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LIPPO LIMITED

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 226)

LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 156)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The attached document has been released by Auric Pacific Group Limited (“Auric”) on the Singapore Exchange Securities Trading Limited (“SGX”). Auric, in which Lippo China Resources Limited (“LCR”) (a subsidiary of Lippo Limited (“Lippo”)) is interested in approximately 49.3 per cent. of its issued share capital, is a company listed on the SGX.

Hong Kong, 7th April, 2016

As at the date of this announcement, the board composition of each of Lippo and LCR is as follows:

Lippo

Executive Directors:

Dr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee

*(Managing Director and
Chief Executive Officer)*

Non-executive Directors:

Mr. Jark Pui Lee

Mr. Leon Nim Leung Chan

Independent Non-executive Directors:

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung

LCR

Executive Directors:

Dr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee

(Chief Executive Officer)

Mr. James Siu Lung Lee

Non-executive Director:

Mr. Leon Nim Leung Chan

Independent Non-executive Directors:

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung

Annual Reports and Related Documents::

Issuer & Securities

| | |
|-------------------------|--|
| Issuer/ Manager | AURIC PACIFIC GROUP LIMITED |
| Securities | AURIC PACIFIC GROUP LIMITED - SG1B49001004 - A23 |
| Stapled Security | No |

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Additional Details

| | |
|---------------------|---|
| Period Ended | 31/12/2015 |
| Attachments | APGL 2015 AR.pdf APGL LTS 070416.pdf Total size =12187K |

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AURIC PACIFIC



TRANSFORMATION

ANNUAL REPORT 2015

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OUR VISION

Your Quality Food Provider

OUR MISSION

Satisfying Your Everyday
Food Essentials

OUR CORE VALUES

Excellence

Ethical

Engaging

Enterprising

Empowering

DELIVERING QUALITY, VALUE AND INNOVATION

Manufacturing

Auric Pacific's core brand
Sunshine is one of our three pillars
of strength and growth, which
have stood the test of time.

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CORPORATE PROFILE

Auric Pacific Group Limited (Auric Pacific) is a Singapore incorporated investment holding company involved in a diverse range of businesses which includes the distribution of fast-moving consumer goods, food manufacturing and retailing, and restaurant and food court management.

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited, Auric Pacific's businesses and operations are present in Singapore, Malaysia, and Hong Kong.

DISTRIBUTION

Auric Pacific's distribution business, under its subsidiary Auric Pacific Marketing Pte Ltd (Auric Pacific Marketing) carries out marketing and distribution services in Singapore, whereas its related Malaysian counterpart, Auric Chun Yip Sdn. Bhd. (Auric Chun Yip) provides similar services in Malaysia.

Both business subsidiaries have successfully assisted many leading global consumer brands to establish their market positions and build significant market shares in Singapore and Malaysia. Collectively, Auric Pacific Marketing and Auric Chun Yip have over a hundred brands in its distribution portfolio which comprises well-established global and household names such as Post, Kellogg's, Pringles, McCormick, Heinz, Twinings, Abbott Laboratories and Lee Kum Kee, among other well-known brands.

Auric Pacific Marketing is also in the business of marketing and distribution of many of the world leading Wines, Beer, Cider, Premium Water, Sake & Yuzu, such as Alto Los Romeros, Dominio del Plata, Castello Banfi, Chateau Tanunda, Durbanville Hill, Edulis, Hardys, Robert Mondavi, Kim Crawford, Mud House, Nederburg, Pacific Rim, Sacred Hill, Tatachilla,

Amsterdam beer, Savanna Cider, Voss premium water and Shiragiku Sake & Yuzu. Auric Pacific Marketing further carries more than 200 labels of premium wines as well as cult brands from renowned wineries and also deals in en primeur Bordeaux wines.

BRANDS OWNED BY AURIC PACIFIC

Auric Pacific also has a portfolio of well-established household brands such as SCS butter and cheese, Buttercup luxury spread, Sunshine bread and frozen pizza, Top One bread and Gourmet delicatessen meat which can be commonly found in every household. SCS and Buttercup are also amongst the most endearing and beloved dairy brands in Singapore and Malaysia, and trusted over many generations. Hence, there is no surprise that they have always remained the most sought after products for top chefs and home-bakers alike.

MANUFACTURING

Sunshine and Top One breads are made at Auric Pacific's own baking and manufacturing facility based in Singapore. The bakery is Singapore's first and has provided Singaporean homes with bread and other baked products since the 1930s. In 2015, Sunshine anticipated a rising demand for healthier food choices and in response, launched Singapore's only Healthier Choice White Bread – a collaborative effort with the Health Promotion Board. Wellness concerns drove growth in the wholemeal bread segment, paving the way for an upsized pack of Sunshine's Extra Fine Sprouted Wholemeal Bread. To celebrate Singapore's Golden Jubilee, over 180,000 Healthier Choice Cream Rolls were sponsored at the National Day Parade rehearsals, preview and actual day. For its frozen range, Sunshine introduced two new pizza varieties catering to the Asian palette: Tom Yum Chicken and Tuna with Shrooms & Onion. Sunshine continues to

provide high-quality, nutritious and more accessible food options to support consumers who seek a healthier lifestyle.

Auric Pacific Food Processing Sdn. Bhd., a Malaysian subsidiary of Auric Pacific, manufactures Buttercup, butter blend and margarine products. Auric Chun Yip markets and distributes the Buttercup branded range of products through its distribution network in Malaysia.

FOOD RETAIL

Auric Pacific's food retail businesses are carried out through its subsidiaries Food Junction Holdings Limited, and Délifrance Asia Ltd.

Food Junction Holdings Limited manages and operates a chain of food courts in Singapore and Malaysia, branded under Food Junction. It further manages and operates casual dining restaurants and outlets, which includes Toast Junction in Singapore and Lippo Chiuchow Restaurant in Hong Kong.

Délifrance is an established brand in South East Asia with more than 30 years of history. Auric Pacific's subsidiary, Delifrance Asia Ltd owns the territorial rights of Singapore, Hong Kong and Malaysia. Delifrance began its operations in Singapore in 1983, initially focusing on manufacturing bakery products for wholesale customers, following which, it expanded into café operations in 1985 when it opened the first Délifrance café in Singapore at Clifford Centre. Set in a French-styled café concept, Delifrance café is a café-bakery offering a self-serve menu of Delifrance signature sandwiches and premium French bakery products. Since then, it has grown across Asia and today, operates and manages more than 130 Délifrance company-owned outlets and franchised express counters in Singapore and Hong Kong.

For more information on Auric Pacific Group Limited, please refer to our website at www.auricgroup.com.

CORPORATE INFORMATION

AS AT 24 MARCH 2016

BOARD OF DIRECTORS

MR ALBERT SAYCHUAN CHEOK
Independent Non-Executive Chairman

DR STEPHEN RIADY
Executive Director

DR ANDY ADHIWANA
Executive Director

MR BRYAN CHANG YEW CHAN
Independent Non-Executive Director

MR EDWIN NEO
Independent Non-Executive Director

MR RONALD ISSEN
Non-Executive Director

MR TAN HUAY LIM
Independent Non-Executive Director
Lead Independent Director

AUDIT AND RISK COMMITTEE

MR BRYAN CHANG YEW CHAN
Chairman

MR TAN HUAY LIM
Member

MR RONALD ISSEN
Member

NOMINATION COMMITTEE

MR EDWIN NEO
Chairman

DR STEPHEN RIADY
Member

MR BRYAN CHANG YEW CHAN
Member

REMUNERATION COMMITTEE

MR ALBERT SAYCHUAN CHEOK
Chairman

MR BRYAN CHANG YEW CHAN
Member

MR RONALD ISSEN
Member

COMPANY SECRETARY

MR TAN T'ENG TA' BENEDICT

CORPORATE HEAD OFFICE AND REGISTERED OFFICE

50 Collyer Quay
#06-03 OUE Bayfront
Singapore 049321
Tel: (65) 6336 2262
Fax: (65) 6336 2272
Website: www.auricgroup.com

DATE OF INCORPORATION

20 August 1988

COMPANY REGISTRATION NUMBER

198802981D

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6227 6660
Fax: (65) 6225 1452

AUDITORS

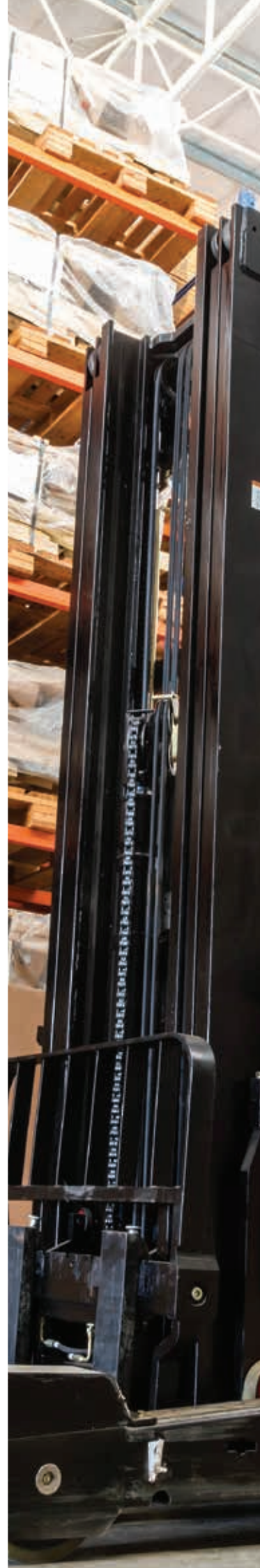
Ernst & Young LLP
Mr Shekaran Krishnan
Partner
(Appointed in financial year 2013)

PRINCIPAL BANKER

Oversea-Chinese Banking Corporation Limited

STOCK EXCHANGE LISTING

The Singapore Exchange Securities Trading Limited



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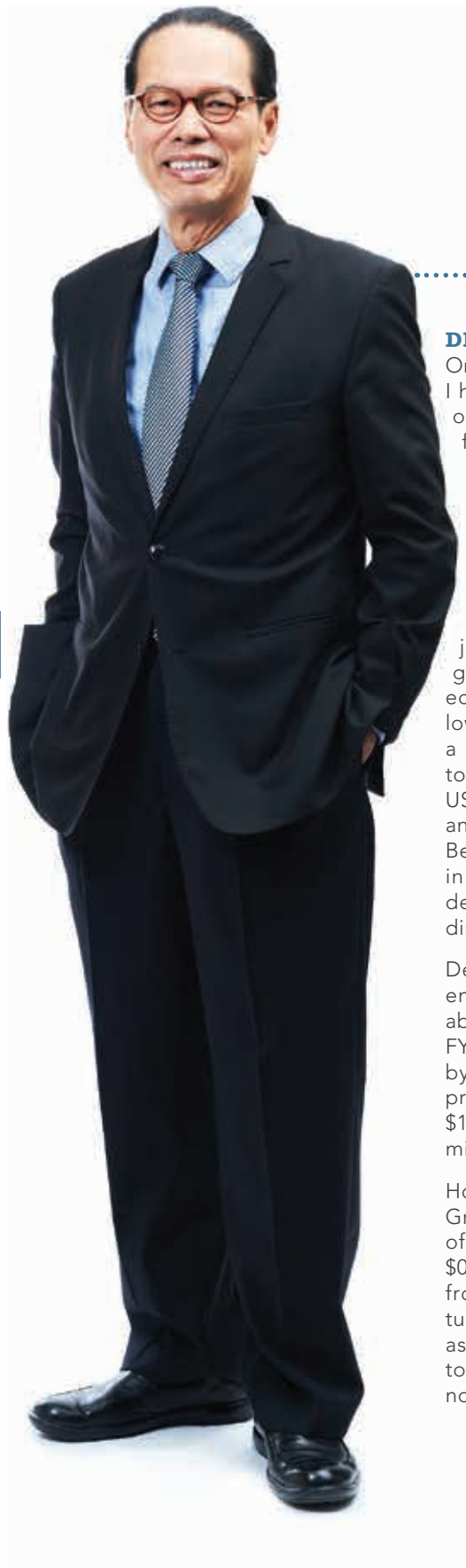


GOING THE DISTANCE

Distribution

Auric Pacific has established a reputation for excellent service in bringing excellent products to our customers, placing us in a strong position to secure more principals and products to represent.

CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS

On behalf of the Board of Directors, I hereby present the annual report of Auric Pacific Group Limited for the financial year ended 31 December 2015 (FY2015).

GROUP FINANCIAL PERFORMANCE

FY2015 was another challenging year for Auric Pacific. The Singapore economy grew by just 2% – registering its weakest growth since 2009. The Malaysia economy grew by 5%. However, low oil and commodity prices took a toll on the Ringgit, which sank to an all-time low against both the US and Singapore dollar last year and remains relatively weak today. Because our accounts are reported in Singapore dollar, a heavily depreciated Ringgit will have a diminishing effect.

