SunningdaleTech

STAYING FOCUSED

Annual Report 2012

Contents

Vision

To be recognised as a leading Asian tooling, plastics injection moulding with decorative finishing processes and precision assembly Company supplying to the Global market.

5 PILLARS OF EXCELLENCE

1 On-time delivery for both external and internal customers

2 Pro-quality mindset to the extent of doing right the first time, every time with no rework

3 Waste reduction attitude in time, cost, manpower and other resources

4 Continuous improvement culture through new work processes and new technologies

5 Strong teamwork and co-operation spirit among workers, sections, departments, locations and organisations

Chairman's Message

Koh Boon Hwee
Chairman

... building a sustainable and profitable business, emphasizing ... engineering expertise and quality production, enhancing operation excellence, ... diversified customer base across several industry segments.

Dear Shareholders,

I am pleased to announce that the Group achieved another record year in terms of revenue, which reached $451.3 million in FY2012.

Although our Consumer/IT business segment grew in FY2012, it masked tremendous changes within the segment. Revenue from one of our major customers, which changed their supply chain strategy, fell significantly. This was more than offset by growth with a new customer group developed in FY2011 and new projects awarded from both existing and new customers in the same business segment.

Revenue from the Healthcare business segment continued to grow steadily. We had started mass production at the end of the 3rd quarter in our plant in Europe for one of our customers. This extended our production footprint geography for the Healthcare business segment from the current plants in South-East Asia and China.

The Automotive business segment continued to face challenges, especially given the uncertainties in Europe. Revenue fell slightly by 2.1%. However, we were successful in securing several large programs, but mass production is expected only in FY2014.

Several projects coming to 'end of life', changes in product mix, and low utilization in a major Chinese plant affected by a customer's change in supply chain strategy mentioned above, resulted in gross margin of 11.4% in FY2012 compared to 13.4% in FY2011.

The Group achieved a net profit of $9.6 million compared to a net loss of $11.8 million in FY2011. The latter was due to the impairment loss on goodwill of $23.7 million. Excluding this item, the Group recorded a net profit of $11.9 million in FY2011.

The Group maintained a healthy cash balance of $52.7 million as at 31 December 2012 with net debt of $5.9 million as compared to S$49.2 million in 31 December 2011 with net debt of $9.6 million.

On behalf of the Board, it is our pleasure to announce that a final dividend of 0.6 cents per ordinary share has been recommended by the Board for shareholders' approval at the forthcoming Annual General Meeting.

Outlook

While the outlook for 2013 for the US and China seems more positive, there are still many uncertainties in Europe. The increase in wage in Malaysia, the increase in foreign worker levies in Singapore and the continuous increase in labor costs in China where we have large operations, will continue to squeeze our margin.

The pressure on businesses like ours, which supply components into the worldwide supply chains of OEMs, will continue to be intense. But these are also businesses that do not fade into oblivion as there will always be a demand for the components made. We are, therefore, focused to building a sustainable and profitable business, by emphasizing on our reputation for engineering expertise and quality production, enhancing operational excellence, and building a diversified customer base across several industry segments.

Acknowledgements

On behalf of the Board, I would like to take this opportunity to express our appreciation to all our shareholders, customers, bankers, business associates and suppliers for their continuing support. I would also like to thank the management and staff for their hard work and commitment and my fellow members of the Board of Directors for their guidance and support.

Koh Boon Hwee
Chairman
April 2013

主席致词

。。。强化工程专业知识和生产质量、提升营运卓越表现，以及建立跨工业界别的多元化客户基础，。。。持续发展、并取得盈利的企业。

致公司股东，

本人谨此欣然宣布，2012财政年度的集团营收达4亿5130万元，再度创下全新的纪录。

尽管我们的消费品/资讯科技业务在2012财政年度取得增长，当中却屏蔽重大的变化。由于一个主要客户改变供应链战略，导致集团的收入显著下跌。然而，集团在2011财政年度所开发的新客户群，及从同一个业务领域新旧客户所取得的新项目合同，足以抵销这项不利的因素。

来自医疗保健业务的营收继续稳健增长。我们的欧洲厂房已在第三季度末为其中一家客户开始大批量生产，从而把医疗保健业务的生产足迹，扩大至东南亚和中国現有设施以外的区域。

在欧洲经济前景不明朗下，汽车业务继续面对营运挑战。营收小幅下滑2.1%。尽管如此，我们仍然取得几个大项目，但预计只能在2014财政年度进行大批量生产。

随着几个项目“即将结束”，加上产品结构改变，以及一名客户改变供应链战略，导致中国主要厂房的利用率下降，集团的毛利率从2011财政年度的13.4%减至2012财政年度的11.4%。

集团取得960万元的净利润，表现比2011财政年度的1180万元净亏损来得好。后者包括2370万元的商誉减值亏损。若将其撇除在外，集团在2011财政年度的净利润为1190万元。

截至2012年12月31日为止，集团现金余额达到5270万元的健康水平，净债务为590万元。和2011年12月31日相比，当时，集团拥有4920万元的现金，净债务为960万元。

我谨代表董事局欣然宣布董事局建议每股派发0.6分的年终股息，有关事项待即将举行的年度股东大会审批通过。

展望

迈入2013年，尽管美国和中国的展望似乎比較乐观，但是，欧洲仍然充满许多不明朗的因素。在马来西亚调高工资、新加坡提高外国劳工税，以及在我們拥有大规模生产设施的中国，　其劳动力成本不断上涨的情况下，我们的利润将持续面对挤压。

作为一家为环球原件制造商供应链提供零部件的企业，我们将和其他同业一样继续面对激烈的竞争压力。然而，在零部件供应总是不缺乏需求的前提下，还是会有一些企业能够逆流而上，茁壮成长。为此，我们通过强化工程专业知识和生产质量、提升营运卓越表现，以及建立跨工业界别的多元化客户基础，致力于打造可持续发展、并取得盈利的企业。

致谢

本人谨代表董事局感谢我们的股东、客户、银行伙伴、业务伙伴和供应商所给予的持续支持，并向充满热忱、努力不懈的管理层与员工表示谢意。最后，我还要感谢董事局成员的指导和宝贵意见。

许文辉
主席
2013年4月


DIRECTION
IS THE
FOUNDATIONAL
KEY TO ALL
SUCCESS

Board of Directors

Mr Koh Boon Hwee
Non-Executive Chairman

Mr Khoo Boo Hor
Chief Executive Officer, Executive Director

Mr Wong Chi Hung
Executive Director

Mr Steven Uhlmann
Non-Executive Director

Mr Gabriel Teo Chen Thye
Independent Director

Mr Kaka Singh
Independent Director

Mr Ong Sim Ho
Independent Director

Mr Steven Tan Chee Chuan
Independent Director

Mr Koh Boon Hwee is the Non-Executive Chairman of Sunningdale Tech Ltd.

He is also currently the Non-Executive Chairman of public-listed Yeo Hiap Seng Limited, Far East Orchard Ltd, Yeo Hiap Seng (Malaysia) Berhad and AAC Technologies Holdings Ltd. Among private companies, he is Chairman of Rippledot Capital Advisers Pte Ltd, Credence Partners Pte Ltd and Chairman (non-executive) of FEO Hospitality Asset Management Pte Ltd and FEO Hospitality Trust Management Pte Ltd, both private companies, which manage listed Far East Hospitality Trust. He serves as a director on the Board of Agilent Technologies, Inc. Mr Koh is also the Chairman of the Nanyang Technological University Board of Trustees.

Mr Koh was previously Chairman of DBS Group Holdings Ltd and DBS Bank Ltd (2005-2010), Singapore Airlines Ltd (2001-2005), SIA Engineering Company Ltd (2003-2005), Singapore Telecommunications Ltd (1986-2001), Omni Industries Ltd (1996-2001), Executive Chairman of the Wuthelam Group of Companies (1991-2000) and, before that, Managing Director of Hewlett-Packard Singapore (1985–1990), where he started his career in 1977.

He holds a Bachelor of Science (Mechanical Engineering) First Class Honours Degree from Imperial College, University of London, and a Master of Business Administration (with Distinction) from Harvard Business School.

Mr Khoo Boo Hor is the CEO of Sunningdale Tech Ltd. Prior to this appointment, he was the Group Operations Director and was responsible for the Group's manufacturing operations. Mr Khoo played a significant role in integrating the operations of Sunningdale Precision Industries Ltd and Tech Group Asia Ltd following the merger of the two companies in July 2005.

Mr Khoo was previously the Director of Operations for Hewlett-Packard ("HP") Singapore, where he was responsible for HP's Enterprise Storage and Server manufacturing operations. He worked in HP in various capacities for over 16 years.

Mr Khoo holds a Bachelor of Science and a Bachelor of Engineering (Honours) from Monash University, as well as a Master of Business Administration from the University of Louisville, Kentucky.

Mr Wong Chi Hung is the Executive Director of Sunningdale Tech Ltd. He began his molding and tooling career by establishing Chi Wo Plastic Moulds Fty. Ltd. ("Chi Wo") in Hong Kong in 1983. In 1994, he set up Xinlianxing Mould (Shenzhen) Co., Ltd in Shenzhen, China to start tool making activities. Two years later, another factory was set up in Zhongshan, China, called Zhongshan Zhihe Electrical Equipment Co., Ltd.

Mr Wong has successfully made Chi Wo a premium one-stop moulding supplier for computer, electronics, automotive and consumer industries through his years of directorship. Today, he is the Managing Director of Chi Wo Plastic Moulds Fty. Ltd, a wholly-owned subsidiary of Sunningdale Tech Ltd. He oversees all operational, marketing and business issues of Chi Wo and its subsidiaries.

Mr Steven Uhlmann is a Non-Executive Director of Sunningdale Tech Ltd.

Mr Uhlmann pursued a career in the plastics industry, starting the Tech Group in 1967, expanding to Asia in 1995 ultimately becoming Tech Group Asia, then merging with Sunningdale Precision Industries. He was named Arizona's 1998 Entrepreneur of the Year in the Manufacturing/High Tech category, and is also a former President of the Society of Plastics Engineers, Arizona Chapter.

In addition, Mr Uhlmann is the former Chairman of the Board of Governors for the National Plastics Centre Museum. He also serves on the boards of a number of nonprofit organizations committed to the strengthening of marriage and family relationships.

Board of Directors

Mr Uhlmann studied product design at the Arizona State University.

Mr Gabriel Teo is an Independent Director of Sunningdale Tech Ltd. He is also an independent Director of IFS Capital Limited, and sits on the Boards of several other corporates including NTUC Income Insurance Co-operative Ltd. He is the Managing Director of Gabriel Teo & Associates Pte. Ltd.

Mr. Teo was previously Regional Managing Director of Bankers Trust, and Chief Executive Officer of The Chase Manhattan Bank. In his earlier career, he had also held various senior appointments at Citibank and Citicorp Investment Bank.

He holds a Bachelor of Business Administration degree from the University of Singapore and a Master of Business Administration from Cranfield School of Management. Mr Teo also attended the Executive Program in International Management at Columbia University.

Mr Kaka Singh is an Independent Director of Sunningdale Tech Ltd. He is also the Chairman of RSM Chio Lim LLP, Certified Public Accountants.

He holds memberships in various professional bodies. Mr Singh was the past president of ACCA Singapore, CIMA Singapore and SAICSA. In 2010, Kaka was awarded the inaugural ACCA Award in recognition of his tireless dedication and contribution to ACCA. In 1994 he was awarded the Silver Medal by ICPAS for his contributions to the community and the accounting profession in Singapore. He holds an MBA from the Cass Business School of the London City University.

Mr Steven Tan is an Independent Director of Sunningdale Tech Ltd. He is currently the Chairman of Steven Tan Russell Bedford PAC, and Steven Tan Management Consultants Pte Ltd.

Mr Tan is a practicing Certified Public Accountants of Singapore and is a fellow member of the Institute of Chartered Accountants in England and Wales, as well as the Hong Kong Society of Accountants.

From 1969 to 1981, he was the President of the Singapore Society of Accountants, now known as the Institute of Certified Public Accountants of Singapore ("ICPAS") for six terms, and from 1994 to April 2002, he was the Chairman of the Ethics Committees of ICPAS and The Public Accountants Board.

From 1994 to September 2001, he was an Independent Director and Chairman of the Audit Committee of Berger International Ltd.

Mr Tan was also a member of the Council of the Ngee Ann Polytechnic from 1980 to 1992, and Deputy Chairman from 1992 to March 2000. He was appointed as a member of the Liquor Licensing Board from 1971 to 1992 and as Vice-Chairman from 1992 to 2006.

He was a member of the National University of Singapore Advisory Committee on Acquisitions of the Lee Kong Chian museum from 1995 to 2003 and Chairman from 2003 to 2006.

Mr Tan received the Gold Medal awarded by ICPAS in 1987 and was conferred The Public Service Medal in 1988 and The Public Service Star in 1995 by the President of Singapore.

Mr Ong Sim Ho is an Independent Director of Sunningdale Tech Ltd. He is a Director at Drew & Napier LLC where he heads the Tax & Private Client Services Group. He is the Non-Executive Chairman of Tokio Marine Life Insurance Singapore Ltd and a member of the Board of Emirates National Oil Company (Singapore) Pte Ltd, Innovalues Limited, Eucon Holding Limited and Tokio Marine Insurance Singapore Ltd. Mr Ong also serves as an Advisory Board Member of the School of Accountancy at the Singapore Management University. He is an Advocate and Solicitor of the Supreme Court of Singapore, a Barrister-at-Law of Lincoln's Inn, a Fellow of the Institute of Certified Public Accountants in Singapore and a member of the Singapore Institute of Directors.


STAYING
TOGETHER IS
PROGRESS,
WORKING
TOGETHER
IS SUCCESS

Management Team

Ms Soh Hui Ling is the Chief Financial Officer of Sunningdale Tech Ltd. She is responsible for the Group's financial and management accountings, treasury and taxation. Prior to this appointment, she was the Group Financial Controller and she held the same post at the former Sunningdale Precision Industries Ltd.

Before joining Sunningdale Precision Industries Ltd, Ms Soh was the Finance and Administrative Manager of Dew Management Advancement Consultants Pte Ltd, in charge of the accounts and administration department.

She was also previously an Audit Supervisor at Paul Wan & Co, in charge of the audit and accounts department.

Ms Soh holds a Diploma in Business Studies from Ngee Ann Polytechnic in Singapore. She completed the Association of Chartered Certified Accountant Course in 1991 and is a Fellow member of the Association of Chartered Certified Accountants, UK, and a Fellow Member of the Institute of Certified Public Accountants of Singapore.

Mr Chan Whye Mun is the General Manager for South East Asia, responsible for all moulding operations in Singapore, Johor (Cemerlang) and Bintan plants. Prior to joining Sunningdale Tech Ltd, he was the COO of UMS Holdings, a semiconductor precision machining and solutions company.

Mr Chan was previously a Senior Director of Product Engineering, Failure Analysis and Quality for Seagate Technology where he worked for 13 years. Before that, he was in Hewlett Packard Singapore as a Reliability Engineer for 3 years.

Mr Chan holds a Bachelor of Engineering (1st Class Hons) from University of Western Australia.

Mr Chan Tung Sing is the Business Development Vice President primarily focusing on Automotive business segment. Mr Chan has previously served as the General Manager for Shanghai operations for 6 years and was fully responsible for the plant performance before changing into his current role in November 2011.

Prior to joining Sunningdale Tech Ltd, Mr Chan spent over 11 years with Hewlett Packard ("HP") in various management positions. His last role was the Materials Manager, Engineering & Supply Chain, of Enterprise Storage & Servers Group, Asia Pacific Region. He was responsible for formulating and implementing material engineering strategy, materials management for various HP Global Business Units and implementing Asia Pacific Supply Chain Programs. Mr Chan comes with vast management experience in Product, Test & Procurement engineering, Materials and Supply Chain.

Mr Chan holds a Bachelor degree of Electrical Engineering from the National University of Singapore.

Mr Simon Tan is the General Manager of Omni Mold Ltd, an advanced precision tooling subsidiary of Sunningdale Tech Ltd. He is primarily responsible for business development and operations of Omni Mold Ltd. He is also actively involved in corporate healthcare business activities of the group. He has been with the group since 1998, first joined as Project Manager and was appointed General Manager in 2001. He was responsible for business development initiatives and oversaw the operations and performance of three moulding plants during this period.

Management Team

Mr Tan began his career as an apprentice in 1980. He worked through the rank and file of being a mould maker, tool room supervisor and tool room manager in 1995, managing both precision mold design and manufacturing operations. His main focus has always been in operational effectiveness and improvements in efficiency through utilizing advanced manufacturing technologies and innovations, as well as in business developments efforts.

Mr Tan holds a Bachelor of Science Degree (Hons) in Business and Management Studies from University of Bradford (UK), Advanced Diploma in Business Administration, Diploma in Business Efficiency & Productivity, and National Certificate In Supervision from National Productivity Board Institution.

Mr Cheong Wai Luen is the Information Technology Director that holds overall responsibility for the information system/ technology strategy and execution for all the companies under the group.

Prior to joining Sunningdale Tech Ltd, Mr Cheong started his career in Hewlett Packard as IT specialist working on optimizing supply chain and production planning. He had since held various management positions in Sony Electronics Asia Pacific, Agilent Technologies and Hewlett Packard focusing on implementing regional and world-wide based information system. He comes with strong application domain expertise in manufacturing, supply chain planning, logistics and customer relationship management.

Mr Cheong holds a Bachelor degree in Computer Engineering from Nanyang Technological University. He is also a Project Management Professional from PMI and holds a certificate in Production and Inventory Management from APICS.

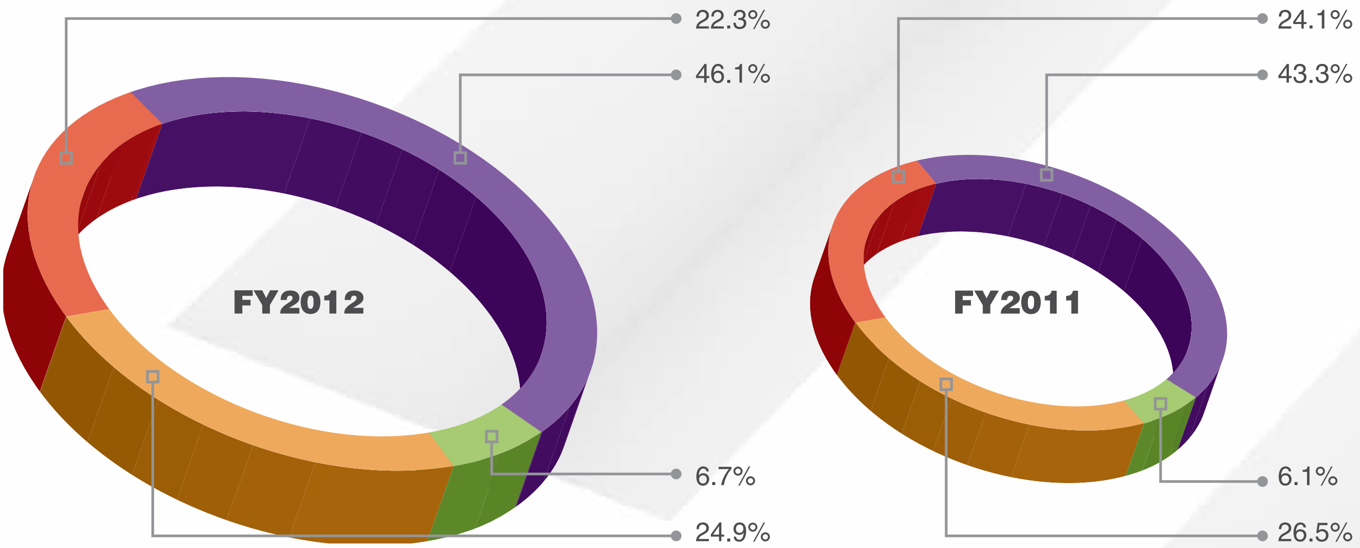
Ms Cindy Bin is the Group Human Resource Manager of Sunningdale Tech Ltd and is responsible for the development and implementation of the Group's human resource programs and policies. Prior to her current position, Ms Bin joined Sunningdale Precision Industries Ltd as Corporate Human Resource Manager in April 2003.

Prior to joining Sunningdale Precision Industries Ltd, she was the Human Resource Manager of De La Rue Currency and Security Print Pte Ltd, a subsidiary of UK-based De La Rue, a commercial currency printer. Ms Bin spent 19 years with De La Rue and was responsible for the full spectrum of human resource functions. She was instrumental in developing and implementing the company's Quality Management System and Environmental Management System, and managing the health and safety functions.

Ms Bin graduated from the University of Singapore with a Bachelor of Science degree, majoring in Chemistry. She also holds a Post Graduate Diploma in Personnel Management from the Singapore Institute of Management.

