Aztech ANNUAL REPORT 2015 Challenges and Opportunities

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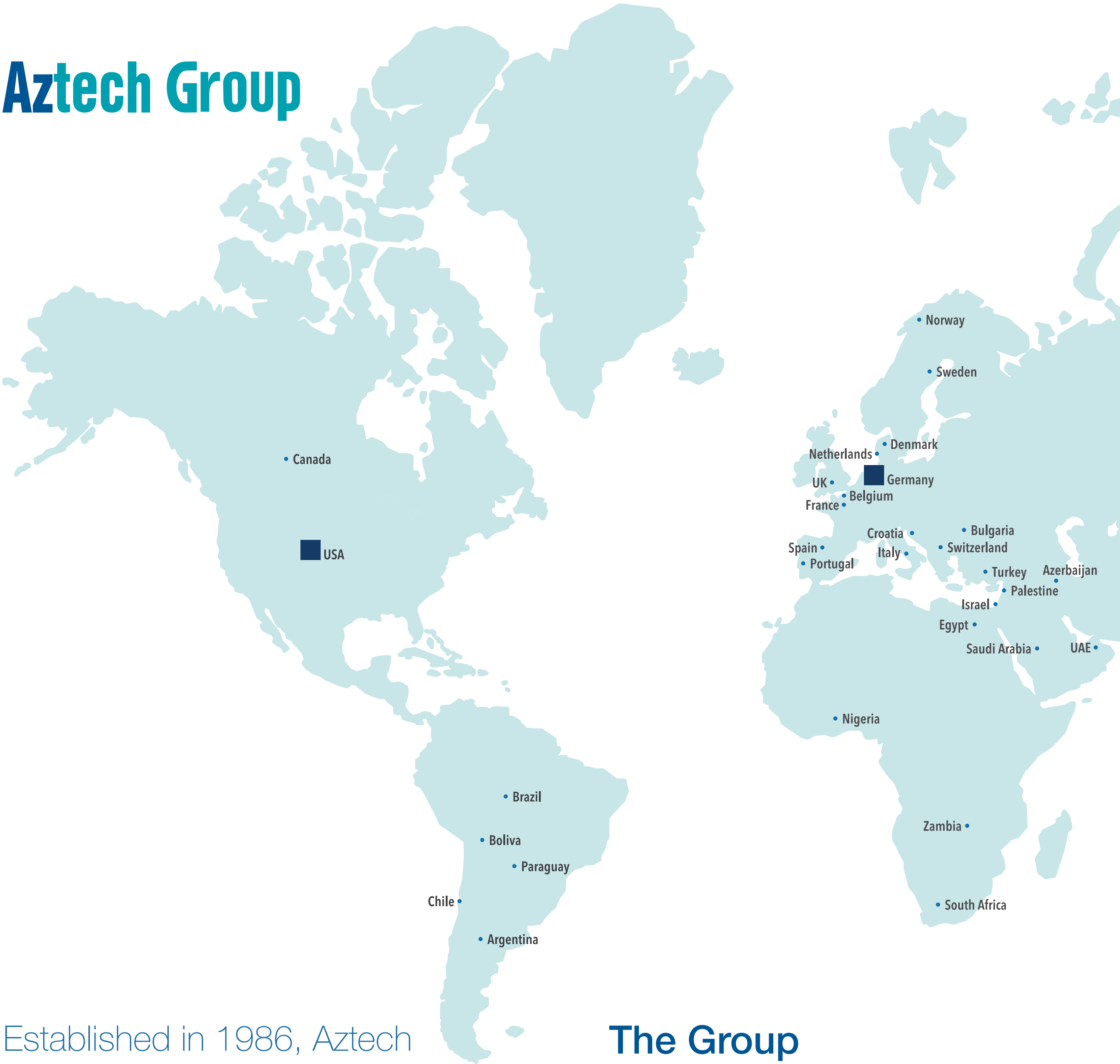
2015

Challenges and Opportunities

Aztech Group



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

The Group

- 7 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 vessels
- Customers from over 50 countries
- Over 2,000 employees worldwide

Our Business Strengths

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!

Designer and manufacturer of quality LED lighting for commercial and residential applications

Az Marine

Fast-growing offshore and marine logistics 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

Famous for its roast meat joint offering premium Zhujiang style roast duck, dark char siew and roast pork

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Corporate Information ■ Financial Calendar

CEO / CHAIRMAN

Michael Mun Hong Yew

DIRECTORS

Michael Mun Hong Yew

Jeremy Mun Weng Hung

Philip Tan Tee Yong

Khoo Ho Tong

Tan Teik Seng

LEAD INDEPENDENT DIRECTOR

Philip Tan Tee Yong

AUDIT COMMITTEE

Philip Tan Tee Yong (Chairman)

Khoo Ho Tong

Tan Teik Seng

NOMINATING COMMITTEE

Khoo Ho Tong (Chairman)

Michael Mun Hong Yew

Philip Tan Tee Yong

Tan Teik Seng

REMUNERATION COMMITTEE

Tan Teik Seng (Chairman)

Philip Tan Tee Yong

Khoo Ho Tong

COMPANY SECRETARY

Pavani Nagarajah

AUDITORS

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants

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

PARTNER-IN-CHARGE

Ang Poh Choo

Appointed October 1, 2015

REGISTRAR

B.A.C.S Pte Ltd

8 Robinson Road #03-00
ASO Building Singapore 048544

REGISTERED OFFICE

31 Ubi Road 1 #09-01
Singapore 408694

COMPANY REGISTRATION NO.

198601642R

Financial Calendar **FY 2015**

ANNOUNCEMENT OF RESULTS

1st Quarter	27 APR 2015
2nd Quarter	16 JUL 2015
3rd Quarter	23 OCT 2015
Full Year	26 FEB 2016
Annual Report and Accounts Issued On	4 APR 2016
FY 2015 Annual General Meeting	29 APR 2016

Highlights of the Year

JANUARY / FEBRUARY

- Malaysia IT Fair 2015 at Mid Valley Convention Centre, KL
- AZ Marine Offshore Services Pte Ltd achieved BS OHSAS 18001, ISO 9001 and ISO 14001 for the provision of fabrication, repair, maintenance and servicing works for marine industry
- Kay Lee opened outlet at Suntec City Mall, Singapore
- PC Expo 2015 at Mid Valley Convention Centre, KL
- Pikom PC Fair 2015 at Kuala Lumpur Convention Centre, KL

MARCH

- AZ Marine Offshore Services Pte Ltd achieved bizSAFE Level Star
- IT Show 2015 at Suntec City Convention Centre, Singapore
- Food and Beverage Fair 2015 at Singapore Expo Hall
- Career Expo 2015 at Science Park, Hong Kong
- All IT Digital Carnival 2015 at Ikano Power Centre, PJ
- MegaHome Electrical and Home Fair 2015 at SPICE Arena, Penang

APRIL

- Kay Lee opened outlet at Ubi Road, Singapore
- HomeDec 2015 at SPICE Arena, Penang

MAY / JUNE

- PC Show 2015, Singapore
- HomeDec 2015 at Kuala Lumpur Convention Centre, KL

JULY

- Hong Kong Science Park Innovation Showcase 2015
- Kay Lee opened outlet at Tanjong Katong, Singapore

AUGUST

- Aztech Warehouse Sale, Singapore

SEPTEMBER

- COMEX 2015, Singapore
- KHTDC Hong Kong International Lighting Fair, Hong Kong
- AZ e-lite AZEL MONO LED lamp won HOMESTYLE Winner award, Hong Kong

OCTOBER

- Aztech won the Runner Up of Most Transparent Company Award in the Technology Category from Singapore Investors Association of Singapore
- Kay Lee opened outlet at Singtel Comcentre, Singapore
- AZ e-lite AZEL MONO LED lamp won My Favourite Lighting Products Award (Decorative Household), Hong Kong

NOVEMBER

- SITEX Show 2015, Singapore
- Kay Lee's first franchise outlet at Bedok, Singapore
- Home Décor and Design Exhibition 2015, Malaysia

DECEMBER

- Christmas Warehouse Sale, Singapore
- Shiro Corporation introduced a range of Ready-to-Eat dishes brand under Jade Cuisine


Letter to Shareholders

> During the financial year under review, the Group reported revenue of $319 million which was comparable to that of FY 2014 of $330 million. The Group also managed to maintain its gross profit at 10.5% (FY 2014:10.7%) despite a challenging business environment.
>
> Michael Mun | Group CEO & Chairman

Dear Fellow Shareholders

Year In Review

FY 2015 saw the slowdown in the global economy caused by the continued decline in global crude oil prices over the year. This compounded volatility in the regional currencies against the US dollar and hike in interest rates created many challenges for businesses in general.

During the financial year under review, the Group reported revenue of $319 million which was comparable to that of FY 2014 of $330 million. The Group also managed to maintain its gross profit at 10.5% (FY 2014:10.7%) despite a challenging business environment.

With the slowdown in the overall global economy, especially in the oil& gas and marine sector, there was sizeable impact in the Group's performance in the form of asset impairment of vessels of $11.1 million. The Group also reviewed its inventory position and provided allowance of inventory obsolescence of $7.5 million. As a result, the Group reported a net loss of $18.5 million. Taking into consideration the overall market conditions, the Board of Directors was of the opinion that such actions were prudent and necessary.

The Group's financial position as at 31 December 2015 remained healthy with a positive net working capital position of $31.8 million (and total shareholder's equity of $63.2 million). As at 31 December 2015, the Group's current ratio and net debt to equity ratio (total borrowings net of cash on hand to shareholders' equity) were at healthy levels of 1.24 and 0.61 respectively.

Corporate Exercise

In 2015, the Company completed a ten-for-one share consolidation exercise in compliance with the minimum trading price requirement. The Company also carried out a capital reduction exercise to write off the accumulated losses with a view of restructuring the finances of the Company and rationalising the balance sheet of the Company.

Challenges and Opportunities

Despite the challenges, the Group made some noteworthy achievement in the year. The Group's LED lighting business grew significantly with annual output of units increasing from 7 million units in FY 2014 to 22 million units in FY 2015. The infrastructure resources in the factory as well as manpower and quality systems were upgraded to handle the increase in this business activity of the Group. Going forward, the Group sees opportunity of growth in this sector.

The Group also saw increase in activity in its Home Products with the launch of new products together with increase in new outlets for its kay lee roast meat under its F&B segment.

FY 2015 was a low activity year for the Group's materials supply business as many of the projects were either delayed or not awarded, resulting in the underutilization of most vessels. In view of that, the Board of Directors is of the view that moving forward, it was best where possible to dispose the vessels and remain asset-lite. The Group is able to still continue carrying out its marine logistics business by chartering third party vessels as there is abundance of vessels in the market. Furthermore, by disposing the Group's vessels, the Group will be able to exercise better control over its operational costs as the Group will not have to bear the cost of maintaining these vessels during lull periods (cost such as berthing, fuel, crew, insurance, etc.).

The Group has in the last few years set up 3 clear and distinct segments-Electronics, Marine and Materials Supply & F&B-with each segment having its own infrastructure, resources and business model. The Group will continue to enhance and execute the respective segment's niche business to create long-term value to all our stakeholders.

Aztech marks its 30th anniversary this year. We have transformed ourselves from a company dealing with computers and computer peripherals in 1986 to a multi-business segment group of companies, almost like a mini conglomerate. The road over the years has not been easy but we have always been determined to overcome the challenges and march forward. With the 30th anniversary marking a special milestone for us, we are determined to reinforce our values and grow our business to get better in the years to come.

Acknowledgement

The Board of Directors, management and employees continue to give their commitment and dedication to overcome the various challenges posed by the global markets. Amid these challenges, the Group remains cautiously optimistic about the prospects of each business segment in the years ahead.

To my fellow directors, management, and staff, I would like to express my deepest appreciation for your efforts throughout the year. I would also like to extend my gratitude to our retired Directors, Independent Director Mr Colin Ng and Executive Director Mr Martin Chia for their service to the Board and the Group. To our valued customers, suppliers and business partners, I would like to say a word of thanks for your confidence and continuous support to the Group. Most of all, we would like to thank you, our Shareholders, for your relentless support. It is our mission to enhance shareholders' value in the years ahead.

Michael Mun
Group CEO & Chairman

Board of Directors

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

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

Jeremy Mun Weng Hung
Executive Director
Senior Vice President

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

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 Materials Supply, Marine and F&B retail and supplies businesses.

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 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 Philip 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 NC and
Member of AC and RC

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

Tan Teik Seng

Independent Director

Chairman of RC and
Member of AC and NC

Mr Tan Teik Seng 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.

Senior Management

Michael Lee Thiam Seong

Senior Vice-President, Strategic Alliance
Interim Chief Financial Officer

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

Jason Saw Chwee Meng

Senior Vice-President, Research and Development

Mr Saw joined Aztech in 2005. He is responsible for 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.

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.

Daniel Oh

Vice-President, Sales of Datacom Products and Contract Manufacturing

Mr Oh joined Aztech in 1996. He is responsible for business development and sales of Datacom products and Contract Manufacturing Services. He holds a Diploma in Electrical Engineering from Singapore Polytechnic.

Funny Chan

Vice-President, Materials and Factory 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.

Jeff Lau

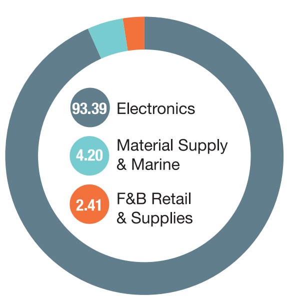
Vice-President, Led Lighting Sales

Mr. Lau joined Aztech in 2004. He is in charge of HK & China sales team and responsible for major accounts in LED lighting division. He has over 15 years of sales experiences and holds a Bachelor degree in Physics from Hong Kong University of Science and Technology.

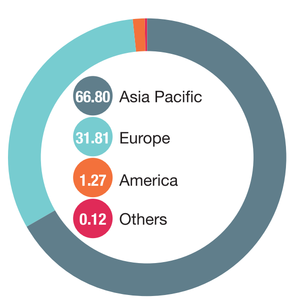
Financials at a Glance

	2015 S$'000	2014 S$'000	2013 S$'000	2012 S$'000	2011 S$'000
Results					
Revenue	**318,895**	329,868	241,146	223,605	235,438
EBITDA	**(5,016)**	17,753	15,832	9,802	4,374
Net profit (loss) for the year	**(19,971)**	5,776	6,470	230	(24,974)
Net cash (outflow) inflow	**4,770**	(5,512)	1,185	(15,125)	9,953
Assets & Liabilities					
Net current assets	**31,787**	23,830	27,754	22,798	27,419
Total assets	**201,670**	219,913	173,572	147,437	171,024
Total liabilities	**138,421**	133,515	88,924	70,348	90,893
Total borrowings	**64,553**	69,498	50,639	35,437	56,095
Shareholders' equity	**63,249**	86,398	84,648	77,089	80,131
Per Share Basis (in cents)					
Earnings (Loss) - basic	**(41.08)**	11.88	13.31	0.47	(51.38)
Gross dividend	**n.a.**	7.50	7.50	n.a.	n.a.
Net asset value	**130.12**	177.74	174.14	158.59	164.85
Ratios					
Net profit margin	**n.a.**	1.8%	2.7%	0.1%	n.a.
Current ratio	**1.23**	1.20	1.32	1.33	1.33
Dividend payout ratio	**n.a.**	63.1%	56.4%	n.a.	n.a.
Dividend cover	**n.a.**	1.58	1.77	n.a.	n.a.
Net gearing ratio	**61.1%**	56.7%	29.5%	15.0%	20.2%
Return on assets	**n.a.**	2.6%	3.7%	0.16%	n.a.
Return on equity	**n.a.**	6.7%	7.6%	0.30%	n.a.

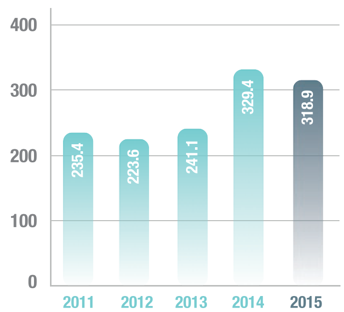
2015 Turnover by Business Segment (%)



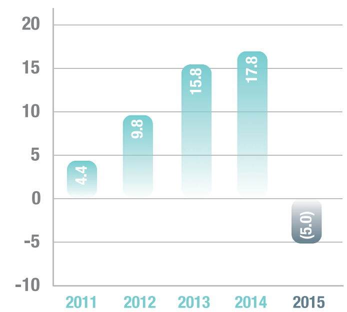
2015 Turnover by Geographical Region (%)



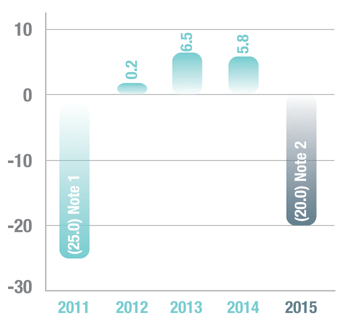
Group Turnover (S$m)



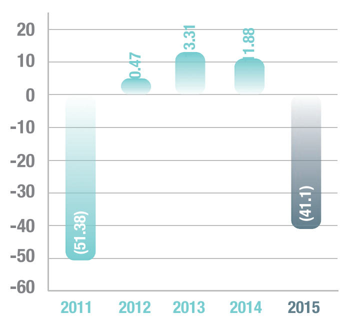
EBITDA (S$m)



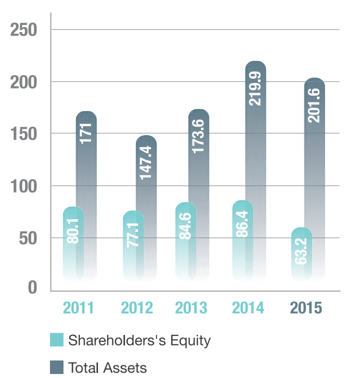
Net Profit (Loss) (S$m)



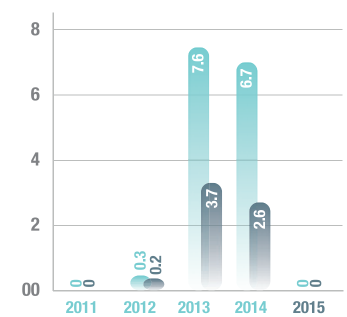
Earnings (Loss) Per Share (cents)



Shareholders' Equity & Total Assets (S$m)



Return on Equity & Return on Assets (%)



Note 1 *Nett profit (loss) for 2011 includes*
- impairment charge on vessels of S$19.4m

Note 2 *Nett profit (loss) for 2015 includes*
- Impairment of vessels S$11.1m
- Allowance for inventory obsolescence S$7.5m
- Fair value loss on derivative instruments S$1.7m

Operations Review

Electronics - Aztech Innovate to Connect

As the core business of Aztech, electronic products are continuously being developed and innovated with support from electronics manufacturing and a plastic injection moulding plant in China, sales and marketing offices in seven countries, and four R&D centres. This allows Aztech to push design and manufacturing boundaries with the aim to roll out electronic and communication equipment of the highest quality and value.