Despite such a tough operating environment, Auric Pacific was able to achieve revenue growth. In FY2015, Group revenue increased by 2% to \$432.9 million. Gross profit also rose by 1.6% to nearly \$183.2 million in 2015 from \$180.2 million in 2014.

However, on a pre-tax level, the Group results turned into a loss of \$39.5 million from a profit of \$0.6 million. The loss came about from exceptional items to the tune of \$44.0 million, undertaken as a result of our bold decision to “bite the bullet” to rationalise non-performers and streamline our

business. Excluding the exceptional items, the Group would actually had seen pre-tax profit rise to \$4.5 million.

BITING THE BULLET

As responsible stewards, we took the painful but necessary step of weeding out the non-performers rather than allowing them to continue to drag down our Group performance over time and in the long run.

We had previously embarked on a diversification programme, which was aimed at broadening our range of activities and sources of revenue and profit generation. The driving motivation behind the diversification was to create new and broader value for all stakeholders, including our shareholders.

However, our expansion into new uncharted territory did not provide the Group with the expected returns and value that we had expected. Nor did the new ventures look promising going forward. So the painful but right thing to do was to cull back those new ventures and to fall back onto businesses that we already know and do well. Indeed, our traditional mainstays, bread and butter, are the main growth and value generators. Sunshine Bread as well as SCS butter and Buttercup Margarine remained our best performers. The other familiar mainstays, wholesale and distribution and food courts, also continued to do well.

CHAIRMAN'S MESSAGE

In FY2015, Group revenue increased by 2% to \$432.9 million. Gross profit also rose by 1.6% to nearly \$183.2 million in 2015 from \$180.2 million in 2014.

Albert Saychuan Cheok
Chairman

Being responsible and accountable guardians of value, we unflinchingly and bravely bit the bullet as we excised the weak performers from our business.

As a result, we closed the shutters of all our 16 Delifrance outlets in Malaysia last year. Under the Food Junction Group, we heavily rationalised the restaurant business.

Even as we removed the weak, we reinvested in the strong. In FY2015, Food Junction food courts closed temporarily for renovation works to serve up a refreshed look and an even more delectable menu of local and foreign cuisines for foodies. Our food court business has remained profitable despite rising rental costs and sustained labour shortage.

We also launched new products under the Sunshine marque, which traces its beginnings in 1930 to a little bakery in a Geylang shophouse. Sunshine's fresh offerings include the delicious and nutritious extra fine sprouted wholemeal range, which has become a firm favourite among foodies and health gurus.

A RENEWED FOCUS

Having separated the wheat from the chaff, we move into 2016 with renewed vigour and spirit. As a result of the business rationalisation, Auric Pacific has undergone a major restructuring and through that has transformed itself to be more nimble and versatile. We have simplified and streamlined our organisational

structure so that we can have a more deftly feel of the competitive market place and that our people are better empowered to undertake the initiatives necessary to adapt our organisation to an ever-evolving competitive landscape.

Today, much of the rationalisation is behind us. We have transformed ourselves into a more robust organisation re-focusing on our traditional pillars of strength, namely Sunshine Bread, SCS Butter and Buttercup Margarine. Our customers from both sides of the Causeway have grown up, nourished by these household names for generations since they were first introduced. Now a new generation is being nurtured with these selfsame icons.

VALUING GOVERNANCE AND SUSTAINABILITY

Auric Pacific firmly believes in the importance of establishing and maintaining a robust corporate governance and transparency regime. In 2015, we remained among the top 50 in this arena. Auric Pacific ranked 48 among 639 listed companies in the Governance and Transparency Index (GTI), which assesses the financial transparency of companies based on their annual announcements. The GTI is jointly launched by The Business Times and the National University of Singapore's Centre for Governance, Institutions and Organisations.

As a responsible corporate citizen, we are firmly committed to giving back to society and promoting a healthier lifestyle.

We took part in the SG50 festivities, which celebrated Singapore's 50th anniversary as a nation.

APPRECIATION

In closing, I would like to express my thanks to my fellow Directors for their assistance, counsel and support. On behalf of the Board, we would like to thank Auric Pacific's management team as well as our staff for their unflagging commitment and unwavering dedication to deliver value to all stakeholders.

Auric Pacific is only as strong as the people we have, and I am thankful that our people have the talent, knowledge and expertise to take us to the next level. We will continue to build up our team by enhancing their innate capabilities so that Auric Pacific can grow from strength to strength. Leveraging on the skills and abilities of our talented and experienced pool of people, Auric Pacific's transformation can be achieved effectively and successfully.

I would also like to say thank you to our shareholders. We appreciate the strong support you have given us over the years. As your stewards, we take our duty of care seriously and will continue to work towards creating value for you.

Finally, I would like to thank all our other stakeholders, namely our customers, principals, union and business associates, for their support and patronage of the Group.

OPERATIONS REVIEW BY EXECUTIVE DIRECTOR



2015 was a challenging year for Auric Pacific Group. We have embarked on a journey of transformation, in which we took the difficult but vital decision to rationalise non-performers in the restaurant and food retail businesses.

Reinforcing our capabilities, our direction in the next 12 months will be to refocus our energies, time and resources on our core strengths to build up our brands and strengthen our performing businesses in manufacturing, wholesale and distribution, and the operation of food courts. This transformation will equip us for further growth in the future, creating value for our consumers and clients.

In the past year, our house brands – Sunshine, SCS and Buttercup – have maintained steady growth in their respective markets. For Sunshine, we remain passionate about producing healthy and tasty products, using top quality and premium ingredients. Sunshine has reinforced its dominance in the market, specifically in the wholemeal bread segment, thanks to the support of our loyal consumers. Our newly launched Sunshine Extra Fine Sprouted Wholemeal is becoming a strong

favourite among consumers while Sunshine's Family Size Pizza and SCS Unsalted Butter (250gm) have been voted favourites in their respective categories in The Singapore Women's Weekly Domestic Diva (Food Essentials) Awards 2016, underscoring our house brands' position as the favoured and preferred choice among consumers.

Moving forward in 2016, we shall further strengthen our core house brands by exploring new channels of communication to consumers and by expanding our range of product offerings. The push for new marketing initiatives will focus on enhancing our brand image and awareness so as to continue capturing the hearts and minds of consumers. Meanwhile our highly skilled and experienced R&D team is continually developing new and exciting products to add to our portfolio. Sunshine remains committed to serving wholesome products without compromising on taste and quality, and to constantly innovate and refresh the product range to remain relevant to the modern, health-conscious and busy lifestyle of today's consumers.

Our Group's wholesale and distribution division had delivered another year of growth in revenue despite the weak consumer market.

OPERATIONS REVIEW

BY EXECUTIVE DIRECTOR

The manufacturing segment emerged as the top performer, seeing revenue rise by 8% to \$50.6 million.

Dr Andy Adhiwana
Executive Director

Our reputation, track record, experience and talented team make us the preferred and trusted distribution partner of many established brands like Kraft, Kellogg's, Twinings, Sara Lee and Pringles. Looking ahead, wholesale and distribution will push for higher growth by continuing to serve and support world-class principals, developing new partnerships with exciting brands while enhancing our operational excellence and efficiency.

At the food retail division, the food court business continued to remain profitable, despite rising rental costs and a tight labour market. With the rationalisation of our non-profitable food retail outlets, our Group is able to refocus on and further develop our core expertise in food court management. Although the retail scene remains challenging, Delifrance Singapore and Hong Kong will persevere towards improving their respective performances through initiatives to enhance customer experience, and operational excellence while remaining committed to launching new products. Moving forward, our food retail division shall actively pursue significant new opportunities for business growth in the food court arena, both in Singapore and the surrounding region, while remaining cautious in the restaurant/cafe sector because of its unpromising outlook.

GROUP FINANCIAL REVIEW

In the year ended 31 December 2015, the Group's total revenue rose 2% or \$8.5 million to \$432.9 million over 2014's \$424.4 million.

Despite the soft consumer market last year, the wholesale and distribution segment registered higher revenue of \$4.1 million or 1.7% growth.

The manufacturing segment emerged as the top performer, seeing revenue rise by 8% to \$50.6 million.

For our food retail business, the Edmontor Group saw revenue rise by 2.9% to nearly \$78.7 million even as revenue from the Food Junction Group dropped by 2.7% to \$60.4 million mainly from the cessation of non-performing restaurants and outlets.

Auric Pacific Group reported a loss before taxation of \$39.5 million from 2014's profit before taxation of \$0.6 million, largely due to exceptional items totalling \$44 million. The main component of the loss pertained to the impairment of intangible assets of \$37.2 million. This write-off was a result of the rationalisation exercise undertaken to streamline our non-performing businesses and investments to build sustainable growth in revenue and profits going forward.

Excluding the exceptional items, Auric Pacific Group would have achieved a profit before taxation of \$4.5 million, which was an improvement of \$0.6 million versus 2014. This was the result of:

- a. The manufacturing segment realising higher operating profits of \$10.6 million in 2015,
- b. The Edmontor Group reporting a lower operating loss of \$4.5 million in 2015 versus \$6.1 million in 2014, after excluding exceptional items of \$40.7 million,
- c. The wholesale and distribution segment seeing operating profits drop from \$11.7 million in 2014 to \$10.1 million in 2015,
- d. The Food Junction Group experiencing higher operating losses for 2015 due to the food court division reporting weaker performance and the rationalisation of the restaurant division, and
- e. The operating expenses of the Group's support services for the year decreasing by \$0.8 million as compared to 2014 due mainly to prudent cost management.

OPERATIONS REVIEW BY EXECUTIVE DIRECTOR

WHOLESALE AND DISTRIBUTION

In 2015, the wholesale and distribution segment had overall enjoyed improved sales in Singapore and Malaysia, especially during the festive seasons. The inception of new agencies also served to drive revenue growth. However, this momentum was dampened by the slight decline in revenue for the operations in Malaysia, which was affected by the weaker Malaysian Ringgit. From a functional currency perspective, Malaysia's revenue had effectively grown by 8.8% in 2015.

Notwithstanding these, the segment's operating profits were lower because of foreign exchange losses due to the weaker ringgit in Malaysia and higher operating expenses in Singapore.

MANUFACTURING

The manufacturing segment gained further growth momentum on the revenue front, propelled by the increase in sales of key products and new product launches, which included Sunshine's products. Operating profits from the division rose on the back of higher sales, better cost management and improved production efficiency.

FOOD RETAIL AND FOOD COURT

Our Delifrance operations saw revenue rise on the back of higher retail sales generated from our Hong Kong retail outlets. Lower revenue from Delifrance Singapore and the closure of all under-performing outlets in Malaysia dampened the division's revenue growth. Delifrance achieved a lower operating loss due to lower operating expenses and higher sales in Hong Kong.

The Food Junction Group reported lower revenue due to the closure of under-performing restaurants and outlets despite the food court division registering higher revenue.

Higher operating losses were incurred by under-performing restaurants that have since closed. The performance of the food court division was weaker mainly due to temporary closures of food courts for required renovation works carried out to rejuvenate and enhance customer experience. Overall, Food Junction's food court division remained profitable, albeit at a reduced level as a result of the temporary closures.

LOOKING AHEAD

2016 has started off with signs of uncertain economic conditions, notably amongst the emerging markets. Plunging commodity prices, volatile stock markets, political instability in Malaysia and the economic slowdown of powerhouse China has affected the market sentiments in the countries where we operate. Moreover, the general consensus among market experts, governments and businesses is that 2016 will be a tough year with many top consumer companies revising down their growth forecasts.

The challenge now is to remain competitive amidst the unstable economic environment, and Auric Pacific Group is gearing up to be ready to face the year ahead. Following the streamlining of operations, the Group is leaner and more focused than ever before to create value for customers and shareholders. With a renewed commitment and emphasis on our core strengths, brand building, and with a strong and experienced team on board, Auric Pacific Group is eager and ready to take advantage of key opportunities in 2016.