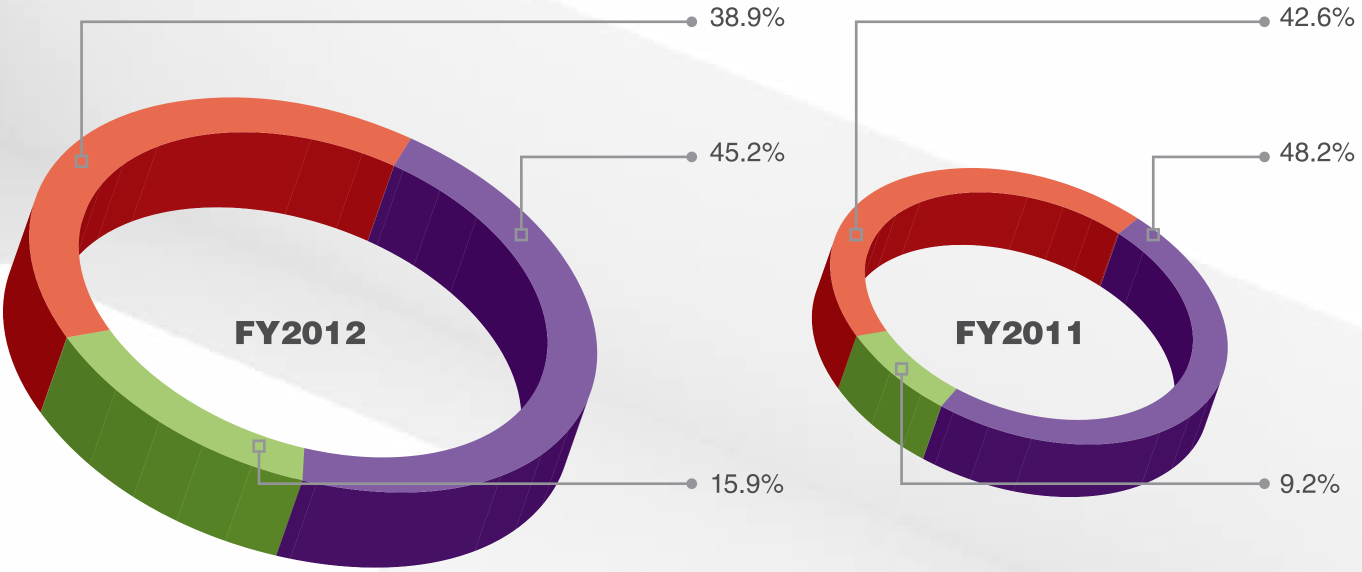
Financial Highlights

Performance by Business Segment



Automotive | Consumer/IT | Healthcare | Mould Fabrication

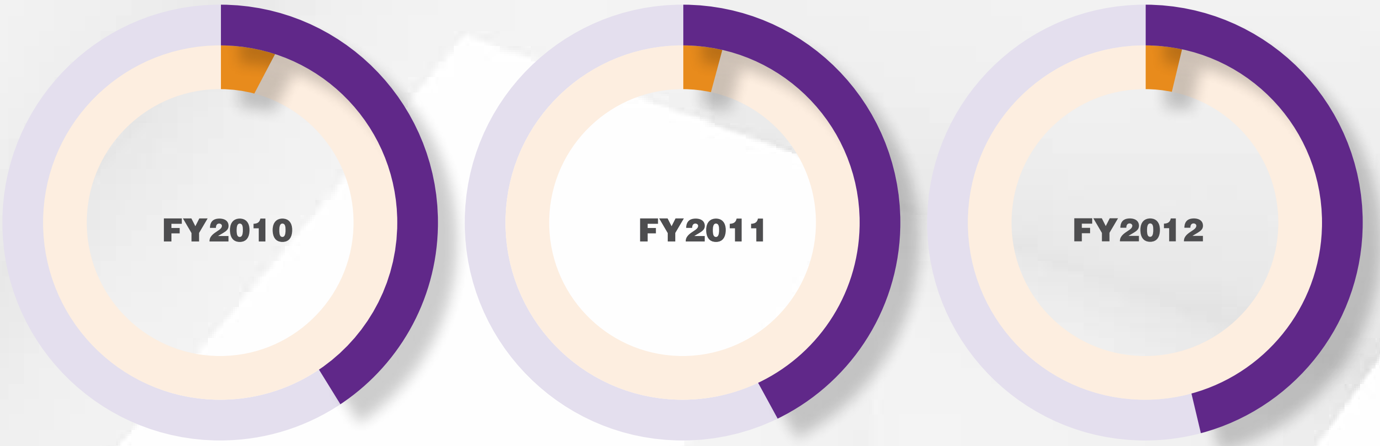
Performance by Geographic



China & Hong Kong | Singapore & Malaysia | Others

Revenue & EBITDA ($'000)

	FY2010	FY2011	FY2012
REVENUE	402,785	426,110	451,326
EBITDA	50,721	44,756	42,398



Profit Trend ($'000)

NET PROFIT/(LOSS) BEFORE TAX

NET PROFIT/(LOSS) AFTER TAX

NET PROFIT AFTER TAX BEFORE IMPAIRMENT LOSS ON GOODWILL

Financial Review

$451.3 million
Revenue

$51.6 million
Gross profit

REVIEW OF FINANCIAL PERFORMANCE

The comparative figures as at 31 December 2011 were restated due to the completion of purchase price allocation exercise in accordance with FRS 103 (R) Business Combinations following the acquisition of AS Sunningdale Tech (Latvia) (formerly known as Akciju Sabiedrība ATEC) ("ST Lavia") and ATEC of Sweden AB ("AOS") in August 2011.

The Group recorded revenue of $451.3 million for FY2012, a 5.9% increase from $426.1 million in FY2011. The increase came from the Consumer/IT and Healthcare business segments, partially offset by a decline in the Automotive business segment. The revenue contribution from Mould Fabrication was flat with the last financial year.

The Group's gross profit for FY2012 was lower by 9.7%, from $57.2 million in FY2011 to $51.6 million. The gross margin was 11.4% as compared to 13.4% a year ago. The reduction in gross margin was due to lower utilization, changes in product mix and increase in staff costs.

Other expenses (excluding impairment loss on goodwill) decreased from $6.5 million in FY2011 to $4.7 million in FY2012, mainly due to lower foreign exchange loss of $1.7 million (FY2011: $4.4 million), partially offset by an increase in amortisation of intangible assets of $1.1 million (FY2011: $0.4 million) and an increase in property, plant and equipment written off of $0.4 million (FY2011: $0.1 million).

11.4
percent
Gross profit margin

$9.6
million
Net Profit before impairment loss on goodwill

The Group achieved a net profit of $9.6 million compared to a net loss of $11.8 million in FY2011. This was due to the impairment loss on goodwill of $23.7 million incurred in FY2011. Excluding this item, the Group recorded a net profit of $11.9 million in FY2011.

The earning per share was 1.27 cents for FY2012 compared to a loss per share of 1.58 cents for FY2011.

Net asset value per share decreased from 31.60 cents as at 31 December 2011 to 30.80 cents as at 31 December 2012. Net tangible asset per share also decreased from 29.57 cents as at 31 December 2011 to 28.93 cents as at 31 December 2012. The decrease is mainly due to a stronger Singapore dollar against the Malaysia ringgit and Hong Kong dollar resulting in a foreign exchange translation loss on consolidation.

FINANCIAL POSITION AND CASHFLOWS

Property, plant and equipment decreased from $165.0 million last year to $147.6 million as at 31 December 2012. This is after a depreciation charge of $26.5 million (FY2011: $24.3 million). During the year, the Group incurred $14.7 million in capital expenditure for machineries and the setup of a new plant in Latvia.

The decrease in investment properties was due to a reclassification to property, plant and equipment as the Group has relocated the office from rented premises to its owned property in Hong Kong.

The decrease in intangible assets was due to amortisation of intangible assets.

The increase in receivables and payables was in line with the increase in orders during the year.

The decrease in tax payable was due to payments made.

Loans and borrowings (excluding bank overdraft) increased to $58.6 million as at 31 December 2012 from $56.9 million as at 31 December 2011 due to the payment for property, plant and equipment and the restructuring of bank overdraft to a short term loan. This was partially offset by the repayment of some loans.

The Group maintained a cash balance of $52.7 million as at 31 December 2012 (31 December 2011: $49.2 million) resulting in net debt of $5.9 million (31 December 2011: $9.6 million).

Net cash generated from operating activities was $26.1 million for FY2012, compared to $17.6 million for FY2011. Net cash used in investing activities was $16.5 million for FY2012 as compared to $37.1 million in FY2011 due to the acquisition of companies in FY2011. Net cash used in financing activities for FY2012 was $1.9 million compared to $10.2 million in FY2011 mainly due to the repayment of some loans.

Financial Review

28.93 cents
Net tangible asset value per share

1.27 cents
Earning per share

BUSINESS SEGMENTS PERFORMANCE

Revenue from the Automotive business segment decreased by 2.1% from $102.7 million in FY2011 to $100.6 million in FY2012. The segment's contribution to Group revenue decreased from 24.1% to 22.3%. This was due to lower orders especially from customers in Europe.

Consumer/IT business segments, the key revenue generator, increased by 12.9% from $184.4 million in FY2011 to $208.1 million in FY2012, despite the impact from a major customer's change in their supply chain strategy. The contribution came mainly from the companies acquired in FY2011, new projects from existing and new customers. It accounted for 46.1% of the Group revenue in FY2012 as compared to 43.3% in FY2011.

Revenue from the Healthcare business segment increased, by 16.8%, from $25.9 million in FY2011 to $30.2 million in FY2012. This was due to the contribution from the new plant in Latvia, which started mass production toward the end of 3Q12, and increase in orders from existing customers. The segment revenue contribution increased from 6.1% in FY2011 to 6.7% in FY2012.

Revenue from the Mould Fabrication business segment declined marginally, by 0.6%, from $113.1 million in FY2011 to $112.4 million in FY2012. This segment accounted for 24.9% of the Group's revenue in FY2012, a drop from 26.5% in FY2011.

GEOGRAPHIC SEGMENTS PERFORMANCE

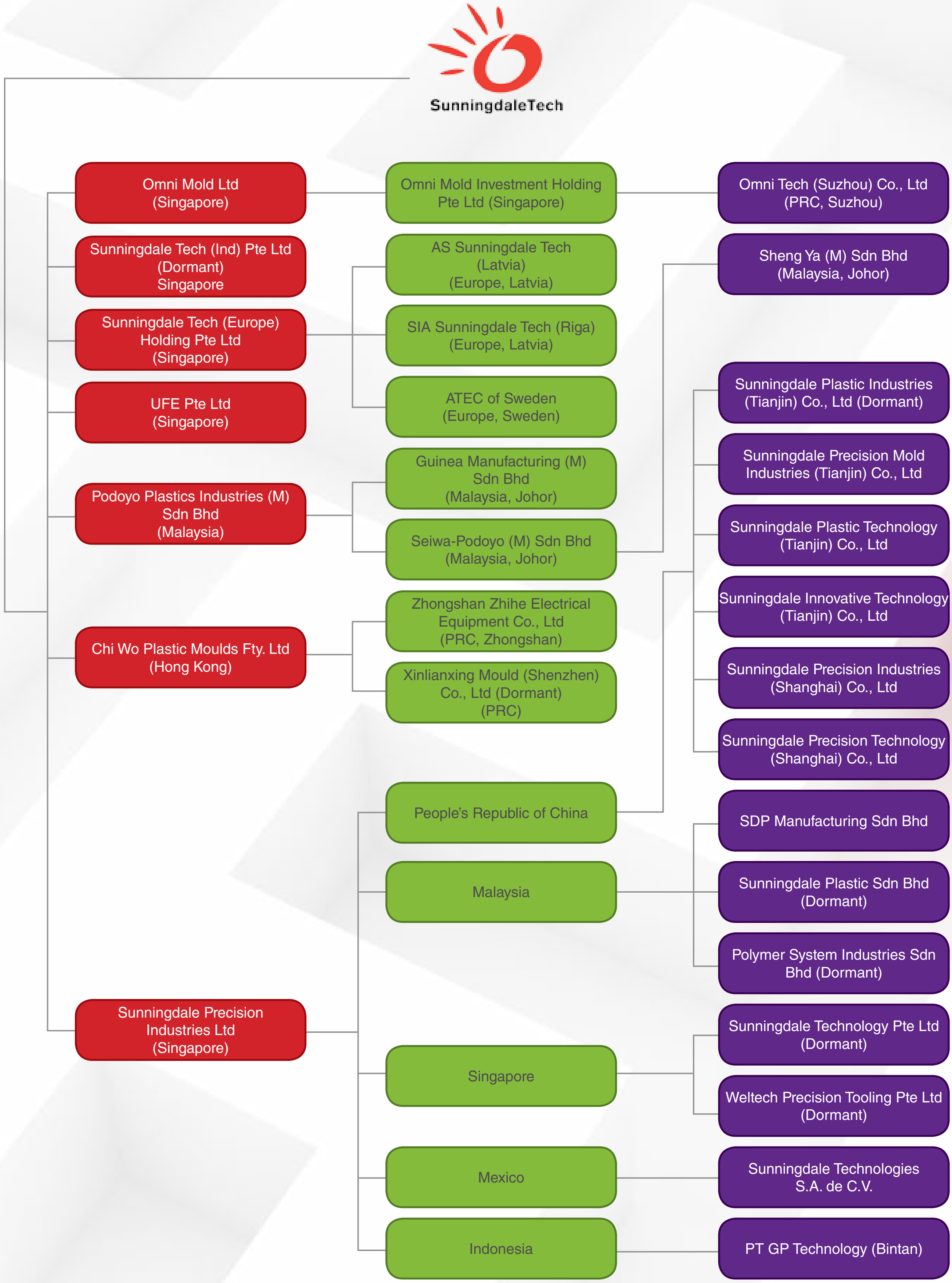
The Group currently has manufacturing facilities in ten locations, Singapore, Malaysia, China, Mexico, Latvia and Sweden.

Operations in China and Hong Kong which contributed the bulk of Group revenue in past years decreased from 42.6% in FY2011 to 38.9% in FY2012. This was due to the change of supply chain strategy of a key customer.

The contribution from Singapore and Malaysia operations decreased from 48.2% in FY2011 to 45.2% in FY2012. This was mainly due to end of life for certain projects and lower orders from the Automotive business segment. This was partially offset by new projects from existing and new customers.

Revenue contribution from the Group's operations in other regions increased significantly from 9.2% in FY2011 to 15.9% in FY2012. This was mainly due to 12 months of contribution from the companies acquired in Europe in FY2011 as compared to 4 months contribution in prior year.

Corporate Structure



Corporate Information

BOARD OF DIRECTORS
Koh Boon Hwee *(Non-Executive Chairman)*
Khoo Boo Hor *(Chief Executive Officer, Executive Director)*
Wong Chi Hung *(Executive Director)*
Steven Uhlmann *(Non-Executive Director)*
Steven Tan Chee Chuan *(Independent Director)*
Gabriel Teo Chen Thye *(Independent Director)*
Kaka Singh *(Independent Director)*
Ong Sim Ho *(Independent Director)*

AUDIT COMMITTEE
Kaka Singh *(Chairman)*
Gabriel Teo Chen Thye *(Member)*
Steven Tan Chee Chuan *(Member)*

NOMINATING COMMITTEE
Ong Sim Ho *(Chairman)*
Steven Uhlmann *(Member)*
Gabriel Teo Chen Thye *(Member)*

REMUNERATION COMMITTEE
Steven Tan Chee Chuan *(Chairman)*
Steven Uhlmann *(Member)*
Ong Sim Ho *(Member)*

COMPANY SECRETARY
Dorothy Ho Lai Yong

REGISTERED OFFICE
51 Joo Koon Circle
Singapore 629069
Tel : (65) 6861 1161
Fax : (65) 6863 4173

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Audit Partner: Simon Yeo
since financial year 2008

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
(a member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

BANKERS
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Contents

Sunningdale Tech Ltd ("**Sunningdale Tech**" or the "**Company**") is committed to ensuring a high standard of corporate governance within the Group to protect the interests of its shareholders and maximise long-term shareholder value. This report is in compliance with the continuing obligations stipulated under Chapter 7 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

Sunningdale Tech has complied substantially with the requirements of the Code of Corporate Governance (the "Code") for the financial year ended 31 December 2012 ("FY 2012") and will continue to review its practices on an ongoing basis. It has provided an explanation for any deviation from the Code, where appropriate. The Board has also considered certain corporate practices with reference to the revised Code of Corporate Governance 2012 issued on 2 May 2012 which is effective from the financial year ended 1 November 2012.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.*

The primary function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board oversees the formulation of the Group's overall long-term strategic objectives and directions; deliberates the Group's annual business and strategic plans and monitors the achievement of the Group's corporate objectives. It assumes responsibility for the Group's overall strategic plans and performance objectives, financial plans and annual budgets, investments proposals, financial performance reviews, compliance and accountability systems, and corporate governance practices.

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly, half-year and full year's results and interested person transactions of a material nature.

The full Board meets regularly on a quarterly basis and ad-hoc Board meetings are convened as and when they are deemed necessary. Meetings via telephone or video conference are permitted by **Sunningdale Tech**'s Articles of Association. The Secretary attends all Board meetings and is responsible for ensuring that Board procedures are observed.

All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions. Where possible and when the opportunity arises, the Independent Directors will be invited to the Group's key locations of operations to enable them to obtain a better perspective of the business and enhance their understanding of the Group's operations.

A record of the Directors' attendance at Board meetings for the financial year ended 31 December 2012 is set out below.

	Board Meetings	
Name of Director	**Held**	**Attended**
Koh Boon Hwee (Chairman)	4	4
Khoo Boo Hor	4	4
Wong Chi Hung	4	4
Steven Uhlmann	4	4
Gabriel Teo Chen Thye	4	4
Steven Tan Chee Chuan	4	4
Kaka Singh	4	4
Ong Sim Ho	4	4

Formal Board meetings are held on a regular basis to oversee the business affairs of the Group and to approve the financial results or business strategies or objectives. Additional Special Board meetings and/or Teleconference meetings are held to deliberate on urgent substantive matters.

To assist in the execution of its responsibilities, the Board has established three Board Committees, namely, the **Audit Committee** ("**AC**"), the **Nominating Committee** ("**NC**") and the **Remuneration Committee** ("**RC**"). These committees function within clear defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored.

The terms of reference and the composition of the Board Committees have been detailed in the respective sections of this report.

Board Composition and Guidance

***Principle 2**:* *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board currently comprises 8 Directors, of whom 4 are independent, 2 are executive and 2 are non-executive. By having the right competencies and diversity of experience enable each of the Directors to effectively contribute to the Company. The current size of the Board appears sufficient and appropriate to facilitate decision making. The Board will continue to review the size of the Board on an ongoing basis.

The independent Directors are Messrs Steven Tan Chee Chuan, Kaka Singh, Ong Sim Ho and Gabriel Teo Chen Thye. The independence of each Director is assessed by the NC annually. Each independent Director is required to declare his independence in writing based on the guidelines as set out in the Code. For FY 2012, the NC has determined that all the 4 independent Directors are independent. With four of the directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues.

The composition of the Board is reviewed on an annual basis by the **NC** to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Each director has been appointed on the strength of his calibre, experience and stature and his potential to contribute to the proper guidance of the Group and its business.

Chairman and Chief Executive Officer

***Principle 3**:* *There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

Mr. Koh Boon Hwee is the non-Executive Chairman and Mr. Khoo Boo Hor is the Chief Executive Officer ("CEO"). The Chairman is responsible for the workings of the Board while the CEO is responsible for implementing Group strategies and policies and conducting the Group's businesses. The Chairman and the CEO are not related.

The Chairman's duties include:

a) leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;
b) ensuring accurate, timely and clear information flow to the Directors;
c) ensuring effective shareholder communication;
d) encouraging constructive relations between the Board and the Management;
e) facilitating effective contribution of Non-Executive Directors;
f) encouraging constructive relations between Executive Directors and Non-Executive Directors; and
g) promoting high standards of corporate governance.

Through the Chairman's continuing leadership of the Board, positive relations between the Board and Management as well as between Board members are promoted. This enables them to work cohesively and to uphold high standards of corporate governance.

Board Membership
***Principle 4**: There should be a formal and transparent process for the appointment of new directors to the Board.*

The **NC** comprises a non-executive director and two independent directors of the Company, i.e. Mr Ong Sim Ho as the Chairman, Messrs Steven Uhlmann and Gabriel Teo Chen Thye as members.

The responsibilities of the **NC** are to determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board and also to decide on how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval.

In addition, the **NC** also performs the following functions:

- re-nominate any director, having regard to the director's contribution and performance;
- determine on an annual basis whether a director is independent;
- decide whether a director is able to and has been adequately carrying out his duties as a director of the Company, particularly where the director has multiple board representations; and
- identify gaps in the mix of skills, experience and other qualities required in an effective board so as to better nominate or recommend suitable candidates to fill the gaps.

The **NC** is regulated by its terms of reference that sets out its responsibilities, procedures and in particular the calling of meetings, notice to be given of such meetings, the voting and proceedings thereat. The Company also maintains records of the deliberations and proceedings of the **NC**.

The number of meetings held and attendance at the meetings of the NC are as follows:-

	Nominating Committee Meetings	
Name of Director	**Held**	**Attended**
Ong Sim Ho (Chairman)	1	1
Steven Uhlmann (Member)	1	1
Gabriel Teo Chen Thye (Member)	1	1

The NC reviewed the independence of the independent Directors as mentioned in the earlier section. It also reviewed the re-nomination of those Directors who retire by rotation in accordance with the Company's Articles of Association. Pursuant to Article 91 of the Company's Articles of Association, one-third of the Board directors are to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). In this respect, the NC has recommended that the following Directors, who are retiring by rotation pursuant to the Company's Articles of Association be re-elected as Directors at the Company's forthcoming AGM:-

(a) Mr. Koh Boon Hwee; and
(b) Mr. Gabriel Teo Chen Thye

In addition, the following independent Directors who are over the age of 70 years, are required to retire pursuant to Section 153 of the Companies Act, Cap. 50 at the Company's forthcoming AGM:

- Mr. Steven Tan Chee Chuan; and
- Mr. Kaka Singh

The NC has reviewed and considered all aspects such as, the Directors' integrity, independence mindedness, attendance, participation, preparedness, candour and also recognizes the contributions of these independent Directors who over time have developed deep insight into the Group's businesses and operations. So even though, in the case of Mr. Steven Tan Chee Chuan who has served the Board for over 9 years, the NC is satisfied that, having considered all necessary factors, they are of the view that Mr. Steven Tan is independent and will be able to continue to contribute effectively to the Group. Hence, the NC recommends that Messrs. Steven Tan Chee Chuan and Kaka Singh be re-appointed as Directors at the Company's forthcoming AGM.