In FY 2015, the Electronics sector continued to be the main contributor to the Group's revenue with S$297.8 million (representing 93.4% of Group's revenue). Grounded with strong operating fundamentals, the Electronics sector was able to mitigate the impact of the competitive landscape and remained profitable.

OEM

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

Contract Manufacturing

A key part of our electronics businesses is in contract manufacturing for electronics PCBA assembly, plastic tooling, plastic injection and complete box built products. Helming our manufacturing operations is our vertical-integrated factory in China which is capable of handling high volume and high production mix.

In FY 2015, we undertook several initiatives to achieve economies of scale for our contract manufacturing business and broaden our revenue stream. Leveraging on our expertise with an established customer base, we have successfully secured several innovation technologies projects in Europe and USA. Our ultimate strategic goal is to expand our market share through transforming ourselves into a one-stop solution provider.

Aztech Brand Products and Networking

Aztech managed a wide retail distribution network under its own brand, delivering innovative and integrated networking products to enhance connectivity, such as HomePlugs, Routers, Repeaters, Wifi Adapters and IP Cameras, to more than 10 countries including Singapore, Malaysia, Hong Kong, Thailand, Vietnam, Indonesia, Philippines, Myanmar, Turkey, UAE and Saudi Arabia.

Aztech HOME APPLIANCES

Aztech has also established its own brand, Aztech HOME, distributing consumer electronic and home appliance products. Aztech HOME aims to simplify daily living through innovation and new technologies without compromising user experience and quality.

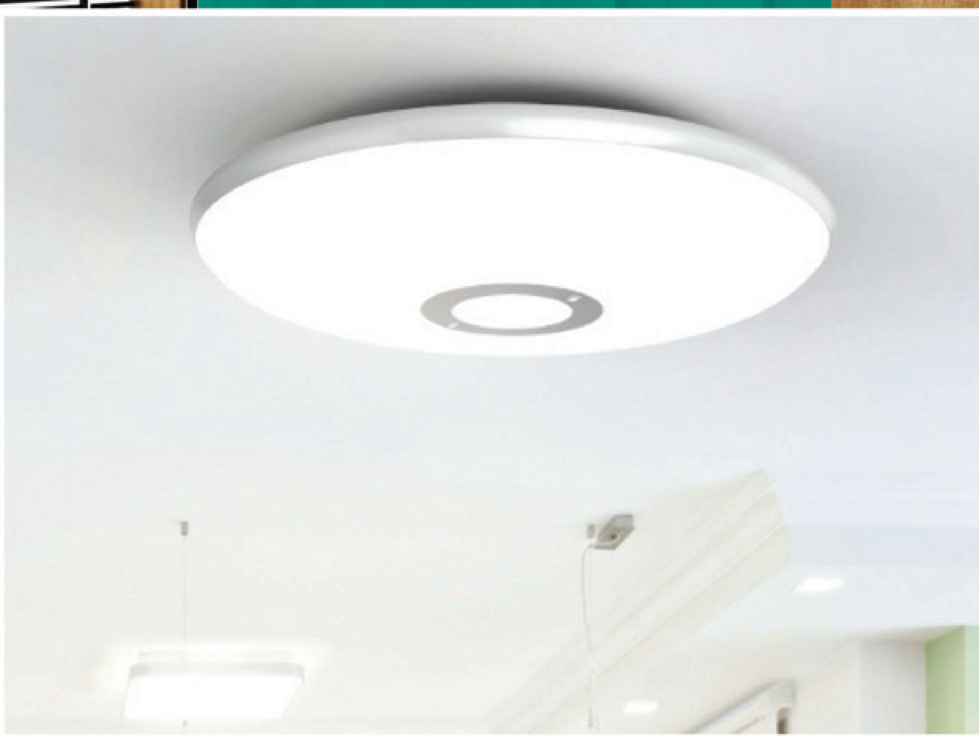
FY 2015 has seen the introduction of 7 new products including smart robotic vacuum cleaner and bread maker, both of which have received good responses from members of the public.

As part of its brand expansion plans, Aztech HOME products have been segregated into 3 different classes based on their product value range and they will be marketed to different targeted consumer groups accordingly.

FY 2016's product rollout includes slow juicers, kettles, blenders, air purifiers and more, some of which will be launched under the "Burgundy" and "Silverton" collection classes. It is the brand goal to become the preferred home appliance brand in the region. The product showroom at Aztech's headquarters have played an integral role in providing a brand experience by showcasing Aztech HOME's full range of products and its features.

LED Lighting - AZ e-lite
Light Up with LED

Established in 2009, AZ e-lite specialises in the design and development of high-quality LED lighting for both commercial and residential use. AZ e-lite is now a leading LED lighting manufacturer and supplier in Asia for high-performance, innovative, energy-saving, and environmental-friendly lighting, and is seen as a one-stop LED lighting solution by both the public and private sectors.



Strong Revenue Growth

With the ever-increasing adoption of LED lighting worldwide, AZ e-lite has capitalised on this lighting trend which resulted in a strong revenue growth from $76.1 million in FY 2014 to $171.4 million in FY 2015 – a whopping 125.2% increase in sales. Marketing efforts to enhance AZ e-lite brand name and presence in the global LED lighting market have also reaped results. This is reflected through the clinching of multiple major commercial and residential projects. By leveraging on its R&D expertise and its state-of-the-art manufacturing facility, AZ e-lite has also seen a sharp increase in exclusive R&D project collaborations with major multi-national companies. In addition, AZ e-lite was named one of the top 10 LED lights exporters in China for FY 2015.

AZ e-lite's global distributor network has also increased with its products being sold in more than 30 countries worldwide including Australia, Belgium, Brunei, China, France, Germany, Hong Kong, Italy, Malaysia, Netherlands, New Zealand, Singapore, Spain, Switzerland, UAE, and UK.

In a continuous effort to strengthen its brand name and presence, among other marketing activities, AZ e-lite has participated in the renowned Hong Kong International Lighting Fair 2015, biggest lighting trade fair in Asia.

Product Rollout

The series of stylish LED home lighting launched under the AZEL brand name in FY 2015 has done well with its flagship product, the AZEL MONO LED Lamp, winning the iF International Forum Design's Home Style Award 2015.

In a bid to further enhance market share and propel the brand to greater heights, AZ e-lite will be focusing on product range and innovation in FY 2016 such as introducing of high-efficacy T8 tubes with remote driver, low glare downlights, thin profile panel lights, robust high lumen output, amongst others. This is in line with the AZ e-lite's brand vision to inspire green living with high quality LED lighting without compromising style and efficiency.

Operations Review

Az Marine **Az United**

Az United & Az Marine Materials Supply & Marine

Established in 1994 and 2008 respectively, Az United and Az Marine marked the Group's foray into the Materials Supply and Marine segment. Both subsidiaries have since expanded their capabilities and successfully completed several multi-million dollar projects in the region.

To date, materials supply and marine segment have contributed to almost S$500 million of the Group's revenue.

Az United

AZ United's business is in procurement and supply of materials for building construction industry and infrastructure development projects. It is a major sand importer in materials supply sector in Singapore with multiple sourcing capabilities to provide full supply chain management from dredging, freight transportation, and stevedoring to supply of sand for both public and private sectors.

With the Group's expertise and experience 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 by providing consistent supply and quality sand.

Az Marine & AMOS

Az Marine is a fast growing marine logistics company providing full-fledged marine transportation as well as operations, sales & purchasing ship chartering, ship chandling and ship agency services. With the acquisition of a shipyard at 15D Pandan Road, and the setting up of Az Marine Offshore Services which has obtained ISO9001, ISO14001 and BS OHSAS18001 certifications. It has further strengthened our core marine capabilities. The Group's strategic investment of a large waterfront shipyard facility has enabled the Group to provide third-party repair, refurbishment and retrofitting works of vessels.

As the Group move further into 2016, the operating environment will remain challenging but the Group will continue to be mindful and remain vigilant on cost, cash flow and inventory management. Although the sharp decline in oil prices which started in June 2015 has brought about significant challenges to the industry, the Group is confident that with the leadership of capable and focused management and healthy financial position, the sector will be able to drive growth and deliver positive results for its shareholders in FY 2016.

Giving Back to the Marine Community

AZ United and AZ Marine recognise that seamen are the backbone of the global economy and play an important role in our materials supply and marine logistics business segment. It was therefore important to support the seamen community as a way of showing our appreciation and gratitude for their contribution.

Sailors' Society's Charity Dinner

AZ United participated in Sailors' Society's Singapore Gala Shipping Dinner on 19 November 2015. The charity dinner raised $140,000 for the maritime welfare charity's global work, including $40,000 to build five homes for seafaring families affected by Typhoon Haiyan. AZ United took part in the silent auction which was organized at the event to raise the funds.

Sailors' Society aims to transform the lives of seafarers and their families at port, at sea and at home, through the delivery of chaplaincy, education and the relief of poverty and distress. The charity works internationally to provide practical, emotional and spiritual welfare support to the world's 1.5 million seafarers, regardless of background or faith.

Mission RASI (Row Around Singapore Island)

AZ Marine participated in Mission RASI (Row Around Singapore Island), a charity event organised to raise $750,000 for the largest international maritime charity, the Mission to Seafarers. Mission RASI was a 24 hour endurance row around Singapore on 22 and 23 April 2016 by 7 volunteers in a half ton ocean rowing gig to raise funds for the charity and AZ Marine provided one support vessel as a sponsorship for the event.

Shiro & Kay Lee F&B Retail & Supplies

Started in 2009, Shiro aims to be a one-stop premium food provider in the retail and food service industry. With Aztech Group's acquisition of Kay Lee Roast Meat Joint in November 2014, the food business has evolved and is more than just a trading arm in the retail and food services space.

Kay Lee Roast Meat Joint

With the opening of the second outlet in Suntec City in February 2015 and the third outlet at Tanjong Katong in July 2015, Kay Lee has seen strong revenue growth and expansion to meet increasing demands. Recognised nation-wide and with the support of a 45,000 square feet central kitchen, Kay Lee has also begun supplying roasted meat products to well-known hotels, restaurants, and country clubs.

As part of its brand expansion efforts, a franchise scheme has also been introduced to budding entrepreneurs and food operators, with the first franchisee opening in FY 2015. The brand aims to further expand to 10-15 franchise outlets by the end of FY 2016.

In keeping pace with ever-changing trends and to stay relevant to market demands, Kay Lee is also constantly expanding on its product offerings by introducing new menu products and seasonal dishes.

Shiro

During the year Shiro's flagship brand, Jade Cuisine has expanded on its frozen food product range with the introduction of 11 new dishes. Shiro in-house food scientists continue to develop and court other new frozen dishes that have the potential for growth in Singapore and will also be accepted by international markets.

FY 2015 has also seen Jade Cuisine penetrating the hypermart retail market. Jade Cuisine products are now being sold in 61 Giant outlets islandwide. To further enhance its market share, Shiro plans to expand its distribution presence in both the local and international retail industry.

Both Kay Lee and Shiro were awarded with ISO, HACCP and GMP certifications in FY 2015. Such certifications enabled the Group's penetration into hotel, restaurant, food service companies and overseas export markets, which require strict regulations in terms of food hygiene, quality and safety standard.

Sustainability Report

Business continuity is a challenge for any organisation. Aztech recognises that its people are essential elements in the success of its goals. Aztech's strategy for remaining resilient includes making sure that it provides its employees equal opportunities to achieve their full potential.

Green Corridor Run and Yellow Ribbon Run

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.

Walk For Our Children 2015

More than 40 Aztech staff, senior management and family members participated in the walkathon cum family carnival held at Sentosa Palawan Beach on 6 September 2015. The Group raised about S$5,000 from pledge card donations, sale of food items and corporate sponsorship.

Blood Donation Drive 2015

Aztech conducts Annual Blood Donation Drive to do our part to increase the blood deposits in Singapore. Aztech employees reported at Health Sciences Authority on 22 May 2015 to make the donation.

Employee Health

To promote healthy lifestyle and employee well-being, Aztech has introduced the Workplace Health Programme to promote and develop healthy workforce. It comprises the following:

i. complimentary on-site health screening for staff
ii. weight management intervention
iii. monthly lunch time talks on general health and mental wellness
iv. healthy food demonstrations
v. fitness and sports activities

Internship Programme

Aztech provides hands-on training in the day-to-day business environment with career and professional development in mind. It offers meaningful internship programme both for local and overseas students. In 2015, it hosted overseas internship programme for a group of students at our China, Dongguan Manufacturing Plant. It also embarked on a 3-year partnership with Nanyang Polytechnic to offer structured internship programmes for students.

Organic Farm by Science Park

Aztech Hong Kong staff participated in series of hands-on trainings and workshops provided by experts in urban farming organized by Science Park in October to December 2015 conducted at Science Park, Hong Kong. The activity is intended to instill the importance of a greener environment and encourage gardening and sustainable living.

Talent Recruitment & Retention

Aztech continues to participate in campus recruitment fairs and overseas recruitment to attract talents as well as resort to online and print job posting and staff referral scheme. Long Service Awards are given to staff who served the company for at least 5 years during Aztech Annual Dinner. We also reward employees fairly based on their ability, performance, contribution and experience. Periodic review of employees' performance and career development are also conducted. Employees are provided with appropriate training to be better equipped to contribute at optimal levels and contribute effectively to Group's performance. Another breakthrough in retention programme of Aztech is its embarking on Inclusive Growth Programme (IGP) with e2i to re-design and improve operational productivity for our F&B business, which seek to attract and retain local workers.

Food Safety Management

Shiro and Kay Lee have developed a reputation as supplier of high quality food products. They successfully implemented and maintained ISO 22000:2005.

Shiro achieved Grade A (Excellent) from Agri-Food & Veterinary Authority of Singapore for its cold store facilities. Kay Lee emphasises good food hygiene on preparation and processing of food. Kay Lee obtained Good Manufacturing Practice – General Principles of Food Hygiene certification in year 2015.

Integrated Management System (IMS)

The Integrated Management System has been certified to implement a holistic environment and quality management, health and safety systems.

Aztech DG Factory

- ISO 9001:2008
- TS16949:2009
- TL9000 R5.5/R5.0
- ISO14001:2004

AZ United

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

AZ Marine Offshore Services

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

Shiro Corporation

- ISO 22000:2005
- ISO 9001:2007
- SS 444:2010
- SS 590:2013

Kay Lee

- ISO 22000:2005
- SS 590:2013
- Good Practice Manufacturing (GMP)

Safety and Health Management System

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

- **Az United** – BizSAFE Star Level
- **Aztech Technologies** – BizSAFE Level 4
- **AZ e-lite** – BizSAFE Level 4
- **Shiro** – BizSAFE Level 3
- **Az Marine Offshore Services** – BizSAFE Star Level

Corporate Governance Report

Achievements

2015 Runner Up Award of Most Transparent Company Award in the Technology Category

Improved Ranking on Governance Transparency Index 2015 – Ranked within the Top 76 (2014: 130)

Appointment of New Independent Director

Proportion of Independent Directors on board is more than 50%

Disclosure of Total Aggregate Remuneration of top Key Management Personnel

Voting by Poll will be adopted in 2016 AGM

Corporate Governance Report

Board of Directors

5 Directors

- 3 Independent Directors
- 2 Executive Directors

Create value for shareholders and responsible for long-term success of the Company

Audit Committee

- 3 Independent Directors

Chairman: Philip Tan Tee Yong
Members: Khoo Ho Tong
Tan Teik Seng

Assist the Board in areas of financial reporting, internal controls, compliance and financial risk management

Management

Manage the Group's businesses and enable the Board to make balanced and informed assessment of company's performance, position and prospects

Nominating Committee

- 3 Independent Directors
- 1 Executive Director

Chairman: Khoo Ho Tong
Members: Michael Mun Hong Yew
Philip Tan Tee Yong
Tan Teik Seng

Make recommendations to the Board on all board appointments, renominations and retirement of Directors

Risk Management Committee

Chairman: Michael Mun Hong Yew
Members: Michael Lee Thiam Seong
Pavani Nagarajah

Appraise 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

Remuneration Committee

- 3 Independent Directors

Chairman: Tan Teik Seng
Members: Philip Tan Tee Yong
Khoo Ho Tong

Review and recommend to the Board a general framework of remuneration for the Board and Key Management Personnel

To ensure the highest standard of corporate governance and transparency and protect the interests of its stakeholders, the Board and Management of Aztech Group Ltd ("Aztech") has put in place a set of well-defined policies, practices and processes which enhances corporate transparency, accountability, business integrity, and performance.