**The Group is leaner and more focused
than ever before to create value for
customers and shareholders.**

FINANCIAL HIGHLIGHTS

| | YEAR ENDED 31 DECEMBER (\$'000) | | | | 2011 (restated) |
|--|---------------------------------|-------------|-------------|-------------|--------------------|
| | 2015 | 2014 | 2013 | 2012 | |
| Income Statement | | | | | |
| Revenue | 432,890 | 424,424 | 398,482 | 389,997 | 386,753 |
| (Loss)/profit before taxation | (39,498) | 639 | (21,912) | (1,017) | 11,096 |
| Income tax (expense)/credit | (1,383) | (464) | (1,332) | 12,579 | (2,592) |
| (Loss)/profit for the financial year | (40,881) | 175 | (23,244) | 11,562 | 8,504 |
| (Loss)/profit attributable to equity holders of the Company | (40,839) | 231 | (21,943) | 14,613 | 8,566 |
| Balance Sheet | | | | | |
| Property, plant and equipment | 30,866 | 40,861 | 34,865 | 40,312 | 34,421 |
| Other Intangible Assets | 20,386 | 58,531 | 61,794 | 64,594 | 70,924 |
| Investment in a joint venture company | 1,708 | 2,002 | 2,067 | 1,874 | 1,662 |
| Investment in an associated company | – | 273 | 277 | 282 | 282 |
| Goodwill on consolidation | 16,186 | 18,059 | 18,107 | 28,219 | 29,794 |
| Long-term investments | 8,194 | 10,428 | 10,160 | 12,907 | 16,448 |
| Deferred tax assets | 1,333 | 1,092 | 1,158 | 930 | 730 |
| Fixed deposits (restricted) | 3,221 | 4,004 | 3,856 | 5,304 | 5,848 |
| Other debtors, prepayments and other recoverables (non-current) | 9,864 | 8,707 | 5,978 | 6,031 | 5,455 |
| Short-term investments | – | – | – | – | 2,330 |
| Fixed deposits | 5,213 | 4,798 | 4,636 | 11,825 | 10,692 |
| Working capital | 71,219 | 68,686 | 78,101 | 105,995 | 90,841 |
| Loans and borrowings (non-current) | (332) | (415) | (333) | (17,666) | (16,315) |
| Deferred tax liabilities | (2,663) | (3,640) | (4,202) | (4,775) | (5,154) |
| Deferred income (non-current) | (3) | (5) | – | – | – |
| Provision for reinstatement costs (non-current) | (4,330) | (4,631) | (4,262) | (3,657) | (1,742) |
| Net assets | 160,862 | 208,750 | 212,202 | 252,175 | 246,216 |
| Financed by: | | | | | |
| Share capital | 64,461 | 64,461 | 64,461 | 64,461 | 64,461 |
| Reserves | 95,759 | 143,521 | 146,776 | 170,231 | 160,732 |
| | 160,220 | 207,982 | 211,237 | 234,692 | 225,193 |
| Non-controlling interests | 642 | 768 | 965 | 17,483 | 21,023 |
| Total equity | 160,862 | 208,750 | 212,202 | 252,175 | 246,216 |
| Ratios: | | | | | |
| (Loss)/earnings per share (cents) | (32.50) | 0.18 | (17.46) | 11.63 | 6.82 |
| Dividends net per share (cents) | – | 2.00 | 2.00 | 3.00 | 3.00 |
| Net assets value per ordinary share (\$) | 1.27 | 1.66 | 1.68 | 1.87 | 1.79 |
| Net tangible assets per ordinary share (\$) | 0.98 | 1.05 | 1.05 | 1.13 | 0.99 |
| After tax return on equity attributable to equity holders of the Company (%) | -25.49% | 0.11% | -10.39% | 6.23% | 3.80% |
| Number of ordinary shares | 125,667,324 | 125,667,324 | 125,667,324 | 125,667,324 | 125,667,324 |

A PASSION FOR LIFE

Food Retail

Auric Pacific is pursuing opportunities in the food court arena – both in Singapore and in the region – because the food court business has remained consistently profitable.





BOARD OF DIRECTORS



ALBERT SAYCHUAN CHEOK (AGE: 65)
**INDEPENDENT NON-EXECUTIVE
CHAIRMAN**

Appointment

Date of first appointment as a director:
22 July 2002

Date of last re-election as a director:
25 April 2013

Board committee(s) served on

Remuneration Committee (Chairman)



DR STEPHEN RIADY (AGE: 55)
EXECUTIVE DIRECTOR

Appointment

Date of first appointment as a director:
12 May 1997

Date of last re-election as a director:
29 April 2015

Board committee(s) served on

Nomination Committee (Member)

BOARD OF DIRECTORS

Mr Albert Cheok was appointed a director of Auric Pacific Group Limited ("**APGL**") on 22 July 2002 and has served as independent non-executive Chairman of APGL since 23 February 2006. He also serves as Chairman of the Remuneration Committee. The Board and Nomination Committee regard him as independent for the financial year ending 2016.

Mr Cheok is a vice governor of the Board of Governors of the Malaysian Institute of Corporate Governance. In Singapore, Mr Cheok is the independent non-executive Chairman of Bowsprit Capital Corporation Limited (Manager of First Real Estate Investment Trust). He is also the independent non-executive Chairman of LMIRT Management Ltd (Manager of Lippo Malls Indonesia Retail Trust), International Standard Resources Holdings Limited, AcrossAsia Limited and Amplefield Limited. Elsewhere, Mr Cheok holds independent non-executive directorships in Hongkong Chinese Limited, Macau Chinese Bank Limited, Adavale Resources Limited, and China Aircraft Leasing Group Holdings Limited.

Mr Cheok is a banker with over 30 years' experience in banking in the Asia-Pacific region. Between May 1979 and February 1982, he was an adviser to the Australian Government Inquiry into the Australian Financial System which introduced comprehensive reforms to the Australian banking system. He was also the Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years, and he was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. Mr Cheok held the position of Chairman of Bangkok Bank Berhad from September 1995 to November 2005 and Vice Chairman of the Export and Industry Bank of the Philippines from February 2006 to April 2012. Mr Cheok was an independent non-executive director of Metal Reclamation Bhd from July 1988 to June 2015.

Mr Cheok graduated from the University of Adelaide, Australia with First Class Honours in Economics. He is a Fellow of the Australian Institute of Certified Public Accountants.

Further details of Mr Cheok may be found at page 45 of the Annual Report.

Dr Stephen Riady was appointed a director of Auric Pacific Group Limited ("**APGL**") on 12 May 1997, whereupon from 10 May 1999 to 22 February 2006, he assumed the role of Group Managing Director. Thereafter, from 23 February 2006 till today, he served as an executive director of APGL and was last re-elected as director on 29 April 2015. As a member of the APGL Board, Dr Riady serves as a member of its Nomination Committee.

Dr Riady is also an Executive Director of Lippo Limited and has been its Chairman since 1991. He was appointed a Director of Lippo China Resources Limited in 1992 and on 25 March 2011, he was appointed as its Chairman. He has been an Executive Director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he was appointed its Chairman. Dr Riady has served as executive director of OUE Limited ("**OUE**") since 30 November 2006 whereupon on 9 March 2010, he was appointed OUE's Executive Chairman and continues to hold those positions until today.

In public service, Dr Riady was Hong Kong Affairs Advisor from April 1995 to June 1997 and was appointed by the Hong Kong and Macao Affairs Office of the State Council and Xinhua News Agency, Hong Kong Branch of the People's Republic of China ("**PRC**"). He is also a member of the Committee to Promote Economic Co-operation between Fujian and Hong Kong established by the Provincial Government of Fujian, PRC.

Accolades he has received include the Chevalier de L'Ordre des Arts et des Lettres awarded by the French government, and the Strategic Investment Entrepreneur of the Year in Ernst & Young's annual Entrepreneur of the Year Awards Singapore 2007. He is an Honorary Citizen of Shenzhen, PRC.

Dr Riady is a graduate of the University of Southern California, United States and holds a Master of Business Administration from Golden Gate University, United States. He was conferred an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom, and is one of the first Honorary University Fellows installed by the Hong Kong Baptist University.

Further details of Dr Riady may be found at page 45 of the Annual Report and his deemed shareholdings interest may be found at pages 51 to 53 of the Annual Report.

BOARD OF DIRECTORS



DR ANDY ADHIWANA (AGE: 31)
EXECUTIVE DIRECTOR

Appointment

Date of first appointment as a director:
1 November 2014

Date of last re-election as a director:
29 April 2015

Board committee(s) served on

Nil



BRYAN CHANG YEW CHAN (AGE: 57)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment

Date of first appointment as a director:
23 February 2006

Date of last re-election as a director:
29 April 2015

Board committee(s) served on

- Audit and Risk Committee (Chairman)
 - Nomination Committee (Member)
 - Remuneration Committee (Member)
-

BOARD OF DIRECTORS

Dr Andy Adhiwana was appointed executive director of Auric Pacific Group Limited ("**APGL**") on 1 November 2014 and is presently a substantial shareholder of APGL. As executive director, Dr Adhiwana continues to drive the business development affairs of APGL and its subsidiaries, among other critical responsibilities, a role that he was involved in when he joined APGL as its business development manager in December 2013.

Dr Adhiwana graduated from the renowned Heidelberg University and earned a Bachelor of Medicine, Bachelor of Surgery and a Doctorate in Medicine, where he distinguished himself and was granted the prestigious "Dr.med." title with cum laude.

Notwithstanding his distinction in medicine, Dr Adhiwana pursued his interest in business and enrolled, in the Master of Business Administration programme with the National University of Singapore, and was subsequently awarded a Master of Business Administration degree.

Further details of Dr Adhiwana may be found at pages 45 and 46 of the Annual Report and his deemed shareholdings interest may be found at page 51 of the Annual Report.

Mr Bryan Chang Yew Chan was appointed as director of Auric Pacific Group Limited ("**APGL**") on 23 February 2006 and currently serves as an independent non-executive director of APGL. The Board and the Nomination Committee regard Mr Chang as independent for the financial year ending 2016. He also serves as Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committees of APGL.

Mr Chang presently holds directorships in Shin Yang Services Pte Ltd, Atlantic Capital Group Ltd, Juno Shipping Ltd and a number of private limited companies.

Mr Chang is also currently the General Manager of Shin Yang Services Pte Ltd which is principally engaged in the design and execution of business models, identifying future revenue sources and formulating business plans of which he assumes the role of Internal Consultant (internal audit, management information and resources allocation system) to its Head Office in Malaysia and personal adviser to the Chairman of the Shin Yang Group of companies.

Mr Chang holds a Bachelor degree in Accountancy from the National University of Singapore and is a Fellow Member of both the Certified Public Accountants Australia and the Institute of Singapore Chartered Accountants.

Further details of Mr Chang may be found at page 46 of the Annual Report.

BOARD OF DIRECTORS



EDWIN NEO (AGE: 66)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment

Date of first appointment as a director:
15 March 2011

Date of last re-election as a director:
30 April 2014

Board committee(s) served on

Nomination Committee (Chairman)



MR RONALD ISSEN (AGE: 54)
NON-EXECUTIVE DIRECTOR

Appointment

Date of first appointment as a director:
1 November 2015

Date of last re-election as a director:
N.A.

Board committee(s) served on

Audit and Risk Committee (Member)
Remuneration Committee (Member)



MR TAN HUAY LIM (AGE: 59)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment

Date of first appointment as a director:
1 March 2016

Date of last re-election as a director:
N.A.

Board committee(s) served on

Audit and Risk Committee (Member)

BOARD OF DIRECTORS

Mr Edwin Neo was appointed as director of Auric Pacific Group Limited ("**APGL**") on 15 March 2011 and currently serves as an independent non-executive director of APGL. The Board and the Nomination Committee regard Mr Neo as independent for the financial year ending 2016.

Mr Neo is currently an independent non-executive director of Lippo Limited and Lippo China Resources Limited. He is also a member of the Nomination Committee, Remuneration Committee and Audit Committee of Lippo Limited and Lippo China Resources Limited. He is presently the senior partner of Hoosenally & Neo.

Mr Neo was admitted as a solicitor of the Supreme Court of Hong Kong in 1976, as an advocate and solicitor of the Supreme Court of Singapore in 1991 and as a solicitor of the Supreme Court of England and Wales in 1993. He is a practicing lawyer and a notary public in Hong Kong.

He holds a Bachelor of Laws degree with Honours and Post-graduate Certificate in Laws from the University of Hong Kong.

Further details of Mr Neo may be found at page 46 of the Annual Report.

Mr Ronald Issen was appointed a director of Auric Pacific Group Limited ("**APGL**") on 1 November 2015 and currently serves as a non-executive director and member of the Audit and Risk Committee and Remuneration Committee.

Mr Issen is currently a non-executive director and deputy chairman of HKSE-listed City e-Solutions Limited, a non-executive director of Capella Hotel Group Asia Pte. Ltd. and managing director of Issen & Company. He also serves as a non-executive director for M&C REIT Management Limited and M&C Business Trust Management Limited, stapled securities publicly listed in Singapore. He is also a director of Stanford GSB Chapter of Hong Kong Limited and serves as its President/Chapter Head.

Mr Issen's past directorships include serving as a non-executive director of then-SGX listed Food Junction Holdings Limited from November 2011 to December 2013 and as a director of MIDAN City Development Co., Ltd in Korea (formerly Lippo Incheon Development Co., Ltd) from March 2010 to March 2011. In addition to the above, he is a past Senior Advisor with Apollo Global Management, a past Senior Executive Vice President and Member of the Executive Committee of HKSE-listed eSun Holdings Limited and a former executive for both Banque Indosuez (and its successor entities under Crédit Agricole) and the Boston Consulting Group, among others.

Mr Issen holds an MBA from the Stanford University Graduate School of Business where he was an EJ Gallo Foundation Fellow and holds a Bachelor of Arts from Williams College, cum laude with honors.

Further details of Mr Issen may be found at pages 46 and 47 of the Annual Report.

Mr Tan was appointed a director of Auric Pacific Group Limited ("**APGL**") on 1 March 2016 and currently serves as an independent non-executive director, the lead independent director, and member of the Audit and Risk Committee.