The dates of initial appointment and last re-election/re-appointment of each director are set out below:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election/ Re-Appointment
Koh Boon Hwee	Non-Executive Chairman	22 April 2003	29 April 2010
Khoo Boo Hor	Chief Executive Officer	01 January 2009	27 April 2012
Wong Chi Hung	Executive Director	11 May 2004	27 April 2012
Steven Uhlmann	Non-Executive Director	22 January 1996	29 April 2011
Gabriel Teo Chen Thye	Independent Director	18 July 2005	29 April 2010
Steven Tan Chee Chuan	Independent Director	20 October 2003	27 April 2012
Kaka Singh	Independent Director	18 July 2005	27 April 2012
Ong Sim Ho	Independent Director	18 July 2005	29 April 2011

The profiles of all the Directors are set out on pages 7 to 8 of the Annual Report.

Board Performance

Principle 5: *There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

The **NC** has adopted a system for assessing the effectiveness of the Board as a whole. Each Director was requested to participate in the appraisal process which focused on:-

a) the composition and degree of independence of the Board;
b) information flow from management;
c) Board's access to management and external experts;
d) Board process;
e) Investor relations and corporate social responsibility vis-à-vis the Board;
f) Strategy review activities;
g) Appropriate financial measures to assess the Board's stewardship;
h) Board's management of the Company's performance
i) Board Committees' effectiveness;
j) Chairman of the Board effectiveness; and
k) CEO's performance and succession planning.

The Board and the **NC** have, with its best effort, ensured that directors appointed to the Board possess the background, experience, knowledge in business, finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Access to Information

Principle 6: *In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.*

Directors are from time to time furnished with detailed information concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management. All directors have unrestricted access to the Company's records and information. They also receive monthly management accounts to enable them to exercise oversight over the Group's financial position.

The agenda for Board meetings is prepared in consultation with the Chairman. Detailed Board papers are prepared for each meeting and are normally circulated a week in advance of each meeting. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. Such explanatory information may also be in the form of briefings to the directors or formal presentations made by senior management staff in attendance at Board meetings, or by external consultants engaged on specific projects. The Management also kept the Board apprised of material variances between the actual results, corresponding period of last year and the budget, with appropriate explanation on such variances. The Board is also updated on current business operations, opportunities and business trends.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties.

The Board takes independent professional advice as and when necessary to enable it or the independent directors to discharge its or their responsibilities effectively. Subject to the approval of the Chairman, each director has the right to seek independent legal and other professional advice, at the Company's expense, to assist them in their duties.

The Company Secretary attends all Board meetings and meetings of the Board committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The **RC** comprises a non-executive director and two independent directors of the Company, i.e. Mr Steven Tan Chee Chuan as the Chairman, Messrs Ong Sim Ho and Steven Uhlmann as members.

The RC is guided by its written Terms of Reference, which clearly sets out its authority and duties.

The number of meetings held and attendance at the meetings are as follows:

	Remuneration Committee Meetings	
Name of Director	Held	Attended
Steven Tan Chee Chuan (Chairman)	1	1
Ong Sim Ho (Member)	1	1
Steven Uhlmann (Member)	1	1

In addition, informal meetings were also held during the year as well as circular resolutions were also passed.

The **RC** oversees and approves recommendations on the non-Executive and Executive Directors' remuneration, with the aim of building capable and committed management teams through competitive compensation and focused management and progressive policies. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share incentives and benefits-in-kind. The Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the Board. No director is involved in deciding his own remuneration.

The RC has reviewed the system for determining the remuneration packages for the Key Management Personnel based on certain established principles. For FY 2012, the RC has considered and approved the remuneration packages of the CEO and the Executive Director. They had also reviewed and considered the CEO's recommendation on remuneration proposal for the Key Management Personnel which include salary increment, bonus and benefits-in kind.

Level and Mix of Remuneration

Principle 8: *The level and structure of remuneration should be aligned with the long- term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors.

The independent and non-executive directors receive directors' fees, in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the directors and the need to pay competitive fees to attract, motivate and retain the Directors. Directors' fees are recommended by the Board for approval at the Company's AGM. The Board concurred with the RC's proposal for non-Executive Directors' fees for FY2012. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive, taking into account the aforesaid factors and the increasingly onerous responsibilities of the Directors. The fees for the non-Executive Directors are subject to approval by the shareholders at the Company's forthcoming AGM.

The Executive Directors do not receive Directors' fees. The remuneration for the Executive Directors and the Key Management Personnel comprise a basic salary component and a variable component which is the annual bonus and the share awards, based on the performance of the Group as a whole and their individual performance.

The annual review of the compensation of Directors are carried out by the **RC** to ensure that the remuneration of the Executive Directors is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed periodically by the RC and the Board.

The **RC** also administers the SunningdaleTech Employees' Share Option Scheme as well as the SunningdaleTech Restricted Share Plan and SunningdaleTech Performance Share Plan.

Disclosure on Remuneration

Principle 9: *Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.*

The remuneration of the Directors is set out below:-

Remuneration Band and Name of Director	**Fee [1] (%)**	**Basic Salary (%)**	**Variable Bonus (%)**	**Share Award [2] (%)**	**Total Remuneration (%)**
Below $250,000:					
Koh Boon Hwee	100	-	-	-	100
Steven Uhlmann	100	-	-	-	100
Gabriel Teo Chen Thye	100	-	-	-	100
Steven Tan Chee Chuan	100	-	-	-	100
Kaka Singh	100	-	-	-	100
Ong Sim Ho	100	-	-	-	100
$500,000 to $750,000:					
Khoo Boo Hor	-	71	10	19	100
Wong Chi Hung	-	79	5	16	100

The remuneration of Key Management Personnel is as follows:-

Remuneration Band and Name of Key Management Personnel	Basic Salary (%)	Variable Bonus (%)	Share Awards [(2)] (%)	Total Remuneration (%)
$250,000 to $499,999:				
Chan Whye Mun	79	10	11	100
Chan Tung Sing	85	5	10	100
Simon Tan	78	12	10	100
Soh Hui Ling	80	9	11	100
Below $250,000:				
Cheong Wai Luen	85	6	9	100
Cindy Bin	83	7	10	100

The remuneration of an employee who is an immediate family member of a Director is as follows:-

Name of employee who is related to a Director	Basic Salary (%)	Variable Bonus (%)	Share Awards [(2)] (%)	Total Remuneration (%)
$50,000 to $100,000:				
Wong Chun Pong	81	19	0	100

(1) subject to approval by shareholders as a lump sum at the annual general meeting for the financial year ended 31 December 2012;

(2) the share awards are granted under the Restricted Share Plan. The fair value of the shares award is estimated in-house by management using the last traded price at grant date less the present value of expected dividend during the vesting period as the valuation basis. Details of the share awards are disclosed in the Directors' Report.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of the non-Executive Directors, CEO, Executive Director and the Key Management Personnel in this Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: *The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.*

In presenting the annual financial statements and quarterly announcements, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

The Management currently provides the Board with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties. On a monthly basis, Board members are provided with up-to-date financial reports and other information on the Group's performance for effective decision making.

In line with the SGX-ST Listing rules, the Board issued negative assurance statements in its quarterly financial results announcement, confirming to the best of its knowledge, that nothing has come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: *The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving the strategic objectives*

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

In assessing the effectiveness of internal controls, the **AC**, through the assistance of its internal and external auditors, ensures primary key objectives are met, material assets safeguarded and financial information prepared in compliance with applicable internal policies, laws and regulations.

The Enterprise Risk Management (ERM) Policy has been implemented which formalizes the reporting, assessment, treating and monitoring of each significant risk that the Group faces in achieving its business objectives. Such risks, including mitigating actions, are to be reported to the Board through the Audit Committee on a bi-annual basis, and are followed-up closely by the in-house internal audit team. Further in support of the ERM Policy, a Control Self Assessment (CSA) framework has also been implemented for Management to self-assess internal controls in accordance with Group requirements and specifically address any significant weaknesses risks identified. The **AC**, on behalf of the Board, has also reviewed the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting the operations.

The Board believes that, in the absence of any evidence to the contrary, the Group's system of internal controls, ERM and CSA (covering operational, financial, compliance and risk management system) are adequate for the Group's business operations. These provide reasonable, but not absolute, assurance that the Group will not be adversely affected by event that can be reasonably foreseen as it strives to achieve the business objectives. The Board also notes that no system of internal controls, ERM and CSA can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the existing policies described above and the work performed by both the internal and external auditors, the Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls, maintained by the Management addressing the financial, operational and compliance risks, is adequate in meeting the needs of the current Group's business operations.

Audit Committee

Principle 12: *The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

All three members of the **AC** namely, Mr. Kaka Singh as the Chairman, Messrs Gabriel Teo Chen Thye and Steven Tan Chee Chuan as members, are independent directors of the Company. They bring with them invaluable leadership, managerial and professional expertise in the investment, financial and business management spheres. The **AC** meets regularly with the Group's external auditors, internal auditor as well as its executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

The **AC** also monitors proposed changes in accounting policies, reviews need for the internal audit and risk management functions and discusses the accounting implications of major transactions. In addition, the Committee advises the Board regarding the adequacy of the Group's internal controls including risk management and the contents and presentation of its reports.

Specifically, the **AC**:

- reviews the audit plans and scope of audit examination of the external auditors and evaluates their overall effectiveness through regular meetings with each group of auditors;
- reviews the adequacy of the internal audit function;
- determines that no restrictions are being placed by Management upon the work of the internal and external auditors;
- evaluates the adequacy of the internal control systems of the Group by reviewing written reports from the external auditors, and Management's responses and actions to correct any deficiencies;
- evaluates the adherence to the Group's administrative, operating and internal accounting controls;
- reviews the annual and quarterly financial statements and announcements to shareholders before submission to the Board for adoption;
- ensures the nature and extent of non-audit services provided by external auditors would not affect their independence as external auditors of the Company;
- reviews interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders; and
- considers other matters as requested by the Board.

The **AC** is authorised to investigate any matter within its Terms of Reference, and has full access to the Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive officer to attend its meetings.

For the financial year ended 31 December 2012, the **AC** has met with the external and internal auditors separately, without the presence of the Management, to discuss the reasonableness of the financial reporting process, to review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the auditors, the scope and quality of their audits and the independence and objectivity of the auditors.

The Audit Committee and Board of directors of the Company have satisfied themselves that in appointing the auditing firms for the Company and its subsidiaries, Rule 712 and 716 of the Listing Manual have been complied with.

The **AC** also reviewed the non-audit services provided by the external auditors, which comprise tax services, and was satisfied that the independence of the external auditors would not be impaired.

The Company has put in place a "whistle blowing" process whereby staff of the company can raise concerns about possible improprieties in matters of financial reporting or other matters through a well-defined and accessible channel within the Company. The objective of the policy is to encourage the reporting of such matters in good faith, while providing the assurance that staff making such reports will be fairly treated. Procedures are also established to ensure that such matters are promptly investigated, appropriate follow-up actions taken by management and results reported to the Board of Directors.

The number of meetings held and attendance at the meetings during the last financial year ended 31 December 2012 are as follows:

	Audit Committee Meetings	
Name of Director	**Held**	**Attended**
Kaka Singh (Chairman)	4	4
Gabriel Teo Chen Thye (Member)	4	4
Steven Tan Chee Chuan (Member)	4	4

Internal Audit
***Principle 13**:* *The company should establish an internal audit function that is independent of the activities it audits.*

The Internal Audit function is currently performed in-house based on an annual audit plan and terms of reference as set in the Internal Audit Charter approved by the **AC.** The function is headed by an Internal Audit Manager who reports functionally to the Chairman of the **AC** and administratively to the Chief Executive Officer. The **AC** reviews the internal audit team's reports, audits completed against the approved annual audit plan as well as follow-up actions taken by management with respect to audit findings on a quarterly basis.

The AC is satisfied that the Internal Audit function is adequately resourced and has the appropriate standing within the Group to perform its function effectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

Principle 15 *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

***Principle 16**:* *Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Company does not practise selective disclosure. In line with the continuous disclosure obligations of the Company pursuant to the Singapore Exchange Listing Rules and the Singapore Companies Act, the Board's policy is that all shareholders should be informed regularly and on a timely basis of all major developments that impact the Group.

Pertinent information is communicated to shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group;

- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period. These are published on the SGXNET and in news releases;

- notices of and explanatory memoranda for AGM and Extraordinary General Meetings. The Board ensures that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle as regards to the "bundling" of resolutions. The Board will provide reasons and material implications where resolutions are interlinked;

- press releases on major developments of the Group;

- disclosures to the Singapore Exchange; and

- the Group's website at www.sdaletech.com from which shareholders can access information on the Group. The website provides, *inter alia*, corporate announcements, press releases, annual reports, and profiles of the Group.

In addition, shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation and for them to be kept up to date as to the Group's strategies and goals. The notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 working days before the meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the directors or Management questions regarding the Company and its operations.

The Board supports the Code's principle to encourage shareholder participation. The Articles allow a shareholder of the Company to appoint one or two proxies to attend the AGM and vote in place of the shareholder.

The Chairmen of the **AC**, **RC** and **NC** are normally available at the AGM to answer those questions relating to the work of these Committees. The external auditors are also present to assist the Board in addressing any relevant queries by the shareholders.

DEALING IN SECURITIES

In compliance with Listing Rule 1207 (19), the Group has adopted and implemented an internal code in relation to the dealing of shares of the Company. The Group has procedures in place, including prohibition on insider trading, which restricts the dealing in the Company's shares during the periods commencing one month (for the Group's half yearly and full year results) and two weeks (for the Group's quarterly results) prior to the announcement of the Group's results and ending on the date of the announcement of the results, or if they are in possession of unpublished material price-sensitive information of the Group.

In addition, the Group also prohibits its directors, key officers and executives from dealing in the Company's securities at any time they are in possession of unpublished price sensitive information, or on short-term consideration. The Group confirms that, to the best of its knowledge, the directors, key officers and executives do not deal in the Company's securities on a short term consideration.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval if such transactions do occur.

The details of the Interested Person Transactions for the year ended 31 December 2012 are as follows:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000	$'000
Zing Precision Manufacturing Ltd	331	–
BW Highsonic Industrial Ltd	949	–

The Audit Committee and the Board of Directors have reviewed the transactions and were satisfied that the terms were fair and reasonable and were not prejudicial to the interests of the Company and its minority shareholders.

MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder during the year under review.

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Sunningdale Tech Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2012.

1. Directors

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

Koh Boon Hwee	(Non-Executive Chairman, Non-Executive Director)
Khoo Boo Hor	(Chief Executive Officer, Executive Director)
Wong Chi Hung	(Executive Director)
Steven Uhlmann	(Non-Executive Director)
Steven Tan Chee Chuan	(Independent Director)
Gabriel Teo Chen Thye	(Independent Director)
Kaka Singh	(Independent Director)
Ong Sim Ho	(Independent Director)

In accordance with Article 91 of the Company's Article of Association, Koh Boon Hwee and Gabriel Teo Chen Thye retire and, being eligible, offer themselves for re-election.

In accordance with section 153(6) of the Singapore Companies Act, Cap. 50, Steven Tan Chee Chuan and Kaka Singh retire and, being eligible, offer themselves for re-election.

2. Arrangements to enable directors to acquire shares and debentures

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

3. Directors' interests in shares and debentures

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

	Direct interest		**Deemed interest**	
Name of Director	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Sunningdale Tech Ltd (Ordinary shares)				
Koh Boon Hwee	27,038,960	37,038,960	110,040	110,040
Khoo Boo Hor	9,789,413	10,689,413	–	–
Wong Chi Hung	1,050,000	1,750,000	9,080,883	9,080,883
Steven Uhlmann	114,045,125	104,045,125	–	–
Steven Tan Chee Chuan	10,000,000	10,000,000	–	–
Gabriel Teo Chen Thye	1,139,660	1,139,660	–	–
Kaka Singh	396,270	396,270	–	–

3. **Directors' interests in shares and debentures (cont'd)**

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2013.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share awards, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4. **Directors' contractual benefits**

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

5. **Share plans**

Restricted Share Plan and Performance Share Plan

The Sunningdale Tech Ltd Restricted Share Plan (the "RSP") and Sunningdale Tech Ltd Performance Share Plan (the "PSP") were approved by the members of the Company at an Extraordinary General Meeting held on 29 October 2004. Details of the RSP and PSP were set out in the Circular dated 13 October 2004.

The Remuneration Committee ("RC") administering the RSP and PSP comprise three directors, Steven Tan Chee Chuan (Chairman), Steven Uhlmann and Ong Sim Ho. The RC administers the RSP and PSP in accordance with its objectives and rules thereof and to determine participation eligibility, grant of share awards and any other matters as may be required.

No share awards have been granted under PSP during the financial year under review and as at the date of this report.

The following RSP share awards were granted to employees of the Company and the Group:-

No. of Participants	Date of grant	Market price of share awards at date of grant ($)	Share awards granted during financial year	Aggregate share awards granted since commencement of the RSP to end of financial year	Aggregate share awards forfeited since date of grant to end of financial year	Aggregate share awards released since date of grant to end of financial year	Aggregate share awards outstanding as at end of financial year
52	21 June 2007	0.395	–	5,466,000	(1,313,750)	(4,152,250)	–
71	02 October 2008	0.12	–	6,694,000	(947,000)	(5,617,000)	130,000
2	06 April 2009	0.05	–	150,000	–	(150,000)	–
44	11 December 2009	0.125	–	6,575,000	(475,000)	(6,100,000)	–
54	01 November 2010	0.195	–	7,406,000	(351,000)	–	7,055,000
1	01 February 2011	0.19	–	150,000	–	–	150,000
57	12 December 2011	0.093	–	7,520,000	(120,000)	–	7,400,000
59	19 November 2012	0.12	7,409,000	7,409,000	–	–	7,409,000

5. **Share plans (cont'd)**

Shares granted under RSP

Details of the RSP granted to directors of the Company are as follows:-

Name of Director	As at beginning of financial year	Share awards granted during the financial year	Share awards released during the financial year	As at end of financial year
Khoo Boo Hor	3,100,000	1,100,000	(900,000)	3,300,000
Wong Chi Hung	1,900,000	–	(700,000)	1,200,000

The share awards granted to participants who received five percent or more of the total number of share awards under the RSP during the financial year under review is as follow:

Name of Participant	As at beginning of financial year	Share awards granted during the financial year	Share awards released during the financial year	As at end of financial year
Lim Chin Hong	2,200,000	750,000	(700,000)	2,250,000

The share awards granted from 2008 to 2012 were subject to the following conditions:-

(i) one third of allotted number of share awards shall be vested on the first anniversary of the date of grant; one third on the second anniversary of the date of grant; and the last third on the third anniversary of the date of grant;

(ii) all the share awards shall be delivered only on the third anniversary of the date of grant;

(iii) that in order to receive this award, the participants must be in the employment of the Company or its group of companies, subject to the provisions as set out in the Summary of Rules of the RSP in the Circular to Shareholders dated 13 October 2004;

(iv) in the event an employee leaves the employment of the Company or its group of companies, the share awards which have vested before the date of resignation shall be delivered on the third anniversary of the date of grant;

(v) in the event an employee leaves the employment of the Company or its group of companies and joins competitors, the share awards which have vested before the date of resignation shall be delivered on the fifth anniversary of the date of grant;

(vi) in the event an employee retires from the workforce, the share awards which have been granted shall be vested as active employees and delivered on the third anniversary of the date of grant, provided the sum of his age and length of service is greater than 60 years, he has worked with the Company or its group of companies for at least ten years and he does not go to work for a competitor;

(vii)[#] in the event an employee leaves the employment of the Company due to company's restructuring, the share awards which have vested before the date of retrenchment shall be delivered on the third anniversary of the date of grant;

(viii)[##] in the event an employee leaves the employment of the Company or its group of companies due to the restructuring of any Sunningdale Tech Group of Companies, the share awards which have vested before the date of retrenchment shall be delivered on the third anniversary of the date of grant.

5. **Share plans (cont'd)**

Shares granted under RSP (cont'd)

Any waiver to these conditions would need the Remuneration Committee's final decision.

(#) *This condition is applied to the share awards granted in December 2009.*

(##) *This condition is applied to the share awards granted in 2010 onwards.*

Since commencement of the RSP and PSP plans till the end of the financial year:

- No awards have been granted to the controlling shareholders of the Company and their associates;
- No participants other than mentioned above have received 5% or more of the total awards available under the plans;
- No awards other than mentioned above have been granted to directors and employees of the Company and its subsidiaries;
- No awards that entitle the holder, to participate, by virtue of the awards, in any share issue of any other corporation have been granted; and
- No awards have been granted at a discount.

The ordinary shares if issued are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The market price of each share as at 31 December 2012 under the above share award is $0.125 (2011: $0.098).