For the financial year ended 31 December 2015, Aztech's Board of Directors is pleased to confirm that Aztech has complied in all material aspects with the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). Any deviations from the Code are explained in this report.

Corporate Governance Report

PRINCIPLE 1: BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

As at the date of this report, Aztech is led by an effective board comprising of 5 Directors, namely Mr Michael Mun Hong Yew ("Michael Mun") (Chairman), Mr Philip Tan Tee Yong ("Philip Tan"), Mr Khoo Ho Tong, Mr Tan Teik Seng ("TS Tan") and Mr Jeremy Mun Weng Hung ("Jeremy Mun").

The Board exercises due diligence and independent judgement, acts in good faith and considers the business affairs of the Company. It is collectively responsible for the Group's long-term success. It also 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 SGXNet. It monitors and assesses significant risk factors, reviews the adequacy of internal controls, ensures that the Company's strategies are in the interest of shareholders and assumes the responsibility for corporate governance.

Board Committees

To assist the Board in the efficient discharge of its responsibilities, Board Committees with well-defined terms of reference are constituted as follows:

Board Committees	**Composition**
Audit Committee ("AC")	3 members, all of whom are Independent Directors
Nominating Committee ("NC")	4 members, 3 of whom are Independent Directors and 1 Executive Director
Remuneration Committee ("RC")	3 members, all of whom are Independent Directors

Their terms of reference are at page 36 of this Annual Report.

The Board convenes scheduled meetings five times a year to discuss the Group's quarterly results and approves the budget. Special Board meetings may be convened when warranted by circumstances. In the financial year ended 31 December 2015, a total of eight board meetings were held.

The attendance of the Directors at scheduled meetings during the financial year ended 31 December 2015 is disclosed below:

Name of Directors	Board		AC		NC		RC		Meeting of Independent Directors (without the presence of Management)	
	Meetings held while a member	Meeting Attendance (%)	Meetings held while a member	Meeting Attendance (%)	Meetings held while a member	Meeting Attendance (%)	Meetings held while a member	Meeting Attendance (%)	Meetings held while a member	Meeting Attendance (%)
Michael Mun	8	100	5*	100*	2	100	-	-	-	-
Philip Tan	8	100	5	100	2	100	2	100	1	100
Colin Ng Teck Sim**	1	100	1	100	-	-	-	-	-	-
Khoo Ho Tong	8	100	5	100	2	100	2	100	1	100
Martin Chia Heok Miin***	8	100	5*	100*	-	-	-	-	-	-
Jeremy Mun	8	100	5*	100*	-	-	-	-	-	-
TS Tan	8	100	5	100	2	100	2	100	1	100

* Attendance by invitation of AC
** Mr Colin Ng Teck Sim retired upon the conclusion of the AGM held on 24 April 2015.
*** Mr Martin Chia Heok Miin resigned effective 31 January 2016.

The schedules of Board meeting, Board Committee meeting and Annual General Meeting 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, telephonic means are used as permitted under Aztech's Articles of Association. Board approvals for routine matters are obtained through written resolutions approved by circulation as prescribed under Aztech's Articles of Association.

Corporate Governance Report

Guidelines on Matters for Board Approval

Aztech has guidelines setting out the specified transactions which require Board's approval. All commitments to term loans and credit lines from banks require the approval of the Board. When seeking approval, the Management provides the Board a detailed summary of all loans and credit lines available to the Group and the level of utilization of the lines in order for the Board to make a fully informed decision.

Some of the Key Transactions Requiring Board Approval

- ✓ Any sale, lease, transfer or disposition (other than a mortgage) of any capital asset of the Group exceeding an aggregate value of S$500,000
- ✓ Any mortgage of the Group's immovable property or any lien or charges created on the Group's movable property
- ✓ Any sale, lease or acquisition of any site or building and/or any immovable property
- ✓ Any expenditure by the Group in excess of S$500,000, which is not in the budget
- ✓ Any investment by the Group, which is not in the ordinary course of the Group's businesses
- ✓ The provision of any guarantee by the Group in excess of S$250,000 or which is not in the ordinary course of the business of the Group

Orientation

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

Updates and Trainings

Directors were provided with continuing education based on their individual needs so as to update and refresh them on matters that will enhance their performance as Board and Board Committee members. During the financial year under review, Directors attended trainings conducted by the Institute of Singapore Chartered Accountants and Securities Investors Association (Singapore) on the following topics:

1. role of shareholders, boards and management;
2. bribery and corruption;
3. corporate governance and evaluation of small and medium enterprise; and
4. role of Independent Directors and combating cybercrimes.

Directors are also regularly updated on relevant laws and governance practices. External Auditors brief the Board on changes to accounting standards.

New Director

In 2015, the Board approved the appointment of a new Independent Director, Mr TS Tan. Upon appointment, he was issued Aztech's Memorandum and Articles of Association, Best Practices Code and Aztech's Code of Corporate Governance ("Aztech's Code"). A comprehensive and tailored induction was arranged as part of TS Tan's on-boarding programme to introduce him to the Group's businesses and governance practices. The Company Secretary briefed him on some of the recent projects and decisions made by the Board to ensure he was equipped with the necessary background information to review all matters that were tabled to the Board for decision.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises 5 Members, 2 are Executive Directors and 3 are Independent Directors. The Board, having a strong and independent element, is able to exercise objective judgment on corporate affairs independently.

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.

Corporate Governance Report

Rigorous Review of Directors Serving Beyond 9 Years

NC has assessed the independence of the Independent Directors of Aztech based on the Code's definition. The NC's view was that the length of service of Directors should not determine the independence of the Independent Directors but rather to consider the Directors' integrity, objectivity and ability to exercise independence in their deliberation of matters put forth to them.

The rigorous review and the factors taken into consideration by the Board to assess and determine the independence of Mr Philip Tan and Mr Khoo Ho Tong who have served beyond 9 years include:

1. They have no relationship with the Company's related corporations, substantial shareholders or its officers and Management that could impair their fair judgment;
2. Save for Mr Ng who retired at the end of AGM of 24 April 2015, no other Independent Directors has related party transactions or business relationship with the Company; and
3. Directors' fees are not variable and based on a fixed fee structure as detailed this report.

Throughout their appointment, Mr Philip Tan and Mr Khoo Ho Tong have been exercising independent judgment in the best interest of the Company. They have maintained impartial and independent views and have constructively challenged the Management on business decision and remained objective in the discharge of their duties and responsibilities. After conducting the assessment, the Board is of the view that Mr Philip Tan and Mr Khoo Ho Tong have maintained their independence and are deemed to be independent.

Size and Composition of the Board

In concurrence with the NC, the Board is of the view that, taking into account the nature and scope of operations of the Group and requirements of the Group's businesses, the current size and composition of the Board and Board Committees are conducive to effective discussion and decision-making. No individual dominates the Board's decision making.

The Board consists of members who collectively bring a range of skills and industry knowledge to the Group. The members have relevant core competencies in areas such as accounting, business, management, industrial 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.

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; and
4. discuss matters such as the Board processes, succession planning, corporate governance initiatives and the Group's performance, amongst others.

To facilitate a more effective check on Management, Non-Executive Directors set aside time to meet without the presence of the Management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Michael Mun is the Chairman of the Board and Chief Executive Officer ("CEO").

As Chairman of the Board, Mr Michael Mun is responsible for leadership of the Board and facilitates the relationship between the Board and the Management. He ensures that discussions are conducted objectively at the Board level where all views are heard and key issues are debated in a fair and open manner. Mr Michael Mun provides clear oversight and guidance to the Management on strategy and drive to transform Aztech's businesses in line with market requirements. He is involved in senior talent hires to strengthen the Group and manage succession. He takes the leading role in ensuring the Group's compliance with corporate governance practices with full support of Directors, Company Secretary and Management. Mr Michael Mun, as the Chairman, also encourages constructive discussion with the Board and between the Board and Management. He also ensures Board members have the opportunity to interact with Management staff during lunches that are organised after Board meetings.

As the CEO of Aztech, Mr Michael Mun makes strategic proposals to the Board with the assistance of the Management. After comprehensive and constructive discussion with the Board, Mr Michael Mun implements Board decision, executes the agreed business strategy and develops the businesses of the Group. 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 for Mr Michael Mun to be the Chairman and CEO at the same time. As Chairman and CEO, Mr Michael Mun ensures that decision making process is robust, efficient and not unnecessarily hindered.

NC and RC review Mr Michael Mun's performance and remuneration periodically. All major proposals and decisions of the Chairman and CEO are discussed and reviewed by the Board. With a strong independent element in the Board, the Board believes that there are sufficient strong safeguards to ensure that there is no uneven concentration of power and authority in a single individual.

Lead Independent Director

Mr Philip Tan is serving as the Board's Lead Independent Director ("LID") until 1 October 2016.

The LID is appointed to coordinate and lead Independent Non-Executive Directors to provide non-executive perspective in certain matters without the presence of Executive Directors or Management and provides feedback to the Chairman after such meetings. He is also 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.

PRINCIPLE 4: BOARD MEMBERSHIP

NC comprises 4 Directors, 3 of whom are Non-Executive Directors.

NC ensures that Directors possess the experience, knowledge and skills critical to the Group's businesses and makes recommendations to the Board on all board appointments. NC ensures that a formal and transparent procedure for the appointment and re-nomination of Directors is in place.

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 Board has not set term limit for each Independent Directors in recognition of their deep insight of the Group's diverse businesses and operations which has been developed over time.

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

Aztech's Code sets out the guidelines addressing competing 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 public listed and private companies to the NC. 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.

The Company does not have alternate Directors.

Process for Selection, Appointment and Re-appointment of Directors

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

1. 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.
2. NC assesses if there is a requirement for additional Director and determines the desirable competencies for a particular appointment.

3. Suitable candidates are identified from recommendations of Management or other Directors.
4. NC assesses and evaluates potential candidate's suitability.
5. 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 based on merit, taking into consideration the experience, independence and skill set which the Board as a whole requires to be effective.

Key Information on Directors

The date of appointment, last re-appointment, and 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	Directorships in listed companies	Past directorships in other listed companies from 1 January 2013 to 31 December 2015
Michael Mun	6 August 1986	Aztech Group Ltd	Nil
Martin Chia Heok Miin	8 June 2006 / 26 April 2013	Aztech Group Ltd	Nil
Jeremy Mun	8 June 2006 / 27 April 2012	Aztech Group Ltd	Nil
Philip Tan	26 June 1993 / 25 April 2014	Aztech Group Ltd	Nil
Khoo Ho Tong	12 November 2002 / 24 April 2015	Aztech Group Ltd Nam Lee Pressed Metal Industries Ltd (Independent Director, Chairman of AC, Member of RC and NC)	Nil
TS Tan	19 January 2015 / 24 April 2015	Aztech Group Ltd 02 Micro International (Nasdaq Listed) (Independent Director, Chairman of AC)	Nil

Mr Jeremy Mun is the son of Mr Michael Mun.
Mr Martin Chia Heok Miin resigned as a Director effective 31 January 2016.
Further key information of Directors is disclosed at "Board of Directors" section of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The Board and NC ensure that Directors on the Board are best able to discharge their duties and responsibilities with regard to the highest standards of corporate governance. The NC assesses the performance and effectiveness of the Board as a whole, Board Committees and the individual Directors' contributions to the effectiveness of the entire Board annually. In order to further

Evaluation of the Board as a Whole and Board Committees

The process of evaluating the performance of the Board and Board Committees is described below.

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

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

NC assesses and discusses 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 Directors

The process of evaluating the performance of the individual Directors is described below.

The Board members rate 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.

The Company Secretary collates and presents the feedback from the completed Checklist to the NC.

NC reviews and appoints a member of the NC to discuss the feedback with the individual Board members.

The Chairman acts on the results of evaluation. In consultation with NC, he may provide appropriate guidance to the respective Director to improve his performance. For financial year ended 31 December 2015, the NC is of the view that the Board, Board Committees and all Directors have contributed effectively and demonstrated full commitments to their roles.

PRINICIPLE 6: ACCESS TO INFORMATION

Management believes that complete, adequate and timely information is essential to the Board's effective and efficient discharge of its duties. At all times, the Board has separate and independent access to the Management and Company Secretary.

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. The Board receives regular updates of the Group's operational and financial performance as well as the challenges faced by the Group's operations. The finance team presents financial highlights and a detailed analysis of each quarter's performance and addresses any queries that the Board may have.

The Company Secretary ensures corporate governance practices are implemented well. She attends all Board and Board Committee meetings. She is accountable directly to the Board 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.

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

The Directors (either individually or as a group) may, subject to the approval of the Chairman, take independent professional advice at the expense of the Company.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

RC plays a pivotal role in ensuring that the Group is able to attract, recruit, motivate and retain the best talents through competitive remuneration and robust policies. In order to minimise the risk of any potential conflict of interest, all RC members are Independent and Non-Executive Directors. Each member of RC abstains from voting on any resolution in respect of his remuneration.

RC assists the Board in establishing and implementing a framework for remuneration of Directors and Key Management Personnel. 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. 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.

RC members have access to advice and input from the Human Resources Department. If required, they may seek expert advice inside and outside the Company.

RC reviews the Executive Directors' Service Agreements which are renewed every three years to ensure that such agreements contain fair and reasonable termination clauses which are not overly generous.

The Board is of the view that as the Group pays bonuses based on the actual results of the Company and results that have actually been delivered by its Executive Directors and Key Management Personnel, the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances such as misstatement of financial results or of misconduct resulting in financial loss to the Company may not be relevant or appropriate.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

RC meets at least twice a year. It 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. RC also balances the requirement to reward and retain the said individuals and key performance indicators such as sales and profit targets, strategic requirements, investment in future growth and the individual's contribution to these objectives. Each individual's performance is judged on what is achieved and how the achievement is aligned to the Group's overall strategy and values.

Directors' fees are paid to Non-Executive Directors depending on their level of contribution taking into account the responsibilities assigned to them.

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 the necessary onerous responsibilities of the Directors.

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 the necessary onerous responsibilities of the Directors.

PRINICIPLE 9: DISCLOSURE ON REMUNERATION

The Company annually reports to shareholders on the remuneration of its Directors, CEO, Key Management Personnel and employees who are immediate family members of a Director or the CEO and whose remuneration exceeds $50,000. The report includes all form of remuneration from Aztech and any of its subsidiaries.

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. For financial year ended 31 December 2015, the Directors' fees paid to Independent Non-Executive Directors are: Mr Philip Tan - $85,000; Mr Khoo Ho Tong - $60,000; Mr TS Tan - $54,400; and Mr Colin Ng - $18,700. 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 2015 is set out below:

	Salary and Director's Fees	Bonus	*Others	Total
Michael Mun	$843,080	$165,225	$135,430	$1,143,735

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

In appreciation of the CEO's contributions and service to the Company, 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 2015 is set out below:

Executive Directors	Salary and Director's Fees	Bonus	*Others	Total
Martin Chia Heok Miin**	$306,000	Nil	$47,219.40	$353,219.40
Jeremy Mun	$220,000	$24,000	$67,613.04	$311,613.04

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

** Mr Martin Chia Heok Miin resigned as a Director effective 31 January 2016.

Key Management Personnel's Remuneration

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 Management, 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 and Interim CFO
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. Funny Chan - Vice President, Head of Materials and Factory Operations
5. Daniel Oh - Vice President, Sales of Datacom Products and Contract Manufacturing
6. Jeff Lau - Vice President, Sales of LED Lighting Products

In addition to the activities of the Group managed by the Key Management Personnel as set out above, marketing and branding activities of the Group are headed by Mr Jeremy Mun. For the financial year ended 31 December 2015, 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 Key Management Personnel. Instead, the remuneration of 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:

Key Management Personnel	Salary (%)	Bonus (%)	*Others (%)	Total (%)
Between $250,000 and $350,000				
Michael Lee Thiam Seong	74	6	20	100
Pavani Nagarajah	71	7	22	100
Between $150,000 and $250,000				
Jason Saw Chwee Meng	63	5	32	100
Funny Chan Sau Ying	84	14	2	100
Daniel Oh	62	8	30	100
Jeff Lau	84	14	2	100

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

The total aggregate remuneration of the Key Management Personnel is $1,584,825.24.

Corporate Governance Report

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

For the financial year ended 31 December 2015, 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 $50,000.

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

	Salary (%)	Bonus (%)	*Others (%)	Total (%)
Between $150,000 and $200,000				
Mun Weng Kai (Wen Yongjia)	55	4	41	100

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

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.

The remuneration mix for Executive Directors and Key Management Personnel 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 units and individual performance. 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. The Key Management Personnel and other key staff are also eligible to share in the same profit sharing pool (the "Pool") as described in the Directors' Report.

The process for determining the quantum of payment to be given to the Key Management Personnel 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 financial year ended 31 December 2015, no payment was made under the Scheme.