Mr Tan is currently an independent director and chairman of the Audit Committee of Hong Leong Asia Ltd. Mr Tan was an Audit Partner of Messrs KPMG LLP ("**KPMG**") Singapore with more than 30 years of accounting and auditing experience until his retirement in September 2015. He was also the Singapore Head of KPMG Global China Practice from September 2010 until his aforesaid retirement. During Mr Tan's tenure with KPMG, he was responsible for the audit of many privately-owned enterprises, multi-national corporations and public listed companies, covering diverse businesses. He had also been involved in a number of initial public offerings, debt financing and merger and acquisition transactions.

Mr Tan graduated with a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore. He is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants, United Kingdom and the Certified Practising Accountants Australia.

Further details of Mr Tan may be found at page 47 of the Annual Report.

SENIOR MANAGEMENT

MR OO HOE HEE CHRIS

GROUP CHIEF OPERATING OFFICER

Mr Oo was appointed the Group Chief Operating Officer in May 2015. He is responsible for the overall operational direction, development and growth of the Group.

Mr Oo brings with him more than 30 years of experience in food manufacturing, marketing, sales and distribution of fast moving consumer goods within the territories of Singapore and the South East Asia Region.

Prior to joining the Company, Mr Oo served as Regional General Manager of the consumer business of a publicly listed company in Singapore where he was responsible for the development and growth of its branded consumer business in the region.

Mr Oo holds a Diploma in Marketing and is a Member of the Chartered Institute of Marketing, UK and a Diploma in Business Administration.

MR LAWRENCE YEO

GROUP CHIEF FINANCIAL OFFICER

Mr Yeo was appointed the Group Chief Financial Officer in February 2016. He is responsible for the Group's financial systems and controls, group accounting, corporate finance, treasury and taxation matters.

Mr Yeo has extensive experience in FMCG and retail. Prior to joining Auric Pacific, Mr Yeo was the Group Chief Financial Officer of a publicly listed company in Singapore since 2011 where he was responsible for Group's financial matters.

Mr Yeo holds an MBA from the University of Strathclyde and a Bachelor of Accountancy degree from the National University of Singapore. He is also a FCPA of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

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CORPORATE GOVERNANCE REPORT

Unless specifically referred to, set out below is the Corporate Governance Report for financial year ended 31 December 2015.

The Board of Directors (the “**Board**”) of Auric Pacific Group Limited (“**APGL**”) are highly committed to its high standards of corporate governance in its business and operations in the way in which APGL is directed, administered and controlled. The Board believes that good governance is an essential ingredient to ensure corporate and business success and to maintain sustainable growth, and in this respect, the Board promotes accountability to its shareholders in its pursuit of its corporate and business objectives.

APGL is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), and adheres to the principles and guidelines under the Code of Corporate Governance and other applicable laws, rules and regulations, including the Listing Manual of the SGX-ST.

APGL has through the course of financial year ended 2015 continued to review and enhance its policies, practices and framework to strengthen its corporate governance. The Board strives to adhere closely to the principles and guidelines under the 2012 Code of Corporate Governance (the “**2012 Code**”), applicable laws, relevant rules and regulations, including but not limited to the SGX-ST listing rules.

This report provides an insight on APGL’s corporate governance framework and practices, in reference to the 2012 Code.

BOARD MATTERS

Principle 1: Board’s Conduct of its Affairs

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

As at 31 December 2015, with the appointment of Mr Ronald Issen in November 2015, the Board comprised of eight directors (the “**Directors**”), which includes two executive directors and four independent directors. Having served on the Board for more than 9 years, Dr Lim and Dr Tan had voluntarily stepped down on 29 February 2016 to facilitate the progressive refreshment of the Board, with Mr Tan Huay Lim being appointed as a member of the Board on 1 March 2016. As at 24 March 2016 (the “**Latest Practicable Date**”), the Board consists of two executive directors and four independent directors. The names of the directors and their executive and independence status are set out below:

| <u>Name of Director</u> | <u>Position and Executive Status</u> | <u>Independence</u> |
|--------------------------------|--|---------------------|
| Mr Albert Saychuan Cheok | Chairman of the Board (“ Chairman ”) and Non-Executive Director | Independent |
| Dr Stephen Riady | Executive Director | Non-Independent |
| Dr Andy Adhiwana | Executive Director | Non-Independent |
| Mr Bryan Chang Yew Chan | Non-Executive Director | Independent |
| Mr Edwin Neo | Non-Executive Director | Independent |
| Mr Ronald Issen ⁽¹⁾ | Non-Executive Director | Non-Independent |

CORPORATE GOVERNANCE REPORT

| <u>Name of Director</u> | <u>Position and Executive Status</u> | <u>Independence</u> |
|--------------------------------------|--|---------------------|
| Mr Tan Huay Lim ⁽²⁾ | Lead Independent Director and Non-Executive Director | Independent |
| Dr Lim Boh Soon ⁽³⁾ | Non-Executive Director | Independent |
| Dr Ronnie Tan Keh Poo ⁽⁴⁾ | Non-Executive Director | Non-Independent |
| Ms Saw Phaik Hwa ⁽⁵⁾ | Executive Director | Non-Independent |

Notes:

- (1) Mr Ronald Issen was appointed as Non-Executive Director with effect from 1 November 2015.
- (2) Mr Tan Huay Lim was appointed as Lead Independent Director and Non-Executive Director with effect from 1 March 2016.
- (3) Dr Lim Boh Soon resigned as Lead Independent Director and Non-Executive Director with effect from 29 February 2016.
- (4) Dr Ronnie Tan Keh Poo resigned as Non-Executive Director with effect from 29 February 2016.
- (5) Ms Saw Phaik Hwa resigned as Executive Director with effect from 1 March 2015.

The Directors collectively set the standard for APGL's corporate governance policies and practices and oversees the business performance of APGL and its subsidiaries (collectively, the "**Group**"), which includes providing the entrepreneurial leadership, and setting the strategic direction and performance objectives of the Group.

The Directors include business, operations, finance, accounting, auditing and legal professionals, whose experience and expertise includes those relevant to the industries and environment in which APGL operates. A profile of each of the Directors, their current directorships in both listed and non-listed companies, chairmanships, past directorships over the preceding 3 years, their principal commitments, backgrounds and qualifications may be found under pages 16 to 21 and 45 to 47, such information is based on the existing records of the Group.

Board Approvals and Delegation of Authority

The Board adopts written guidelines that set out directions to management on matters that are reserved for the Board's approval, and these matters principally include:

- (1) approval of the Group's policies, strategies and financial objectives;
- (2) approval of the Group's internal control and risk management framework;
- (3) annual budget and major funding requirements of the Group; and
- (4) any acquisitions and divestments of assets and investments by the Group.

The Board actively monitored the performance and the management of the Group (financial and otherwise), and the Group's compliance with relevant laws and regulations by maintaining active forms of communication through scheduled board meetings to discuss, deliberate, appraise matters requiring its attention and decision, of which at the Board's discretion, may include members of management.

In order for the Board to oversee the various matters of APGL, it delegates specific areas of its responsibility to its three Board committees, which includes the Audit and Risk Committee ("**ARC**"), the Nomination Committee ("**NC**") and the Remuneration Committee ("**RC**") and collectively together with the ARC and the NC, the "**Board Committees**". Each Board Committee is governed by clear terms of references approved by the Board and its

CORPORATE GOVERNANCE REPORT

role is to assist the Board in the matters that the Board delegates to it. The Board is periodically kept informed of the matters under discussion and the proceedings of its Board Committees through reports and periodical updates by the chairman and the secretary of each Board Committee, and as appropriate the Board Committees will make relevant recommendations to the Board.

APGL adopts a framework of delegated authorisation ("**Delegation of Authority**"). The Delegation of Authority policy defines the systematic procedures and levels of authorisation required for specified transactions, and sets out the approval limits for operating and capital expenditure, including those that require the approval of the Board. The Delegation of Authority is approved by the Board and facilitates better coordination and efficiency in operations of the Group. The Delegation of Authority clearly states the extent of authority delegated together with its measures of responsibility to ensure accountability. In financial year 2015, the Board, with the assistance of the Audit and Risk Committee reviewed and updated the Delegation of Authority policy to ensure that it continues to remain relevant and meets the requirements of APGL.

Notwithstanding the Board's delegation to its Board Committees and the adopted Delegation of Authority, the Board maintains its responsibility on the matters overseen by the Board Committees and management.

Meetings of the Board and Board Committees

The Board and the ARC meet at least once every financial quarter and as and when required by members of the Board. The NC and RC meet as and when required to assist the Board in its respective roles and to perform the responsibilities that have been delegated to them. For the financial year ended 2015, both the Board and the ARC convened 4 times, with the NC and RC convening 6 and 3 times respectively.

As an alternative to physical meetings, teleconference facilities are made available to members of the Board to facilitate directors ("**Directors**") participation at Board meetings, a means of communication which is provided for under APGL's Articles of Association (the "**Articles of Association**").

Directors' Attendance at Board and Board Committee Meetings

The number of Board meetings and Board Committee meetings held during the financial year ended 31 December 2015 and the attendance of Directors at these meetings are as follows:

| | <u>Board</u> | <u>Audit and Risk Committee</u> | <u>Nomination Committee</u> | <u>Remuneration Committee</u> |
|--|--------------|-------------------------------------|---------------------------------|-----------------------------------|
| Meetings held during the financial year ended 31 December 2015 | 4 | 4 | 6 | 3 |
| Mr Albert Saychuan Cheok | 4/4 | – | 1 ⁽⁶⁾ | 3/3 |
| Dr Stephen Riady | 4/4 | – | 3/6 | 2/3 ⁽⁷⁾ |
| Dr Andy Adhiwana | 4/4 | – | – | 2/3 ⁽⁸⁾ |
| Mr Bryan Chang Yew Chan | 4/4 | 4/4 | 6/6 | 3/3 |
| Mr Edwin Neo | 4/4 | – | – | – |
| Dr Ronnie Tan Keh Poo ⁽¹⁾ | 4/4 | 4/4 | – | – |
| Dr Lim Boh Soon ⁽²⁾ | 4/4 | 4/4 | 6/6 | 3/3 |
| Mr Ronald Issen ⁽³⁾ | 1/4 | – | – | – |
| Ms Saw Phaik Hwa ⁽⁴⁾ | 1/1 | 1/1 | – | 1/1 |
| Mr Tan Huay Lim ⁽⁵⁾ | – | – | – | – |

CORPORATE GOVERNANCE REPORT

Notes:

- (1) Dr Ronnie Tan Keh Poo resigned as Non-Executive Director with effect from 29 February 2016.
- (2) Dr Lim Boh Soon resigned as Lead Independent Director and Non-Executive Director with effect from 29 February 2016.
- (3) Mr Ronald Issen was appointed as Non-Executive Director with effect from 1 November 2015.
- (4) Ms Saw Phaik Hwa resigned as Executive Director with effect from 1 March 2015.
- (5) Mr Tan Huay Lim was appointed as Lead Independent Director and Non-Executive Director with effect from 1 March 2016 and therefore has not attended any meetings in financial year 2015.
- (6) Mr Albert Saychuan Cheok attended the NC meeting at the invitation of the Chairman of the NC.
- (7) Dr Stephen Riady attended the RC meetings at the invitation of the Chairman of the RC.
- (8) Dr Andy Adhiwana attended the RC meetings at the invitation of the Chairman of the RC.

Development of the Board

Upon appointment, new directors to the Group are briefed on his or her duties and obligations, and undergo a comprehensive orientation programme to familiarise such directors with the business activities and structure, strategic direction, policies and corporate governance practices of the Group. The orientation serves to allow new directors to get acquainted with fellow directors, senior management and the Group. Where relevant, as part of the orientation programme, (i) arrangements are made for new directors to attend relevant seminars organized by established institutions, such as the Singapore Institute of Directors, to update new directors on the latest changes in the regulatory environment of which the Group operates, and (ii) visits to facilities and offices of the APGL Group to facilitate directors' understanding of the businesses and operations of the Group. Mr Ronald Issen attended the orientation programme arranged by the Group when he was appointed as director on 1 November 2015, and orientation for Mr Tan Huay Lim is being arranged within the first half of financial year 2016.

Directors are continually and regularly updated on the Group's businesses, the business environment that the Group operates in, and any relevant legislative and regulatory changes applicable to the Group and its businesses at each meeting of the Board. The NC reviews and recommends the training and development requirements of the Board. During the year, the Board was briefed by external consultants on the Group's responsibilities in connection with the changes to the Companies Act that took place on 1 July 2015 and came into effect on 3 January 2016, and changes to the SGX listing rules that took place on 7 October 2015, such external consultants were appointed by the Board upon the recommendation of the NC. Directors are also encouraged to be members of the Singapore Institute of Directors which provides updates and training relevant to the development of directors. Directors have through the financial year ended 2015, attended various seminars and conferences as part of their individual development, of which are either funded by themselves or with those programmes approved by the NC, through APGL.