6. **Audit committee**

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans and scope of audit examination of the external and internal auditors;
- Reviewed with the external auditors their report on the financial statements and the assistance given by the Company's management to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC has recommended to the board of directors that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the next annual general meeting of the Company.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Koh Boon Hwee
Non-Executive Chairman & Non-Executive Director

Khoo Boo Hor
Chief Executive Officer & Executive Director

Singapore
3 April 2013

STATEMENT BY DIRECTORS PURSUANT TO SECTION 201(15)

We, Koh Boon Hwee and Khoo Boo Hor, being two of the directors of Sunningdale Tech Ltd, do hereby state that, in the opinion of the directors,

(a) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

On behalf of the board of directors,

Koh Boon Hwee
Non-Executive Chairman & Non-Executive Director

Khoo Boo Hor
Chief Executive Officer & Executive Director

Singapore
3 April 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of Sunningdale Tech Ltd

Report on the financial statements

We have audited the accompanying financial statements of Sunningdale Tech Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 38 to 109, which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

Singapore
3 April 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

(In Singapore dollars)

	Note	Group 2012 $'000	Group 2011 $'000 Restated
Revenue	4	451,326	426,110
Cost of Sales		(399,716)	(368,940)
Gross profit		51,610	57,170
Other items of income			
Interest income	5	178	205
Other income	6	3,159	2,793
Other items of expense			
Marketing and distribution		(8,823)	(9,010)
Administrative expenses		(26,854)	(27,689)
Other operating expenses	7	(4,697)	(30,203)
Finance costs	8	(1,721)	(1,745)
Profit/(loss) before tax from continuing operations	9	12,852	(8,479)
Income tax expense	10	(3,290)	(3,319)
Profit/(loss) from continuing operations, net of tax		9,562	(11,798)
Attributable to:			
Owners of the Company			
Profit/(loss) from continuing operations, net of tax		9,562	(11,798)
		9,562	(11,798)
Earnings/(loss) per share from continuing operations attributable to owners of the Company (cents per share)			
Basic	11	1.27	(1.58)
Diluted	11	1.24	(1.54)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

(In Singapore dollars)

	Group	
	2012	**2011**
	$'000	$'000
		Restated
Profit/(loss) from continuing operations, net of tax	9,562	(11,798)
Other comprehensive income		
Foreign currency translation	(9,971)	5,760
Other comprehensive (loss)/income for the year, net of tax	(9,971)	5,760
Total comprehensive loss for the year	(409)	(6,038)
Attributable to:		
Owners of the Company		
Total comprehensive loss from continuing operations, net of tax	(409)	(6,038)

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

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2012

(In Singapore dollars)

	Note	Group 2012 $'000	Group 2011 $'000 Restated	Company 2012 $'000	Company 2011 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	147,553	165,002	5,893	7,476
Investment property	14	–	1,048	–	–
Intangible assets	15	14,176	15,277	–	–
Other investments	16	1	1	–	–
Investment in subsidiaries	17	–	–	243,700	242,788
Investment in an associate	18	–	–	–	–
Deferred tax assets	25	715	663	–	–
		162,445	181,991	249,593	250,264
Current assets					
Inventories	19	82,199	80,051	5,755	5,937
Prepayments		2,904	3,887	89	88
Trade and other receivables	20	98,626	93,948	58,615	46,500
Cash and short-term deposits	21	52,716	49,160	1,885	1,920
		236,445	227,046	66,344	54,445
Total assets		398,890	409,037	315,937	304,709
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	58,395	55,596	40,881	38,243
Excess of progress billings over work-in-progress	19	8,681	8,771	4,450	3,727
Other liabilities	23	30,411	36,945	4,216	3,718
Loans and borrowings	24	51,007	47,608	11,786	10,283
Tax payable		6,047	7,435	1,251	691
		154,541	156,355	62,584	56,662
Net current assets/(liabilities)		81,904	70,691	3,760	(2,217)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

Continued

(In Singapore dollars)

		Group		Company	
		2012	**2011**	**2012**	**2011**
	Note	$'000	$'000	$'000	$'000
			Restated		
Non-current liabilities					
Loans and borrowings	24	7,565	11,140	–	749
Deferred tax liabilities	25	3,244	3,930	627	627
		10,809	15,070	627	1,376
Total liabilities		165,350	171,425	63,211	58,038
NET ASSETS		233,540	237,612	252,726	246,671
Equity attributable to owners of the Company					
Share capital	26	271,529	270,831	271,529	270,831
Reserves		(37,989)	(33,219)	(18,803)	(24,160)
Total equity		233,540	237,612	252,726	246,671
Total equity and liabilities		398,890	409,037	315,937	304,709

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

(In Singapore dollars)

Group	Share capital (Note 26) $'000	Retained earnings $'000	Foreign currency translation reserve (Note 27) $'000	Other reserves (Note 27) $'000	Total equity $'000
	Attributable to owners of the Company				
2012					
Opening balance at 1 January 2012	270,831	(34,183)	(7,105)	8,069	237,612
Profit from continuing operations, net of tax	–	9,562	–	–	9,562
Other comprehensive income					
Foreign currency translation	–	–	(9,730)	(241)	(9,971)
Other comprehensive loss for the year, net of tax	–	–	(9,730)	(241)	(9,971)
Total comprehensive income/(loss) for the year	–	9,562	(9,730)	(241)	(409)
Contributions by and distributions to owners					
Grant of equity-settled share awards to employees	–	–	–	849	849
Issue of shares under share awards	698	–	–	(698)	–
Transfer to statutory reserve	–	(217)	–	217	–
Dividends paid (Note 12)	–	(4,512)	–	–	(4,512)
Total contributions by and distributions to owners	698	(4,729)	–	368	(3,663)
Total transactions with owners in their capacity as owners	698	(4,729)	–	368	(3,663)
Closing balance at 31 December 2012	271,529	(29,350)	(16,835)	8,196	233,540

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2012

Continued

(In Singapore dollars)

	Attributable to owners of the Company				
Group (Restated)	**Share capital (Note 26)** $'000	**Retained earnings** $'000	**Foreign currency translation reserve (Note 27)** $'000	**Other reserves (Note 27)** $'000	**Total equity** $'000
2011					
Opening balance at 1 January 2011	270,068	(17,393)	(12,795)	7,418	247,298
Loss from continuing operations, net of tax	–	(11,798)	–	–	(11,798)
Other comprehensive income					
Foreign currency translation	–	–	5,690	70	5,760
Other comprehensive income for the year, net of tax	–	–	5,690	70	5,760
Total comprehensive (loss)/income for the year	–	(11,798)	5,690	70	(6,038)
Contributions by and distributions to owners					
Grant of equity-settled share awards to employees	–	–	–	830	830
Issue of shares under share awards	763	–	–	(763)	–
Transfer to statutory reserve	–	(514)	–	514	–
Dividends paid (Note 12)	–	(4,478)	–	–	(4,478)
Total contributions by and distributions to owners	763	(4,992)	–	581	(3,648)
Total transactions with owners in their capacity as owners	763	(4,992)	–	581	(3,648)
Closing balance at 31 December 2011	270,831	(34,183)	(7,105)	8,069	237,612

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2012

Continued

(In Singapore dollars)

Company	Share capital (Note 26) $'000	Retained earnings $'000	Other reserves (Note 27) $'000	Total equity $'000
2012				
Opening balance at 1 January 2012	270,831	(25,213)	1,053	246,671
Profit from continuing operations, net of tax	–	9,718	–	9,718
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	9,718	–	9,718
Contributions by and distributions to owners				
Grant of equity-settled share awards to employees	–	–	849	849
Issue of shares under share awards	698	–	(698)	–
Dividends paid (Note 12)	–	(4,512)	–	(4,512)
Total contributions by and distributions to owners	698	(4,512)	151	(3,663)
Total transactions with owners in their capacity as owners	698	(4,512)	151	(3,663)
Closing balance at 31 December 2012	271,529	(20,007)	1,204	252,726
2011				
Opening balance at 1 January 2011	270,068	(39,949)	986	231,105
Profit from continuing operations, net of tax	–	19,214	–	19,214
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	19,214	–	19,214
Contributions by and distributions to owners				
Grant of equity-settled share awards to employees	–	–	830	830
Issue of shares under share awards	763	–	(763)	–
Dividends paid (Note 12)	–	(4,478)	–	(4,478)
Total contributions by and distributions to owners	763	(4,478)	67	(3,648)
Total transactions with owners in their capacity as owners	763	(4,478)	67	(3,648)
Closing balance at 31 December 2011	270,831	(25,213)	1,053	246,671

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

(In Singapore dollars)

	Group	
	2012	**2011**
	$'000	$'000
		Restated
Cash flows from operating activities:		
Profit/(loss) before tax from continuing operations	12,852	(8,479)
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	26,465	24,285
Net gain on disposal of property, plant and equipment (Note 6)	(406)	(24)
Property, plant and equipment written off (Note 7)	441	113
Amortisation of intangible assets (Note 7)	1,101	458
Impairment loss on goodwill (Note 7)	–	23,722
Impairment loss on property, plant and equipment (Note 13)	429	326
Bad debts written off (Note 9)	–	20
Write-back for doubtful debts (Note 9)	(86)	(13)
Fair value gain on investment property (Note 6)	(210)	(130)
Allowance/(write-back) for inventories obsolescence/foreseeable losses (Note 9)	572	(83)
Employee share award expenses (Note 30)	849	830
Interest expense	1,721	1,745
Interest income	(178)	(205)
Currency realignment	(3,107)	3,026
Operating cash flows before changes in working capital	40,443	45,591
Increase in trade and other receivables	(3,881)	(14,948)
Decrease/(increase) in prepayments	982	(1,434)
Increase in inventories	(2,720)	(15,610)
(Decrease)/increase in trade and other payables	(1,436)	12,279
Cash flows generated from operations	33,388	25,878
Interest paid	(1,721)	(1,745)
Interest received	178	205
Income tax paid	(5,786)	(6,751)
Net cash flows from operating activities	26,059	17,587
Cash flows from investing activities:		
Purchase of property, plant and equipment	(17,130)	(22,654)
Net proceeds from disposal of property, plant and equipment	597	78
Acquisition of subsidiaries, net of cash acquired	–	(14,550)
Net cash flows used in investing activities	(16,533)	(37,126)
Cash flows from financing activities:		
Proceeds from loans and borrowings	12,881	14,502
Repayment of loans and borrowings	(10,313)	(20,227)
Dividends paid on ordinary shares (Note 12)	(4,512)	(4,478)
Net cash flows used in financing activities	(1,944)	(10,203)
Net increase/(decrease) in cash and cash equivalents	7,582	(29,742)
Cash and cash equivalents at beginning of year	45,651	75,169
Effects of exchange rate changes on cash and cash equivalents	(2,067)	224
Cash and cash equivalents at end of year (Note 21)	51,166	45,651

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

1. Corporate Information

Sunningdale Tech Ltd (the "Company") is a limited liability company, domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 51 Joo Koon Circle, Singapore 629069.

The principal activities of the Company consist of manufacturing and sale of dies, tools, jigs, fixtures, high precision steel moulds and plastic products. The principal activities of the subsidiaries are outlined in Note 17 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 *Basis of presentation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 – *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013
Amendments to FRS107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	1 January 2013
- Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
- Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
- Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

Except for the Amendments to FRS 1 and FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 and FRS 112 are described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income (OCI)* is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

2.4 ***Basis of consolidation and business combinations***

(a) ***Basis of consolidation***

Basis of consolidation from 1 January 2010

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

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

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

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

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(a) ***Basis of consolidation (cont'd)***

Basis of consolidation from 1 January 2010 (cont'd)

- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying values of such investments as at 1 January 2010 have not been restated.

(b) ***Business of combinations***

Business combinations from 1 January 2010

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) ***Business of combinations (cont'd)***

Business combinations from 1 January 2010 (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

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

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

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.5 ***Foreign currency***

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

(a) ***Transactions and balances***

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

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

2. Summary of significant accounting policies (cont'd)

2.5 ***Foreign currency (cont'd)***

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at end of the reporting period and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

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

2.6 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold land and buildings	-	20 to 60 years
Leasehold improvements	-	1 to 30 years
Machinery and equipment	-	1 to 10 years
Office equipment and furniture	-	2 to 10 years
Motor vehicles	-	5 to 10 years

Assets under construction included in plant and equipment, classified as construction-in-progress, are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

2. Summary of significant accounting policies (cont'd)

2.7 ***Investment properties***

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance lease.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognised criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

2.8 ***Intangible assets***

(a) ***Goodwill***

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5.

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

2. Summary of significant accounting policies (cont'd)

2.8 ***Intangible assets (cont'd)***

(b) ***Other intangible assets***

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

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

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

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

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

2. Summary of significant accounting policies (cont'd)

2.9 ***Impairment of non-financial assets (cont'd)***

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

2.10 ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.11 ***Associates***

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

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

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore, is the profit or loss after tax and non-controlling interests in subsidiaries of associates.

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

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

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

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial assets***

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

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

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

(b) ***Held-to-maturity investments***

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(c) ***Loans and receivables***

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

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial assets (cont'd)***

Subsequent measurement (cont'd)

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

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

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

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

2.13 ***Impairment of financial assets***

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

(a) ***Financial assets carried at amortised cost***

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 ***Impairment of financial assets (cont'd)***

(a) ***Financial assets carried at amortised cost* (cont'd)**

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

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

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

(b) ***Financial assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

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

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

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

2.14 ***Cash and cash equivalents***

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

2. Summary of significant accounting policies (cont'd)

2.15 ***Inventories***

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

- Raw materials - purchase costs on a first-in-first out basis;
- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

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

2.16 ***Provisions***

General

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

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

A provision for sales returns is recognised for all products sold as at end of the reporting period based on past experience of the level of returns.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.17 ***Government grants***

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to income, the grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants relating to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.18 ***Financial liabilities***

Initial recognition and measurement

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

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

2. Summary of significant accounting policies (cont'd)

2.18 ***Financial liabilities (cont'd)***

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

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

2.19 ***Financial guarantee***

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

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

2.20 ***Borrowing costs***

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

2. Summary of significant accounting policies (cont'd)

2.21 ***Employee benefits***

(a) ***Defined contribution plans***

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

(b) ***Employee leave entitlement***

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

(c) ***Employee share plans – Restricted Share Plan and Performance Share Plan***

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for share plans and awards ('equity-settled transactions').

The cost of equity-settled share based payment transactions with employees is measured by reference to the fair value at the date on which the share awards are granted which takes into account market conditions and non-vesting conditions. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the Restricted Share Plan reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award is treated as if it was a modification of the original award, as described in the previous paragraph.

2.22 ***Leases***

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

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

2. Summary of significant accounting policies (cont'd)

2.22 ***Leases (cont'd)***

(a) ***As lessee***

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

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

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

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 ***Revenue recognition***

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

(a) ***Sale of goods***

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) ***Revenue from mould fabrication work***

Revenue from mould fabrication work is recognised on the percentage of completion method, measured by reference to the stages of mould manufacturing processes surveyed by project engineers and all losses are provided for as they become known. Where the outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(c) ***Interest income***

Interest income is recognised using the effective interest method.

(d) ***Dividends***

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

(e) ***Rental income***

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

2. Summary of significant accounting policies (cont'd)

2.24 ***Taxes***

(a) ***Current income tax***

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

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

(b) ***Deferred tax***

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

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

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

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

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

2. Summary of significant accounting policies (cont'd)

2.24 ***Taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

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

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

(c) ***Goods and services tax***

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

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

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.25 ***Derivative financial instruments***

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss for the year.

2.26 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 ***Share capital and share issue expenses***

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

2. Summary of significant accounting policies (cont'd)

2.28 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because;

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

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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

2.29 ***Related parties***

A related party is defined as follow:

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

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

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company;

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

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

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plank, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

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

(a) ***Mould fabrication work***

The Group recognises revenue from mould fabrication work by reference to the stage of completion at the reporting date, when the outcome of the contract can be estimated reliably. All losses are recorded when they become known. The Group had recognised revenue amounting to $112,441,000 (2011: $113,130,000) for mould fabrication work. Management estimates that based on experience with similar work, the percentage of completion used in recognising revenue is appropriate. Even if the events anticipated under the assumption occur, actual results are still likely to be different from the estimates since other anticipated events frequently do not occur as expected and the variation may be material. As at 31 December 2012, management has also determined that any provision made for foreseeable losses is adequate.

(b) ***Impairment of property, plant and equipment***

The carrying values of property, plant and equipment are tested for impairment when there are indicators of impairment. Management estimates the recoverable amount based on the value in use. This requires the management to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of the cash flows. Except as disclosed in Note 13, there are no other indications of impairment as at 31 December 2012.

(c) ***Determination of functional currency***

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

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of 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. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(a) ***Impairment of goodwill and investment in subsidiaries***

Management determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Recoverable amount of the cash-generating units is the higher of its fair value less costs to sell or its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. There was no impairment charge for the financial year ended 31 December 2012 (2011: $23,722,000) was recognised in the income statement. More details are given in Note 15. The carrying amount of the goodwill at 31 December 2012 was $12,678,000 (2011: $12,678,000).

The Company assess whether there is any indication of impairment of its investment in subsidiaries at each reporting date. Investment in subsidiaries is tested for impairment when there are indicators that the carrying amount may not be recoverable. Management estimates the recoverable amount based on the value in use. This requires the management to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of the cash flows. There was no impairment charge for the financial year ended 31 December 2012 (2011: $Nil). The carrying amount of the Company's investment in subsidiaries at 31 December 2012 was $243,700,000 (2011: $242,788,000).

(b) ***Depreciation of property, plant and equipment***

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated useful lives. Management estimates the useful lives of these property, plant and equipment as discussed in Note 2.6. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 31 December 2012 was $147,553,000 (2011: $165,002,000).

(c) ***Employee share awards***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share awards at the date at which they are granted. Estimating the fair value of such awards requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including expected life of the award, volatility and dividend yield. The assumptions and model used are disclosed in Note 30.

(d) ***Revaluation of investment properties***

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 August 2012 before it was transferred to owner-occupied property.

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method.

The determination of the fair value of the investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the investment properties are further explained in Note 14.

3. Significant accounting judgements and estimates *(cont'd)*

3.2 ***Key sources of estimation uncertainty (cont'd)***

(e) ***Taxes***

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Management recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax, deferred tax assets and deferred tax liabilities in the period in which such determination is made. The carrying amounts of the Group's income tax payables, deferred tax assets and deferred tax liabilities at 31 December 2012 were $6,047,000 (2011: $7,435,000), $715,000 (2011: $663,000) and $3,244,000 (2011: $3,930,000) respectively.

(f) ***Fair value measurement of contingent consideration on business combinations***

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the consideration transferred for business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. As part of the purchase price allocation for its acquisition of AOS and ST Latvia, the Group identified an element of contingent consideration. The carrying amount of the contingent consideration on business combination at the end of the reporting period is disclosed in Note 23 to the financial statements.

4. Revenue

Revenue represents net invoiced value of goods supplied and percentage of work completed for sale of moulds, and it is shown net of related sales taxes, estimated returns, discounts and volume rebates.

5. Interest income

	Group	
	2012	**2011**
	$'000	$'000
Interest income from:		
Loans and receivables	178	205

6. Other income

	Group 2012 $'000	Group 2011 $'000
Income from disposal of scrap materials	947	715
Fair value gain on investment property (Note 14)	210	130
Rental income	–	27
Government grant	54	98
Net gain on disposal of property, plant and equipment	406	24
Reimbursement from customers and suppliers	602	541
Waiver of debts	–	227
Miscellaneous income	940	1,031
	3,159	2,793

7. Other operating expenses

	Group 2012 $'000	Group 2011 $'000 Restated
Property, plant and equipment written off	441	113
Amortisation of intangible assets	1,101	458
Impairment loss on goodwill	–	23,722
Impairment loss on property, plant and equipment (Note 13)	429	326
Loss on disposal of excess inventory	85	129
Net foreign exchange loss	1,656	4,399
Miscellaneous expenses	985	1,056
	4,697	30,203

8. Finance costs

	Group 2012 $'000	Group 2011 $'000
Interest expense:		
– Bank loans	1,696	1,646
– Bank overdraft	8	79
– Bills payable	17	20
	1,721	1,745

9. Profit/(loss) before tax from continuing operations

	Group 2012 $'000	Group 2011 $'000 Restated
Profit/(loss) before tax from continuing operations is stated after charging/(crediting):		
Cost of inventories sold	399,716	368,940
Professional fees paid to a director related company	–	77
Depreciation of property, plant and equipment (Note 13)	26,465	24,285
Bad debts written off – trade	–	20
Write-back for doubtful debts	(86)	(13)
Audit fees:		
– Auditors of the Company	382	367
– Other auditors	506	407
Non-audit fees:		
– Auditors of the Company	100	252
– Other auditors	153	87
Employee benefits expense (Note 30)	99,766	93,133
Allowance/(write-back) for inventories obsolescence/foreseeable losses (Note 19)	572	(83)

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group 2012 $'000	Group 2011 $'000 Restated
Current taxation		
Current year	4,006	4,725
Over provision in respect of previous years	(8)	(804)
Deferred taxation (Note 25)		
Origination and reversal of temporary differences	(433)	(389)
Over provision in respective of previous years	(275)	(213)
Income tax expense recognised in profit or loss	3,290	3,319

10. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between the tax expenses and accounting profit before income tax multiplied by the applicable corporate tax rates for the years ended 31 December 2012 and 2011 are as follows:-

	Group	
	2012	**2011**
	$'000	$'000
		Restated
Accounting profit/(loss) before tax from continuing operations	12,852	(8,479)
Tax at the domestic rates applicable to profit/(loss) in the countries where the Group operates	2,234	(874)
Adjustments:		
Non-deductible expenses	1,341	5,745
Income not subject to taxation	(508)	(610)
Utilisation of previously unrecognised deferred tax assets	(566)	(622)
Deferred tax assets not recognised	1,180	918
Over provision in respect of previous years	(283)	(1,017)
Others	(108)	(221)
Income tax expense recognised in profit or loss	3,290	3,319

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

11. Earnings/(loss) per share

Basic earnings/(loss) per share from continuing operations are calculated by dividing the net profit/(loss) from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/(loss) per share from continuing operations are calculated by dividing the net profit/(loss) from continuing operations, net of tax, attributable to ordinary owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflect the profit and loss and share data used in the computation of basic and diluted earnings per share for the years ended 31 December 2012 and 2011:

	Group	
	2012	**2011**
	$'000	$'000
		Restated
Profit/(loss) attributable to owners of the Company for basic and diluted earnings per share	9,562	(11,798)

	Number of shares	
	'000	'000
Weighted average number of ordinary shares on issue applicable to basic earnings per share	752,367	747,698
Effect of dilutive potential share		
• Restricted share plan	21,633	–*
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	774,000	747,698

There have been no other transactions involving ordinary shares or potential ordinary shares since end of the reporting period and before the completion of these financial statements.