PRINCIPLE 10: ACCOUNTABILITY

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 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.

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 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.

Corporate Governance Report

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.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

Board to Comment on Adequacy and Effectiveness of Internal Controls

For the year ended 31 December 2015, the Board has received assurance from the CEO and the Interim 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.

Based on the internal controls established and maintained by the Group and taking into account the work performed by the Internal Auditor and External Auditors, the Board with the concurrence of the AC is of the opinion that the Group's internal controls and risk management systems are adequate and effective as at 31 December 2015.

The Board's opinion on the adequacy of internal controls is discussed in the Directors Report.

Aztech Code of Conduct

Aztech Code of Conduct sets out the principle and standards of behavior that are expected of all employees of the Group when dealing with people that are related to the Company. Members of the public may access Aztech Code of Conduct on the Group's website at http://www.aztech-group.com/Sustainability_CodeOfConduct.html.

Establishment of Risk Management 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 one Executive Director, the Interim CFO and the Company Secretary.

PRINICIPLE 12: AUDIT COMMITTEE

Currently, the AC comprises 3 Directors, all of whom are Non-Executive Directors and free from Management and business relationships with any substantial shareholder.

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

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 staff to attend its meetings. Full resources are available for AC to discharge its functions properly.

The AC has full access to External Auditors and Internal Auditor and meets them at least annually without the presence of Management. The AC assesses the External Auditors annually based on factors such as the performance and quality of their audit and their independence and recommends their appointment to the Board. The AC has recommended to the Board the 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 financial year ended 31 December 2015 and a breakdown of the fees paid in total for audit and non-audit services respectively are stated below:

External Auditor Fees for FY2015	***S$'000***
Total Audit Fees	*428*
Total Non-Audit Fees	*100*
Total Fees Paid	***528***

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.

Pursuant to the requirements of the SGX, an audit partner may only be in charge of a maximum five consecutive annual audits. The External Auditors met this requirement and the current audit partner took over from the previous audit partner with effect from 1 October 2015.

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

Whistle-blowing Policy

Aztech is committed to high standard of ethical conduct and adopts a zero tolerance approach to fraud and corruption. 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 advises the LID of her findings. The Internal Auditor works 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.

For financial year ended 31 December 2015, there have been no reported incidents pertaining to whistle-blowing.

During the financial year ended 31 December 2015, the AC performed the following activities:

1. review quarterly financial statements prior to approving and recommending to the Board that such statements be released;
2. review interested person transactions of the Group;
3. review the annual re-appointment of the External Auditors, determining their remuneration and making a recommendation for Board approval;
4. review the External Auditors' proposed audit scope and approach; and
5. review 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. It also 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.

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

PRINCIPLE 13: INTERNAL AUDIT

Aztech has its own in-house internal audit function that is independent of the activities it audits. It is staffed with persons with relevant qualications and experience. The Group's Internal Auditor is Ms Carrie Cheung. The Group's Internal Auditor's primary line of reporting is to the AC Chairman although she would also report administratively to the CEO. She 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.

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.

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, she 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 annually reviews the adequacy and effectiveness of Aztech's internal audit function. For the financial year ended 31 December 2015, the AC is satisfied that the internal audit function is adequate and effective.

PRINCIPLE 14: SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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. It also ensures shareholders have the opportunity to participate in and vote at general meetings. Shareholders are informed of these meetings through notices published in the annual reports, SGXNet, local newspaper, and on the Company website. Applicable rules during meetings, including the voting procedures that govern General Meetings, are duly communicated to shareholders during the meeting.

Shareholders (other than a relevant intermediary as defined in Section 181 of the Companies Act) are allowed to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF agent banks nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

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 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.

The Board addresses shareholders concerns during AGM and EGM. During the said meetings, the Board gathers views or inputs from shareholders and addresses shareholders' concerns.

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

The form, frequency and amount of dividends of the Company depend on the Group's earnings, financial position, result of operations, capital expenditures and other factors. For financial year ended 31 December 2015, no dividend has been declared by the Company.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Aztech allows shareholders the opportunity to communicate their views during general meetings. It strongly encourages shareholder's attendance and participation at such meetings.

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 and 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.

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, BACS Pte Ltd, also attends the meetings.

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. As required by the Listing Manual, the Company will put all resolutions to vote by poll at its AGM.

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.

During the financial year ended 31 December 2015, there is no transaction entered into with interested persons which fall under Rule 907 of the Listing Manual.

Material Contracts

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 2015 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.

Corporate Governance Report

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.

KEY TERMS OF REFERENCE OF BOARD COMMITTEES

Remuneration Committee

1. Facilitate a formal and transparent process in fixing the remuneration of Directors and Key Management Personnel; and
2. Adopt performance measurement tools as may be appropriate for the purpose of assessing performance of Directors and Key Management Personnel.

Audit Committee

1. Review the scope and results of the audit and its cost effectiveness;
2. Conduct 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;
3. Keep the nature and extent of non-audit services under review, seeking to balance the maintenance of objectivity and value for money;
4. Review the significant financial reporting issues and judgments;
5. Ensure the integrity of the financial statements of the company and any formal announcements relating to the Company's financial performance;
6. Review the adequacy of the company's internal financial controls, operational and compliance controls and risk management policies and systems established by the Management;
7. Review the effectiveness of the company's internal audit function;
8. Make recommendations to the Board on the appointment, reappointment and removal of the External Auditors;
9. Approve the remuneration and terms of engagement of the External Auditors;
10. Review the scope and results of external audit and the independence and objectivity of the External Auditors annually;
11. Review the internal audit programme and report;
12. Approve the hiring, removal, evaluation and compensation of head of internal audit function;
13. Review interested person transactions (as defined in the Listing Manual) and report its findings to the Board;
14. Review 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
15. Undertake 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.

Nominating Committee

1. Facilitate formal and transparent process for appointing, re-nominating, re-electing and removing Directors;
2. Determine the independence of Directors;
3. Review each Director's competencies and contributions;
4. Implement a formal process to assess the performance and contributions of each individual Director, Board Committee and the Board as a whole;
5. Assess if the Board is able to adequately discharge its obligations to oversee Management performance and provide guidance to the Group; and
6. Review training and professional development programs for the Board.

Financial Statements

CONTENTS

Directors' Statement

The Directors present their statement 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, 2015.

In the opinion of the Directors, the consolidated financial statement of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 44 to 112 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015, and the financial performance, 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.

1 DIRECTORS

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

Michael Mun Hong Yew
Philip Tan Tee Yong
Khoo Ho Tong
Jeremy Mun Weng Hung
Tan Teik Seng (Appointed on January 19, 2015)

2 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.

3 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 or date of appointment, if later	At end of year[(1)]	At beginning of year or date of appointment, if later	At end of year[(1)]
The Company				
- Aztech Group Ltd				
(Ordinary shares)				
Michael Mun Hong Yew	116,305,663	11,636,566	3,636,000	363,600
Jeremy Mun Weng Hung	1,044,000	104,400	-	-
Martin Chia Heok Miin *(resigned on 31 January 2016)*	3,826,000	382,600	22,000	2,200
Khoo Ho Tong	806,000	80,600	-	-
Philip Tan Tee Yong	600,000	60,000	-	-
Tan Teik Seng *(appointed on January 19, 2015)*	40,000	8,410	-	-

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

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

The Directors' interests in the shares of the Company at January 21, 2016 were the same as those as at December 31, 2015.

(1) In 2015, a share consolidation exercise was carried out by the Company, consolidating every 10 existing issued ordinary shares into 1 ordinary share in the capital of the Company.

4 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
Jeremy Mun Weng Hung

<u>For Michael Mun Hong Yew</u>

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.

<u>For Jeremy Mun Weng Hung and other key staff</u>

In accordance with the Scheme, 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;

4 **DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS (cont'd)**

(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 Director and other key staff. The actual amount payable to them shall be deliberated and decided by the Board of Directors.

For the financial year ended December 31, 2015, no provision (2014 : provision of $175,000) was made pursuant to the Scheme.

5 **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.

6 **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)
Khoo Ho Tong	(Non-executive independent director)
Tan Teik Seng	(Non-executive independent director)

The Audit Committee has met five times since the last Annual General Meeting ("AGM") and has 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;

6 **AUDIT COMMITTEE (cont'd)**

(f) interested person transactions; and

(g) the 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 Executive Officer 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 AGM of the Company.

7 **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, compliance and information technology risks and risk management systems were adequate and effective as at December 31, 2015.

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.

ON BEHALF OF THE DIRECTORS

....
Michael Mun Hong Yew

....
Jeremy Mun Weng Hung

April 4, 2016

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, 2015, 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 44 to 112.

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 financial statements 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 financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Independent Auditors' Report to the Members of
AZTECH GROUP LTD

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Chartered Accountants
Singapore

April 4, 2016

Statements of Financial Position

December 31, 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	25,915	20,483	14,376	5,619
Trade receivables	8	71,580	60,967	-	-
Other receivables and prepayments	9	9,085	8,642	45,823	14,234
Tax recoverable		599	70	1	1
Held for trading investments	14	2,532	2,485	2,239	2,223
Available-for-sale financial assets	15	2,302	1,992	2,302	1,989
Vessels classified as held for sale	10	17,906	-	-	-
Inventories	11	36,318	48,374	-	-
Total current assets		166,237	143,013	64,741	24,066
Non-current assets					
Trade receivables	8	25	148	-	-
Other receivables and prepayments	9	1,056	1,075	-	-
Investment in subsidiaries	12	-	-	98,493	97,968
Property, plant and equipment	13	29,668	70,202	834	767
Available-for-sale financial assets	15	323	412	316	405
Deferred tax assets	16	-	8	-	-
Intangible assets	17	4,361	5,055	-	-
Total non-current assets		35,433	76,900	99,643	99,140
Total assets		201,670	219,913	164,384	123,206
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	18	60,557	55,118	11,000	5,208
Finance leases	19	372	403	22	20
Trade payables	20	61,950	54,206	98	220
Other payables	21	8,308	8,609	70,744	34,601
Derivative financial instruments	22	2,855	700	-	-
Income tax payable		408	147	-	-
Total current liabilities		134,450	119,183	81,864	40,049
Non-current liabilities					
Borrowings	18	2,909	12,775	-	11,000
Finance leases	19	715	1,202	34	58
Deferred tax liabilities	16	347	355	-	-
Total non-current liabilities		3,971	14,332	34	11,058
Capital and reserves					
Share capital	23	77,929	121,450	77,929	121,450
Treasury shares	24	(5,894)	(5,894)	(5,894)	(5,894)
Foreign currency translation reserve		(9,216)	(8,740)	-	-
Investment revaluation reserve		(216)	64	(216)	64
Retained earnings (accumulated losses)		646	(20,482)	10,667	(43,521)
Total equity		63,249	86,398	82,486	72,099
Total liabilities and equity		201,670	219,913	164,384	123,206

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

Year ended December 31, 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000 (Restated)
Revenue	27	318,895	329,868
Cost of sales		(285,490)	(294,687)
Gross profit		33,405	35,181
Other operating income	28	2,474	1,411
Selling and distribution costs		(6,586)	(6,178)
Administrative expenses			
Impairment of vessels	13	(11,139)	-
Allowance for inventory obsolescence and inventories written off	11	(7,521)	(22)
Fair value loss on derivative financial instruments	22	(1,654)	-
Other administrative expenses		(25,469)	(21,287)
		(45,783)	(21,309)
Finance costs	29	(1,992)	(1,901)
(Loss) Profit before income tax		(18,482)	7,204
Income tax	30	(1,489)	(1,428)
(Loss) Profit for the year	31	(19,971)	5,776

Consolidated Statement of Profit or Loss and other Comprehensive Income (cont'd)

Year ended December 31, 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000 (Restated)
Other comprehensive income:			
Items that may be reclassified subsequently into profit or loss			
Exchange differences on translation of foreign operations		(476)	821
Available-for-sale financial assets		(280)	2
Other comprehensive (loss) income for the year, net of tax		(756)	823
Total comprehensive (loss) income for the year		(20,727)	6,599
(Loss) Profit attributable to:			
Owners of the Company		(19,971)	5,776
Total comprehensive (loss) income attributable to:			
Owners of the Company		(20,727)	6,599
(Loss) Earnings per share (cents)			
- Basic	32	(41.08)	11.88
- Diluted	32	(41.08)	11.88

See accompanying notes to financial statements.

Statement of Changes in Equity

Year ended December 31, 2015

	Note	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Investment revaluation reserve [1] $'000	(Accumulated losses) Retained earnings [2] $'000	Total $'000
GROUP							
Balance at January 1, 2014		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
Dividends paid	33	-	-	-	-	(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
Total comprehensive loss for the year							
Loss for the year		-	-	-	-	(19,971)	(19,971)
Other comprehensive loss for the year		-	-	(476)	(280)	-	(756)
Total		-	-	(476)	(280)	(19,971)	(20,727)
Transactions with owners, recognised directly in equity							
Capital reduction	23	(43,521)	-	-	-	43,521	-
Refund of unclaimed dividends		-	-	-	-	8	8
Dividend paid	33	-	-	-	-	(2,430)	(2,430)
Total		(43,521)	-	-	-	41,099	(2,422)
Balance at December 31, 2015		77,929	(5,894)	(9,216)	(216)	646	63,249

See accompanying notes to financial statements.

Statement of Changes in Equity (cont'd)

Year ended December 31, 2015

COMPANY	Note	Share capital $'000	Treasury shares $'000	Investment revaluation reserve [1] $'000	(Accumulated losses) Retained earnings $'000	Total $'000
Balance at January 1, 2014		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 owners, recognised directly in equity						
Refund of unclaimed dividends		-	-	-	12	12
Dividends paid	33	-	-	-	(4,861)	(4,861)
Total		-	-	-	(4,849)	(4,849)
Balance at December 31, 2014		121,450	(5,894)	64	(43,521)	72,099
Total comprehensive income for the year						
Profit for the year		-	-	-	13,089	13,089
Other comprehensive loss for the year		-	-	(280)	-	(280)
Total		-	-	(280)	13,089	12,809
Transactions with owners, recognised directly in equity						
Capital reduction	23	(43,521)	-	-	43,521	-
Refund of unclaimed dividends		-	-	-	8	8
Dividend paid	33	-	-	-	(2,430)	(2,430)
Total		(43,521)	-	-	41,099	(2,422)
Balance at December 31, 2015		77,929	(5,894)	(216)	10,667	82,486

[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 retained earnings (2014 : accumulated losses) is an amount of $1,254,000 (2014 : $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, 2015

	GROUP	
	2015	2014
	$'000	$'000
Operating activities		
(Loss) Profit before income tax	(18,482)	7,204
Adjustments for:		
Allowance for inventory obsolescence	7,521	22
Allowance for doubtful trade and other receivables	821	9
Impairment (Reversal of impairment) of property, plant and equipment	11,139	(160)
Depreciation of property, plant and equipment	9,590	6,939
Loss on disposal of property, plant and equipment	40	35
Loss on disposal of available-for-sale financial assets	-	2
Amortisation of intangible assets	2,303	2,330
Fair value loss (gain) on derivative financial instruments	1,654	(351)
Fair value gain on held for trading investments	(28)	(29)
Interest income	(320)	(213)
Interest expense	1,573	1,280
Net foreign exchange loss	(106)	487
Operating cash flows before movements in working capital	15,705	17,555
Trade receivables	(6,896)	(14,863)
Other receivables and prepayments	(721)	(3,268)
Inventories	6,994	(7,748)
Trade payables	4,190	21,337
Other payables	(1,574)	629
Cash generated from operations	17,698	13,642
Interest paid	(1,573)	(1,280)
Income tax paid	(1,757)	(1,663)
Net cash from operating activities	14,368	10,699

Consolidated Statement of Cash Flows (cont'd)

Year ended December 31, 2015

	GROUP	
	2015	2014
	$'000	$'000
Investing activities		
Proceeds on disposal of property, plant and equipment	11,030	119
Purchase of available-for-sale financial assets	(504)	(1,770)
Purchase of held for trading investments	-	(1,015)
Net proceeds on disposal of available-for-sale financial assets	3	500
Acquisition of subsidiary (Note 25)	-	(11,314)
Acquisition of business (Note 26)	-	(3,141)
Purchase of property, plant and equipment (Note A)	(8,351)	(8,987)
Deferred development costs	(1,609)	(1,989)
Interest received	320	213
Proceeds from derivative financial instruments	395	876
Net cash from (used in) investing activities	1,284	(26,508)
Financing activities		
Repayment of obligations under finance leases	(545)	(321)
Proceeds from bank borrowings	235,460	246,725
Repayment of bank borrowings	(243,375)	(231,258)
Refund of unclaimed dividends	8	12
Payment of dividends	(2,430)	(4,861)
Net cash (used in) from financing activities	(10,882)	10,297
Net increase (decrease) in cash and cash equivalents	4,770	(5,512)
Effects of exchange rate changes on the balance of cash held in foreign currencies	662	319
Cash and cash equivalents at beginning of year	20,483	25,676
Cash and cash equivalents at end of year (Note 7)	25,915	20,483

Note A

The Group acquired property, plant and equipment with an aggregate cost of $8,378,000 (2014: $24,436,000) which comprises $27,000 (2014: $1,373,000), which was acquired by means of finance leases. In 2014, aggregate property, plant and equipment acquired includes $11,155,000 and $2,158,000 which were acquired along with the acquisition of a subsidiary (Note 25) and business (Note 26) respectively. Cash payments for property, plant and equipment amounted $8,351,000 (2014: $8,987,000, where $763,000 was paid in 2013 and recorded as deposits).