Principle 2: Board Composition and Balance

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

As at the Latest Practicable Date, the APGL Board consists of two executive Directors as compared to five non-executive directors, and four independent Directors as compared to three non-independent directors, with a total of seven Directors in all which forms the Board. The profile of the Directors and their key information may be found at pages 16 to 21, and 45 to 47 of the Annual Report, respectively.

CORPORATE GOVERNANCE REPORT

The Board, with the assistance of the NC conducts an annual review of the size and composition of the Board to ensure that both aspects continue to meet the needs of the Group and the Board. When reviewing the size and composition of the Board, the NC takes into consideration various factors, among others, such as, (i) the independence and executive status of the Chairman of the Board, (ii) the balance of diversity of skills, experience, gender and knowledge, (iii) balance between executive and non-executive members, (iv) balance between independent and non-independent members, (v) the presence of a lead independent director, and (vi) market benchmarks of listed companies in Singapore.

Whilst the Articles of Association allows for the appointment of a maximum of 12 directors, the NC is of the view that its current size and composition is appropriate for the scope and nature of the Group's businesses and operations, and for facilitating effective discussion and decision-making within the Board. The current size of the Board is in the NC's view not so large as to be unwieldy, or as would interfere with efficient decision-making. There is a strong and independent element on the Board which is in the NC's view fundamental to good corporate governance, and no individual or group dominates the Board's decision-making process. Independent directors make up more than half of the Board's composition, and non-executive directors continue to form the majority of the Board. There are no alternate directors appointed to the Board.

The Board, with the assistance of the NC is proactive in seeking to maintain an appropriate balance of expertise, gender, skills and attributes among the Directors, and this is reflected in the diversity of backgrounds of each of the Directors. Such competency includes banking, finance, accounting, legal, relevant industry knowledge, entrepreneurial and management experience, familiarity with relevant regulatory requirements and risk management. This diversity and competency allows management to tap on the broad range of views and perspective and the breadth of experience of its directors.

Principle 3: Chairman and Chief Executive Officer

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

In the absence of a Group Chief Executive Officer, Mr Oo Hoe Hee Chris, the Group Chief Operating Officer ("**Group COO**") sees to the day-to-day matters of APGL. The Chairman and the Group COO are separate persons thereby ensuring that there is an appropriate balance and separation of power and authority, and clear division of responsibilities and accountability. The Chairman who is an independent non-executive director is not related to the Group COO. There is no business relationship between the Chairman and the Group COO, and the Chairman does not hold any shareholding interests in APGL.

The role of the Chairman includes:

- (1) leading the Board and ensuring its effectiveness by steering effective, productive and comprehensive discussions amongst Board members and management on strategic, business and other key issues pertinent to the business and operations of the Group;
- (2) encouraging active and effective engagement, participation by and contribution from all Directors, and facilitates constructive relations among and between the Board and management;
- (3) with the full support of the Board, the Company Secretary and management, the Chairman heads APGL's drive to promote, attain and maintain high standards of corporate governance and transparency;

CORPORATE GOVERNANCE REPORT

- (4) promoting effective communication with shareholders on the performance of the Group;
- (5) ensuring that Directors are provided with clear, complete and timely information in order to make sound informed decisions; and
- (6) encouraging constructive relations between the Board and management and between members of the Board.

In addition to the Chairman, a lead independent director is appointed by the Board to serve in a lead capacity to coordinate the activities of the independent directors. The lead independent director's role would include assisting the Chairman to ensure effective corporate governance in the management of the affairs of the Board and the Group. The lead independent director is available to shareholders if there are concerns relating to matters which contact through the normal channels to the Chairman is deemed inappropriate by shareholders. Mr Tan Huay Lim, through the approval of the Board has been appointed the lead independent director of APGL, to hold office for financial years ending 2016 and 2017.

The Group COO bears executive responsibility for implementing the Board's decisions and policies, and oversees APGL's businesses, and its day-to-day operations through the executive directors of APGL's business units and the senior management team. The executive directors are accountable to the Board for the conduct and performance of APGL's businesses and operations.

Principle 4: Board Membership

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

The establishment of the NC is mandated by Article 106 of the Articles of Association and as at the Latest Practicable Date consists of the following members:

| <u>Name of Director</u> | <u>Position in the Committee</u> |
|-----------------------------|----------------------------------|
| Mr Edwin Neo ⁽¹⁾ | Chairman |
| Dr Stephen Riady | Member |
| Mr Bryan Chang Yew Chan | Member |

- (1) Mr Edwin Neo was appointed Chairman of the NC on 1 March 2016 with the approval of the Board following the resignation of Dr Lim Boh Soon as a member of the Board on 29 February 2016.

The NC as at the Latest Practicable Date comprises of three directors, the majority of whom are independent. The Chairman of the NC, Mr Edwin Neo, is an independent non-executive director.

The NC is guided by written terms of reference endorsed by the Board and which sets out its duties and responsibilities. The principal function of the NC is to assist the Board in the following areas:

- (1) the review and recommendation to the Board on all Board appointments, including any recommendations on the structure, size and composition of the Board taking into consideration the balance between executive and non-executive directors and between independent and non-independent directors and other relevant considerations;

CORPORATE GOVERNANCE REPORT

- (2) leads the process for the search, identification, evaluation and selection of suitable candidates for new directorships (both executive and non-executive) taking into consideration the skills, knowledge and experience required by the Board to discharge its responsibilities effectively and the needs and requirements of the Group. In this respect, the NC would appoint executive search professionals and consider recommendations and referrals from the industry, to identify potential nominees. A rigorous interview process involving the NC and the Board shall take place prior to any appointment;
- (3) the review and recommendation to the Board on the proposed objective performance criteria to be adopted by the Board;
- (4) the review of Directors independence in accordance with the Independence Guidelines (see below);
- (5) the implementation of an annual evaluation and assessment of the performance of the Board as a whole and the contribution of each Director to the effectiveness and performance of the Board;
- (6) the determination on whether Directors who hold multiple listed Board directorships and principal commitments are able to and have devoted sufficient time to discharge their responsibilities adequately as required under the 2012 Code. The Board, with the assistance of the NC has as part of its annual review, taken into account, among others (i) the contributions by Directors to and during meetings of the Board and relevant Board Committees, (ii) the results of the Board evaluation of its performance, and (iii) the directorships and principal commitments of individual Directors, and is of the view that requiring a cap on the number of listed company board representations on each of its Directors is not required as despite the current directorships and principal commitments of individual directors, the commitment of Directors, and their deliberations and decisions, are not hindered by such directorships and commitments;
- (7) the review and endorsement of all proposed senior management appointments;
- (8) the review and endorsement of any training and development programmes of the Board and its Directors; and
- (9) the review and endorsement of succession plans for Board members, the Group Chief Executive Officer and senior management.

Article 91 of the Articles of Association requires one third of the Board to retire by rotation at every Annual General Meeting and such retired Directors pursuant to Article 91 are eligible for re-election. At the Annual General Meeting of APGL held on 29 April 2015 (the "2015 AGM"), Dr Stephen Riady and Mr Bryan Chang were re-elected as directors of APGL pursuant to Article 91 of the Articles of Association. Further, Dr Andy Adhiwana was re-elected pursuant to Article 97 of the Articles of Association, which requires new directors appointed by the Board to stand for re-election at the next Annual General Meeting. The nomination of Dr Stephen Riady, Dr Andy Adhiwana and Mr Bryan Chang were all recommended by the NC and endorsed by the Board for re-election by shareholders at the 2015 AGM.

Nomination of Directors

The Board, with the assistance and endorsement of the NC, has on 27 February 2015 adopted an updated framework by which it would apply to the review of all new and existing directors, prior to their nomination for election or re-election. The framework (the "Nomination Framework") includes, but is not limited to, a review of:

CORPORATE GOVERNANCE REPORT

- (1) the candidate's qualifications, experience and reputation;
- (2) the size and composition of the Board;
- (3) the performance and effectiveness of the Board (taking into consideration the annual performance evaluation of the Board, among other relevant assessments) with a view to determine how the nominated candidate would assist to contribute towards increasing the performance and effectiveness of the Board;
- (4) the skills, expertise and experience of the nominated candidate with a view to determine whether the candidate's appointment would benefit APGL and the deliberations and decisions of the Board; and
- (5) such other considerations that the NC deems appropriate.

A combination of publicly available searches, background checks and interviews will be conducted to assist the Board and the NC in their deliberation, before coming to a decision in recommending any nomination of candidates for election or re-election.

Pursuant to Article 91 of the Articles of Association, Mr Albert Saychuan Cheok and Mr Edwin Neo have been proposed for re-election as directors at the forthcoming Annual General Meeting of APGL to be held on 29 April 2016 (the "2016 AGM"). Further, Mr Ronald Issen, who was appointed on 1 November 2015, and Mr Tan Huay Lim, who was appointed on 1 March 2016, shall be proposed for re-election under Article 97 of the Articles of Association. The appointments of Mr Albert Saychuan Cheok, Mr Edwin Neo, Mr Ronald Issen and Mr Tan Huay Lim have been reviewed by the NC in accordance with its Nomination Framework, and following such review approved by the Board and endorsed by the NC for re-election.

Independence of Directors

The independence of each director is reviewed annually by the NC based on guidelines of independence which incorporates the guidelines under the 2012 Code. The review of each director's independence by the NC takes into consideration the following:

- (1) the independence guidelines under the 2012 Code;
- (2) the written declarations of independence by each director, which is made annually;
- (3) the relationship (if any) between the director and APGL or its subsidiaries, through his interests in shareholdings, contractual relations or otherwise;
- (4) the relationship (if any) between the director and shareholders of APGL, through his interests in shareholdings, contractual relations or otherwise;
- (5) the directors conduct and objectivity in the discussion of matters before the Board and relevant Board committees; and
- (6) the interests of the director as disclosed throughout the relevant financial year,

(collectively, the "**Independence Framework**").

CORPORATE GOVERNANCE REPORT

The NC has in relation to the financial year ended 31 December 2015 and upon the appointment of each new Director, carried out the review of independence of each Director in accordance with the Independence Framework, and following such review has determined the independence status of the Directors to be as follows:

| <u>Name of Director</u> | <u>Independence</u> |
|--------------------------------|---------------------|
| Mr Albert Saychuan Cheok | Independent |
| Dr Stephen Riady | Non-Independent |
| Dr Andy Adhiwana | Non-Independent |
| Mr Bryan Chang Yew Chan | Independent |
| Mr Edwin Neo | Independent |
| Mr Ronald Issen ⁽¹⁾ | Non-Independent |
| Mr Tan Huay Lim ⁽²⁾ | Independent |

Notes:

- (1) Mr Ronald Issen was appointed Non-Executive Director with effect on 1 November 2015.
(2) Mr Tan Huay Lim was appointed Lead Independent Director and Non-Executive Director with effect on 1 March 2016.

Taking into consideration that Mr Albert Saychuan Cheok has served on the APGL Board for more than ten years, the NC has further in particular reviewed Mr Cheok's independence and has determined that Mr Cheok has maintained his independence in accordance with the Independence Framework and has contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of APGL. Mr Cheok's independence and objective leadership of the Board, his depth of experience and skill, makes him an invaluable member of the Board.

Principle 5: Board Performance

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

The Board, with the assistance of the NC has established and implemented a formal process for evaluating and assessing the effectiveness of the Board as a whole and the contributions by each Director to the effectiveness and performance of the Board. This evaluation and assessment exercise is carried out annually. If required, independent external consultants are engaged to facilitate the evaluation.

The Board's evaluation and assessment covers areas such as Board Composition, Board Information, Board Process, Internal Controls and Risk Management, Board Accountability, the Board's relationship with the Group's senior management and Standards of Conduct. Each Director evaluates and assesses the Board and their individual performance, the results of which are consolidated, analysed and discussed within the NC, which includes a comparison with the results of the preceding financial year. As part of the evaluation carried out by the Board, members of the Board considered whether fellow members are able to and have adequately carried out their duties as directors of APGL especially when directors have multiple board representations and principal commitments. The results are reported to the Board and areas to be strengthened are identified, and led by the Chairman of the Board, acted upon by the Directors.

CORPORATE GOVERNANCE REPORT

The NC reviewed the evaluation and assessment criteria and process in financial year 2014, whereupon the criteria and process was updated to ensure that the same is up-to-date and meets the requirements of the Board and the 2012 Code, the criteria of which allows the Board to make comparisons with industry peers and its own performance for the preceding year. The revised and updated criteria and process as adopted continues to apply to the Board's evaluation and assessment for financial year 2015.

Based on the evaluation and assessment carried out by the NC on the Board and each Director for the financial year ended 31 December 2015, it is the Board's collective view that the Board and the Board Committees have operated effectively and each Director is contributing to the overall effectiveness of the Board.

Principle 6: Access to Information

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

Management prepares and provides the Board with detailed Board papers specifying relevant information and commercial rationale for each proposal for which Board approval is sought. Such information includes relevant financial forecasts, risk analysis, mitigation strategies, feasibility studies and key commercial issues for the Board's attention and consideration. Reports on major operational matters, business development and activities, financial performance, potential investment opportunities and budgets are also circulated to the Board for approval.