11. Earnings/(loss) per share (cont'd)

* For the purpose of calculating the diluted losses per share for the financial year ended 31 December 2011, the effect of 18,691,000 share awards under the Restricted Share Plan have not been included in the calculation of diluted loss per share because they are anti-dilutive.

12. Dividends

		Group and Company	
		2012	2011
		$'000	$'000
(a)	Dividends paid during the year are as follows:-		
	2010 final exempt (one-tier) dividend of $0.006 per share on 746,281,893 ordinary shares	–	4,478
	2012 interim exempt (one-tier) dividend of $0.006 per share on 752,056,393	4,512	–
(b)	Proposed but not recognised as a liability as at 31 December:		
	Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
	2012 final exempt (one-tier) dividend of $0.006 per share on 758,156,393 ordinary shares	4,549	–

13. Property, plant and equipment

Group	Leasehold land and buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Office equipment and furniture	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2012							
Cost							
At 1 January 2012	72,094	31,683	2,096	302,077	23,519	2,355	433,824
Additions	326	1,312	239	5,683	704	6,434	14,698
Reclassification	2,242	179	–	5,974	130	(8,525)	–
Transfer from investment property	1,191	–	–	–	–	–	1,191
Disposals	–	(134)	(35)	(2,584)	(273)	–	(3,026)
Written off	–	(791)	(32)	(540)	(897)	(1)	(2,261)
Currency realignment	(2,584)	(1,037)	(75)	(9,198)	(518)	(63)	(13,475)
At 31 December 2012	73,269	31,212	2,193	301,412	22,665	200	430,951
Accumulated depreciation and impairment loss							
At 1 January 2012	15,264	25,049	1,220	207,583	19,676	30	268,822
Charge for the year	2,631	1,906	220	20,431	1,277	–	26,465
Reclassification	–	1	–	(6)	5	–	–
Disposals	–	(119)	(21)	(2,434)	(261)	–	(2,835)
Impairment charge	–	–	–	429	–	–	429
Written off	–	(789)	(32)	(393)	(606)	–	(1,820)
Currency realignment	(713)	(808)	(44)	(5,696)	(402)	–	(7,663)
At 31 December 2012	17,182	25,240	1,343	219,914	19,689	30	283,398
Net carrying amount							
At 31 December 2012	56,087	5,972	850	81,498	2,976	170	147,553

13. Property, plant and equipment (cont'd)

Group	Leasehold land and buildings $'000	Leasehold improvements $'000	Motor vehicles $'000	Machinery and equipment $'000	Office equipment and furniture $'000	Construction-in-progress $'000	Total $'000
2011 (Restated)							
Cost							
At 1 January 2011	60,251	30,562	1,926	257,259	21,505	1,773	373,276
Acquisition of subsidiaries	4,000	63	103	28,154	909	25	33,254
Additions	2,772	558	402	11,341	1,433	6,799	23,305
Reclassification	3,889	131	–	2,027	117	(6,164)	–
Disposals	–	(8)	(249)	(280)	(31)	(14)	(582)
Written off	–	(26)	(92)	(406)	(567)	–	(1,091)
Currency realignment	1,182	403	6	3,982	153	(64)	5,662
At 31 December 2011	72,094	31,683	2,096	302,077	23,519	2,355	433,824
Accumulated depreciation and impairment loss							
At 1 January 2011	12,301	22,745	1,364	172,415	18,150	–	226,975
Acquisition of subsidiaries	–	–	40	14,562	743	4	15,349
Charge for the year	2,524	2,099	148	18,274	1,240	–	24,285
Reclassification	108	(108)	(10)	10	–	–	–
Disposals	–	(8)	(233)	(257)	(30)	–	(528)
Impairment charge	–	–	–	300	–	26	326
Written off	–	(24)	(90)	(310)	(554)	–	(978)
Currency realignment	331	345	1	2,589	127	–	3,393
At 31 December 2011	15,264	25,049	1,220	207,583	19,676	30	268,822
Net carrying amount							
At 31 December 2011	56,830	6,634	876	94,494	3,843	2,325	165,002

13. Property, plant and equipment (cont'd)

Company	Leasehold buildings $'000	Leasehold improvements $'000	Machinery and equipment $'000	Office equipment and furniture $'000	Construction-in-progress $'000	Total $'000
2012						
Cost						
At 1 January 2012	4,732	5,772	18,105	2,586	28	31,223
Additions	–	8	358	84	–	450
Disposals	–	(1)	(5,760)	(73)	–	(5,834)
Written off	–	(358)	–	–	–	(358)
At 31 December 2012	4,732	5,421	12,703	2,597	28	25,481
Accumulated depreciation and impairment loss						
At 1 January 2012	1,210	4,583	15,720	2,208	26	23,747
Charge for the year	78	351	646	238	–	1,313
Disposals	–	(1)	(5,044)	(71)	–	(5,116)
Written off	–	(356)	–	–	–	(356)
At 31 December 2012	1,288	4,577	11,322	2,375	26	19,588
Net carrying amount						
At 31 December 2012	3,444	844	1,381	222	2	5,893
2011						
Cost						
At 1 January 2011	4,732	5,772	18,115	2,313	26	30,958
Additions	–	–	555	286	2	843
Disposals	–	–	(491)	(12)	–	(503)
Written off	–	–	(74)	(1)	–	(75)
At 31 December 2011	4,732	5,772	18,105	2,586	28	31,223
Accumulated depreciation and impairment loss						
At 1 January 2011	1,131	4,151	15,357	1,926	–	22,565
Charge for the year	79	432	876	294	–	1,681
Disposals	–	–	(490)	(12)	–	(502)
Impairment charge	–	–	51	–	26	77
Written off	–	–	(74)	–	–	(74)
At 31 December 2011	1,210	4,583	15,720	2,208	26	23,747
Net carrying amount						
At 31 December 2011	3,522	1,189	2,385	378	2	7,476

13. Property, plant and equipment (cont'd)

The carrying amounts of leasehold land and buildings are as follows:-

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Leasehold land as at 31 December:				
Cost	4,564	4,696	–	–
Accumulated depreciation	(294)	(264)	–	–
Net carrying amount	4,270	4,432	–	–
Leasehold building as at 31 December:				
Cost	68,705	67,398	4,732	4,732
Accumulated depreciation	(16,888)	(15,000)	(1,288)	(1,210)
Net carrying amount	51,817	52,398	3,444	3,522

Impairment of assets

During the financial year, management carried out a review on the recoverable amount of plant and equipment based on their working conditions. An impairment loss of $429,000 (2011: $326,000), representing the write-down of these plant and equipment to the recoverable amount was recognised in "Other operating expenses" (Note 7). The recoverable amount was based on its value in use.

Assets pledged as security

As at 31 December 2012, property, plant and equipment amounting to $6,069,000 were pledged to secure the bank loans.

During the financial year ended 31 December 2011, the Group had acquired 3 companies. This includes certain acquired property, plant and equipment with a net carrying value of $13,584,000 which are pledged to secure the bank loans (Note 24).

14. Investment property

	Group	
	2012	**2011**
	$'000	$'000
Statement of financial position:		
At 1 January	1,048	923
Fair value gain recognised in:		
- Income statement	210	130
Transfer to property, plant and equipment (Note 13)	(1,191)	–
Currency realignment	(67)	(5)
At 31 December	–	1,048
Income statement:		
Rental income from investment property:		
Minimum lease payments	–	–

On 1 September 2012, the Group transferred the investment property to owner-occupied property as the Group had commenced using the property as an office.

14. Investment property (cont'd)

Valuation of investment property

The investment property was revalued on 31 August 2012 by A-Plus Surveyors Ltd., an independent professionally qualified valuer, at HK$7,600,000 (31 December 2011: HK$6,300,000) on an open market basis, before it was transferred to owner-occupied property.

15. Intangible assets

	Group					
	Goodwill	**Customer relationships**	**Customer contracts**	**Order backlog**	**Club membership**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
2012						
Cost:						
At 1 January 2012 and 31 December 2012	220,026	1,554	1,442	61	56	223,139
Accumulated amortisation and impairment:						
At 1 January 2012	207,348	–	397	61	56	207,862
Amortisation	–	223	878	–	–	1,101
At 31 December 2012	207,348	223	1,275	61	56	208,963
Net carrying amount:						
At 31 December 2012	12,678	1,331	167	–	–	14,176
2011 (Restated)						
Cost:						
At 1 January 2011	213,590	–	–	–	56	213,646
Acquisition of subsidiaries	6,436	1,554	1,442	61	–	9,493
At 31 December 2011	220,026	1,554	1,442	61	56	223,139
Accumulated amortisation and impairment:						
At 1 January 2011	183,626	–	–	–	56	183,682
Impairment loss	23,722	–	–	–	–	23,722
Amortisation	–	–	397	61	–	458
At 31 December 2011	207,348	–	397	61	56	207,862
Net carrying amount:						
At 31 December 2011	12,678	1,554	1,045	–	–	15,277

Customer relationships and customer contracts

Customer relationships and customer contracts were acquired in business combinations. The useful life of the customer contracts are corresponding to the remaining life of the contracts which expiring in FY2012 and FY2013 and amortised on a straight-line basis over the useful life.

15. **Intangible assets (cont'd)**

Customer relationships and customer contracts (cont'd)

The useful life of the customer relationships will begin upon the expiry of the customer contracts and has been assumed to be 2 years and amortised on a straight-line basis over the useful life.

The amortisation for both the customer contracts and customer relationships is included in the line "other operating expenses" in the profit and loss account.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the Group's cash-generating units ("CGU") identified according to the Group's business units, for impairment testing as follows:

- Sunningdale Tech Ltd ("STL"), Omni Mold Ltd ("Omni"), Podoyo Plastic Industries Group ("Podoyo") and Sunningdale Tech Ind CGUs ("CGU 1");
- Omni Tech (Suzhou) ("OTS") CGU ("CGU 2");
- Chi Wo Plastic Moulds Group ("Chi Wo") CGU ("CGU 3");
- Sunningdale Precision Industries Ltd Group ("SPIL") CGU ("CGU 4");
- UFE Pte Ltd ("UFE") CGU ("CGU 5"); and
- AS Sunningdale Tech (Latvia) (formerly known as "Akciju Sabiedrība ATEC") ("ST Latvia"), SIA Sunningdale Tech (Riga) ("ST Riga") and ATEC of Sweden AB ("AOS") CGUs ("CGU 6")

CGU 1
The recoverable amount of CGU 1 has been determined based on the fair value less cost to sell. To calculate this value, an appropriate multiple was applied to the maintainable operating earnings of the CGU.

CGU 6
The recoverable amount of CGU 6 has been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections was 8.6% per annum. The growth rate used to extrapolate the cash flows of the CGU beyond the five-year period was 3.0% per annum. The growth rate does not exceed the long-term average growth rates for the countries in which the CGU operates.

Carrying amounts of goodwill allocated to the CGUs are as follows:-

	Group	
	2012	**2011**
	$'000	$'000
CGU 1	6,808	6,808
CGU 6	5,870	5,870
Total	12,678	12,678

Key assumptions used in calculations of fair value less cost to sell of the CGU 1

The fair value less cost to sell of the CGU was determined by applying an appropriate market multiple to its earnings before interest, tax, depreciation and amortisation ("EBITDA"), where management believes is sustainable in view of the current and anticipated business conditions.

The fair value of CGU 1 was based on current EBITDAs and market multiple of 3.35 (2011: 2.87). The market multiples are calculated based on the median of comparables' indications, after adjustment for differences in risk and growth.

Management believes that any reasonably possible change of the key assumptions of which the CGU recoverable amounts are based would not cause the CGU carrying amounts to exceed their recoverable amounts.

15. Intangible assets (cont'd)

Key assumptions used in calculations of value in use of the CGU 6

The following describes each key assumption on which management has based its 5 years cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year and increased for expected efficiency improvements.

Growth rate

The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU at 3.0%.

Pre-tax discount rate

The pre-tax discount rate of 8.6% was obtained by weighting the required returns on interest-bearing debt and common equity debt in proportion to their percentages in a company's capital structure.

During the financial year, no impairment charge on goodwill was recognised (2011: $23,722,000).

16. Other investments

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Quoted shares, at market value	1	1	–	–
Total available-for-sale financial assets	1	1	–	–

17. Investment in subsidiaries

	Company	
	2012	**2011**
	$'000	$'000
Unquoted shares at cost	423,672	422,760
Impairment losses	(179,972)	(179,972)
Carrying amount of investments	243,700	242,788

During the financial year, there was no impairment charge (2011: $Nil) as the carrying value was lower than the recoverable amount. The impairment loss provided on subsidiaries represents the write-down of a subsidiary to recoverable amounts based on the economic performance of the subsidiary group.

17. **Investment in subsidiaries (cont'd)**

The basis used in computing the recoverable amount of the investment in subsidiaries is the same as the impairment testing of goodwill disclosed in Note 15.

Name of company (Country of incorporation)	Principal activities/ Country of business	Cost		Percentage of equity interest held	
		2012	2011	2012	2011
		$'000	$'000	%	%
Held by the Company					
Chi Wo Plastic Moulds Fty. Limited [2] (Hong Kong)	Manufacturing and sale of mould and plastic injection products, trading of car audio equipment and investment holding (Hong Kong)	97,763	97,763	100	100
Omni Mold Ltd [1] (Singapore)	Design, manufacturing, marketing and export of high precision steel moulds (Singapore)	34,698	34,698	100	100
Podoyo Plastics Industries (M) Sdn Bhd [3] (Malaysia)	Manufacturer of plastic products in video front panels, office automation products and sub-assembly of paper feeders for printers and computer components (Malaysia)	5,209	5,209	100	100
Sunningdale Precision Industries Ltd [1] (Singapore)	Precision mould making, injection moulding of precision engineering plastic components, as well as contract manufacturing of assembled plastic products (Singapore)	265,317	265,317	100	100
Sunningdale Tech (Ind) Pte Ltd [12] (Singapore)	Manufacturing and sale of dies, tools, jigs, fixtures, high precision steel moulds and plastic products (Dormant) (Singapore)	3,172	3,172	100	100
Sunningdale Tech (Europe) Holding Pte Ltd [1] (Singapore)	Investment Holding (Singapore)	12,500	12,500	100	100
Sunningdale Technologies S.A. de C.V. [7] (Mexico)	Manufacturing and sale of precision plastic injection moulding products (Mexico)	2,387	1,475	100*	100*
PT. GP Technology Bintan [11] (Indonesia)	Manufacturing of precision plastic injection moulding products (Indonesia)	44	44	100**	100**
UFE Pte Ltd [1] (Singapore)	Designing and manufacturing of moulds and plastic injection moulding plastics products (Singapore)	2,582	2,582	100	100
		423,672	422,760		

17. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2012 %	2011 %
Subsidiaries of Chi Wo Plastic Moulds Fty. Limited			
Xinlianxing Mould (Shenzhen) Co., Ltd (15) (People's Republic of China)	Manufacture and sale of mould products (Dormant) (People's Republic of China)	100	100
Zhongshan Zhihe Electrical Equipment Co., Ltd (8) (People's Republic of China)	Manufacture and sale of mould and plastic injection products (People's Republic of China)	100	100
Subsidiaries of Omni Mold Ltd			
Omni Mold Investment Holding Pte Ltd (12) (Singapore)	Investment holding, e-commerce, trading and manufacturing and provision of internet services in precision moulds and related activities (Singapore)	100	100
Subsidiaries of Podoyo Plastics Industries (M) Sdn Bhd			
Seiwa-Podoyo (M) Sdn Bhd (3) (Malaysia)	Secondary process and assembly of video and audio front panel and computer components (Malaysia)	100	100
Guinea Manufacturing Sdn Bhd (3) (Malaysia)	Property investment (Malaysia)	100	100
Subsidiaries of Sunningdale Precision Industries Ltd			
Sunningdale Technology Pte Ltd (12) (Singapore)	Manufacturing of two colour plastic moulding products (Dormant) (Singapore)	100	100
SDP Manufacturing Sdn Bhd (3) (Malaysia)	Manufacturing of plastic and metal parts of machinery and equipment (Malaysia)	100	100
Sunningdale Plastic Sdn Bhd (3) (Malaysia)	Liaison office (Dormant) (Malaysia)	100	100
Sunningdale Plastic Industries (Tianjin) Co., Ltd (4) (People's Republic of China)	Manufacturing of precision plastic injection moulding products (Dormant) (People's Republic of China)	100	100

17. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2012 %	2011 %
Sunningdale Precision Industries (Shanghai) Co., Ltd [6] (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
Sunningdale Precision Mold Industries (Tianjin) Co., Ltd [5] (People's Republic of China)	Manufacturing of precision moulds and provision of technical consulting services (People's Republic of China)	100	100
Weltech Precision Tooling Pte Ltd [12] (Singapore)	Manufacturing of moulds, tools and dies (Dormant) (Singapore)	100	100
Polymer System Industries Sdn Bhd [10] (Malaysia)	Manufacturing of moulds and tools (Dormant) (Malaysia)	100	100
Sunningdale Technologies S.A. de C. V. [7] (Mexico)	Manufacturing of precision plastic injection moulding products (Mexico)	100*	100*
Sunningdale Plastic Technology (Tianjin) Co., Ltd [4] (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
Sunningdale Precision Technology (Shanghai) Co., Ltd [6] (People's Republic of China)	Designing and manufacturing of precision moulds and precision engineering plastic components for automobile parts (People's Republic of China)	100	100
PT. GP Technology Bintan [11] (Indonesia)	Manufacturing of precision plastic injection moulding products (Indonesia)	100**	100**
Sunningdale Innovative Technology (Tianjin) Co., Ltd [5] (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
Subsidiaries of Omni Mold Investment Holding Pte Ltd			
Omni Tech (Suzhou) Co., Ltd [9] (People's Republic of China)	Product design and development, tooling and moulding (People's Republic of China)	100	100
Subsidiaries of Seiwa-Podoyo (M) Sdn Bhd			
Sheng Ya (M) Sdn Bhd [3] (Malaysia)	Property investment (Malaysia)	100	100

17. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2012 %	2011 %
Subsidiaries of Sunningdale Tech (Europe) Holding Pte Ltd			
AS Sunningdale Tech (Latvia) (formerly known as Akciju Sabiedrība ATEC) (13) (Latvia)	Manufacture, production and sale of plastic products (Latvia)	100	100
ATEC of Sweden AB (14) (Sweden)	Manufacture, production and sale of plastic products (Sweden)	100	100
SIA Sunningdale Tech (Riga) (13) (Latvia)	Manufacture, production and sale of plastic products (Latvia)	100***	–

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by Ernst & Young, Hong Kong, SAR
(3) Audited by Ernst & Young, Johor Bahru, Malaysia
(4) Audited by Tianjin Guangxin Certified Public Accountants Co., Ltd
(5) Audited by Ernst & Young, Beijing, the People's Republic of China
(6) Audited by Ernst & Young, Shanghai, the People's Republic of China
(7) Audited by Ernst & Young, Mexico
(8) Audited by Zhongshan Xiangshan Certified Public Accountants Co., Ltd
(9) Audited by Welsen Certified Public Accountants
(10) Audited by Chong & Associates, Chartered Accountants
(11) Audited by Dr Sayuti Gazali
(12) Audited by Verity Partners
(13) Audited by Baker Tilly Baltics SIA
(14) Audited by Öhrlings PricewaterhouseCoopers
(15) No audit was performed as the company is dormant.
* 17.0% of equity held by the Company and 83.0% of equity held by Sunningdale Precision Industries Ltd
** 10.0% of equity held by the Company and 90.0% of equity held by Sunningdale Precision Industries Ltd
*** Newly incorporated during the year.

AS Sunningdale Tech (Latvia) (formerly known as Akciju Sabiedrība ATEC) ("ST Latvia") and ATEC of Sweden AB ("AOS")

On 22 August 2011, the Group acquired 100% equity interest in ST Latvia and AOS, with business activities in manufacturing and sales of plastics products in Europe.

The Group is of the view that the existing business of ST Latvia and AOS will be synergistic to the Group's moulding and mold fabrication business by expanding the Group's customer base, product portfolio and capabilities into Europe.

17. Investment in subsidiaries (cont'd)

AS Sunningdale Tech (Latvia) (formerly known as Akciju Sabiedrība ATEC) ("ST Latvia") and ATEC of Sweden AB ("AOS") (cont'd)

The purchase price allocation exercise in respect of the acquisition of ST Latvia and AOS in the financial year ended 31 December 2011 were provisional as the Group had engaged an independent valuer to determine the fair value of the identifiable assets and liabilities including intangible assets (if any), property, plant and equipment, inventory and loans and borrowings. Goodwill amounting to $8,478,000 had been determined on a provisional basis as the final results of the independent valuation had not been received by the date of the financial statements.