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, 2015 were authorised for issue by the Board of Directors on April 4, 2016.

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 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, 2015, 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.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

- FRS 109 *Financial Instruments*(2)
- FRS 115 *Revenue from Contracts with Customers*(2)
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*(1)
- Improvements to Financial Reporting Standards (November 2014) (1)

(1) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

(2) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

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

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:

<u>FRS 109 *Financial Instruments*</u>

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) general hedge accounting (iii) 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.

- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 *Financial Instruments* (cont'd)

- 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.

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

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in the FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals has also been included.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* (cont'd)

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 at fair value, with changes in fair value 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 recognized 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.

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.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 investment 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, plus transaction costs, and subsequently measured at 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 asset 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.

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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in the subsequent periods.

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 reserve. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. Interest expense calculated using the effective interest method 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 22 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.

VESSELS HELD FOR SALE – Non-current assets (vessels, dry docking and assets on board of the vessels) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within a year from the date of classification.

Vessels classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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;
- 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 any accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets acquired in a business combination (cont'd)

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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Ship repair and marine logistic services

Revenue from ship repair and 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.

PROFIT SHARING SCHEME - Certain Directors are entitled to a share of the profit under the profit sharing scheme as disclosed in the Directors' statement. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on the 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.

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.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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 and demand deposits 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.

<u>Vessels held for sale</u>

In 2015, the Group has assessed that the carrying amount of the vessels in its possession will be recovered principally through sale transactions rather than through continuing use. Management expects to secure the disposals of these vessels within a year from the date of classification and accordingly, the vessels have been reclassified as held for sale as at the end of the reporting period.

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

Critical judgements in applying the Group's accounting policies (cont'd)

Land use rights certificates

As at December 31, 2015, 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 30 to the financial statements.

Acquisition of a subsidiary

As described in Note 25 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 26 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.

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, 2015 and December 31, 2014, no impairment loss has been recognised and as at December 31, 2015, the carrying amount of intangible assets is $4,361,000 (2014 : $5,055,000). Further details are disclosed in Note 17 to the financial statements.

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

Key sources of estimation uncertainty (cont'd)

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, 2015, the carrying amounts of trade and other receivables are $71,605,000 (2014 : $61,115,000) and $10,141,000 (2014 : $9,717,000) respectively, net of allowance for doubtful debts and other receivables of $788,000 (2014 : $701,000) and $750,000 (2014 : $Nil) respectively.

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/ expiring inventory items. The management estimates the net realisable value for such inventory items based primarily on the current market conditions. As at December 31, 2015, the carrying amount of inventories is $36,318,000 (2014 : $48,374,000), net of allowance for inventories of $2,977,000 (2014 : $1,928,000).

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, 2015, the allowance for impairment loss is $13,362,000 (2014 : $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, 2015, the carrying amount of property, plant and equipment is $29,668,000 (2014 : $70,202,000).

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. 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 Group carried out a review of the recoverable amounts of the vessels in the current financial year and consequently, an impairment loss of $11,139,000 (2014: reversal of impairment of $160,000) was recognised based on the fair value less costs to sell. The fair values less costs to sell of the vessels were estimated based on the calculations of an independent valuer.

As at December 31, 2015, the carrying amounts of vessels, dry docking expenditures and assets on board of the vessels classified as held for sale is $17,906,000 (Note 10).

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

Key sources of estimation uncertainty (cont'd)

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets				
Fair value through profit or loss:				
- Held for trading	2,532	2,485	2,239	2,223
Loans and receivables				
(including cash and cash equivalents)	99,305	85,411	60,182	19,732
Available-for-sale financial assets	2,625	2,404	2,618	2,394
Financial liabilities				
Fair value through profit or loss:				
- Derivative financial instruments	2,855	700	-	-
Amortised cost				
(including loans and finance leases)	133,517	131,427	81,898	51,107

(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.

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

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

	Gross amounts of recognised financial asset	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	$'000	$'000	$'000
COMPANY			
2015			
Financial asset			
Other receivables and prepayments	47,706	(1,883)	45,823
2014			
Financial asset			
Other receivables and prepayments	28,908	(14,674)	14,234

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
	$'000	$'000	$'000
COMPANY			
2015			
Financial liabilities			
Other payables	72,627	(1,883)	70,744
2014			
Financial liabilities			
Other payables	49,275	(14,674)	34,601

(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.

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

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

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.

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	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Singapore dollars	35,544	11,937	4,418	7,783	-	-	-	-
Renminbi	29,738	19,821	1,835	51,228	-	-	-	-
Hong Kong dollars	52	55	-	94	-	-	-	-
United States dollars	56,953	108,646	105,171	54,490	481	5,393	16,890	121

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.

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)

Foreign currency sensitivity (cont'd)

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore dollars	1,556	208	-	-
Renminbi	1,395	(1,570)	-	-
Hong Kong dollars	3	(2)	-	-
United States dollars	2,411	2,708	(820)	264

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

(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, 2015 would decrease/increase by $317,000 (2014: $339,000)

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 decreased during the current year mainly due to the decrease 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.

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)

As at December 31, 2015, 89.6% (2013 : 83.3%) of trade receivables for the Group relate to amounts due from four (2014 : four) 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.

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 $54,082,000 (2014: $58,763,000). The earliest period that the guarantee could be called is within 1 year (2014: 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 $17,123,000 (2014: $15,983,000). As at December 31, 2015, the Company's current liabilities of $81,864,000 (2014: $40,049,000) include amount due to subsidiaries amounting to $70,276,000 (2014: $33,081,000). 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 interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
GROUP						
2015						
Non-interest bearing	-	68,964	-	-	-	68,964
Finance lease liability (fixed rate)	2.3	413	797	-	(123)	1,087
Bank loans (variable rate)	2.3	61,034	2,965	-	(533)	63,466
		130,411	3,762	-	(656)	133,517
2014						
Non-interest bearing	-	61,929	-	-	-	61,929
Finance lease liability (fixed rate)	2.2	445	1,333	-	(173)	1,605
Bank loans (variable rate)	2.1	55,492	13,492	-	(1,091)	67,893
		117,866	14,825	-	(1,264)	131,427
COMPANY						
2015						
Non-interest bearing	-	70,842	-	-	-	70,842
Finance lease liability (fixed rate)	2.6	25	39	-	(8)	56
Bank loans (variable rate)	3.1	11,304	-	-	(304)	11,000
		82,171	39	-	(312)	81,898
2014						
Non-interest bearing	-	34,821	-	-	-	34,821
Finance lease liability (fixed rate)	2.6	22	66	-	(10)	78
Bank loans (variable rate)	2.7	5,527	11,664	-	(983)	16,208
		40,370	11,730	-	(993)	51,107

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 interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
GROUP						
2015						
Non-interest bearing	-	91,908	1,081	-	-	92,989
Fixed deposits	0.7	6,316	-	-	-	6,316
		98,224	1,081	-	-	99,305
2014						
Non-interest bearing	-	80,397	1,223	-	-	81,620
Fixed deposits	0.3	3,791	-	-	-	3,791
		84,188	1,223	-	-	85,411
COMPANY						
2015						
Non-interest bearing	-	56,051	-	-	-	56,051
Fixed deposits	0.5	4,131	-	-	-	4,131
		60,182	-	-	-	60,182
2014						
Non-interest bearing	-	15,941	-	-	-	15,941
Fixed deposits	0.3	3,791	-	-	-	3,791
		19,732	-	-	-	19,732

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)

Derivative financial instruments

The Group's derivative financial instruments comprise of foreign exchange derivative contracts as disclosed in Note 22 to the financial statements. As at December 31, 2015, the total contracted gross cash inflow and gross cash outflow arising from these foreign exchange derivative contracts amounted to $66,730,000 and $69,585,000 (2014 : $68,980,000 and $69,680,000) respectively.

(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.

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.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

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

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)

Financial instruments measured at fair value

	Total	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
GROUP				
2015				
Financial assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	2,532	2,532	-	-
Available-for-sale financial assets:				
- Club membership	323	-	323	-
- Quoted debt securities	2,302	2,302	-	-
Total	5,157	4,834	323	-
Financial liabilities				
Derivative financial instruments	2,855	-	2,855	-
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	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
COMPANY				
2015				
Financial assets				
Financial assets at fair value through profit or loss:				
- Held for trading investments	2,239	2,239	-	-
Available-for-sale financial assets:				
- Club membership	316	-	316	-
- Quoted debt securities	2,302	2,302	-	-
Total	4,857	4,541	316	-
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	-

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 forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discouted at a rate that reflects the credit risk of various counterparties. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy in 2015 and 2014.

(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 2014.

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, 2015, the Group's current ratio and net gearing ratio were 1.2 (2014 : 1.2) and 0.6 (2014 : 0.6) respectively.

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

(d) Capital risk management policies and objectives (cont'd)

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 and Company on a regular basis to monitor if the Group and Company had fulfilled the financial covenants prescribed in its banking facilities. As at December 31, 2015, the Group and Company did not satisfy the minimum net tangible worth covenants due to impairment charges. Consequently, term loans amounting to $9,978,000 had been reclassified as current liabilities, as presented in the statement of financial position, in accordance with FRS 1 – *Presentation of Financial Statements*, which required waiver to be obtained prior to December 31, 2015.

As at December 31, 2015, management had assessed that the Group's cash and bank balances on hand, together with anticipated cash flow from future operations and borrowings available under the Group's credit facilities, will be sufficient to fund its operations and capital expenditure requirements for the next 12 months.

5 RELATED COMPANY BALANCES

Related companies in these financial statements refer to the Company and its 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	
	2015 $'000	2014 $'000
(1) Transaction with companies in which Michael Mun Hong Yew and Jeremy Mun Weng Hung have equity interests:		
Rental income	(76)	-
Rendering of services	(7)	(8)
Receiving of services	64	32
(2) Salaries paid to employees of the Group who are relatives of Michael Mun Hong Yew and Jeremy Mun Weng Hung:		
Salary expenses	175	185
(3) Transaction with companies in which an Independent Director has an interest:		
Consulting and corporate secretarial services	2	143

6 RELATED PARTY TRANSACTIONS (cont'd)

The Company has given corporate guarantees to its subsidiaries for loan and trade facilities. The total charge for this guarantee is $1,942,000 (2014 : $1,616,000).

Compensation of directors and key management personnel

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

	GROUP	
	2015	2014
	$'000	$'000
Short-term benefits	2,794	3,080

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		COMPANY	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at bank and in hand	19,779	16,692	10,245	1,828
Fixed deposits	6,136	3,791	4,131	3,791
Cash and cash equivalents	25,915	20,483	14,376	5,619

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 0.7% (2014 : 0.3%) per annum and for a tenure of approximately 31 days (2014 : 11 days).

8 TRADE RECEIVABLES

	GROUP	
	2015	2014
	$'000	$'000
Current		
Outside parties	72,368	61,668
Allowance for doubtful trade receivables	(788)	(701)
	71,580	60,967
Non-current		
Outside parties	25	148
Total	71,605	61,115

The average credit period on sale of goods is 63 days (2014 : 42 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, 2015, 74.4% (2014 : 71.5%) 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.

8 TRADE RECEIVABLES (cont'd)

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

	GROUP	
	2015	2014
	$'000	$'000
Not past due and not impaired	53,867	44,194
Past due but not impaired (i)	17,738	16,921
Sub-total	71,605	61,115
Impaired receivables – individually assessed		
- Customers placed under liquidation	441	441
- Past due more than 12 months with no indication of intention to repay	347	260
Less: Allowance for impairment	(788)	(701)
Sub-total	-	-
Total trade receivables, net	71,605	61,115

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

	GROUP	
	2015	2014
	$'000	$'000
1 to 30 days	12,550	12,296
31 to 60 days	3,719	3,815
More than 60 days	1,469	810
	17,738	16,921

Included in the Group's trade receivable balance are debtors with a carrying amount of $17.7 million (2014 : $16.9 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 (2014 : $441,000) 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 $788,000 (2014 : $701,000), and the Group does not hold any collateral over these balances.

Movements in the allowance for doubtful debts:

	GROUP	
	2015	2014
	$'000	$'000
Balance at beginning of the year	701	726
Allowance during the year	71	9
Written off during the year	(30)	(64)
Exchange difference	46	30
Balance at end of the year	788	701

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Other receivables	71	2,003	661	120
Value added tax receivable	8,099	4,068	28	-
Deposit	737	1,091	65	65
Deposit for leasehold property	977	719	-	-
Prepayments	1,007	1,836	17	121
Subsidiaries (Notes 5 and 12)	-	-	55,957	78,898
Allowance for doubtful other receivables	(750)	-	(10,905)	(64,970)
	10,141	9,717	45,823	14,234
Less: Non-current portion of deposits paid for leasehold property and prepayments of capital assets	(1,056)	(1,075)	-	-
	9,085	8,642	45,823	14,234

The Group's other receivables are interest-free and repayable on demand.

Movements in the allowance for doubtful debts:

	GROUP		COMPANY	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balance at beginning of the year	-	-	64,970	64,970
Allowance during the year	750	-	10,905	-
Written off during the year	-	-	(64,970)	-
Balance at end of the year	750	-	10,905	64,970

In determining the recoverability of other receivables, the Company considers any change in the credit quality of the other receivables 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.

In 2014, the Company's other receivables due from subsidiaries were repayable on demand and interest-free except for balance with a subsidiary amounting to $50,640,000 which was subject to interest at 1.85% per annum above US$ London Interbank Offered Rate ("LIBOR"). The average effective interest rate was approximately 2.08% per annum. In 2015, the Company's other receivables due from subsidiaries are repayable on demand and interest-free.

In 2015, other receivables due from subsidiaries amounting to $64,970,000 which had been fully impaired as at December 31, 2014, was written off. As at the end of the reporting period, an additional provision of $10,905,000 was recorded for the other receivables due from subsidiaries, detemined based on the estimated recoverable value.

10 VESSELS CLASSIFIED AS HELD FOR SALE

In 2015, the Group resolved to adopt an asset light strategy and has assessed that the carrying amount of the vessels in its possession will be recovered principally through a sale transaction rather than through continuing use. The vessels are expected to be sold within twelve months, and have been classified as held for sale as presented separately in the statement of financial position. These vessels are included in the Group's materials supply and marine activities for segment reporting purposes (Note 35).

As at December 31, 2015, vessels classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. An impairment loss of $11,139,000 has been recognised on the vessels as set out in Note 13.

11 INVENTORIES

	GROUP	
	2015 $'000	2014 $'000
Finished goods	16,681	19,214
Work-in-progress	5,454	7,312
Raw materials	17,160	23,776
	39,295	50,302
Allowance for inventories	(2,977)	(1,928)
	36,318	48,374

Movements in the allowance for inventories:

	GROUP	
	2015 $'000	2014 $'000
Balance at beginning of the year	1,928	1,823
Allowance during the year	2,690	22
Amounts written off during the year	(1,773)	-
Exchange difference	132	83
Balance at end of the year	2,977	1,928

The cost of inventories recognised as an expense includes $2,690,000 (2014: $22,000) in respect of write-downs of inventory to net realisable value, and has been reduced by $1,773,000 (2014: $Nil) in respect of write-offs during the year. Inventories amounting to $4,831,000 (2014: $Nil) were written-off directly to profit and loss.

12 INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 $'000	2014 $'000
Unquoted equiry shares - at cost and deemed interest	111,855	109,413
Impairment loss	(13,362)	(11,445)
Carrying amount	98,493	97,968

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% (2014: 1.0%) per annum of the amount of financing facilities guaranteed from the dates when the financing facilities were issued.