Directors are provided with accurate, complete and timely information by management, facilitated by the Company Secretary. Board papers on matters to be discussed by the Board and Board Committees are circulated to Directors not less than one week before the relevant meeting to allow for the Board time to review and consider the papers and documents. As and when required by Directors, documents and information are provided by management to the Board.

Board activities are scheduled prior to the commencement of each year. The Company Secretary attends all Board meetings, ensures that Board procedures are complied with, and provides advice and guidance on corporate governance, legal and regulatory compliance matters. The Company Secretary is further appointed the secretary of the Board Committees in accordance with their respective terms of reference. Under the direction of the Chairman (and where relevant the chairpersons of each Board Committee), the Company Secretary facilitates and acts as a channel of communication between management and members of the Board thereby ensuring a smooth flow of information. The Company Secretary is the primary channel of communication with the SGX-ST and relevant regulatory authorities.

Members of the Board have direct and unrestricted access to management and the Company Secretary. Members of management are invited to attend both Board and Board Committee meetings as and when required to facilitate discussions on the issues deliberated on and to respond and clarify to any queries the Board may have. Presentations are made by management periodically to update the Board and the Board Committee on the business and projects undertaken by the Group.

The Board may at APGL's expense seek and obtain independent professional advice where necessary to discharge its duties effectively.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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.

Principle 8: Level and Mix of Remuneration

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.

Principle 9: Disclosure on Remuneration

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

The RC consists of the following non-executive directors:

| <u>Name of Director</u> | <u>Position in the Committee</u> |
|--------------------------------|----------------------------------|
| Mr Albert Saychuan Cheok | Chairman |
| Mr Bryan Chang Yew Chan | Member |
| Mr Ronald Issen ⁽¹⁾ | Member |

Note:

(1) Mr Ronald Issen was appointed a member of the RC on 1 January 2016.

The RC composes of three directors, the majority of whom are independent. The Chairman of the RC is Mr Albert Saychuan Cheok, Chairman of the Board and an independent non-executive director.

The RC is guided by written terms of reference endorsed by the Board and which sets out its duties and responsibilities. The principal function of the RC is to assist the Board in the following areas:

- (1) the establishment of a formal and transparent process for developing the remuneration framework and policies applicable to the directors, senior management and executives of the Group, such process, framework and relevant policies, as endorsed by the RC, are recommended to the Board for approval;
- (2) determines the remuneration package and service terms of individual directors, the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Financial Officer, and the Group Legal Counsel and Company Secretary. The RC also reviews the remuneration packages and services terms of other senior managers of the Group;

CORPORATE GOVERNANCE REPORT

- (3) reviews and recommends for endorsement of the Board the annual fees payable to Directors; and
- (4) reviews and recommends for endorsement of the Board the annual discretionary bonus and increments of the Group taking into consideration the performance of the Group.

The RC reviews and approves the performance targets of the Group COO and the Group CFO, and evaluates their performances periodically. For financial year ended 2015, the remuneration package of the Group COO and the Group CFO includes performance related incentives that depend on the performance of the Group in meeting short-term targets.

In recommending to the Board the remuneration policy to be adopted, together with the level and mix of remuneration of directors and senior managers, the RC's objective is to draw, build, motivate and retain high performing directors and senior managers, to ensure that the Group's businesses grow sustainably, efficiently and profitably. In its deliberation, the RC takes into consideration relevant industry practices and benchmarks.

The RC may from time to time, and where necessary, seek advice from external consultants in framing the remuneration framework and policy of directors and senior management, and determining the level and mix of remuneration. Mercer (Singapore) Pte. Ltd. ("**Remuneration Consultants**"), remuneration consultants, were appointed during the financial year ended 31 December 2013, to advise the RC on the adequacy of the remuneration policies of senior management and employees of the Group, and the level and mix of remuneration that the Group should adopt taking into consideration the objectives of the Group and the nature of the Group's businesses. The Remuneration Consultants updated the RC on the current industry practices and provided a comparison between the Group's remuneration policies against relevant industry benchmarks to ensure that the Group's remuneration policies remain competitive. The Remuneration Consultants do not have any relationship with the Group that would affect its independence and objectivity. Taking into consideration that the review by the Remuneration Consultants took place in financial year ended 31 December 2013, no review was carried out for financial year ended 31 December 2015.

The Group's compensation framework for employees of the Group other than senior managers comprises of fixed remuneration, performance bonuses, allowances and benefits. The performance bonus component and long-term incentives are both linked to the Group and individual's performance. An appraisal of such employees within the Group is conducted annually, their performance assessed, and bonuses and increments are decided based on such assessment.

Remuneration of Non-Executive Directors

Remuneration of Non-Executive Directors for Financial Year ended 31 December 2015

| | <u>Directors Fees</u> ⁽¹⁾ |
|--------------------------------------|---|
| Mr Albert Saychuan Cheok | \$164,000 |
| Dr Lim Boh Soon ⁽²⁾ | \$118,000 |
| Mr Bryan Chang Yew Chan | \$119,000 |
| Dr Ronnie Tan Keh Poo ⁽³⁾ | \$79,000 |
| Mr Edwin Neo | \$65,000 |
| Mr Ronald Issen ⁽⁴⁾ | \$11,000 |

CORPORATE GOVERNANCE REPORT

Notes:

- (1) Directors fees of non-executive directors are paid by APGL annually. All directors' fees paid by APGL are subject to the approval by shareholders at the Annual General Meeting.
- (2) Dr Lim Boh Soon resigned as a Non-Executive Director of the Board with effect from 29 February 2016.
- (3) Dr Ronnie Tan Keh Poo resigned as a Non-Executive Director with effect from 29 February 2016.
- (4) Mr Ronald Issen was appointed Non-Executive Director with effect on 1 November 2015.

The RC takes into account the contribution and responsibilities, including the attendance and time spent at Board meetings and Board Committee meetings, when it determines the remuneration framework applicable to all directors. Directors are paid a basic fee and attendance fees for attending Board meetings. The Chairman and the lead independent director are paid additional fees for their role and responsibility. Directors do not decide on their own fees and the directors' fee structure is reviewed periodically by the RC. Following a review undertaken in the financial year ended 31 December 2013, a review was carried out by the RC at the beginning of the financial year ending 2016 which is no less than two (2) years in accordance with the review policy adopted by the Board, and have concluded that the current remuneration framework fairly compensates non-executive directors for their skills, contributions and time commitments, as well as for the responsibilities that their role entails, and continues to meet the needs and the requirements of the Company.

For the financial year ended 31 December 2015, the fees for non-executive directors comprises of a basic retainer fee, additional fees for specific appointments on Board and Board Committees, and attendance fees for Board and Board Committee meetings.

Directors' fees are subject to the approval of shareholders at an Annual General Meeting and are paid annually upon such approval. Non-executive directors have no service contracts as the Articles of Association govern the terms of directors appointment. There are no employees who are immediate family members of the Directors and the Group CEO whose aggregate remuneration is more than S\$50,000 for the financial year ended 2015. There are no termination, retirement and post-employment benefits granted to non-executive directors and the Group does not adopt any retirement benefit and share-based compensation schemes. For the financial year ended 2015, no such termination, retirement and post-employment benefits were paid to non-executive directors.

Remuneration of Executive Directors

The remuneration and terms of appointment of Dr Stephen Riady and Dr Andy Adhiwana, executive directors of the Board, have been individually negotiated and endorsed by the Board pursuant to the recommendation of the RC. The aggregate remuneration received by executive directors amount to S\$1,415,977.77 for the financial year ended 2015, which includes a fixed salary, bonuses, allowances and other benefits. Any renewals of their respective employment are subject to the review of the NC and the approval of the Board. Executive directors do not receive director's fees in connection with their appointment as directors to the Board. The aggregate remuneration of each executive director and a breakdown in percentage of such remuneration are set out below:

Remuneration of Executive Directors for Financial Year ended 31 December 2015

| | Aggregate Remuneration | Salary⁽¹⁾ | Bonus | Allowances and Benefits | Total |
|---------------------------------|-----------------------------------|-----------------------------|--------------|------------------------------------|--------------|
| Dr Stephen Riady | S\$381,983.53 | 49% | 4% | 47% | 100% |
| Dr Andy Adhiwana | S\$290,000.00 | 83% | 7% | 10% | 100% |
| Ms Saw Phaik Hwa ⁽²⁾ | S\$743,994.24 | 33% | 57% | 10% | 100% |

CORPORATE GOVERNANCE REPORT

Notes:

- (1) Excludes fixed allowances but includes CPF contributions.
- (2) Ms Saw Phaik Hwa resigned as executive director with effect on 1 March 2015 and as Group CEO with effect on 30 April 2015.

The appointment of each executive director is contractual and each term of appointment does not exceed three years. Upon the completion of each term, the NC reviews the appointment in accordance with the Nomination Framework.

Remuneration of Senior Management

The Group's compensation framework for senior management composes of fixed remuneration, performance bonuses, allowances and benefits, and long-term incentives. The performance bonus component and long-term incentives are both linked to the Group and individual's performance. An appraisal of senior managers is carried out annually and their performance is assessed based on individual key-performance indicators and targets of the Group. Performance bonuses and long-term incentives are decided based on such assessment.

Both short-term performance bonuses and long-term incentives serve to encourage the delivery of sustainable growth and shareholder value. Allowances and benefits are commensurate with local market practice. Long-term incentives include lump sum bonuses paid upon the Group meeting short-term and long-term targets over a fixed period of time. The Group does not implement any share option schemes as part of its long-term incentive strategy.

There are no termination, retirement and post-employment benefits granted to executive directors and senior management of the Group. For the financial year ended 2015, no such termination, retirement and post-employment benefits were paid. The Group does not adopt any retirement benefit and share-based compensation schemes for executive directors and senior management.

The top key executives as at the Latest Practicable Date, excluding Dr Stephen Riady and Dr Andy Adhiwana, are (i) Mr Oo Hoe Hee Chris, Group COO, (ii) Mr Lawrence Yeo, Group Chief Financial Officer ("Group CFO"), and (iii) Mr Tan T'eng Ta' Benedict, Group Legal Counsel and Company Secretary.

As at financial year ended 31 December 2015, excluding Dr Stephen Riady, Dr Andy Adhiwana and Ms Saw Phaik Hwa, the top key executives were (i) Mr Oo Hoe Hee Chris, Group COO, (ii) Mr Tan Kai Teck, Group CFO, (iii) Ms Dora Chong Lee Buay, Chief Executive Officer - Food Group; and (iv) Mr Tan T'eng Ta' Benedict, Group Legal Counsel and Company Secretary. Their aggregate total remuneration for the financial year ended 2015 was S\$1,503,977.53, and a breakdown in percentage of each executive's remuneration is set out below:

| | <u>Salary⁽¹⁾</u> | <u>Bonus</u> | <u>Allowances and Benefits</u> | <u>Total</u> |
|---------------------------------------|-----------------------------|--------------|------------------------------------|--------------|
| Between \$250,000 to S\$500,000 | | | | |
| Mr Oo Hoe Hee Chris ⁽²⁾ | 65% | 0% | 35% | 100% |
| Mr Tan Kai Teck | 73% | 18% | 9% | 100% |
| Mr Tan T'eng Ta' Benedict | 73% | 16% | 11% | 100% |
| Ms Dora Chong Lee Buay ⁽³⁾ | 73% | 14% | 13% | 100% |

CORPORATE GOVERNANCE REPORT

Notes:

- (1) Excludes fixed allowances but includes CPF contributions.
- (2) Mr Oo Hoe Hee Chris was appointed as Group COO with effect on 15 May 2015.
- (3) Ms Dora Chong Lee Buay resigned as Chief Executive Officer – Food Group with effect on 16 July 2015.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

APGL prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("**SFRS**") prescribed by the Accounting Standards Council of Singapore. The Board provides shareholders with quarterly and annual financial reports released through announcements with SGX-ST and where appropriate. In any communication of financial results, the Group aims to present a balanced and clear assessment of the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

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

Principle 12: Audit Committee

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

The Group maintains a sound internal control and risk management system with a view to safeguard its assets and shareholder investment led by the Board with the assistance of the ARC.

As at the Latest Practicable Date, the ARC consists of the following non-executive directors:

| <u>Name of Director</u> | <u>Position in the Committee</u> |
|--------------------------------|----------------------------------|
| Mr Bryan Chang Yew Chan | Chairman |
| Mr Tan Huay Lim ⁽¹⁾ | Member |
| Mr Ronald Issen ⁽¹⁾ | Member |

Note:

- (1) Mr Ronald Issen and Mr Tan Huay Lim were appointed as members of the ARC on 1 March 2016 following the resignation of Dr Lim Boh Soon and Dr Ronnie Tan Keh Poo as members of the Board on 29 February 2016.