The valuation of property, plant and equipment and intangible assets were received in August 2012 and showed that the fair value at the date of acquisition were $12,408,000 and $2,996,000, an increase of $606,000 and $2,996,000 respectively, as compared to the provisional value. There was also an increase in deferred tax liability of $529,000. These resulted in a corresponding reduction in goodwill of $2,608,000, to give total goodwill arising on the acquisition of $5,870,000.

The depreciation charge on property, plant and equipment and amortisation charge on intangible assets from acquisition date to 31 December 2011 increased by $50,000 and $397,000 respectively.

The 2011 comparative information has been restated to reflect this adjustment and are presented below.

	Fair value recognised on acquisition $'000
Property, plant and equipment	12,408
Intangible assets	2,996
Inventory	2,587
Trade and other receivables	5,545
Cash and bank balance	499
	24,035
Trade and other payables	(7,330)
Deferred income	(1,113)
Loans and borrowings	(7,072)
Tax payable	(149)
Deferred tax liabilities	(833)
	(16,497)
Total identifiable net assets	7,538
Goodwill arising from acquisition	5,870
	13,408
<u>Consideration transferred for the acquisition of AOS and ST Latvia</u>	
Cash paid	12,500
Loan transferred from previous owner	(455)
Contingent consideration	1,363
Total consideration transferred	13,408

17. Investment in subsidiaries (cont'd)

AS Sunningdale Tech (Latvia) (formerly known as Akciju Sabiedrība ATEC) ("ST Latvia") and ATEC of Sweden AB ("AOS") (cont'd)

Contingent consideration arrangement

As part of the purchase agreement with the previous owner of AOS and ST Latvia, a contingent consideration has been agreed. Additional cash payments shall be due to the previous owner of AOS and ST Latvia of :

(i) $750,000, if the combined gross profit of the AOS and ST Latvia for the financial year ending 31 December 2012 is at least 1.38 times the combined gross profit for the financial year ended 31 December 2010; and

(ii) $1,500,000 less amount paid in (i) above, if the combined gross profit of the AOS and ST Latvia for the financial year ending 31 December 2013 is at least 1.38 times the combined gross profit for the financial year ended 31 December 2010.

As at the acquisition date, the fair value of the contingent consideration was estimated at $1,363,000. The fair value of the contingent consideration was calculated by applying the income approach using the probability-weighted payout approach and at a discount rate of 5.38%.

Trade and other receivables

Trade and other receivables acquired comprise of trade receivables and other receivables with fair value of $5,175,000 and $370,000 respectively and the amounts were collected during the financial year.

Goodwill arising from acquisition

The goodwill of $5,870,000 comprises the value of customer base and product portfolio which cannot be recognised separately and therefore, cannot meet the criteria for recognition as an intangible asset under FRS 38. The goodwill recognised is not expected to be deductible for income tax purposes.

18. Investment in an associate

Details of the Group's associate are:-

Name of company (Country of incorporation and business)	**Principal activities**	**Effective equity interest held by the Group**	
		2012	**2011**
		%	**%**
Held through subsidiary			
Synergy MFG Pte Ltd (Singapore)*	Moulding	20	20

* The company is dormant as at 31 December 2012 and 2011 and the accounts are not audited.

19. Inventories

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Finished goods	33,334	28,512	3,685	4,269
Work-in-progress	28,063	30,380	1,645	427
Raw materials	20,802	21,159	425	1,241
Total inventories at lower of cost and net realisable value	82,199	80,051	5,755	5,937
Inventories are stated after deducting allowance for inventories obsolescence/foreseeable losses	4,157	4,480	153	103
Analysis of allowance for inventories obsolescence:-				
At 1 January	4,269	4,249	103	64
Acquisition of subsidiaries	–	240	–	–
Charge for the year	2,269	2,146	22	39
Written off	(705)	(198)	–	–
Written back	(1,762)	(2,255)	(9)	–
Currency realignment	(155)	87	–	–
At 31 December	3,916	4,269	116	103

The write-back of allowance for inventories obsolescence was made when the related inventories can be sold above their carrying amount.

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Work-in-progress:-				
Costs incurred to date	44,005	46,375	4,081	4,996
Recognised profits less recognised losses to date	11,701	1,935	113	149
	55,706	48,310	4,194	5,145
Less: Progress billings	(36,083)	(26,490)	(6,963)	(8,445)
Allowance for foreseeable losses	(241)	(211)	(36)	–
	19,382	21,609	(2,805)	(3,300)
Comprising:				
Work-in-progress	28,063	30,380	1,645	427
Excess of progress billings over work-in-progress	(8,681)	(8,771)	(4,450)	(3,727)
	19,382	21,609	(2,805)	(3,300)

19. Inventories (cont'd)

The revenue recognised in profit or loss of the Group for the year was $112,441,000 (2011: $113,130,000).

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Analysis of allowance for foreseeable losses:				
At 1 January	211	142	–	–
Acquisition of subsidiaries	–	3	–	–
Charge for the year	310	521	37	–
Written off	(27)	–	–	–
Written back	(245)	(495)	–	–
Currency alignment	(8)	40	–	–
At 31 December	241	211	37	–

The write-back of allowance for foreseeable losses were made when the related inventories can be sold above their carrying amount.

20. Trade and other receivables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Trade receivables	87,281	85,752	17,896	18,683
Amounts due from subsidiaries				
- trade	–	–	7,670	3,367
- non-trade	–	–	18,155	13,566
- loans	–	–	14,349	10,196
Other receivables	8,393	6,055	430	577
Staff advance	21	62	1	2
Deposits	2,931	2,079	114	109
Total trade and other receivables	98,626	93,948	58,615	46,500
Add: Cash and short-term deposits (Note 21)	52,716	49,160	1,885	1,920
Total loans and receivables	151,342	143,108	60,500	48,420

20. Trade and other receivables (cont'd)

Trade receivables

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

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
United States Dollar	38,102	35,843	15,030	13,896
Renminbi	20,768	19,770	–	–
Hong Kong Dollar	4,890	8,800	–	–
Euro	8,952	8,285	–	–
Swedish Krona	2,520	3,150	–	–
Latvian Lats	3,827	1,738	–	–
Malaysian Ringgit	2,059	436	–	–

Amounts due from subsidiaries

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

Included in the loans to subsidiaries is an amount of $1,247,000 (2011: $4,804,000) which is unsecured, repayable on demand and bears an interest at 3% to 4% (2011: 3% to 4%) per annum. The remaining amounts are interest-free, unsecured and repayable on demand.

All amounts with subsidiaries are to be settled in cash.

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to $17,831,000 (2011: $14,522,000) and $4,406,000 (2011: $3,529,000) respectively, that are past due at end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at end of the reporting period is as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
Less than 30 days	11,484	11,151	3,696	2,986
30 to 60 days	3,034	1,904	361	340
61 to 90 days	2,177	890	32	190
91 to 150 days	434	549	300	13
More than 150 days	702	28	17	–
	17,831	14,522	4,406	3,529

20. Trade and other receivables (cont'd)

Receivables that are impaired

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

	Group Individually impaired		Company Individually impaired	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Trade receivables				
– nominal amounts	1,800	1,506	–	–
Less: Allowance for impairment	(1,352)	(1,494)	–	–
	448	12	–	–

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Movements in allowance accounts:				
At 1 January	1,494	3,679	–	96
Charge for the year	97	322	–	–
Written off	(13)	(2,127)	–	–
Written back	(183)	(335)	–	(96)
Currency realignment	(43)	(45)	–	–
At 31 December	1,352	1,494	–	–

Trade receivables that are individually determined to be impaired at end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

21. Cash and short-term deposits

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	47,682	46,378	1,885	1,920
Short-term deposits	5,034	2,782	–	–
Cash and short-term deposits	52,716	49,160	1,885	1,920

21. **Cash and short-term deposits (cont'd)**

Short-term deposits

Short-term deposits are made for varying periods of between 1 day and 3 months depending on the immediate cash requirements of the Group, and earning interest at the respective short-term deposit rates, ranging from 0.05% to 3.10% per annum (2011: 0.05% to 3.10% per annum).

As at 31 December 2012, the Group and Company had available $80,177,000 (2011: $92,639,000) and $30,562,000 (2011: $36,100,000) of undrawn borrowing facilities respectively in respect of which all conditions precedent had been met.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
United States Dollar	19,120	15,272	818	710
Renminbi	19,182	15,022	–	–
Hong Kong Dollar	2,780	10,130	–	–
Malaysian Ringgit	2,617	2,099	–	–
Euro	5,182	1,393	139	–
Mexican Pesos	55	314	–	–
Swedish Krona	82	72	–	–
Indonesian Rupiah	6	49	–	–
Latvian Lats	47	23	–	–

Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:-

	Group	
	2012	**2011**
	$'000	$'000
Cash at banks and on hand	47,682	46,378
Short-term deposits	5,034	2,782
Cash and short-term deposits	52,716	49,160
Bank overdraft, secured (Note 24)	–	(1,874)
Restricted cash (Note 24)	(1,550)	(1,635)
Cash and cash equivalents	51,166	45,651

22. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
		Restated		
Trade payables	40,460	41,017	1,998	3,943
Amounts due to subsidiaries				
– trade	–	–	34,461	28,565
– non-trade	–	–	1,822	1,710
Other payables	17,935	14,579	2,600	4,025
Total trade and other payables	58,395	55,596	40,881	38,243
Add:				
– Other liabilities (Note 23)	30,411	36,945	4,216	3,718
– Loans and borrowings (Note 24)	58,572	58,748	11,786	11,032
Total financial liabilities carried at amortised cost	147,378	151,289	56,883	52,993

Trade payables/other payables

These amounts are non-interest bearing and are normally settled on 30 to 90 days' terms.

Amounts due to subsidiaries

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

Purchases from subsidiaries are made at terms equivalent to those prevailing in arm's length transactions with third parties.

All amounts with subsidiaries are to be settled in cash.

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

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Renminbi	13,854	13,593	–	–
United States Dollar	8,133	10,706	517	1,975
Swedish Krona	1,963	2,568	–	–
Latvian Lats	1,987	1,784	–	–
Malaysian Ringgit	2,990	1,211	–	–
Euro	1,967	1,183	110	–
Hong Kong Dollar	1,016	648	–	–

23. Other liabilities

	Group 2012 $'000	Group 2011 $'000 Restated	Company 2012 $'000	Company 2011 $'000
Trade accrual	7,608	9,968	109	314
Accrued other operating expenses	8,057	12,013	2,297	1,240
Accrued directors' fees payable	430	430	430	430
Accrued staff and related costs	11,590	11,934	1,375	1,730
Accrual for VAT	1,296	1,204	–	–
Accrued interest payable	67	33	5	4
Contingent consideration	1,363	1,363	–	–
	30,411	36,945	4,216	3,718

24. Loans and borrowings

	Interest rates (Per annum)	Maturities	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Current						
Unsecured short-term loans	2.00% – 2.75% (2011: 2.39% – 3.03%)	2013	42,801	34,046	10,964	8,883
Secured short-term loans[a]	0.00% (2011: 0.00%)	2013	1,550	1,635	–	–
Unsecured bank loans	2.25% – 5.34% (2011: 2.11% – 7.60%)	2013	4,021	6,194	748	1,283
Secured bank loans[b]	2.15% – 6.48% (2011: 4.70% – 6.55%)	2013	2,324	3,129	–	–
Bank overdraft	Not applicable (2011: 4.75%)	2013	–	1,874	–	–
Unsecured bankers acceptance	4.64% – 4.66% (2011: 3.33% – 3.78%)	2013	311	730	74	117
			51,007	47,608	11,786	10,283
Non-current						
Unsecured bank loans	2.25% – 5.34% (2011: 2.11% – 7.60%)	2014 – 2019	6,136	7,540	–	749
Secured bank loans[b]	2.15% – 6.48% (2011: 4.70% – 6.55%)	2014 – 2016	1,429	3,600	–	–
			7,565	11,140	–	749
Total loans and borrowings			58,572	58,748	11,786	11,032

24. Loans and borrowings (cont'd)

The subsidiaries' loans are secured by:-
(a) restricted cash of $1,550,000 (2011: $1,635,000);
(b) secured by certain fixed assets of the subsidiaries;
(c) corporate guarantee given by the Company (Note 29).

25. Deferred taxation

Deferred income tax as at 31 December relates to the following:

	Group				Company	
	Consolidated statement of financial position		Consolidated income statement		Statement of financial position	
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
		Restated		Restated		
Deferred tax assets	715	663			–	–
Deferred tax liabilities	(3,244)	(3,930)			(627)	(627)
Net deferred tax	(2,529)	(3,267)			(627)	(627)
Deferred tax assets						
Unabsorbed capital allowances	2,645	2,560			–	–
General provision	56	251			–	–
Others	206	116			177	58
	2,907	2,927	(70)	–	177	58
Deferred tax liabilities						
Differences in depreciation	(3,737)	(5,161)			(470)	(685)
Others	(1,699)	(1,033)			(334)	–
	(5,436)	(6,194)	(638)	(602)	(804)	(685)
Net deferred tax	(2,529)	(3,267)			(627)	(627)
Net deferred tax credit			(708)	(602)		

25. Deferred taxation (cont'd)

The Group has estimated tax losses, unabsorbed capital allowance and reinvestment allowance of approximately $30,199,000 (2011: $29,602,000), $19,664,000 (2011: $16,178,000) and $17,034,000 (2011: $15,874,000) respectively that are available for offset against future taxable profits of the Group which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these amounts is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The deferred tax assets are recognised in view of the foreseeable future taxable profit based on management forecast. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At end of the reporting period, no deferred tax liability (2011: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Company is able to control the dividend policy of the subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statement in respect of 2012 and 2011 (Note 12).

26. Share capital

	Group and Company			
	2012		2011	
	Number of shares		Number of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares:-				
At 1 January	751,899	270,831	746,023	270,068
Issued during the year				
Issued for RSP	6,257	698	5,876	763
At 31 December	758,156	271,529	751,899	270,831

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

The Company has employee share award plans under which shares would be issued to employees of the Group upon certain conditions being met. The details of these conditions are included in Note 30.

27. Other reserves

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Statutory reserve[(a)]	6,950	6,974	–	–
Foreign currency translation reserve[(b)]	(16,835)	(7,105)	–	–
Restricted Share Plan reserve[(c)]	1,204	1,053	1,204	1,053
Reserve on consolidation[(d)]	42	42	–	–
	(8,639)	964	1,204	1,053

(a) ***Statutory reserve***

	Group	
	2012	**2011**
	$'000	$'000
At 1 January	6,974	6,390
Transfer from revenue reserve	217	514
Currency realignment	(241)	70
At 31 December	6,950	6,974

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China (PRC), the subsidiary is required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(b) ***Foreign currency translation reserve***

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

	Group	
	2012	**2011**
	$'000	$'000
At 1 January	(7,105)	(12,795)
Net effect of exchange differences	(9,730)	5,690
At 31 December	(16,835)	(7,105)

27. Other reserves (cont'd)

(c) ***Restricted Share Plan reserve***

Restricted Share Plan reserve represents the equity-settled share awards granted to employees (Note 30). This reserve is made up of cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share awards, and is reduced by the expiry or release of such shares.

	Group	
	2012	**2011**
	$'000	$'000
At 1 January	1,053	986
Grant of equity-settled share awards	849	830
Issue of shares (RSP)	(698)	(763)
At 31 December	1,204	1,053

(d) ***Reserve on consolidation***

	Group	
	2012	**2011**
	$'000	$'000
At 1 January and 31 December	42	42

The reserve on consolidation was related to the acquisition of additional 13% equity interest in Sunningdale Tech (Ind) Pte Ltd in 2007.

28. Commitments

(a) ***Capital commitments***

Capital expenditure contracted for as at end of the reporting period but not recognised in the financial statements:-

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Commitments in respect of purchase of:				
– plant and machinery	2,089	271	542	57
– office equipment	21	20	9	15
– leasehold improvement	724	716	–	–
	2,834	1,007	551	72

28. Commitments (cont'd)

(b) ***Operating lease commitments – As lessee***

The Group and the Company have entered into commercial leases principally for land rent, office, production floor and warehouse and equipment with lease terms of between 1 to 50 years. Operating lease expenses recognised for the year are as follows:-

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Operating lease expenses	9,375	10,628	1,416	1,740

No contingent rent (2011: $Nil) was paid during the year.

Future minimum rentals under non-cancellable operating leases are as follows:

Within one year	6,807	7,947	635	1,592
After one year but not more than five years	5,091	6,326	457	436
More than five years	5,609	4,535	1,970	1,952
	17,507	18,808	3,062	3,980

The above operating leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or entering into other leasing agreement.

Certain leases include renewal options for additional lease period of 1 year at rental rates to be based on negotiations and exchange options to exchange for the relevant equipment under lease 2 years after lease commencement.

(c) ***Operating lease commitments – As lessor***

The Group has entered into commercial leases principally for rental of building.

At end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	Group	
	2012	**2011**
	$'000	$'000
Within one year	284	830
After one year but not more than five years	–	277
	284	1,107

29. Contingent liabilities

Corporate Guarantees

During the financial year, the Company guaranteed the following for its subsidiaries:

(i) Banking facilities for Podoyo Plastic Industries (M) Sdn Bhd, up to a limit of $2,053,000 (2011: $8,664,000). At 31 December 2012, $407,000 (2011: $777,000) had been drawn down under the facilities, of which $407,000 (2011: $777,000) is reflected in the consolidated statement of financial position in current loans and borrowings.

(ii) Unlimited corporate guarantee for Chi Wo Plastic Moulds Fty. Limited's banking facilities. At 31 December 2012, $36,000 (2011: $Nil) had been drawn down under the facilities, of which $36,000 (2011: $Nil) is reflected in the consolidated statement of financial position in current loans and borrowings.

(iii) Banking facilities for Chi Wo Plastic Moulds Fty. Limited, up to a limit of $914,000 (2011: $2,995,000). At 31 December 2012, $599,000 (2011: $1,065,000) had been drawn down under the facilities, of which $599,000 (2011: $1,065,000) is reflected in the consolidated statement of financial position in current loans and borrowings respectively.

(iv) Banking facilities for SDP Manufacturing Sdn Bhd, up to a limit of $11,482,000 (2011: $15,542,000). At 31 December 2012, $7,582,000 (2011: $6,312,000) had been drawn down under the facilities, of which $1,446,000 (2011: $1,548,000) and $6,136,000 (2011: $4,764,000) are reflected in the consolidated statement of financial position in current and non-current loans and borrowings respectively.

(v) Banking facilities for Sunningdale Precision Industries Ltd, up to a limit of $72,000,000 (2011: $72,000,000). At 31 December 2012, $21,123,000 (2011: $18,557,000) had been drawn down under the facilities, of which $21,123,000 (2011: $17,299,000) and $Nil (2011: $1,258,000) are reflected in the consolidated statement of financial position in current and non-current loans and borrowings respectively.

(vi) Banking facilities for Omni Mold Ltd, up to a limit of $3,500,000 (2011: $3,500,000). At 31 December 2012, $875,000 (2011: $1,750,000) had been drawn down under the facilities, of which $875,000 (2011: $875,000) and $Nil (2011: $875,000) are reflected in the consolidated statement of financial position in current and non-current loans and borrowings respectively.

(vii) Corporate guarantee given to a landlord of a subsidiary for operating lease at an amount of $661,000 (2011: $1,805,000).

30. Employee benefits expense

	Group	
	2012	**2011**
	$'000	$'000
Salaries	88,325	83,887
CPF/pension contribution	10,592	8,416
Share-based payments	849	830
	99,766	93,133

30. **Employee benefits expense (cont'd)**

Restricted Share Plan ("RSP")

The following table illustrates the number of, and movements in, RSP during the year.

	2012 Number '000	2011 Number '000
Outstanding at beginning of year	21,352	19,865
Granted during the year	7,409	7,670
Cancelled during the year	(360)	(307)
Released during the year	(6,257)	(5,876)
Outstanding at end of year	22,144	21,352

Terms of outstanding RSP at end of the reporting period are as follows:-

Grant date		
21 June 2007	–	7
02 October 2008	130	130
06 April 2009	–	150
11 December 2009	–	6,170
01 November 2010	7,055	7,225
01 February 2011	150	150
12 December 2011	7,400	7,520
19 November 2012	7,409	–
	22,144	21,352

The share awards granted from 2008 to 2012 were subject to the following conditions:-

(i) one third of allotted number of share awards shall be vested on the first anniversary of the date of grant; one third on the second anniversary of the date of grant; and the last third on the third anniversary of the date of grant;

(ii) all the share awards shall be delivered only on the third anniversary of the date of grant;

(iii) that in order to receive this award, the participants must be in the employment of the Company or its group of companies, subject to the provisions as set out in the Summary of Rules of the RSP in the Circular to Shareholders dated 13 October 2004;

(iv) in the event an employee leaves the employment of the Company or its group of companies, the share awards which have vested before the date of resignation shall be delivered on the third anniversary of the date of grant;

(v) in the event an employee leaves the employment of the Company or its group of companies and joins competitors, the share awards which have vested before the date of resignation shall be delivered on the fifth anniversary of the date of grant;

(vi) in the event an employee retires from the workforce, the share awards which have been granted shall be vested as active employees and delivered on the third anniversary of the date of grant, provided the sum of his age and length of service is greater than 60 years, he has worked with the Company or its group of companies for at least ten years and he does not go to work for a competitor;

30. Employee benefits expense (cont'd)

Restricted Share Plan ("RSP") (cont'd)

(vii)[#] in the event an employee leaves the employment of the Company due to company's restructuring, the share awards which have vested before the date of retrenchment shall be delivered on the third anniversary of the date of grant;

(viii)[##] in the event an employee leaves the employment of the Company or its group of companies due to the restructuring of any Sunningdale Tech Group of Companies, the share awards which have vested before the date of retrenchment shall be delivered on the third anniversary of the date of grant.