12 INVESTMENT IN SUBSIDIARIES (cont'd)

Movement in the allowance for impairment:

	COMPANY 2015 $'000	2014 $'000
Balance at beginning of year	11,445	11,445
Increase in allowance recognised in profit or loss	1,917	-
Balance at end of year	13,362	11,445

During the year, the Company carried out a review on the recoverable amount of its investment in subsidiaries. The review concluded that an impairment of $1,917,000 (2014 : no additional impairment) 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
		2015 %	2014 %	2015 $'000	2014 $'000	
Held by the Company						
Aztech Electronics Pte Ltd	Singapore	100	100	75,213	73,635	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	12,593	12,344	Non-building construction related works, including supply and procurement of materials
AZ Marine Pte Ltd	Singapore	100	100	2,519	2,019	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	100	11,314	11,314	Provider of ship repair and marine logistics services

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
		2015 %	2014 %	2015 $'000	2014 $'000	
Shiro Corporation Pte Ltd *(previously held by Aztech Electronics Pte Ltd)*	Singapore	100	100	103	-	Distribution and sales of food; wholesale of liquor and carry on research and development of all kinds of food, food products and beverages
Kay Lee Pte Ltd	Singapore	100	100	557	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
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

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
		2015 %	2014 %	2015 $'000	2014 $'000	
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
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
AZ E-Lite (HK) Ltd (3) *(previously held by Aztech Electronics Pte Ltd)*	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
		2015 %	2014 %	2015 $'000	2014 $'000	
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
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

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
		2015 %	2014 %	2015 $'000	2014 $'000	
Held by AZ Marine Pte Ltd (cont'd)						
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
AZ Marine Shipping Pte Ltd (2)	Singapore	100	100	-	-	Dormant
				111,855	109,413	

12 INVESTMENT IN SUBSIDIARIES (cont'd)

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) GROUP

	Leasehold Property[iii] $'000	Freehold land and building $'000	Computer and office equipment $'000	Factory equipment $'000	Factory furniture and fittings $'000	Vessels[i] $'000	Dry-docking expenditure $'000	Marine related equipment $'000	Assets on board of the vessels $'000	Office furniture and fittings $'000	Research and development equipment and tools $'000	Software applications $'000	Motor vehicles[ii] $'000	Total $'000
At cost:														
At January 1, 2014	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 26)	-	2,158	-	-	-	-	-	-	-	-	-	-	-	2,158
Acquired on acquisition of a subsidiary (Note 25)	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
Additions	-	-	114	4,586	616	297	1,051	102	35	1,164	9	249	155	8,378
Transferred to vessels held for sale (Note 10)	-	-	-	-	-	(47,762)	(6,019)	-	(1,542)	-	-	-	-	(55,323)
Disposals	-	-	(25)	-	-	(18,680)	(1,035)	-	(334)	(175)	(61)	(1)	(1,303)	(21,614)
Exchange difference	424	-	68	2,171	151	-	-	-	-	11	12	30	40	2,907
At December 31, 2015	19,218	2,158	3,919	35,379	2,630	-	-	1,178	-	3,671	1,755	1,423	3,451	74,782
Accumulated depreciation:														
At January 1, 2014	(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)	-	(214)	(1,396)	(115)	(1,780)	(706)	(77)	(274)	(299)	(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)	-	(2,910)	(23,169)	(1,149)	(9,939)	(3,263)	(77)	(1,377)	(1,420)	(1,542)	(931)	(1,593)	(51,152)
Charge for the year	(2,581)		(291)	(2,298)	(292)	(1,545)	(734)	(245)	(217)	(610)	(80)	(105)	(592)	(9,590)
Transferred to vessels held for sale (Note 10)	-	-	-	-	-	8,833	3,446	-	1,447	-	-	-	-	13,726
Disposals	-		25	-	-	2,651	551	-	147	175	61	2	404	4,016
Exchange difference	(206)	-	(58)	(1,673)	(90)	-	-	-	-	(13)	(13)	(24)	(37)	(2,114)
At December 31, 2015	(6,569)	-	(3,234)	(27,140)	(1,531)	-	-	(322)	-	(1,868)	(1,574)	(1,058)	(1,818)	(45,114)

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) GROUP (cont'd)

	Leasehold Property[iii] $'000	Freehold land and building $'000	Computer and office equipment $'000	Factory equipment $'000	Factory furniture and fittings $'000	Vessels[i] $'000	Dry-docking expenditure $'000	Marine related equipment $'000	Assets on board of the vessels $'000	Office furniture and fittings $'000	Research and development equipment and tools $'000	Software applications $'000	Motor vehicles[ii] $'000	Total $'000
Impairment														
At January 1, 2014	-	-	-	-	-	(19,240)	-	-	-	-	-	-	-	(19,240)
Reversal of impairment loss	-	-	-	-	-	160	-	-	-	-	-	-	-	160
At December 31, 2014	-	-	-	-	-	(19,080)	-	-	-	-	-	-	-	(19,080)
Impairment loss recognised	-	-	-	-	-	(11,139)	-	-	-	-	-	-	-	(11,139)
Eliminated on disposals	-	-	-	-	-	6,528	-	-	-	-	-	-	-	6,528
Transferred to vessels held for sale (Note 10)	-	-	-	-	-	23,691	-	-	-	-	-	-	-	21,759
At December 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount:														
At December 31, 2015	12,649	2,158	685	8,239	1,099	-	-	856	-	1,803	181	365	1,633	29,668
At December 31, 2014	15,012	2,158	852	5,453	714	37,126	2,740	999	464	1,251	253	214	2,966	70,202

(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 an additional of impairment loss of $11,139,000 (2014 : reversal of impairment loss of $160,000) during the year. Impairment losses and reversal of 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).

(iii) The Group has pledged land and bank buildings having a carrying amount of approximately $7,824,000 (2014: $10,195,000) to secure banking facilities granted to the Group.

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) COMPANY

	Renovation $'000	Computer and office equipment $'000	Office furniture and fittings $'000	Research and development equipment and tools $'000	Software applications $'000	Motor vehicles[i] $'000	Total $'000
At cost:							
At January 1, 2014	-	441	599	63	-	677	1,780
Additions	181	-	79	-	-	-	260
At December 31, 2014	181	441	678	63	-	677	2,040
Additions	94	14	4	-	224	-	336
At December 31, 2015	275	455	682	63	224	677	2,376
Accumulated depreciation:							
At January 1, 2014	-	(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)
Charge for the year	(90)	(5)	(30)	-	(28)	(116)	(269)
At December 31, 2015	(93)	(443)	(628)	(63)	(28)	(287)	(1,542)
Carrying amount:							
At December 31, 2015	182	12	54	-	196	390	834
At December 31, 2014	178	3	80	-	-	506	767

[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	
					2015 $'000	2014 $'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	4,825	4,817
Leasehold Property	15D Pandan Road Singapore 609266	Self use for marine logistics support	22,368	8.75 years with effect from July 16, 2010	7,824	10,195

As at December 31, 2015, the Group was applying for the land use right certificate and property ownership certificates in respect of the leasehold property interest of $4,825,000 (2014 : $4,817,000) from the relevant China government authorities.

14 HELD FOR TRADING INVESTMENTS

	GROUP		COMPANY	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Quoted debt securities, at fair value	2,532	2,485	2,239	2,223

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 5.78% per annum (2014 : 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current				
Club memberships at fair value:				
At January 1	412	412	405	405
Fair value adjustment	(89)	-	(89)	-
At December 31	323	412	316	405
Current				
Quoted debt securities at fair value:				
At January 1	1,992	722	1,989	719
Additions	504	1,770	504	1,770
Disposals	(3)	(502)	-	(502)
Fair value adjustment	(191)	2	(191)	2
At December 31	2,302	1,992	2,302	1,989

As at December 31, 2015, quoted debt securities of the Group and the Company have nominal values amounting to $2,461,000 (2014 : $2,022,000) and $2,461,000 (2014 : $2,019,000) respectively, with coupon rates ranging from 3.50% to 5.90% (2014 : 3.50% to 5.90%) per annum and maturing in 2 to 27 years (2014 : 3 to 28 years).

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, 2014	(13)	(1)	347	333
Charge (Credit) to profit or loss for the year (Note 30)	133	1	(120)	14
At December 31, 2014 and December 31, 2015	120	-	227	347
COMPANY				
At January 1, 2014	2	-	-	2
Credit to profit or loss for the year	(2)	-	-	(2)
At December 31, 2014 and December 31, 2015	-	-	-	-

16 DEFERRED TAX (cont'd)

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred tax liabilities	347	355	-	-
Deferred tax assets	-	(8)	-	-

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	
	2015	2014
	$'000	$'000
Unutilised tax losses		
As at January 1	21,328	19,649
Adjustment for prior years	(1,396)	1,345
Arising in current year	5,121	9,285
Exchange difference	286	463
Amount utilised (includes group relief)	(4,281)	(9,414)
As at December 31	21,058	21,328
Deferred tax benefit on above not recorded	4,840	4,861

No deferred tax asset has been recognised by the Group in respect of the tax losses amounting to $21,058,000 as at December 31, 2015 (2014 : $21,328,000) due to the unpredictability of future profits stream of the relevant subsidiaries.

The Group's tax loss carryforwards amounting to $14,666,000 (2014: $15,308,000) are available for an unlimited future period. The remaining tax loss carryforwards amounting to $6,392,000 (2014: $6,020,000) have a limited life ranging from 2 to 7 years (2014: 3 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 $185,000 (2014: $1,622,000) 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 $1,622,000 (2014: $1,539,000).

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, 2014	23,400	-	23,400
Additions	1,989	1,933	3,922
At December 31, 2014	25,389	1,933	27,322
Additions	1,609	-	1,609
At December 31, 2015	26,998	1,933	28,931
Accumulated amortisation:			
At January 1, 2014	19,937	-	19,937
Amortisation for the year	2,315	15	2,330
At December 31, 2014	22,252	15	22,267
Amortisation for the year	2,110	193	2,303
At December 31, 2015	24,362	208	24,570
Carrying amount:			
At December 31, 2015	2,636	1,725	4,361
At December 31, 2014	3,137	1,918	5,055

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, 2015, the average remaining amortisation period of the intangible assets is 2 years (2014: 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 in 2014 (Note 26), 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 3% (2014 : 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% (2014 : 5%) per annum.

18 BORROWINGS

	GROUP		COMPANY	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current:				
Unsecured				
Bills payable	8,559	19,663	-	-
Export trade loans	33,636	25,279	-	-
Revolving loans	2,832	8,056	-	3,708
Term loans	4,110	200	-	-
Secured				
Term loan	11,420	1,920	11,000	1,500
	60,557	55,118	11,000	5,208
Non-Current:				
Unsecured				
Term loans	2,909	550	-	-
Secured				
Term loans	-	12,225	-	11,000
	2,909	12,775	-	11,000
Total borrowings	63,466	67,893	11,000	16,208
The borrowings are repayable as follows:				
On demand or within one year	60,557	55,118	11,000	5,208
In the second year	2,361	2,470	-	1,500
In the third year	548	1,920	-	1,500
In the fourth year	-	1,885	-	1,500
In the fifth year	-	6,500	-	6,500
	63,466	67,893	11,000	16,208
Less: Amount due for settlement within 12 months (shown under current liabilities)	(60,557)	(55,118)	(11,000)	(5,208)
Amount due for settlement after 12 months	2,909	12,775	-	11,000

18 BORROWINGS (cont'd)

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 $182,272,000 (2014 : $88,409,000), of which $45,027,000 (2014 : $52,998,000) have been utilised as at December 31, 2015. These banking facilities are secured by a corporate guarantee from the Company. Excluding bank overdraft facilities, these banking facilities bear interest rates from 1.7% to 2.4% (2014 : 1.6% to 2.4%) per annum.

2) Term loans

The term loans comprise:

i) an amount of $1,000,000 extended to a subsidiary of the Company in August 2013 and November 2013 in 2 equal trenches. 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% (2014 : 2.4%) per annum. As at December 31, 2015, the outstanding balance of the loan was $550,000 (2014 : $750,000).

ii) 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, 2015, the outstanding balance of the loan was $1,225,000 (2014: $1,645,000).

iii) 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, 2015, the outstanding balance of the loan was $11,000,000 (2014: $12,500,000).

iv) an amount totalling $6,664,000 was drawn down by subsidiaries of the Company for the purpose of funding working capital, repayable in instalments until May 2018. The loans bear an average effective interest approximating 2.7% and are denominated in United States dollars (equivalent US$4,000,000) and in Singapore dollars ($1,000,000). As at December 31, 2015, the outstanding balance of the loans was $5,664,000 (repayable as follows: 2016 : $3,082,000, 2017 : $1,868,000, 2018 : $714,000).

As at the end of the reporting period, the Group and Company did not satisfy the minimum net tangible worth covenants due to impairment charges. Consequently, non-current portion of the term loans above amounting to $9,978,000, had been reclassified as current liabilities in accordance with FRS 1 - *Presentation of Financial Statements*, which requires waiver to be obtained prior to December 31, 2015.

19 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
GROUP				
Amounts payable under finance leases:				
Within one year	413	445	372	403
In the second to fifth years inclusive	797	1,333	715	1,202
Less: Future finance charges	(123)	(173)	-	-
Present value of lease obligations	1,087	1,605	1,087	1,605
Less: Amount due for settlement within 12 months (shown under current liabilities)			(372)	(403)
Amount due for settlement after 12 months			715	1,202
COMPANY				
Amounts payable under finance leases:				
Within one year	25	22	22	20
In the second to fifth years inclusive	39	66	34	58
Less: Future finance charges	(8)	(10)	-	-
Present value of lease obligations	56	78	56	78
Less: Amount due for settlement within 12 months (shown under current liabilities)			(22)	(20)
Amount due for settlement after 12 months			34	58

The Group and the Company acquired certain of its plant and equipment under finance leases in accordance with its policy. The Group and the Company's leases bear an average interest rate of 2.3% per annum and 2.6% (2014 : 2.2% and 2.6% per annum) respectively and are repayable over an average lease term of 3 years (2014 : 4 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 $1,721,000 and $143,000 (2014 : $2,336,000 and $163,000) 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Outside parties	61,950	54,206	98	220

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

21 OTHER PAYABLES

	GROUP		COMPANY	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Subsidiaries (Notes 5 and 12)	-	-	70,276	33,081
Accrued expenses	5,614	4,641	226	1,237
Customer deposits	1,294	886	-	-
Contingent consideration payable (Note 26)	-	950	-	-
Other payables	1,400	2,132	242	283
	8,308	8,609	70,744	34,601

22 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP			
	Assets		Liabilities	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Foreign exchange derivative contracts	-	-	(2,855)	(700)

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 fixed RMB amounts per month when the RMB against US$ are at levels not exceeding 6.3 (2014: 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 6.5 to 6.6 (2014: 6.2 to 6.4). In 2015, one of the forward contracts has been restructured and is included as an instrument outstanding as at the end of the reporting period.

As of December 31, 2015, the total notional amount of the outstanding US$/RMB structured forward contract was US$38.0 million with settlements on a monthly basis (2014 : US$31.5 million with settlements on a monthly basis).

22 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

(i) Structured Forward Contract (cont'd)

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.

The instruments above, comprising both US$/RMB and S$/US$ instruments, are denominated in US$. Net fair value loss on the structured forward foreign exchange contract amounting to $1,564,000 (2014: gain of $274,000) is debited (2014: credited) to profit or loss. As at December 31, 2015, total outstanding instruments carried at fair value, amounted to $2,721,000 (2014: $656,000), are presented as derivative financial liabilities in the statement of financial position.

(ii) Foreign Exchange Derivative Contracts

The instruments purchased are denominated in US$. Net fair value loss on the forward foreign exchange contracts amounting to $90,000 (2014: gain of $77,000) is debited (2014: 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:

	2015 $'000	2014 $'000
Forward foreign exchange contracts	14,499	27,676

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	
	2015	2014	2015 FC'000	2014 FC'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Buy US$ to sell S$ less than 6 months	1.39	1.26	9,540	20,900	13,508	27,676	(78)	(44)
Buy RMB to sell US$ less than 6 months	6.33	-	700	-	991	-	(56)	-

23 SHARE CAPITAL

	GROUP AND COMPANY			
	2015	2014	2015	2014
	'000	'000	$'000	$'000
	Number of ordinary shares			
Issued and paid up:				
At January 1	510,094	510,094	121,450	121,450
Share consolidation exercise	(459,085)	-	-	-
Capital reduction	-	-	(43,521)	-
At December 31	51,009	510,094	77,929	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.

In 2015, a share consolidation exercise was carried out by the Company, consolidating every 10 existing issued ordinary shares into 1 ordinary share in the capital of the Company. Subsequent to the Extraordinary General Meeting ("EGM") approval on April 24, 2015, the exercise was completed and announced on May 20, 2015 with 51,009,343 as the new issued number of ordinary shares.

A capital reduction exercise was carried out by the Company, reducing the issued and fully paid-up share capital of the Company from $121,450,105.41 to $77,929,440.16. Subsequent to the EGM approval on April 24, 2015, the exercise was completed and announced on June 8, 2015.

24 TREASURY SHARES

	GROUP AND COMPANY			
	2015	2014	2015	2014
	'000	'000	$'000	$'000
	Number of ordinary shares			
At January 1	24,001	24,001	5,894	5,894
Share consolidation exercise	(21,601)	-	-	-
At December 31	2,400	24,001	5,894	5,894

In 2015, a share consolidation exercise was carried out by the Company, consolidating every 10 existing issued ordinary shares into 1 ordinary share in the capital of the Company. Subsequent to the Extraordinary General Meeting ("EGM") approval on April 24, 2015, the exercise was completed and announced on May 20, 2015 with 2,400,100 as the new issued number of treasury shares.

25 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.

25 ACQUISITION OF A SUBSIDIARY (cont'd)

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 and had gross contractual amounts of $213,000. At acquisition date, all contractual cash flows were expected to be collected.

26 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 total consideration of $950,000 has been fully paid in 2015.

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 a 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.

26 ACQUISITION OF A BUSINESS (cont'd)

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.