CORPORATE GOVERNANCE REPORT

The ARC composes of three directors, of whom Mr Bryan Chang Yew Chan and Mr Tan Huay Lim are independent. The Chairman of the ARC, Mr Bryan Chang Yew Chan, an independent non-executive director, has a Degree in Accountancy, and is a fellow member of the Institute of Singapore Chartered Accountants and the Certified Public Accountants of Australia. The collective wealth of expertise and experience on accounting and financial management of members of the ARC allows the ARC to discharge its function effectively. The NC is of the view that members of the ARC are appropriately qualified and have such relevant financial management expertise and experience.

The ARC is guided by written terms of reference endorsed by the Board and which sets out its duties and responsibilities. The principal function of the ARC is to assist the Board in the following areas:

- (1) reviews and recommends for approval of the Board the quarterly and full-year financial results and related announcement to be released on SGX-ST;
- (2) assist the Board to oversee the internal controls and risk management framework, policies and processes of the Group, including carrying out periodical evaluations of the framework, policies and processes;
- (3) reviews the Group's strategy, policies, ERM framework, processes and procedures for identifying, measuring, reporting and mitigating key risks in the Group's businesses and operations;
- (4) provides guidance to management and renders assistance to the Board to determine the nature and extent of significant risks, which the Board would be willing to take in achieving the Group's strategic objectives;
- (5) recommends to the Board for approval the appointment, re-appointment or removal of internal and external auditors, including their remuneration and terms of engagement;
- (6) reviews the adequacy and effectiveness of appointed internal auditors, including the adequacy of internal audit resources;
- (7) reviews and evaluates the audit plans proposed by the external and internal auditors, including the scope of such plans;
- (8) reviews and evaluates external and internal audit reports, including any recommendations by auditors and responses to those recommendations;
- (9) review whistle-blowing investigations within the Group and ensuring appropriate follow-up in accordance with the Group's whistle-blowing policy;
- (10) reports any material matters, findings and recommendations to the Board.

The ARC through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Group's system of controls established by management, including financial, operational and compliance controls. In assessing the effectiveness of internal controls, the ARC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

CORPORATE GOVERNANCE REPORT

Following the nomination of the ARC to assist the Board in its risk management role, the ARC reviews the adequacy of the Group's risk management framework to ensure that a robust risk management framework is in place. The ARC, assisted by external consultants, has commenced putting in place an enterprise risk management ("ERM") framework to enhance its risk management capabilities. Key risks, mitigating measures and management actions have been identified, reviewed and monitored as part of the ERM implementation process. A detailed report on the risk management framework is set out within the risk management report found at page 48.

External Auditor

The ARC conducted an annual review of the scope and results of audit by Ernst & Young LLP ("EY"), the incumbent external auditor, its cost effectiveness, as well as the independence and objectivity of EY, as external auditor for the financial year ended 2015. It also reviewed all non-audit services provided by EY, and the aggregate amount of audit fees paid to them in connection with such non-audit services, as tax consultants. Following such review, there was no non-audit fees paid to EY and its related entities for financial year ended 2015. In reviewing EY's independence, the ARC took into consideration, among others (i) EY's written confirmation of independence, (ii) that EY has not performed any services in connection with APGL and its subsidiaries that would result in EY functioning in the role of managing and auditing its own work or serving in advocacy roles for APGL and its subsidiaries (other than advocacy roles relating to tax representations), (iii) the non-audit services rendered by EY and its related entities for financial year ended 2015, and (iv) the non-audit fees paid to EY for financial year ended 2015 as compared to the audit fees. Following such review, the ARC is satisfied that neither the independence nor the objectivity of external auditor is put at risk, and that the external auditor is still able to meet the audit requirements and statutory obligations of the Group.

In recommending the re-appointment of the external auditor, the ARC has further taken into consideration the adequacy of resources, the experience of the supervising partner and his team that have been assigned to the audit of the Group, and the size of complexity of the Group, its businesses and operations. Following its review, the ARC is confident that EY will be able to carry out its function as external auditor of the Group for financial year ending 2016.

APGL has in financial year 2015 and all preceding years complied with rule 712 and 715 (read with rule 716) of the Listing Manual of the SGX-ST in relation to its auditing firms.

Meeting with Internal and External Auditors

The ARC meets with both internal and external auditors without the presence of management at least once a year to discuss and review the competency and adequacy of the finance function, to ascertain any material weaknesses or control deficiencies in the Group's financial reporting and operational systems.

Whistle-blowing Policy

The Group has within the financial year ended 31 December 2013 reviewed and updated its whistle-blowing policy. The policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by employees and external parties in confidence and in good faith. The salient terms of the policy and the contract details under the policy may be found on APGL's website. The policy does not disregard anonymous complaints and all complaints are investigated in accordance with the terms of the policy.

CORPORATE GOVERNANCE REPORT

Adequacy of Internal Controls and Risk Management Systems

The Board has adopted an assurance framework to determine the adequacy and effectiveness of internal controls which includes, (i) the appointment of the ARC to assist the Board in overseeing the internal controls and risk management of the Group, (ii) the appointment of internal and external auditors, (iii) periodical reports and assurances from relevant senior managers, (iv) the adoption of a risk management policy, (v) the establishment and adoption of an enterprise risk management framework and (vi) the adoption of industry-wide certified risk monitoring methodology.

Pursuant to Rule 1207 (10) of the Listing Manual of the SGX-ST and Principle 11 of the 2012 Code of the Group COO, the Group CFO and the Group Legal Counsel/Head of Risk Management have in connection with the assurance framework, each given their written assurance:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of APGL's operations and finances; and
- (b) the system of risk management and internal controls in place within APGL is adequate and effective in addressing the material risks in APGL in its current business environment, including material, financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the APGL Group, work performed by internal and external auditors in accordance with agreed audit plans, reviews performed by management and various Board committees, with the assistance of external consultants, the implementation of relevant procedures and policies with the assistance of relevant technology, the established risk management framework and the assurances from the Group COO, Group CFO and the Group Legal Counsel/Head of Risk Management, the Board, with the concurrence of the ARC, is of the opinion that the APGL Group's internal controls are adequate and effective as at 31 December 2015 to address financial, operational and compliance risks, which the Group considers relevant and material to its operations.

The Board notes that (i) the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by an event that could be reasonably foreseen as it strives to achieve its business objectives, and (ii) no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Principle 13: Internal Audit

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

To ensure that internal audit function meets the requirement of the Group, the ARC has endorsed the outsource of the internal audit function to RSM Ethos Pte Ltd ("**RSM Ethos**") for the financial year ended 31 December 2015. The internal auditors report directly to the ARC on audit matters and in carrying out its internal audit functions, has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

CORPORATE GOVERNANCE REPORT

The ARC has in its endorsement to appoint RSM Ethos taken into consideration the resources, the qualifications and experience of the persons undertaking the service to the Group under RSM Ethos, the fees and standing of RSM Ethos in its appointment as internal auditors of the Group. The ARC shall continue to review and monitor the adequacy and effectiveness of RSM Ethos throughout its term of appointment. The ARC is of the view that RSM Ethos has adequate resources and appropriate standing within the Group to perform its function effectively. RSM Ethos reports directly to the Chairman of the ARC.

During the financial year ended 31 December 2015, RSM Ethos conducted its audit reviews based on ARC approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to management who would respond on the actions to be taken. In accordance with the approved audit plan, audit reports are submitted to RSM Ethos and discussed at relevant ARC meetings, such reports of which includes a status of the audit plan, audit findings, recommendations of RSM Ethos, the risk ratings of each finding and actions taken by management. The ARC monitors the timely and proper implementation of required corrective, preventive or improvement measures.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders Rights

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: Communication with Shareholders

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: Conduct of Shareholder Meetings

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 Group believes in treating shareholders fairly and equitably and continues to make efforts to keep shareholders and other stakeholders informed timely and consistently of the Group's corporate activities, including any changes in the Group or its businesses that is likely to materially affect the price or value of its shares. APGL has an officer who is available to communicate with its investors and attends to their queries.

Shareholders are encouraged to participate actively and vote at general meetings of APGL. The Board believes that general meetings serve as an opportunity for shareholders to meet members of the Board and senior management, to foster a better understanding of the Group's businesses. Board members, senior management and external auditors are present at such meetings to respond to any questions from shareholders. External auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

The Articles or Association allows all shareholders the right to appoint up to two proxies to attend and vote on their behalf at shareholders meetings. A copy of the annual report and notice of AGM are sent to all shareholders. Separate resolutions are proposed on each substantial separate issue at the meeting. Relevant rules and procedures governing such meetings are clearly communicated.

CORPORATE GOVERNANCE REPORT

The adopted dividend policy (“the **“Dividend Policy”**”) by the Board came into effect on 1 May 2014, which sets out the key considerations that affect decisions on the declaration and the payment of dividends by APGL to its shareholders, such considerations of which includes among others, the availability of profits, projected growth of the Group, short-term and long-term interests of APGL, and capital requirements of APGL. At the last Annual General Meeting held on 29 April 2015, pursuant to the approval of shareholders, APGL declared and paid a one-tier tax-exempt final dividend of two (2) cents per share for the financial year ended 31 December 2014. Taking into consideration the financial performance of APGL for the financial year ended 31 December 2015 and the terms of the Dividend Policy, the Board shall not be proposing the declaration of any dividends for financial year ended 2015.

Dealings in Securities

In adherence to the SGX-ST Listing Rules on dealing in securities, the Board, following the recommendation of the ARC, has adopted a dealings policy that applies to APGL with effect on 12 August 2013 (“**Dealings Policy**”). Pursuant to the terms of the Dealings Policy, clear guidelines that applies to directors, officers and relevant employees of the Group have been documented, guidelines that follow the provisions under the SGX-ST Listing Rules. As part of its guidelines, directors and employees of the Group shall not deal in the Group’s listed securities during the period commencing two weeks before the announcement of the Group’s quarterly results, and one month before the announcement of its full year financial results, and ending on the date of such announcements.

Directors, officers and employees shall not trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing with the Group’s listed securities on short-term consideration. In accordance with listing rule 1207(19) of the SGX-ST Listing Rules, the Group issues quarterly reminders to its directors, officers and employees on such restrictions in dealings in listed securities of the Group. The Company Secretary monitors the Group’s compliance to the policy and provides quarterly report of any dealings by Directors, officers and employees in breach of the policy to the ARC.

Interested Person Transactions Policy

A general mandate under Chapter 9 of the listing rules of SGX-ST with respect to interested person transactions was approved by shareholders at the last Annual General Meeting of APGL held on 29 April 2015 (“**IPT Mandate**”). The IPT Mandate enables APGL, its subsidiaries and its associated companies to enter into various transactions subject to the conditions of the IPT Mandate. Following and in connection with the adoption of the IPT Mandate, the Group has adopted a new interested person transaction policy (“**IPT Policy**”) which came into effect on 11 November 2015 which sets out the framework (“**IPT Framework**”) for the notification to and the approval by the ARC of interested person transactions (“**IPT**”) in accordance with the IPT Mandate. Under the IPT Policy, the Group has established the IPT Framework to ensure that IPT transactions with related parties are undertaken in accordance with the IPT Mandate.

The Board, with the assistance of the ARC shall have overall responsibility for the implementation, monitoring and enforcement of the IPT Policy, and shall have the power to sub-delegate such implementation, monitoring and enforcement of the IPT Policy to individuals or committees within the Group as it deems appropriate.

The Board is responsible to ensure that all disclosure requirements on IPTs, including those required by prevailing legislation, the provisions under Chapter 9 or other applicable provisions under the Listing Manual of the SGX-ST and relevant accounting standards, are complied with.

CORPORATE GOVERNANCE REPORT

APGL maintains a register of all transactions carried out by the Group with interested persons. On a quarterly basis, the ARC reviews all recorded IPTs entered into by the Group, and the basis of such transactions. The ARC shall review the IPTs as part of its standard procedures while examining the adequacy of the Group's internal controls.

The aggregate value of IPTs entered into during the financial year under review under Chapter 9 of the SGX-ST Listing Rules was as follows:-

| Name of Interested Person | Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|----------------------------------|--|---|
| OUE Limited | \$238,720 | \$238,720 |

Material Contracts involving Interests of Directors, Group CEO, Group COO or any Controlling Shareholder

Save for what has been disclosed in this report, there are no material contracts of the Group involving the interests of each director, the Group COO or controlling shareholder, either for the financial year ended 31 December 2015 or entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

Albert Saychuan Cheok **Academic & Professional** **Qualification(s)**

- First Class Honours In Economics, University of Adelaide
- Fellow of Australian Institute of Certified Public Accountants
- Vice Governor of the Board of Governors of the Malaysian Institute of Corporate Governance

Present Directorships **(as at 24 March 2016)**

Listed Companies

- Amplefield Limited
- Adavale Resources Limited
- Metal Reclamation Berhad
- HongKong Chinese Limited
- Macau Chinese Bank Limited
- AcrossAsia Limited
- International Standard Resources Holdings Limited
- China Aircraft Leasing Group Holdings Limited

Others

- Bowsprit Capital Corporation Limited
- LMIRT Management Ltd.