Any waiver to these conditions would need the Remuneration Committee's final decision.

([#]) *This condition is applied to the share awards granted in December 2009.*

([##]) *This condition is applied to the share awards granted in 2010 onwards.*

The weighted average fair value of the RSP granted was estimated in-house by management using the last traded price at grant date less the present value of expected dividend during the vesting period as the valuation basis.

The weighted average fair value of RSP as at the dates of grant was $0.121 (2011: $0.125). The inputs to the model used are shown below.

	2012	2011
Dividend yield ($)	0.006	0.004
Risk-free interest rate (%)	0.26 – 0.36	0.61 – 1.24
Expected life of option (months)	36	36
Last traded share price ($)		
01 February 2011	–	0.190
12 December 2011	–	0.093
19 November 2012	0.12	–

The expected life of the awards is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the share awards grant were incorporated into the measurement of fair value.

The expenses recognised for the RSP for the Group for the financial year amounted to $849,000 (2011: $830,000). The carrying amount of the Group's employee share awards reserve relating to the above equity-settled RSP is $1,204,000 (2011: $1,053,000).

31. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:-

(a) ***Sales and purchase of goods and services***

	Group	
	2012	**2011**
	$'000	$'000
Purchases from a company related to a director	382	1,465
Sales to a company related to a director	898	386
Rental income from a company related to a director	–	25

(b) ***Compensation of key management personnel***

	Group	
	2012	**2011**
	$'000	$'000
Short-term employee compensation	2,872	2,812
CPF/pension contribution	79	65
Share-based payments	427	417
Total compensation paid/payable to key management personnel	3,378	3,294
Comprise amounts paid/payable to:		
Directors of the Company	1,623	1,609
Other key management personnel	1,755	1,685
	3,378	3,294

The remuneration of key management personnel are determined by the Remuneration Committee having regard to the performance of each individual key management personnel and market trends.

During the year, 1,100,000 (2011: 1,700,000) restricted shares were granted to 1 (2011: 2) executive director of the Company but have yet to be released as at 31 December 2012. Similarly, 1,680,000 (2011: 1,770,000) numbers of restricted shares were also granted to 5 (2011: 5) key management personnel, other than directors of the Company, in 2012 but were not released as at 31 December 2012. 1,720,000 restricted shares granted in 2009 were released to the key management personnel in 2012.

32. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The financial instruments comprise bank loans and overdrafts, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The key financial risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's short term loans and borrowings are contracted at intervals of less than 6 months.

The Group's policy in managing the interest cost is using floating rate debts. To manage this, the Group enters into short term loans and borrowings for working capital purposes which allow the interest rate to be repriced at interval not more than 6 months.

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

In respect of 2012, if interest rates had been 180 basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been increased/reduced by $828,000, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. In respect of 2011, if interest rates had been 180 basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been reduced/increased by $659,000, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

32. Financial risk management objectives and policies (cont'd)

(a) ***Interest rate risk (cont'd)***

The following tables set out the carrying amounts, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	Over 3 years $'000	Total $'000
2012					
Group					
Fixed rate					
Bank overdraft	–	–	–	–	–
Bank loans	(2,840)	(55)	(49)	(60)	(3,004)
Floating rate					
Cash assets	3,559	–	–	–	3,559
Bankers acceptance	(311)	–	–	–	(311)
Bank loans	(47,856)	(2,335)	(1,364)	(3,702)	(55,257)
Company					
Fixed rate					
Bank loans	(748)	–	–	–	(748)
Floating rate					
Cash assets	48	–	–	–	48
Bankers acceptance	(74)	–	–	–	(74)
Bank loans	(10,964)	–	–	–	(10,964)
2011					
Group					
Fixed rate					
Bank overdraft	(1,874)	–	–	–	(1,874)
Bank loans	(6,388)	(5,087)	(836)	(117)	(12,428)
Floating rate					
Cash assets	2,838	–	–	–	2,838
Bankers acceptance	(730)	–	–	–	(730)
Bank loans	(38,616)	(849)	(854)	(3,397)	(43,716)
Company					
Fixed rate					
Bank loans	(1,283)	(749)	–	–	(2,032)
Floating rate					
Cash assets	28	–	–	–	28
Bankers acceptance	(117)	–	–	–	(117)
Bank loans	(8,883)	–	–	–	(8,883)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risk. The interest rates are disclosed in the relevant notes for the financial instruments.

32. Financial risk management objectives and policies (cont'd)

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in currency other than the respective functional currencies of Group entities, primarily, Singapore Dollar (SGD), Malaysian Ringgit (MYR), Renminbi (RMB), Hong Kong Dollar (HKD), Mexican Pesos (MXP), Swedish Krona (SEK) and Latvian Lats (LVL). The foreign currencies in which these transactions are denominated are mainly US Dollar (USD). Approximately 89% (2011: 86%) of the Group's sales are denominated in foreign currencies. The Group's trade receivable and trade payable balances at end of the reporting period have similar exposures (Note 20 and Note 22).

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes (Note 21).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, People's Republic of China ("PRC"), Mexico and Europe.

The Group has certain practices for the management of financial risks. The following guidelines are followed:

- All financial risk management activities are carried out and monitored by senior management staff.
- All financial risk management activities are carried out following the good market practices.

In addition to management's efforts to mitigate risk by way of natural hedging through the Group's foreign currency borrowings, the Group had also entered into forward currency contracts during the year.

Sensitivity analysis of foreign currency risk

The following table demonstrates the sensitivity to the Group's profit/(loss) net of tax to a reasonably possible change in the USD, EUR, HKD and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		Profit net of tax 2012 $'000	Loss net of tax 2011 $'000
		Increase/(decrease)	
USD/SGD	- strengthened 1% (2011: 8%)	315	(1,396)
	- weakened 1% (2011: 8%)	(315)	1,396
USD/RMB	- strengthened 3% (2011: 5%)	211	(335)
	- weakened 3% (2011: 5%)	(211)	335
EUR/SGD	- strengthened 8% (2011: 3%)	788	(181)
	- weakened 8% (2011: 3%)	(788)	181
HKD/SGD	- strengthened 1% (2011: 8%)	43	(1,143)
	- weakened 1% (2011: 8%)	(43)	1,143
RMB/SGD	- strengthened 2% (2011: 3%)	407	(487)
	- weakened 2% (2011: 3%)	(407)	487

32. Financial risk management objectives and policies (cont'd)

(c) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short-term deposits, trade and other receivables (including related parties balances) and investments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Credit risk on cash balances is limited because the counter-parties are banks with acceptable credit ratings.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at end of the reporting period is as follow:

	Group			
	2012		2011	
	$'000	%	$'000	%
Asia Pacific	29,324	34	25,902	30
People's Republic of China	30,864	35	31,521	37
Europe	13,446	15	16,004	19
USA	6,781	8	5,930	7
Other countries	6,866	8	6,395	7
	87,281	100	85,752	100
Automotive	32,127	37	32,775	38
Consumer/IT	44,114	50	45,098	53
Healthcare	11,040	13	7,879	9
	87,281	100	85,752	100

There is concentration of credit risk with respect to trade receivables as the Group has approximately 41% (2011: 47%) due from 5 major customers group who are established multi-national companies. Except where specifically identified as impaired, these debtors are creditworthy and have reasonable payment record with the Group.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default. Information regarding financial assets that are either past due or impaired is disclosed in "Trade and other receivables" (Note 20).

32. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and Company's objective is to maintain a balance of continuity of funding and flexibility through the use of stand-by credit.

The Group's and the Company's liquidity risk management 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 21.

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

	2012				2011 (Restated)			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Financial assets:								
Trade and other receivables	98,626	–	–	98,626	93,948	–	–	93,948
Cash and short-term deposits	52,716	–	–	52,716	49,160	–	–	49,160
Total undiscounted financial assets	151,342	–	–	151,342	143,108	–	–	143,108
Financial liabilities:								
Trade and other payables	58,395	–	–	58,395	55,596	–	–	55,596
Other liabilities	30,411	–	–	30,411	36,945	–	–	36,945
Loans and borrowings	51,072	6,345	1,220	58,637	47,895	10,309	897	59,101
Total undiscounted financial liabilities	139,878	6,345	1,220	147,443	140,436	10,309	897	151,642
Total net undiscounted financial assets/ (liabilities)	11,464	(6,345)	(1,220)	3,899	2,672	(10,309)	(897)	(8,534)

32. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk (cont'd)***

	2012			2011		
	1 year or less $'000	1 to 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Total $'000
Company						
Financial assets:						
Trade and other receivables	58,615	–	58,615	46,500	–	46,500
Cash and short-term deposits	1,885	–	1,885	1,920	–	1,920
Total undiscounted financial assets	60,500	–	60,500	48,420	–	48,420
Financial liabilities:						
Trade and other payables	40,881	–	40,881	38,243	–	38,243
Other liabilities	4,216	–	4,216	3,718	–	3,718
Loans and borrowings	11,799	–	11,799	10,356	761	11,117
Total undiscounted financial liabilities	56,896	–	56,896	52,317	761	53,078
Total net undiscounted financial assets/(liabilities)	3,604	–	3,604	(3,897)	(761)	(4,658)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the corporate guarantees is allocated to the earliest period in which the guarantee could be called.

	2012				2011			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company								
Corporate guarantees	24,883	5,175	1,225	31,283	23,369	5,251	1,646	30,266

33. Fair value of financial instruments

A. Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

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

33. Fair value of financial instruments (cont'd)

A. Fair value of financial instruments that are carried at fair value (cont'd)

As at 31 December 2012, the Group's financial instruments carried at fair value include an available-for-sale financial asset amounting to $1,000 (Note 16) which is classified under Level 1. The Group does not have any financial instruments carried at fair value classified under Level 2 and Level 3.

Determination of fair value

Available-for-sale financial asset (Note 16): Fair value is determined directly by reference to their published market bid price at the financial position date.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other receivables and payables, Non-current other receivables at floating rate (Note 20 and 22), Accrued operating expenses (Note 23) and Non-current loans and borrowings at floating rate (Note 24).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Determination of fair value

Long-term borrowings (Note 24)

The fair values of long-term borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or leasing arrangements at the reporting date.

There are no material differences between the carrying amounts and the fair values of long-term borrowings for the current and previous financial years.

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Singapore Stock Exchange it has to have share capital of at least a free float of at least 10% of the shares.

The management manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the management may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

As disclosed in Note 27(a), a subsidiary of the Group is required by the laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2012 and 2011.

34. Capital management (cont'd)

The management monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 40% (2011: 40%). The Group includes within net debts, bank overdrafts, loans and borrowings, trade and other payables, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less intangible assets.

	Group	
	2012	**2011**
	$'000	$'000
		Restated
Loans and borrowings (Note 24)	58,572	58,748
Trade and other payables (Note 22)	58,395	55,596
Less: Cash and short-term deposits (Note 21)	(52,716)	(49,160)
Net debt	64,251	65,184
Equity attributable to the owners	233,540	237,612
Less: Intangible assets (Note 15)	(14,176)	(15,277)
Total capital	219,364	222,335
Capital and net debt	283,615	287,519
Gearing ratio	22.7%	22.7%

35. Segment information

For management purposes and as used by the chief decision maker, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

i. The Automotive segment produces mainly the faceplates for automotive audio systems and climate controls, speedometers/clusters, steering switches and exterior antenna covers, etc.

ii. The Healthcare segment produces mainly scoops, caps, drug delivery and diagnostic devices.

iii. The Consumer/IT segment produces mainly IT, consumer and telecommunication products including mobile phones, cordless phones, inkjet cartridge, etc.

iv. The Mould Fabrication segment designs and manufactures the moulds used in the manufacturing of plastic injection parts.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

35. Segment information (cont'd)

2012	Automotive	Consumer/IT	Healthcare	Mould fabrication	Adjustment/ elimination	Notes	Per consolidated financial statements
	$'000	$'000	$'000	$'000	$'000		$'000
Revenue	100,550	208,105	30,230	112,441	–		451,326
Results:							
Depreciation	(5,896)	(12,203)	(1,773)	(6,593)	–		(26,465)
Amortisation of intangible assets	–	(1,101)	–	–	–		(1,101)
Interest income	44	2	–	132	–		178
Property, plant and equipment written off	(98)	(203)	(30)	(110)	–		(441)
Impairment loss on property, plant and equipment	(423)	(6)	–	–	–		(429)
Other non-cash expenses	(1,093)	48	(57)	(232)	–	A	(1,334)
Segment (loss)/profit	(3,261)	7,978	1,908	7,738	(1,511)	B	12,852
Assets:							
Additions to non-current assets	3,275	6,777	984	3,662	–		14,698
Segment assets	85,551	177,061	25,720	95,667	14,891	C	398,890
Segment liabilities	21,719	44,951	6,530	24,287	67,863	D	165,350

35. **Segment information (cont'd)**

2011 (Restated)	**Automotive**	**Consumer/IT**	**Healthcare**	**Mould fabrication**	**Adjustment/ elimination**	**Notes**	**Per consolidated financial statements**
	$'000	$'000	$'000	$'000	$'000		$'000
Revenue	102,713	184,384	25,883	113,130	–		426,110
Results:							
Depreciation	(5,842)	(10,537)	(1,472)	(6,434)	–		(24,285)
Amortisation of intangible assets	–	(397)	–	(61)	–		(458)
Interest income	58	120	–	27	–		205
Property, plant and equipment written off	(27)	(49)	(7)	(30)	–		(113)
Impairment loss on property, plant and equipment	(249)	–	(77)	–	–		(326)
Other non-cash expenses	(154)	(145)	(97)	(358)	–	A	(754)
Segment (loss)/profit	(4,172)	14,004	901	6,125	(25,337)	B	(8,479)
Assets:							
Additions to non-current assets*	7,511	32,910	1,416	14,722	–		56,559
Segment assets	94,369	169,961	23,780	103,939	16,988	C	409,037
Segment liabilities	24,309	44,103	6,126	26,774	70,113	D	171,425

(*) This includes the property, plant and equipment acquired as part of a business combination.

A. Other non-cash expenses consist of share based payments, inventories written down, and impairment of financial assets as presented in the respective notes to the financial statements.

B. The following items are added to/(deducted from) segment (loss)/profit to arrive at profit/(loss) before tax presented in the consolidated income statement :

	2012	**2011**
	$'000	$'000
Finance cost	1,721	1,745
Fair value gain on investment property	(210)	(130)
Impairment loss on goodwill	–	23,722
	1,511	25,337

C. The following items are added to segment assets to arrive at total assets reported in the statement of financial position :

	2012	**2011**
	$'000	$'000
		Restated
Investment property	–	1,048
Intangible assets	14,176	15,277
Deferred tax assets	715	663
	14,891	16,988

35. Segment information (cont'd)

D. The following items are added to segment liabilities to arrive at total liabilities reported in the statement of financial position :

	2012 $'000	2011 $'000 Restated
Loans and borrowings	58,572	58,748
Tax payable	6,047	7,435
Deferred tax liabilities	3,244	3,930
	67,863	70,113

Geographical information

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

	Revenues		Non-current assets	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000 Restated
Singapore	104,347	105,500	18,465	20,040
Malaysia	17,605	9,468	42,929	42,565
China and Hong Kong	130,479	138,054	71,054	86,763
America	41,317	34,836	–	–
Europe	117,432	94,778	13,440	11,798
Others	40,146	43,474	1,665	4,884
	451,326	426,110	147,553	166,050

Non-current assets information presented above consist of property, plant and equipment and investment property as presented in the statement of financial position.

Information about major customers

Revenue from two major customers amount to $119,701,000 (2011: $135,469,000), arising from sales by the Consumer/IT and Mould Fabrication segments.

36. Comparatives

Certain comparative information has been restated upon the completion of the purchase price allocation exercise in respect of the acquisition of ST Latvia and AOS. Please see Note 17 for more details.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 3 April 2013.

STATISTICS OF SHAREHOLDINGS

As at 13 March 2013

SHAREHOLDINGS' INFORMATION

Issued and fully paid	:	758,156,393
Class of Shares	:	Ordinary shares
Voting Right	:	One vote per share
No. of Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	194	3.50	88,205	0.01
1,000 - 10,000	2,273	40.98	12,262,645	1.62
10,001 - 1,000,000	3,013	54.31	255,250,584	33.67
1,000,001 AND ABOVE	67	1.21	490,554,959	64.70
TOTAL	**5,547**	**100.00**	**758,156,393**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MERRILL LYNCH (SINGAPORE) PTE LTD	134,114,358	17.69
2	CITIBANK NOMINEES SINGAPORE PTE LTD	45,323,960	5.98
3	DBS NOMINEES PTE LTD	29,419,353	3.88
4	MAYBANK KIM ENG SECURITIES PTE LTD	24,244,804	3.20
5	OCBC SECURITIES PRIVATE LTD	22,912,197	3.02
6	LIAW HIN HAO	21,888,000	2.89
7	PHILLIP SECURITIES PTE LTD	12,906,150	1.70
8	NEO AGE SENG	12,577,300	1.66
9	KOH BOON HWEE	11,760,000	1.55
10	LIM & TAN SECURITIES PTE LTD	11,076,000	1.46
11	KHOO BOO HOR	10,002,413	1.32
12	STEVEN TAN CHEE CHUAN	10,000,000	1.32
13	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	9,285,170	1.22
14	ASSET CONCEPT INVESTMENTS LIMITED	9,080,883	1.20
15	CIMB SECURITIES (SINGAPORE) PTE LTD	6,402,782	0.84
16	OCBC NOMINEES SINGAPORE PTE LTD	6,066,575	0.80
17	NG HAK HONG	5,910,000	0.78
18	UOB KAY HIAN PTE LTD	4,990,322	0.66
19	DBS VICKERS SECURITIES (S) PTE LTD	4,449,788	0.59
20	CORINNE HENG YEONG THING	4,330,000	0.57
	TOTAL	**396,740,055**	**52.33**

The percentage of shareholdings in the hands of the public is 77.02%. Therefore, Rule 723 of the Listing Manual has been complied with.

SUBSTANTIAL SHAREHOLDERS

As at 13 March 2013

	No. of Ordinary Shares				
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**	**Total interest %**
Steven Uhlmann	104,045,125	13.72	-	-	13.72

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at the Mandarin Orchard Singapore, 333 Orchard Road, Mandarin Ballroom 2, 6th Floor, Main Tower, Singapore 238867, on Thursday, 25 April 2013 at 3.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2012 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Final Dividend (tax exempt one-tier) of 0.6 cents per ordinary share for the financial year ended 31 December 2012. **(Resolution 2)**

3. To approve the Directors' fees of S$430,000/- for the financial year ended 31 December 2012 (2011: S$430,000/-). **(Resolution 3)**

4. To re-elect the following Directors who retire by rotation under Article 91 of the Company's Articles of Association: -

   (i) Mr Koh Boon Hwee **(Resolution 4)**
   (ii) Mr Gabriel Teo Chen Thye **(Resolution 5)**

   [Note: Mr Gabriel Teo Chen Thye, upon re-election, shall remain as a member of Audit and Nominating Committees. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Ltd ("SGX-ST").]

5. To re-appoint Mr Steven Tan Chee Chuan as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50. **(Resolution 6)**

   [Note: Mr Steven Tan Chee Chuan, upon re-appointment, shall remain as the Chairman of the Remuneration Committee and a member of the Audit Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.]

6. To re-appoint Mr Kaka Singh as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50. **(Resolution 7)**

   [Note: Mr Kaka Singh, upon re-appointment, shall remain as the Chairman of the Audit Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.]

7. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modifications, the following resolutions as Ordinary Resolutions:

8. **Authority to issue Shares up to 50 per centum (50%) of the issued shares in the Capital of the Company**

   (a) THAT pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

      (i) issue shares and convertible securities in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of the Instruments or any convertible securities that have been issued pursuant to any previous shareholders approval and which are outstanding as at the date of the passing of this Resolution;

(ii) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

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

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

(4) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force (i) 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 or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 9)**

9. **Authority to allot and issue shares pursuant to Sunningdale Tech Share Option Scheme ("STL ESOS"), Sunningdale Tech Restricted Share Plan ("STL RSP") and Sunningdale Tech Performance Share Plan ("STL PSP")**

That:-

(a) approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the STL ESOS and/or to grant share awards in accordance with the provisions of the STL RSP and/or the STL PSP; and

(b) approval be and is hereby given to the Directors to exercise full powers of the Company to issue, allot or otherwise dispose of shares in the Company as may be required to be issued, allotted or disposed, in connection with or pursuant to the exercise of the options granted under the STL ESOS and/or such number of shares as may be required to be issued or allotted pursuant to the vesting of awards under the STL RSP and/or the STL PSP.

Provided that the aggregate number of shares to be issued and allotted pursuant to the STL ESOS, the STL RSP and the STL PSP shall not exceed fifteen per centum (15%) of the total number of issued shares of the Company from time to time.
(Resolution 10)

10. **Renewal of Mandate for Share Purchase**

That:

(1) for the purposes of Sections 76C and 76E of the Companies Act, Cap 50 of Singapore (the **"Companies Act"**), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the **"Shares"**) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) on the SGX-ST; and/or

(b) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) 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,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Purchase Mandate"**);

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase 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 earlier of:

(a) the date on which the next Annual General Meeting of the Company is held; and

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

(3) In this Resolution:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of 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 in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five days period;

"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 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;

"Maximum Limit" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; and

(4) the Directors of the Company 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 expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 11)

11. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

DOROTHY HO
Company Secretary

Dated: 10 April 2013

NOTES:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is, entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be lodged at the registered office of the Company at 51 Joo Koon Circle, Singapore 629069 not less than 48 hours before the time appointed for the Annual General Meeting.