27 REVENUE

	GROUP	
	2015 $'000	2014 $'000 (Restated)
Sales of electronic products	297,813	196,777
Supply of construction materials	8,539	123,490
Ship repair and marine logistic services	4,863	4,632
Sales of food products and restaurant sales	7,680	4,969
	318,895	329,868

28 OTHER OPERATING INCOME

	GROUP	
	2015 $'000	2014 $'000 (Restated)
Rental income (Note 5)	76	-
Interest income	320	213
Fair value gains on derivative financial instruments	-	351
Fair value gains on held for trading investments	28	29
Scrap sales	211	138
Insurance claims recovered	84	29
Marine logistics handling and service income	159	165
Foreign exchange gains	918	-
Others	678	486
	2,474	1,411

29 FINANCE COSTS

	GROUP 2015 $'000	GROUP 2014 $'000
Bank charges	419	621
Interest expense for:		
Bills payable and trade financing	520	946
Finance leases	50	31
Vessel loans	-	12
Revolving loans, term loans and bank loans	1,003	291
	1,992	1,901

30 INCOME TAX

	GROUP 2015 $'000	GROUP 2014 $'000
Current tax		
- incurred in foreign jurisdictions	1,474	1,258
- under provision in prior years	15	156
Deferred tax		
- under provision in prior years	-	14
Income tax expense for the year	1,489	1,428

Domestic income tax is calculated at 17% (2014 : 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 2015 $'000	GROUP 2014 $'000
(Loss) Profit before income tax	(18,482)	7,204
Income tax (benefit) expense of statutory rate	(3,142)	1,225
Effects of different tax rates of overseas subsidiaries	31	(227)
Income exempt from taxation	(10)	(61)
Effects of tax concession	(737)	(120)
Losses from operations not subject to tax exemption	803	309
Non-allowable items	4,389	338
Deferred tax benefit arising in current year not recognised	871	336
Utilisation of deferred tax benefits previously not recognised	(728)	(544)
Underprovision of current tax in prior years	15	156
Underprovision of deferred tax in prior years	-	14
Others	(3)	2
Total income tax expense	1,489	1,428

31 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after charging (crediting):

	GROUP	
	2015 $'000	2014 $'000
Depreciation and amortisation:		
Depreciation of property, plant and equipment	9,590	6,939
Amortisation of intangible assets	2,303	2,330
Impairment of vessels	11,139	-
Total depreciation, amortisation and impairment costs	23,032	9,269
Directors' remuneration:		
of the Company	1,545	1,700
of subsidiaries	253	287
Directors' fees:		
Directors of the Company	328	315
	2,126	2,302
Employee benefits expense (including Directors' remuneration):		
Staff costs (including Directors' remuneration)	12,767	13,852
Defined contributions plans	818	1,129
Total employee benefits expense	13,585	14,981
Net foreign exchange (gains) loss	(918)	269
Loss on disposal of available-for-sale financial assets	-	2
Fair value loss (gain) on derivative instruments	1,654	(351)
Loss on disposal of property, plant and equipment	40	35
Fair value gain on held for trading investments	(28)	(29)
Cost of inventories recognised as an expense	235,280	268,884
Audit fees paid / payable to auditors:		
Auditors of the Company	254	278
Other auditors	156	150
Non-audit fees paid / payable to auditors:		
Auditors of the Company	-	100

32 (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary owners of the Company is based on the following data:

	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares[1] for the purposes of basic (loss) earnings per share	48,609	48,609
Weighted average number of ordinary shares[1] for the purposes of diluted (loss) earnings per share	48,609	48,609
(Loss) Earnings		
(Loss) Profit attributable to owners of the Company ($'000)	(19,971)	5,776
Basic (loss) earnings per share (cents)	(41.08)	11.88
Fully diluted (loss) earnings per share (cents)	(41.08)	11.88

(1) Weighted average number of ordinary shares has been revised retrospectively as a result of the Share consolidation exercise completed during the financial year (Note 23).

33 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.

The above dividends were declared prior to Share consolidation exercise (Note 23).

On May 20, 2015, a tax exempt one-tier final dividend of 5.0 cents per share amounting to $2,430,000 was paid in respect of the financial year ended December 31, 2014.

34 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Operating lease commitments

The Group as lessee

	GROUP	
	2015 $'000	2014 $'000
Minimum lease payments under operating leases included in the profit or loss	3,868	2,616

34 CONTINGENT LIABILITIES AND COMMITMENTS (cont'd)

(a) Operating lease commitments (cont'd)

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Future minimum lease payments payable:				
Within one year	3,571	2,771	782	512
In the second to fifth years inclusive	5,928	6,221	1,569	1,541
Total	9,499	8,992	2,351	2,053

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 $76,000 (2014: $Nil).

(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 prematurely in 2012 and subsequently, the subsidiary and the ship owner filed their respective notice of arbitration to claim for damages.

In 2015, the Tribunal issued Final Award and Addendum for the subsidiary to pay the ship owner for damages, its associated interest, legal and tribunal costs and this has been dealt with accordingly.

Collision between Group's vessel and third party vessel

On January 29, 2014, a third party's vessel, NYK Themis struck the port bow of the Group's barge, AZ Fuzhou. NYK Themis' hull was torn resulting in spillage of bunker fuel into the sea. The Group's underwriters, Shipowners Club has taken charge of the matter. As part of their usual protocol, they have appointed surveyors lawyers to handle the claim.

34 CONTINGENT LIABILITIES AND COMMITMENTS (cont'd)

(b) Contingent liabilities (cont'd)

Collision between Group's vessel and third party vessel (cont'd)

On May 19, 2015, the lawyers appointed by the Group's insurers informed the Group that the owners of NYK Themis have proceeded to serve Writ of Summons for Admiralty ("the Writ") against the Group's subsidiary which owns the barge. In the Writ, the owners of NYK Themis claim damages, loss and expenses, interest and cost ("the Suit"). No amount has been specified in the Writ. The lawyers appointed by the Group's insurers will handle the Suit and based on the merit of the case, will be submitting to the Court (on behalf of the Group's subsidiaries), counter claims for damages and expenses incurred by the Group's barge, AZ Fuzhou.

Management is of the view that this matter is not expected to have any material impact on the financial position of the Group in the financial year ended 2015 as the Group's vessel is fully covered by the insurers.

(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 (RMB50,000) 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 $64,815,000 (2014 : $58,491,000) to enable them to continue as going concern and to meet their obligations for at least 12 months from the date of this report.

35 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, Retail & Supply – 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.

35 SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

	Electronics $'000	Materials Supply & Marine $'000	Food & Beverage, Retail & Supplies $'000	Inter-segment elimination $'000	Group $'000
2015					
Revenue	297,813	13,402	7,680	-	318,895
Cost of sales	(268,852)	(11,787)	(4,851)	-	(285,490)
Gross profit	28,961	1,615	2,829	-	33,405
Other operating income	2,438	809	37	(810)	2,474
Selling and distribution costs	(5,977)	(74)	(535)	-	(6,586)
Administrative expenses:					
Impairment of vessels	-	(11,139)	-	-	(11,139)
Allowance for inventory obsolescence and inventories written off	(6,480)	-	(1,041)	-	(7,521)
Fair value (loss) gain on derivative financial instruments	(2,190)	536	-	-	(1,654)
Other administrative expenses	(13,291)	(8,237)	(4,751)	810	(25,469)
Finance costs	(1,785)	(104)	(103)	-	(1,992)
Profit (Loss) before income tax	1,676	(16,594)	(3,564)	-	(18,482)
Income tax	(1,489)	-	-	-	(1,489)
Profit (Loss) for the year	187	(16,594)	(3,564)	-	(19,971)
Segment assets	190,449	29,972	9,948	(28,699)	201,670
Segment liabilities	(130,365)	(8,858)	(15,048)	15,850	(138,421)
Other segment information					
Additions to non-current assets	5,559	1,491	1,328	-	8,378
Depreciation and amortisation expenses	5,673	5,473	747	-	11,893
Allowance for doubtful receivables	760	-	61	-	821

35 SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

	Electronics $'000	Materials Supply & Marine $'000	Food & Beverage, Retail & Supplies $'000	Inter-segment elimination $'000	Group $'000
2014					
Revenue	196,777	128,123	4,974	(6)	329,868
Cost of sales	(169,123)	(121,761)	(3,809)	6	(294,687)
Gross profit	27,654	6,362	1,165	-	35,181
Other operating income	2,075	834	100	(1,598)	1,411
Selling and distribution costs	(5,291)	(290)	(597)	-	(6,178)
Administrative expenses:					
Reversal (impairment) of vessels	-	160	-	-	160
Allowance for inventory obsolescence	-	-	(22)	-	(22)
Other administrative expenses	(12,414)	(7,156)	(2,174)	297	(21,447)
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	17,362	305	-	24,436
Depreciation and amortisation expenses	4,590	4,327	352	-	9,269

Revenues from major products and services

The Group's revenues from its major products and services were as follows:

	GROUP 2015 $'000	GROUP 2014 $'000 (Restated)
ODM/OEM Sales	23,286	35,336
Contract manufacturing	241,330	125,447
Retail distribution	33,197	35,994
Supply and procurement of construction building materials	8,539	123,490
Chartering and other logistics services	4,863	4,632
Food distribution	7,680	4,969
	318,895	329,868

35 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
		(Restated)		
Singapore	59,259	174,076	20,569	65,097
China	257,810	153,519	14,847	11,745
Others	1,826	2,273	17	50
Total	318,895	329,868	35,433	76,892

(c) Information about major customers

The Group's customer base includes 2 (2014 : 3) customers with whom transactions have exceeded 10% of the Group's revenues. In 2015, revenues generated from these customers amounted to approximately $223.4 million (2014 : $215.3 million). Details of concentration of credit risk arising from these customers are set out in Note 4.

36 RECLASSIFICATION AND COMPARATIVE FIGURES

Reclassification was made to the prior year's financial statements to enhance the comparability with current year's financial statements. The effect of the reclassification on the comparative figures in the consolidated statement of profit or loss and other comprehensive income as at December 31, 2014 is as follows:

	As previously reported $'000	Adjustments $'000	As restated $'000
Statement of profit or loss and other comprehensive income			
Revenue	329,413	455	329,868
Other income	1,866	(455)	1,411

Analysis of Shareholdings
as at March 31, 2016

NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	48,609,243
NUMBER/PERCENTAGE OF TREASURY SHARES	:	2,400,100 (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	129	1.29	439	0.00
100 - 1,000	6,410	64.09	2,621,823	5.39
1,001 - 10,000	3,038	30.37	9,711,945	19.98
10,001 - 1,000,000	420	4.20	18,234,277	37.51
1,000,001 & ABOVE	5	0.05	18,040,759	37.12
TOTAL	10,002	100.00	48,609,243	100.00

TOP TWENTY SHAREHOLDERS AS AT 31 MARCH 2016	NO. OF SHARES	%
MUN HONG YEW	11,636,566	23.94
DBS NOMINEES PTE LTD	2,427,787	4.99
NG SOK CHENG	1,451,016	2.99
UNITED OVERSEAS BANK NOMINEES (PTE) LTD	1,309,200	2.69
RAFFLES NOMINEES (PTE) LTD	1,216,190	2.50
OCBC NOMINEES SINGAPORE PTE LTD	788,920	1.62
DBS VICKERS SECURITIES (S) PTE LTD	765,400	1.57
HSBC (SINGAPORE) NOMINEES PTE LTD	698,341	1.44
OCBC SECURITIES PRIVATE LTD	545,834	1.12
FOO FONG G	500,000	1.03
TAY KONG HO	500,000	1.03
CITIBANK NOMINEES SINGAPORE PTE LTD	459,380	0.95
NG AH KAU @ NG KIM POH	440,303	0.91
CHIA HEOK MIIN	382,600	0.79
AVS TECHNOLOGIES PTE LTD	363,600	0.75
UOB KAY HIAN PTE LTD	283,900	0.58
TAN GUAN YU, DARREL	257,100	0.53
LIM GUAN TECK	220,200	0.45
PHILLIP SECURITIES PTE LTD	208,940	0.43
BRAHMANA KARTA SAKRI OR SUDRIANI SAKRI	205,000	0.42
	24,660,277	50.73

SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	
	DIRECT INTEREST	DEEMED INTEREST
MUN HONG YEW*	11,636,566	363,600

* Note:
Mun Hong Yew is deemed to have an interest in 363,600 shares held by AVS Tehnologies Pte Ltd, where he is a Director and Shareholder.

Rule 723
As at 31 March 2016, approximately 74.76% of the shareholding was held in the hands of the public. As such, Rule 723 is complied with.

Notice of Annual General Meeting

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 29, 2016 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, 2015 together with the Directors' Report and Auditors' Report thereon.
[Resolution 1]

2. To approve Directors' fees of S$287,500 for the financial year ending December 31, 2016. (2015: S$328,100)
[Resolution 2]

3. To re-elect Mr Jeremy Mun Weng Hung (Wen Yongheng) who is retiring under Article 107 of the Articles of Association as a Director.
[Resolution 3]

4. To re-elect Mr Khoo Ho Tong as a Director.
[Resolution 4]

5. To appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.
[Resolution 5]

6. 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:

7. 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 6]

8. THAT:-

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchase(s) (each a "**Market Purchase**") transacted through the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with an equal access scheme(s) (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

("**Share Buyback Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by an ordinary resolution of shareholders of the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases or acquisitions pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by the Shareholders by ordinary resolution in a general meeting;

(d) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares (excluding treasury Shares) as at the date of the passing of this Resolution unless the Company has effected a reduction of its share capital at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury Shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last Annual General Meeting of the Company was held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date this Resolution is passed;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duty, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the average of the closing market prices of the Shares over the last five consecutive Market Days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day of the On-Market Purchase and deemed to be adjusted for any corporate action occurring after such five Market Day period; and

(ii) in the case of an Off-Market Purchase, 120% of the average of the closing market prices of the Shares over the last five consecutive Market Days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of its intention to make an offer for the purchase of Shares from Shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(e) the Directors or any of them be and are hereby authorised to deal with the Shares purchased by the Company pursuant to the Share Buyback Mandate in any manner as they think fit, which is permissible under the Companies Act; and

(f) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[Resolution 7]

By Order of the Board

Ms Pavani Nagarajah
Company Secretary
April 14, 2016
Singapore

Notes:

(i) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary (as hereinafter defined) is entitled to appoint one proxy or two proxies to attend and vote in his place. A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote in his place, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. A proxy need not be a member of the Company.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

The instrument appointing a proxy 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 holding the annual general meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the annual general meeting as certified by The Central Depository (Pte) Limited to the Company.

(ii) Resolution 2 is to facilitate payment of Directors' fees during the financial year in which the fees are incurred.

- The Directors' fees for Mr Philip Tan Tee Yong, Mr Khoo Ho Tong, Mr Mun Hong Yew, Mr Tan Teik Seng 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 Directors' fees for the said Directors is calculated on the assumption that these Directors will hold office for the whole of the financial year ending December 31, 2016 ("FY 2016"). Should any of the Directors hold office for only part of FY2016, the Director's Fee payable to him will be appropriately pro-rated.

- The Director's fees for Mr Martin Chia (who resigned as a Director with effect from January 31, 2016) has been calculated on pro-rated basis.

(iii) If re-elected under Resolution 3, Mr Jeremy Mun Weng Hung (Wen Yongheng) will remain and will be considered as Executive Director of the Company.

(iv) Mr Khoo Ho Tong, who is over the age of 70 years, was re-elected as a Director at the last Annual General Meeting (held on 24 April 2015) to hold office from 24 April 2015 until the forthcoming Annual General Meeting (to be held on 29 April 2016) pursuant to the then prevailing Section 153 of the Companies Act. Section 153 of the Companies Act has been repealed with effect from 3 January 2016. However, as Mr Khoo Ho Tong's current term of office will expire at the forthcoming Annual General Meeting, he will need to be re-elected to continue in office as a Director after the forthcoming Annual General Meeting. If he is re-elected as a Director at the forthcoming Annual General Meeting, as Section 153 of the Companies Act has been repealed, Mr Khoo Ho Tong's re-election as a Director will no longer be statutorily subject to approval at each future Annual General Meeting solely on the basis of his age. However, he will be subject to retirement by rotation pursuant to the relevant provisions of the Company's constitution. If re-elected under Resolution 4, Mr Khoo Ho Tong will remain, the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees and will be considered an independent director of the Company.

(v) Resolution 6 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 6 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 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision or shares.

(vi) Explanatory Statement to Ordinary Resolution 7

Resolution for the Renewal of the Share Buyback Mandate

SGX-ST assumes no responsibility for the correctness of any of the statements made, reported, contained or opinions expressed in this explanatory statement.

A. RATIONALE FOR THE SHARE BUYBACK MANDATE

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the rules of the Listing Manual and such other laws and regulations as may be applicable.

It is a requirement of the Companies Act that before a company purchases or acquires its own shares, its articles of association must expressly permit the company to purchase or otherwise acquire the shares issued by it. Article 16 of the Articles empowers the Company to purchase or otherwise acquire any of its issued shares on such terms as the Company may think fit and in the manner prescribed by the Companies Act.

It is a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from shareholders at the Annual General Meeting (the "AGM") for the Share Buyback Mandate.

If approved by the shareholders at the AGM, the authority conferred by the Share Buyback Mandate will continue in force until the earliest of:- the date on which the next AGM of the Company is held or is required by law to be held (unless renewed at such meeting); or the date on which the Share purchases are carried out to the full extent mandated; or the time when the authority conferred by the Share Buyback Mandate is revoked or varied by the shareholders in general meeting.

A share buyback is one of the ways in which the return on equity of a company may be improved, thereby increasing shareholder value. By obtaining the Share Buyback Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The Share Buyback Mandate will also facilitate the return to the shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner.

The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the Company's Share price, off-set the effects of short-term speculation and bolster shareholders' confidence and employee morale.

If and when circumstances permit, the Directors will decide whether to effect the share purchases via market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out purchases pursuant to the Share Buyback Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full limit as authorised. The share purchases will not cause illiquidity or affect orderly trading of the Shares.

B AUTHORITY AND LIMITS OF THE SHARE BUYBACK MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buyback Mandate are summarised below:-

(a) Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buyback Mandate shall not exceed ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the last AGM of the Company held before the resolution authorising the Share Buyback Mandate is passed or as at the date on which the resolution authorising the Share Buyback Mandate is passed, whichever is the higher.

