749 1198
www.aztech.com

LED LIGHTING

AZ e-lite Pte Ltd
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MATERIAL SUPPLY

Az United Pte Ltd
15D, Pandan Road, Singapore 609266
Tel : (65) 6594 2167
Fax : (65) 6741 9773
www.azunited.com

MARINE

Az Marine Pte Ltd
AZ Marine Offshore Services Pte Ltd
15D, Pandan Road, Singapore 609266
Tel : (65) 6594 2161
Fax : (65) 6749 1198
www.azmarine.com

F&B RETAIL & SUPPLIES

Shiro Corporation Pte Ltd
Coldroom, R&D
1 Senoko Avenue, #03-06/07
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Kay Lee Pte Ltd
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