EXPLANATORY NOTES

(1) Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting to issue shares and convertible securities in the Company, without seeking any further approval from the shareholders at a general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider in the interests of the Company. This proposed Resolution, if passed, will authorise and empower the Directors of the Company to issue shares, up to a number not exceeding, in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

(2) Resolution 10 proposed in item 9 above, is to empower the Directors to grant options, allot and issue shares pursuant to the exercise of options under the STL ESOS and the vesting of the awards under STL RSP and STL PSP, provided that the aggregate number of shares to be issued under the STL ESOS, STL RSP and STL PSP does not exceed fifteen per cent. (15%) of the total number of issued shares of the Company from time to time.

(3) Resolution 11 proposed in item 10 above, is to renew the mandate to empower Directors of the Company to make purchases or otherwise acquire the Company's issued ordinary shares from time to time subject to and in accordance with the guidelines set out in Appendix I in the Annual Report of the Company for the year ended 31 December 2012, accompanying this Notice. This authority will expire at the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Sunningdale Tech Ltd ("the Company") will be closed on 7 May 2013 for the purpose of determining Members' entitlements to the Dividend to be proposed at the Annual General Meeting of the Company to be held on 25 April 2013.

Duly completed registrable transfer of shares in the Company (the "Shares") received up to the close of business at 5.00 p.m. on 6 May 2013 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, will be registered to determine Members' entitlements to such Dividend. Subject to the aforesaid, Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with the Shares as at 7 May 2013 will be entitled to such proposed Dividend.

The proposed Dividend, if approved at the Annual General Meeting, will be paid on 17 May 2013.

BY ORDER OF THE BOARD

DOROTHY HO
Company Secretary

Dated: 10 April 2013

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold your ordinary shares in the Company, you should immediately forward this Appendix and the Proxy Form attached to the Annual Report to the purchaser or to the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

SunningdaleTech

SUNNINGDALE TECH LTD
(Incorporated in the Republic of Singapore)
(Company Registration No. 199508621R)

APPENDIX I IN RELATION TO DETAILS OF THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

This Appendix I is circulated to Shareholders of Sunningdale Tech Ltd (the "Company") together with the Company's Annual Report. Its purpose is to provide Shareholders with the relevant information relating to and to seek Shareholders' approval for, the renewal of the Share Purchase Mandate to be tabled at the Annual General Meeting to be held on 25th April 2013 at 3.30 p.m. at Mandarin Orchard Singapore, 333 Orchard Road, Mandarin Ballroom 2, 6th Floor, Main Tower, Singapore 238867.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report. The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made, reports contained / referred to, or opinions expressed in this Appendix.

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained in this Appendix.

1. INTRODUCTION

On 27 April 2012, the Company obtained shareholders' approval at the Annual General Meeting of the Company ("2012 AGM") to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued shares in the capital of the Company (the "Shares") ("Share Purchase Mandate") on the terms of the Share Purchase Mandate which has taken effect from the date of the 2012 AGM until the date of the forthcoming AGM to be held on 25th April 2013 or until it is varied or revoked by an ordinary resolution of shareholders in the general meeting, if so varied or revoked prior to the forthcoming AGM ("2013 AGM").

Since the approval of the renewal of the Share Purchase Mandate at the 2012 AGM, the Company has not purchased or acquired any Shares under the Share Purchase Mandate. Accordingly, the Directors are proposing to seek the approval of shareholders at the 2013 AGM for the renewal of the Share Purchase Mandate.

2. DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"Articles"	:	The Articles of Association of Sunningdale Tech Ltd.
"Award"	:	A contingent award of Shares granted under the RSP and/or the PSP.
"CDP"	:	The Central Depository (Pte) Limited.
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore or as amended from time to time.
"Company"	:	Sunningdale Tech Ltd.
"Controlling Shareholder"	:	A person who: - (a) holds directly or indirectly fifteen per cent (15%) or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company.
"Council"	:	The Securities Industry Council of Singapore.
"Directors"	:	The Directors of the Company for the time being.
"EPS"	:	Earnings per share.
"FY 2012"	:	Financial year ended 31 December 2012.
"Latest Practicable Date"	:	4th March 2013 being the latest practicable date prior to the printing of this Annexure.
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.

2. DEFINITIONS (CONT'D)

"Market Day"	:	A day on which the SGX-ST is open for trading in securities.
"New Shares"	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the STL RSP and/or the STL PSP.
"NTA"	:	Net tangible assets of the Company.
"NTA per Share"	:	Net tangible assets of the Company divided by the number of issued Shares.
"Securities Account"	:	Securities accounts maintained by Depositor with CDP, but not including securities sub-accounts maintained with a Depository Agent.
"SGX-ST" or **"Singapore Exchange"**	:	Singapore Exchange Securities Trading Limited.
"Shareholders"	:	Registered holders of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Account are credited with the Shares.
"Share Plans"	:	The Sunningdale Tech Ltd Restricted Share Plan or STL RSP and Sunningdale Tech Ltd Performance Share Plan or STL PSP.
"Share Purchases"	:	The purchases or acquisitions of Shares pursuant to the Share Purchase Mandate.
"Shares"	:	Ordinary shares in the share capital of the Company.
"STL PSP"	:	Sunningdale Tech Ltd Performance Share Plan, as modified or altered from time to time.
"STL RSP"	:	Sunningdale Tech Ltd Restricted Share Plan, as modified or altered from time to time.
"STL" or the **"Company"**	:	Sunningdale Tech Ltd.
"STL Group" or the **"Group"**	:	The Company and its subsidiaries.
"Substantial Shareholder"	:	A person who holds, directly or indirectly, 5% or more of the total issued share capital of the Company.
"S$", "$" or the **"cents"**	:	Singapore dollars and cents respectively.
"Takeover Code"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time.
"%" or the **"per cent."**	:	Per centum or percentage.

The terms "Depositor", "Depository Registry" and Depository Agent" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

2. DEFINITIONS (CONT'D)

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals therefore are due to rounding.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 Rationale for Share Purchase Mandate.

The renewal of the Share Purchase Mandate will provide the Company the flexibility to undertake share purchases, when and if the circumstances permit, subject to market conditions, during the period when the Share Purchase Mandate is in force. A Share Purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

The rationale for the Company to undertake the purchase of its issued Shares as previously stated in the Company's Appendix 1 in the 2011 Annual Report is as follows:-

(a) In managing the business of the Group, management strives to increase Shareholders' value by improving, inter alia, the return on equity of the Group. Share Purchases at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash, which is in excess of the financial and possible investment needs of the Group to its Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, inter alia, the Company's share capital structure and its dividend policy.

(c) Share repurchase programmes help buffer short-term share price volatility and off-set the effects of short-term speculators and investors and, in turn, bolster shareholder confidence and employee morale.

(d) To the extent allowed by law, the Share Purchase Mandate may be used to purchase existing Shares to satisfy Awards granted under the Sunningdale Tech Restricted Share Plan and/or the Sunningdale Tech Performance Share Plan.

While the Share Purchase Mandate would authorise a purchase of Shares up to the 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchase or acquisition of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

The Share Purchase Mandate will also enable the Company to undertake purchases of Shares and to hold such purchased Shares in Treasury. Treasury shares may be used in the manner prescribed by the Companies Act. Details on the use of treasury shares are provided in paragraphs 3.4 below.

3.2 Authority and Limits on the Share Purchase Mandate.

The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2013 AGM, are substantially the same as previously approved by the Shareholders at the previous AGMs. For the benefit of the Shareholders, the authority and limits on the Share Purchase Mandate are as follows: -

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONT"D)

3.2 Authority and Limits on the Share Purchase Mandate. (cont'd)

3.2.1 Maximum Number of Shares

As at the Latest Practicable Date, the share capital of the Company comprise 758,156,393 issued Shares. The Company will only purchase or acquire Shares which are issued and fully paid-up. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of total issued Shares as at the date on which the Share Purchase Mandate is approved at the 2013 AGM.

Purely for illustrative purposes, on the basis of 758,156,393 Shares (excluding treasury shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2013 AGM, not more than 75,815,639 Shares (representing 10% of the total issued Shares (excluding treasury shares) as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

3.2.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the forthcoming AGM at which the renewal of the Share Purchase Mandate is approved up to:

(a) the date on which the next AGM is held or required by law to be held;

(b) the Share Purchases have been carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

whichever is the earlier.

3.2.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system or any other securities exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**"), otherwise than on a securities exchange, effected pursuant to an equal access scheme or schemes for the purchase of Shares from the Shareholders.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all 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 shall be the same, except that there shall be disregarded: (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONT"D)

3.2 Authority and Limits on the Share Purchase Mandate. (cont'd)

3.2.3 Manner of Purchases or Acquisitions of Shares (cont'd)

Additionally, the Listing Manual provides that, in making an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances; and

(iii) the information required under Rule 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.2.4 Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses ("Related Expenses")) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares must not exceed:

(a) in the case of a Market Purchase, 105 per cent of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 120 per cent of the Average Closing Price of the Shares,

in either case, excluding Related Expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange 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, in accordance with the Listing Manual, 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 an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis (excluding Related Expenses of the purchase or acquisition) for each Share) and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.3 Status of Purchased Shares.

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to the Share will expire on cancellation unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are not held as treasury shares.

3.4 Treasury Shares Held by the Company.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarized below:-

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares and the Company shall be entered in the Register of Members as the member holding those Shares.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONT"D)

3.4 Treasury Shares Held by the Company. (cont'd)

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time :-

(i) sell the treasury shares for cash;
(ii) transfer the treasury shares for the purposes of or pursuant to any employees' share option or award scheme;
(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
(iv) cancel the treasury shares; or
(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

3.5 Source of Funds.

The Company will use its internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance the Company's purchase of acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

3.6 No Shares Purchased In the Previous 12 Months.

The Company did not purchase any Shares in the twelve (12) months preceding the Latest Practicable Date.

3.7 Financial Effects.

3.7.1 General

If the purchased Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. If, on the other hand, the purchased Shares are not cancelled but held in treasury, then there will be no change in the Company's issued share capital. Where the consideration paid by the Company for the Share Purchase is out of profits, such consideration (excluding Related Expenses) will correspondingly reduce the amount available for the distribution of cash dividend by the Company. Where the consideration paid by the Company for the Share Purchase is out of capital, the amount available for the distribution of cash dividends will not be reduced.

The financial effects on the Company and the Group arising from Share Purchases will depend, inter alia, on the number of Shares purchased or acquired, the price paid for such Shares, the manner in which the purchase or acquisition is funded and whether the Shares are cancelled or held in treasury. It is, therefore, not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Purchase Mandate on the NTA and EPS.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONT"D)

3.7 Financial Effects. (cont'd)

3.7.1 General (cont'd)

The Directors do not propose to exercise the Share Purchase Mandate to the extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected. The Directors will be prudent in exercising the Share Purchase Mandate only to such extent which the Directors believe will enhance shareholders' value giving consideration to the prevailing market conditions, the financial position of the Group and other relevant factors.

3.7.2 Number of Shares that may be Acquired or Purchased

Based on 758,156,393 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2013 AGM, not more than 75,815,639 Shares (representing 10% of the total issued Shares as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

3.7.3 Maximum Price that may be paid for Shares Acquired or Purchased

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 75,815,639 Shares at the Maximum Price of $0.1405 for each Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 75,815,639 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately $10,652,097

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 75,815,639 Shares at the Maximum Price of $0.1606 for each Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 75,815,639 Shares excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately $12,175,992.

3.7.4 Illustrative Financial Effects

For illustrative purposes only, on the basis of the assumptions set out in paragraphs 3.7.2 and 3.7.3 above, and assuming that the Share Purchases are financed entirely out of the Company's distributable profit, the financial effects of:-

(a) the purchase of 75,815,639 Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Purchase Mandate and held as treasury shares; and

(b) the purchase of 75,815,639 Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Purchase Mandate and cancelled;

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONT"D)

3.7 Financial Effects. (cont'd)

3.7.4 Illustrative Financial Effects (cont'd)

on the audited consolidated financial statements of the Company and the Group for FY2012 are set out below :-

(a) **Share Purchases made entirely out of capital and held as treasury shares**

	Group			Company		
(S$'000)	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off- Market Purchase**	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off- Market Purchase**
Shareholders' fund	233,540	222,888	221,364	252,726	242,074	240,550
NTA(1)	219,364	208,712	207,188	252,726	242,074	240,550
Current assets	236,445	225,793	224,269	66,344	66,344	66,344
Current liabilities	154,541	154,541	154,541	62,584	73,236	74,760
Working capital	81,904	71,252	69,728	3,760	(6,892)	(8,416)
Total borrowings	58,572	58,572	58,572	11,786	22,438	23,962
Cash and short term deposits	52,716	42,064	40,540	1,885	1,885	1,885
Number of Shares (4)	758,156,393	758,156,393	758,156,393	758,156,393	758,156,393	758,156,393
Financial Ratios						
NTA per Share (cents)	28.93	27.53	27.33	33.33	31.93	31.73
EPS (cents)	1.26	1.26	1.26	1.28	1.28	1.28
Gearing ratio (times)(2)	0.25	0.26	0.26	0.05	0.09	0.10
Current ratio (times)(3)	1.53	1.46	1.45	1.06	0.91	0.89

Notes :

(1) NTA equals Shareholders' funds less intangible assets.

(2) Gearing ratio equals total borrowings divided by Shareholders' funds.

(3) Current ratio equals current assets divided by current liabilities.

(4) Based on 758,156,393 Shares in issue as at the Latest Practicable Date.

3. **THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONT"D)**

3.7 Financial Effects. (cont'd)

3.7.4 Illustrative Financial Effects (cont'd)

(b) Purchases made entirely out of capital and cancelled

	Group			Company		
(S$'000)	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off- Market Purchase**	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off- Market Purchase**
Shareholders' fund	233,540	222,888	221,364	252,726	242,074	240,550
NTA(1)	219,364	208,712	207,188	252,726	242,074	240,550
Current assets	236,445	225,793	224,269	66,344	66,344	66,344
Current liabilities	154,541	154,541	154,541	62,584	73,236	74,760
Working capital	81,904	71,252	69,728	3,760	(6,892)	(8,416)
Total borrowings	58,572	58,572	58,572	11,786	22,438	23,962
Cash and short term deposits	52,716	42,064	40,540	1,885	1,885	1,885
Number of Shares (4)	758,156,393	682,340,754	682,340,754	758,156,393	682,340,754	682,340,754
Financial Ratios						
NTA per Share (cents)	28.93	30.59	30.36	33.33	35.48	35.25
EPS (cents)	1.26	1.40	1.40	1.28	1.42	1.42
Gearing ratio (times)(2)	0.25	0.26	0.26	0.05	0.09	0.10
Current ratio (times)(3)	1.53	1.46	1.45	1.06	0.91	0.89

Notes :

(1) NTA equals Shareholders' funds less intangible assets.

(2) Gearing ratio equals total borrowings divided by Shareholders' funds.

(3) Current ratio equals current assets divided by current liabilities.

(4) Based on 758,156,393 Shares in issue as at the Latest Practicable Date.

Shareholders should be aware that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the respective aforementioned assumptions, and historical FY2012 numbers, and are not necessarily representative of future financial performance. In addition, the actual impact will depend on the actual number and price of Shares to be acquired or purchased by the Company, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares to be acquired or purchased are cancelled or held in treasury.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (CONT"D)

3.7 Financial Effects. (cont'd)

3.7.4 Illustrative Financial Effects (cont'd)

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or holds all or part of the Shares repurchased in treasury.

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

3.8 Taxation

Shareholders who are in doubt as to their respective tax provisions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

3.9 Requirements in the Listing Manual

(a) 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 an equal access scheme, 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.

(b) The Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time(s). However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:

   (i) at any time any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and

   (ii) in the case of Market Purchases, during the period commencing one month immediately before the announcement of the Company's second quarter or full-year results, as the case may be, and (if applicable) the period of two weeks before the announcement of the Company's other interim results, as the case may be.

(c) The Listing Manual requires a company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed are 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, there are approximately 583,906,042 Shares in the hands of the public, representing approximately 77.02% of the issued Shares. Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares held by public Shareholders which would permit the Company to undertake purchases and acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Purchase Mandate, without adversely affecting the listing status of the Shares on the SGX-ST.

4. CERTAIN TAKE-OVER CODE IMPLICATIONS

4.1 Obligations 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 total issued Shares 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.

4.2 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), cooperate, 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 will, inter alia, be presumed to be acting in concert:

(i) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the aforesaid companies, and any company whose associated companies include any of the aforesaid companies. 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;

(ii) 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);

(iii) A company with any of its pension funds and employee share schemes;

(iv) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(v) A financial or other professional adviser (including a stockbroker), with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total ten per cent (10%) or more of the client's equity share capital;

(vi) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) Partners;

(viii) An individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions and companies controlled by any of the aforesaid persons; and

(ix) Any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company (including Directors of the Company) 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 Appendix 2 of the Take-over Code.

4. CERTAIN TAKE-OVER CODE IMPLICATIONS (CONT'D)

4.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

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 authorizing the proposed Share Purchase Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant of proposed Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the proposed Share Purchase 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 adviser 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.

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders as at the latest Practicable Date, the Directors are not aware of any Substantial Shareholders or Directors who would become obliged to make a general offer under Rule 14 and Appendix 2 of the Take-over Code in the event that the Company should, pursuant to the Share Purchase Mandate, purchase or acquire up to 10% of its issued shares.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDER'S 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 Purchase Mandate, assuming (i) the Company purchases the maximum amount of 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 follow:-

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDER'S INTERESTS (CONT"D)

	Before Share Purchase (Number of Shares)			Before Share Purchase	After Share Purchase
Name of Director	Direct Interest	Deemed Interest	Total Interest	%(1)	%(2)
Koh Boon Hwee	37,038,960	110,040	37,149,000	4.90	5.44
Wong Chi Hung	1,750,000	9,080,883	10,830,883	1.43	1.59
Steven Uhlmann	104,045,125	-	104,045,125	13.72	15.25
Steven Tan Chee Chuan	10,000,000	-	10,000,000	1.32	1.47
Kaka Singh	396,270	-	396,270	0.05	0.06
Gabried Teo Chen Thye	1,139,660	-	1,139,660	0.15	0.17
Ong Sim Ho	-	-	-	-	-
Khoo Boo Hor	10,689,413	-	10,689,413	1.41	1.57
Name of Substantial Shareholder					
Steven Uhlmann	104,045,125	-	104,045,125	13.72	15.25

Notes :-

(1) As a percentage of the total number of issued ordinary shares of the Company as at the Latest Practicable Date comprising 758,156,393 shares.

(2) As a percentage of the total number of issued ordinary shares of the Company comprising 682,340,754 shares (assuming that the Company purchases the maximum number of shares under the Share Purchase Mandate and not held in treasury).

6. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they, recommend that Shareholders vote in favour of Resolution 11, being the Ordinary Resolution relating to the Renewal of the Share Purchase Mandate.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any fact the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 this Appendix in its proper form and context.

8. APPROVALS AND RESOLUTIONS

Your approval for the proposed renewal of the Share Purchase Mandate is sought at the Company's AGM to be held on 25th April 2013 at 3.30 p.m. at Mandarin Orchard Singapore, 333 Orchard Road, Mandarin Ballroom 2, 6th Floor, Main Tower, Singapore 238867.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy From attached to the Annual Report in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 51 Joo Koon Circle, Singapore 629069 not later than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a shareholder will not prevent him from attending and voting at the AGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the AGM.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours on weekday (public holiday excepted) up to and including the date of the AGM: -

(a) The Memorandum and Articles of Association of the Company; and

(b) The Annual Report of the Company for the financial year ended 31 December 2012.

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SUNNINGDALE TECH LTD
(Company Registration No. 199508621R)
(Incorporated in the Republic of Singapore)

Proxy Form

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees and is strictly FOR INFORMATION ONLY
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name) of

______________________________(Address)

being a member/members of Sunningdale Tech Ltd hereby appoint :

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the 18th Annual General Meeting of the Company, to be held at Mandarin Orchard Singapore, 333 Orchard Road, Mandarin Ballroom 2, 6th Floor, Main Tower, Singapore 238867, on 25 April 2013 at 3.30 p.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 Meeting 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 will on any other matter arising at the Meeting. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	Resolutions relating to	For	Against
1.	Adoption of Reports and Accounts		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Koh Boon Hwee		
5.	Re-election of Mr Gabriel Teo Chen Thye		
6.	Re-appointment of Mr Steven Tan Chee Chuan		
7.	Re-appointment of Mr Kaka Singh		
8.	Re-appointment of Auditors		
9.	Authority to Issue Shares		
10.	Authority to allot and issue shares pursuant to Sunningdale Tech Share Option Scheme, Sunningdale Tech Restricted Share Plan and Sunningdale Tech Performance Share Plan		
11.	Renewal of Mandate for Share Purchase		

Signed this ____________ day of ______________________ 2013

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

	Total Number of Shares Held
In CDP Register	
In Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes :

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (and defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number. If you have ordinary shares registered in your name in the Register of Members of the Company, you should insert that number. If you have ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares held by you.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 51 Joo Koon Circle, Singapore 629069 not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be given under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote for and on behalf of such body corporate.

8. Where an instrument appointing a proxy is signed on behalf of the appointor or by an attorney the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. The Company shall be entitled to reject the instrument appointing a proxy and proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instruments of appointor specified in the instrument appointing a proxy or proxies.

10. In the case of members 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 the shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

Sunningdale Tech Ltd
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