Purely for illustrative purposes, on the basis of 48,609,243 Shares (excluding treasury shares) in issue as at the Latest Practicable Date (31 March 2016) and assuming that no further Shares are issued on or prior to the AGM to be held on 29 April 2016, not more than 4,860,924 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the Share Buyback Mandate is approved up to the earliest of:

(i) the date on which the next AGM of the Company is held or required by law to be held (unless the mandate is renewed at such meeting);
(ii) the date on which the share purchases are carried out to the full extent mandated; or
(iii) the time when the authority conferred by the Share Buyback Mandate is revoked or varied by the shareholders of the Company in general meeting.

The Share Buyback Mandate may be renewed at each AGM or other general meeting of the Company.

(c) Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be effected by the Company by way of:-

(i) on-market purchases ("Market Purchases"); and/or
(ii) off-market purchases, otherwise than on a securities exchange, in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act ("Off-Market Purchases").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed dealers appointed by the Company for the purpose.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:-

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
(iii) the terms of all the offers are the same, except that there shall be disregarded:-

    (aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
    (bb) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
    (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, the Company will issue an offer document containing, *inter alia*, the following information to all shareholders:-

(i) the terms and conditions of the offer;
(ii) the period and procedures for acceptances;
(iii) the reasons for the proposed Share purchases;
(iv) the consequences, if any, of Share purchases by the Company that will arise under the Take-over Code or other applicable takeover rules;
(v) whether the Share purchases, if made, could affect the listing of the Company's equity securities on the SGX-ST;
(vi) details of any Share purchases made by the Company in the previous 12 months (whether market acquisitions or off-market acquisitions in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

The purchase price (excluding ancillary expenses such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for the Shares must not exceed the maximum price ("Maximum Price") as set out below:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:-

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

C. PURCHASED SHARES: CANCELLED OR HELD IN TREASURY

Shares which are purchased or acquired by the Company may be cancelled or held by the Company as treasury shares.

If the Shares are cancelled, the Shares will be automatically delisted from the SGX-ST and all rights and privileges attaching to those Shares will expire on cancellation and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.

If the Shares are held as treasury shares and are subsequently sold, transferred, cancelled and/or used, the Company shall release an announcement stating the following:-

(a) date of the sale, transfer, cancellation and/or use;
(b) purpose of such sale, transfer, cancellation and/or use;
(c) number of treasury shares sold, transferred, cancelled and/or used;
(d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
(e) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
(f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

D. SOURCE OF FUNDS

The Company may, at its discretion, purchase Shares pursuant to the Share Buyback Mandate out of capital and/or out of distributable profits.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such an extent that the working capital position of the Group would be materially adversely affected.

The Company intends to use internal sources of funds and/or external borrowings to finance purchases or acquisitions of its Shares. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares pursuant to the proposed Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

E. SOLVENCY TEST

Under the Companies Act in force as at the Latest Practicable Date, we may not purchase Shares if we know that our Company is not solvent. For this purpose, a company is "solvent" if:

(a) the company is able to pay its debts in full at the time of the payment for the purchase and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of the payment; and

(b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase, become less than the value of its liabilities (including contingent liabilities) having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect, or may affect, such values.

F. **FINANCIAL EFFECTS**

The Company's total issued share capital will be diminished by the total issue price of the Shares purchased or acquired by the Company if the Shares purchased or acquired are cancelled.

The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Group to fund the purchases or acquisitions.

Based on the existing issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date, the purchase by the Company of ten per cent (10%) of its issued Shares will result in the purchase or acquisition of 4,860,924 Shares.

Assuming the Company purchases or acquires the 4,860,924 Shares at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:-

(a) S$20.95 million in the case of Market Purchases of Shares based on S$0.431 per Share (being the price equivalent to five per cent (5%) above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date); and

(b) S$23.96 million in the case of Off-Market Purchases of Shares based on S$0.493 per Share (being the price equivalent to twenty per cent (20%) above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date).

For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statements of the Group for the financial year ended December 31, 2015, and assuming that:-

(i) the Share Buyback Mandate had been effective on January 1, 2015;
(ii) the purchases or acquisitions of Shares are financed solely by internal resources;
(iii) the Company's net profit for the year was S$13.09 million as at December 31, 2015 and
(iv) the capital of the Company was S$77.93 million as at December 31, 2015,

the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the financial year ended December 31, 2015 would have been as follows:-

Market Purchases	Group		Company	
December 31, 2015 *(in thousands)*	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds	S$ 63,249	S$ 61,154	S$ 82,486	S$ 80,391
Net Tangible Assets	S$ 58,888	S$ 56,793	S$ 82,486	S$ 80,391
Current Assets	S$ 166,237	S$ 164,142	S$ 64,741	S$ 62,646
Current Liabilities	S$ 134,450	S$ 134,450	S$ 81,864	S$ 81,864
Total Borrowings	S$ 64,553	S$ 64,553	S$ 11,056	S$ 11,056
Number of Shares	48,609	43,748	48,609	43,748
Financial Ratios				
NTA per Share (cents)	121.15	129.82	169.69	183.76
(Loss) Earnings per Share (cents)	(41.08)	(45.65)	26.93	29.92
Gearing (times)	1.02	1.06	0.13	0.14
Current Ratio (times)	1.24	1.22	0.79	0.77

Off Market Purchases	Group		Company	
December 31, 2015 *(in thousands)*	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds	S$ 63,249	S$ 60,853	S$ 82,486	S$ 80,090
Net Tangible Assets	S$ 58,888	S$ 56,492	S$ 82,486	S$ 80,090
Current Assets	S$166,237	S$ 163,841	S$ 64,741	S$ 62,345
Current Liabilities	S$ 134,450	S$ 134,450	S$ 81,864	S$ 81,864
Total Borrowings	S$ 64,553	S$ 64,553	S$ 11,056	S$ 11,056
Number of Shares	48,609	43,748	48,609	43,748
Financial Ratios				
NTA per Share (cents)	121.15	129.13	169.69	183.07
Earnings per Share (cents)	(41.08)	(45.65)	26.93	29.92
Gearing (times)	1.02	1.06	0.13	0.14
Current Ratio (times)	1.24	1.22	0.79	0.76

(1) Total borrowings comprise liabilities arising from borrowings from banks and other financial institutions, and outstanding debt securities.
(2) Gearing is computed based on the ratio of total borrowings to shareholders' funds.
(3) Current ratio is derived based on current assets divided by current liabilities.

For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are financed solely by internal resources. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Shareholders should note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, shareholders should note that the above analysis is based on the audited financial statements of the Group for the financial year ended December 31, 2015 and is not necessarily representative of future financial performance.

The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

G. REPORTING REQUIREMENTS UNDER THE COMPANIES ACT

Within 30 days of the passing of a shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority.

The Company shall notify the Accounting and Corporate Regulatory Authority within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include the following:

(a) the date of the purchase;
(b) the number of Shares purchased;
(c) the number of Shares cancelled;
(d) the number of Shares held as treasury shares;
(e) the Company's issued share capital before the purchase;
(f) the Company's issued share capital after the purchase;
(g) the amount of consideration paid by the Company for the purchase of the Shares; and
(h) whether the Shares were purchased out of the profits or the capital of the Company.

H. REQUIREMENTS IN THE LISTING MANUAL

Under Rule 884 of the Listing Manual, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than five per cent (5%) above the average closing market price, being the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in section B (d) above, conforms to this restriction.

Rule 886 of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a consideration and/or decision of the Board until the price-sensitive information has been publicly announced.

In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's annual results and during the period of two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year.

Rule 723 of the Listing Manual requires a company to ensure that at least ten per cent (10%) of equity securities (excluding preference shares and convertible equity securities) in a class that is listed is held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, the public float of the Company stands at 74.76%. If the Share Buyback Mandate is exercised in full, and a total of 4,860,924 Shares are purchased pursuant to the Share Buyback Mandate, the public float of the Company will be 71.96%. The Share Buyback Mandate will not affect the listing of the Company on SGX-ST by reason of the public float of the Company being reduced to below 10% of the total issued share capital of the Company. The Share Buyback Mandate is also not expected to affect the orderly trading of the Company's Shares on the SGX-ST.

I. CERTAIN TAKE-OVER CODE IMPLICATIONS

Appendix 2 of the Take-over Code contains the Share Buy Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

(a) Obligation to Make a Take-over Offer

Any resultant increase in the percentage of voting rights held by a shareholder and persons acting in concert with him, following any purchase or acquisition of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("Rule 14"). Consequently, depending on the number of Shares purchased or acquired by the Company and the Company's issued share capital at that time, a shareholder or group of shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of the first-mentioned company.

(c) **Effect of Rule 14 and Appendix 2**

The circumstances under which shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or, if the voting rights of such Directors and their concert parties fall between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such shareholder would increase to thirty per cent (30%) or more, or, if such shareholder holds between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such shareholder need not abstain from voting in respect of the resolution authorising the proposed Share Buyback Mandate.

Based on information in the Company's Register of Substantial Shareholders as at the Latest Practicable Date, the Directors are not aware of any facts or factors which suggest or imply that any particular Shareholder will become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the acquisition or purchase by the Company of the maximum limit of 10% of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

(d) **Directors' and Substantial Shareholders' Interests**

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the shareholdings of the Directors and of the Substantial Shareholders in the Company before and after the purchase of Shares pursuant to the proposed Share Buyback Mandate, assuming (i) the Company purchases the maximum amount of ten per cent (10%) of the issued ordinary share capital of the Company, and (ii) there is no change in the number of Shares held by the Directors and Substantial Shareholders or which they are deemed to be interested in, will be as follows:-

	----------------As at Latest Practicable Date----------------		
		Before Share Purchase	After Share Purchase
	Total Number of Shares in which interested (direct and deemed)	% of Issued Shares [1]	% of Issued Shares [1]
Directors			
Michael Mun Hong Yew [2]	11,636,566	23.94	26.599
Jeremy Mun Weng Hung	104,400	0.215	0.239
Khoo Ho Tong	80,600	0.166	0.184
Philip Tan Tee Yong	60,000	0.123	0.137
Tan Teik Seng	8,410	0.017	0.019
Substantial Shareholders			
Michael Mun Hong Yew [2]	11,636,566	23.94	26.599

<u>Notes:</u>-

(1) Based on an issued share capital (excluding treasury shares) of 48,609,243 Shares as at the Latest Practicable Date.

(2) As at the Latest Practicable Date, Michael Mun Hong Yew's aggregate interest of 12,000,166 Shares consists of 11,636,566 Shares which he holds directly and 363,600 Shares held by AVS Technologies Pte Ltd. Michael Mun Hong Yew is regarded as acting in concert with (i) his son Jeremy Mun Weng Hung who holds 104,400 Shares; (ii) his son Mun Weng Kai who holds 6,000 Shares (iii) his son Mun Weng Hoe who holds 3,000 Shares and (iv) his brother Mun Hon Pheng who holds 4,100 Shares as at the Latest Practicable Date, pursuant to the Take-over Code.

As at the Latest Practicable Date, none of our Directors or Substantial Shareholders will be obliged to make a mandatory take-over offer in the event that the Company purchased the maximum 10% of the issued Shares under the proposed Share Buyback Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a takeover offer as a result of any purchase of Shares by the Company pursuant to the Share Buyback Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares in the Company during the period when the Share Buyback Mandate is in force.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Shares by the Company.

J. SHARES PURCHASED IN THE PREVIOUS 12 MONTHS

No purchases of Shares have been made by the Company in the 12 months preceding the date of this Notice.

K. RECOMMENDATION

The Directors are of the opinion that the proposed Share Buyback Mandate for the buyback by the Company of its Shares is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of the Resolution, being the ordinary resolution number 7 relating to the Share Buyback Mandate set out on page 115-116 of this Annual Report.

L. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Explanatory Statement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Explanatory Statement constitutes full and true disclosure of all material facts about the renewal of the Share Buyback Mandate, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Explanatory Statement misleading. Where information in the Explanatory Statement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Explanatory Statement in its proper form and context.

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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AZTECH GROUP LTD
(Incorporated in the Republic of Singapore)
(Company Registration No.198601642R)

ANNUAL GENERAL MEETING PROXY FORM

Important:
1. Relevant Intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy ordinary shares in the capital of Aztech Group Ltd ("Shares"), this report is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Agent Bank so that his CPF Agent Bank may appoint him as its proxy within the specified timeframe. (CPF Agent Bank: Please refer to Notes 2(b) and 4 on the reverse side of this form on the required details.)

Personal Data Privacy
By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2016.

I/We ________________________________ (Name) ______________________ (NRIC/Passport/UEN Number)

of ____ (Address)

being a member or members of **AZTECH GROUP LTD** (the "**Company**") hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%) (if more than one (1) proxy is appointed)

and/or*

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%) (if more than one (1) proxy is appointed)

or failing whom the Chairman of the Annual General Meeting ("AGM") as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the AGM of the Company to be held at 10 Eunos Road 8, Level 5, Theatrette, Singapore Post Centre, Singapore 408600 on Friday, 29 April 2016 at 10:00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/ proxies* to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion as he/they may on any other matter arising at the AGM.

Resolution No.	Resolutions	NO. OF VOTES FOR**	NO. OF VOTES AGAINST**
1	To adopt the Audited Accounts, Director's Report and Auditors' Report		
2	To approve the payment of Directors' Fees for FY 2016		
3	To re-elect Mr Jeremy Mun Weng Hung as a Director under Article 107		
4	To re-elect Mr Khoo Ho Tong as a Director		
5	To re-appoint Auditors and authorise Directors to fix their remuneration		
6	To authorise Directors to issue Shares and/or instruments		
7	To renew Share Buyback Mandate		

* Please delete accordingly
** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of __________________________ 2016.

Total Number of Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, 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 proxy form shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).

2. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. Where a member of the Company appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.

   (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares, class of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. Completion and return of the proxy form shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies will be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the proxy form, to the meeting.

4. The proxy form 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.

5. The proxy form appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.

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

7. The Company shall be entitled to reject the proxy form 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 proxy form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 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.

HEAD OFFICE

Aztech Group Ltd
31 Ubi Road 1 #09-01
Singapore 408694
Tel : (65) 6594 2288
Fax : (65) 6749 1198
www.aztech-group.com

OVERSEA OFFICES

HONG KONG

Aztech Systems (HK) Ltd
AZ e-lite (HK) Ltd
Room 2-6 3/F Core Building 1
No. 1 Science Park East Ave
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel : (852) 2757 1177
Fax : (852) 2481 5919

USA

Aztech Labs, Inc
43046 Christy Street, #501
Fremont, CA 94538
Tel : (1) (510) 647 6585
Fax : (1) (510) 647 6586

MALAYSIA

AZ-Technology Sdn Bhd
Unit 719 Block A Level 7
Kelana Business Centre
No. 97, Jalan SS7/2 Kelana Jaya
47301 Petaling Jaya
Malaysia
Tel : (60) (3) 7804 8450
Fax : (60) (3) 7804 8457

CHINA

Aztech Trading Company Limited
Room B-C, 12/F, Jin Run Building
Junction of Shennan Road and
Tairan No. 9 Road
Futian District, Shenzhen, China
Tel & Fax: (86) (755) 2533 1117

GERMANY

Aztech Systems GmbH
c/o EBC European Business Center
Kreuzberger Ring 22
65205 Wiesbaden, Germany

PHILIPPINES

Aztech Electronics
609 Calderon Street, Addition Hills
Mandaluyong City, Philippines
Tel: (63) (2) 919 0024
Fax: (63) (2) 621 5519

R&D CENTRES

HQ R&D Centre

31 Ubi Road 1 #09-01
Singapore 408694
Tel : (65) 6594 2288
Fax : (65) 6749 1198

Hong Kong R&D Centre

Room 2-6 3/F Core Building 1
No. 1 Science Park East Ave
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel : (852) 2757 1177
Fax : (852) 2481 5919

Dong Guan R&D Centre

Jiu Jiang Shui Village, Chang Ping
Town, Dong Guan City
Guang Dong Province, China
Tel : (86) (769) 8393 8184
Fax : (86) (769) 8393 9699

Shenzhen R&D Centre

Room B-C, 12/F, Jin Run Building
Junction of Shennan Road and
Tairan No. 9 Road
Futian District, Shenzhen, China
Tel & Fax: (86) (755) 2533 1117

MANUFACTURING FACILITIES

CHINA

Aztech Communication Device (DG) Ltd
Jiu Jiang Shui Village, Chang Ping
Town, Dong Guan City
Guang Dong Province, China
Tel : (86) (769) 8393 8184
Fax : (86) (769) 8393 9699

SUBSIDIARIES

ELECTRONICS

Aztech Technologies Pte Ltd
31 Ubi Road 1 #09-01
Singapore 408694
Tel : (65) 6594 2288
Fax : (65) 6749 1198
www.aztech.com

LED LIGHTING

AZ e-lite Pte Ltd
31 Ubi Road 1 #09-01
Singapore 408694
Tel : (65) 6594 2277
Fax : (65) 6749 1198
www.azelite.com

MATERIAL SUPPLY

Az United Pte Ltd
15D, Pandan Road, Singapore 609266
Tel : (65) 6594 2162
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) 6741 9773
www.azmarine.com

F&B

Shiro Corporation Pte Ltd
Coldroom, R&D
1 Senoko Avenue, #03-06/07
FoodAxis, Singapore 758297
Tel: (65) 6594 2233
Fax: (65) 6741 3083
www.shirocorp.com

Kay Lee Pte Ltd
31 Ubi Road 1 #09-01
Singapore 408694
Tel : (65) 6594 2288
Fax : (65) 6749 1198
www.kaylee.sg