Principal Commitments

Nil

Past directorships held over the preceding three years (From 1 January 2013 to 24 March 2016)

- Export and Industry Bank of the Philippines (Vice Chairman)
- IPP Financial Services Holdings Ltd
- Metal Reclamation Bhd.

Others (including experience)

- Previously Advisor of Australian Government Inquiry
- Previously Chief Manager of Reserve Bank of Australia
- Previously Deputy Commissioner of Banking of Hong Kong

- Previously Executive Director (in charge of banking supervision) of Hong Kong Monetary Authority
- Previously Chairman of Bangkok Bank Berhad

Dr Stephen Riady **Academic & Professional** **Qualification(s)**

- Bachelor's Degree of Business Administration, University of Southern California
- Master of Business Administration, Golden Gate University
- Honorary Degree of Doctor of Business Administration, Edinburgh Napier University
- Honorary University Fellow, Hong Kong Baptist University

Present Directorships **(as at 24 March 2016)**

Listed Companies

- Hongkong Chinese Limited (Executive Chairman)
- Lippo China Resources Limited (Executive Chairman)
- Lippo Limited (Executive Chairman)
- OUE Limited (Executive Chairman)

Others

Nil

Principal Commitments

- University of Hong Kong Foundation for Education Development and Research (Founding Honorary Advisor)
- The Better Hong Kong Foundation (Member of the Board of Trustees)
- Advisory Council of One Country Two Systems Research Institute (Member)
- Advisory Board of Sloan School of Management of Massachusetts Institute of Technology (Member)
- Duke of Edinburgh's Award World Fellowship (Fellow)

- The Incorporated Trustee of Volunteer Service Trust (Patron and Trustee)

Past directorships held over the preceding three years (From 1 January 2013 to 31 December 2015)

- Dhillon Investments Limited (Non-Executive Chairman)
- Tecwell Limited (Non-Executive Chairman)
- Chung Po Investment and Development Company Limited (Non-Executive Chairman)

Others (including experience)

Nil

Dr Andy Adhiwana **Academic & Professional** **Qualification(s)**

- Bachelor of Medicine and Bachelor of Surgery, Heidelberg University
- Doctorate in Medicine, Heidelberg University
- "Dr. med." title with cum laude, Heidelberg University
- Master of Business Administration, National University of Singapore

Present Directorships **(as at 24 March 2016)**

Listed Companies

Nil

Others

Nil

Principal Commitments

Nil

Past directorships held over the preceding three years (From 1 January 2013 to 24 March 2016)

Nil

Others (including experience)

Nil

CORPORATE GOVERNANCE REPORT

Bryan Chang Yew Chan **Academic & Professional** **Qualification(s)**

- Bachelor Degree In Accountancy, National University of Singapore
- Fellow Member of the Institute of Singapore Chartered Accountants
- Fellow Member of The Certified Public Accountants Australia

Present Directorships **(as at 24 March 2016)**

Listed Companies

Nil

Others

- Shin Yang Services Pte. Ltd.
- Espial Enterprises Ltd
- Rebecca Enterprises Ltd
- Atlantic Capital Group Ltd
- Juno Shipping Ltd
- Shin Yang Group Limited
- Sumisho & Mitsuibussan Kenzai Ltd
- Vision Classic Holdings Ltd
- Tasmania Pte Ltd
- Toucan Land Ltd
- Toucan Buddy Ltd

Principal Commitments

Nil

Past directorships held over the preceding three years **(From 1 January 2013 to 24 March 2016)**

Nil

Others (including experience)

Nil

Edwin Neo **Academic & Professional** **Qualification(s)**

- Bachelor of Law Degree, University of Hong Kong
- Post-graduate Certificate In Laws, University of Hong Kong
- Solicitor of the Supreme Court of Hong Kong
- Advocate and Solicitor of Supreme Court of Singapore
- Solicitor of Supreme Court of England and Wales
- Notary Public in Hong Kong

Present Directorships **(as at 24 March 2016)**

Listed Companies

- Lippo Limited
- Lippo China Resources Limited

Others

- Wise Jade Limited Hong Kong
- Boomerang Limited
- Universal Prospects Limited
- Cyclix Limited
- Loftview Limited
- Richpro Limited
- Protop Investment Limited
- Vestpro Limited
- Clifton Way Limited
- Prime Elite Limited
- Trimart Limited
- Eden Investments Limited

Principal Commitments

- Hoosenally & Neo (Partner)

Past directorships held over the preceding three years **(From 1 January 2013 to 24 March 2016)**

Nil

Others (including experience)

Nil

Mr Ronald Issen **Academic & Professional** **Qualification(s)**

- Master of Business Administration, Stanford University
- EJ Gallo Foundation Fellow, Stanford University
- Bachelor of Arts, cum laude with honors, Williams College

Present Directorships **(as at 24 March 2016)**

Listed Companies

- City e-Solutions Limited
- M&C REIT Management Limited
- M&C Business Trust Management Limited

Others

- Issen & Company Limited
- Capella Hotel Group Asia Pte. Ltd.
- Stanford GSB Chapter of Hong Kong Limited

Principal Commitments

Nil

Past directorships held over the preceding three years **(From 1 January 2013 to 24 March 2016)**

- Food Junction Holdings Limited

Others (including experience)

Nil

CORPORATE GOVERNANCE REPORT

Mr Tan Huay Lim

Academic & Professional Qualification(s)

- Bachelor of Commerce (Accountancy), Nanyang University
- Fellow Member of the Institute of Singapore Chartered Accountants
- Fellow Member of the Association of Chartered Certified Accountants, UK
- Fellow Member of the Certified Practising Accountants Australia

Present Directorships (as at 24 March 2016)

Listed Companies

- Hong Leong Asia Ltd.

Others

- Singapore Hokkien Huay Kuan
- Ren Ci Hospital

Principal Commitments

Nil

Past directorships held over the preceding three years (From 1 January 2013 to 24 March 2016)

Nil

Others (including experience)

- Previously an Audit Partner of KPMG LLP

Ms Saw Phaik Hwa

(information is based on the date of Ms Saw's resignation as at 1 March 2015)

Appointment

Executive Director & Group Chief Executive Officer

Date of first appointment as a director: 25 July 2012

Date of resignation as a director: 1 March 2015

Academic & Professional Qualification(s)

- Second Upper Class Honours in Biochemistry, University of Singapore
- Advanced Management Programme, University of Hawaii

Present Directorships

- The Hour Glass Limited

Others

- The Esplanade Co Ltd

Past Directorships

- SMRT Corporation Ltd

Dr Lim Boh Soon

(information is based on the date of Dr Lim's resignation as at 29 February 2016)

Appointment

Independent Non-Executive Director

Date of first appointment as a director: 23 February 2006

Date of resignation as a director: 29 February 2016

Academic & Professional Qualification(s)

- Bachelor of Science In Mechanical Engineering, University of Strathclyde
- PhD In Mechanical Engineering, University of Strathclyde
- Diploma In Marketing Management, Singapore Institute of Management
- Diploma In Marketing Management, Chartered Institute of Management, United Kingdom

Present Directorships

- CSE Global Limited
- Jumbo Group Limited
- AcrossAsia Limited

Past Directorships held

- SMTrack Berhad

Dr Ronnie Tan Keh Poo

(information is based on the date of Dr Tan's resignation as at 29 February 2016)

Appointment

Non-Executive Director

Date of first appointment as a director: 1 October 2004

Date of resignation as a director: 29 February 2016

Academic & Professional Qualification(s)

- Medical Doctor, University of Melbourne
- Master of Health Administration, Loma Linda University

Present Directorships

- Bowsprit Capital Corporation Limited

Past Directorships held

- Greenix Limited

RISK MANAGEMENT REPORT

The Board of Directors (the “**Board**”) of Auric Pacific Group Limited (“**APGL**”) recognises the importance of APGL and the Board taking on an integrated enterprise-wide perspective of risk management practices and the need to enhance management’s accountability of APGL’s risk management. The principal objective of the enterprise risk management (“**ERM**”) framework is to support the objectives and commitments of APGL and its subsidiaries (collectively, the “**Group**”) to safeguard the interests and assets of the Group’s stakeholders as the Group pursues its strategic objectives and business goals. Principle 11 of the 2012 Code of Corporate Governance issued by the Monetary Authority of Singapore on 2 May 2012 reinforces the Board’s recognition.

On 12 August 2013, the Audit and Risk Committee (“**ARC**”) was delegated the role of assisting the Board in its risk management function. A consolidated risk management review, which includes the implementation of a risk management framework, the systemic documentation and testing of business continuity plans together with the implementation of a group wide insurance programme was carried out commencing from financial year ended 2014 to 2015.

Risk Management Process

The ARC with the assistance of management, internal and external auditors, reviews and reports to the Board at least annually on the adequacy and effectiveness of the Group’s internal controls, including financial, operational, compliance and information technology controls, established by Management. In addition, the Board with the assistance of the ARC reviews and oversees the design, implementation and monitoring of the risk management and internal control systems.

The Board, with the endorsement of the ARC, has in financial year ended 2014 adopted an ERM policy that documents the Group’s ERM strategy, objectives and governance structure. Pursuant to the terms of the policy, the head of each business division is the risk owner and is responsible for determining and managing the overall risk exposure of his/her business division. Risk coordinators located at each business division is, and shall be, coordinating the implementation of the ERM policy, the updating and reporting of risk status, and to upkeep the risk registers of their respective business divisions. Notwithstanding, every staff has a role to play in risk management. ERM and business continuity plan awareness workshops had been conducted in financial year 2015 and planned for financial year 2016.

To facilitate the reporting and monitoring of risk, the ARC has endorsed the use of a web-based corporate risk scorecard system, a common platform which enables business divisions within the Group to report risks and risk status consistently and cohesively. In this respect, with the assistance of the risk management coordination team (“**Risk Management Coordination Team**”) which resides at APGL, the ARC shall be provided relevant reports disclosing the risk status of the Group.

The web-based corporate risk scorecard system captures risks, mitigating measures, timelines for implementation and risk ratings. Key risk indicators are established as safeguards and to monitor risk, where applicable. Scorecards are consolidated with the assistance of the Risk Management Coordination Team and reviewed at the senior management level before they are escalated for review by the ARC.

RISK MANAGEMENT REPORT

Key Risk for Financial Year 2016

Following the assessment of key risks (“Key Risk”) by senior management in financial year ended 2013 and approved by the Board with the endorsement of the ARC, risks identified under each operational level shall be, where relevant, grouped under each Key Risk, when reported to the ARC. The Key Risk faced by the Group for financial year 2016, in summary, includes the following:

- Strategic Direction Risk – Taking into consideration the territories and markets that the Group operates in, and the pressures that competition has on the Group and its revenue and margins, the Group faces risk in its (i) application of its assets and capital towards suitable investments, markets and product launches, and (ii) seizure of business and investment opportunities when such opportunities arise.
- Capital Availability and Capital Management Risk – Taking into consideration the available terms in the equity and debt markets, the Group faces the risk of failing to obtain suitable financing to support and sustain its development and growth.
- Execution Risk – Due to the complexities of the food business, the uncertainties of supply and the reliability of the supply chain, the Group faces the risk that its strategic plans are not effectively executed or meets the objectives of the Group and its strategy.
- Key Personnel and Talent Attraction and Retention Risk – The competition for talent in Singapore and the countries which the Group operates has led to the risk that the Group is not able to attract and retain key personnel and talents with the appropriate and required skill-set/experience/competence to meet the business objectives of the Group.
- Manpower Availability Risk – The manpower regulations of the respective jurisdictions in which the Group operates increases the risk of the Group obtaining and retaining manpower to meet its operational needs.
- Food Contamination Risk – Taking into consideration the nature of the Group’s businesses, the risk of third party supplier and customer failing to comply with the Group’s food safety/hygiene policies and procedures resulting in the contamination of food products.
- Food Quality Risk – Taking into consideration the nature of the Group’s businesses, the risk of third party suppliers failing to supply products of adequate quality standards required and expected by the Group.
- Disruption in Food Production Risk – Taking into consideration the nature and age of its equipment and the availability of good external manufacturing capabilities, the risk of disruption in food production due to adverse external events and the breakdown of such equipment.

As at the date of this report, the Key Risk of the Group have been mitigated. The periodic review and progressive testing of business continuity plans, the ERM awareness training conducted for the Group and the implementation of the Group Insurance Programme serve as important steps in the mitigation of Key Risk. Among various measures and procedures implemented within the Group, with the implementation of the ERM framework, the ARC with the assistance of the Risk Coordination Management Team will be able to monitor the effectiveness of implemented risk mitigation measures, and if there are any unusual exposure to a particular risk.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Auric Pacific Group Limited ("**the Company**") and its subsidiary companies (collectively, "**the Group**") and the balance sheet and the statement of changes in equity of the Company for the financial year ended 31 December 2015.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement (29 February 2016) are:

| | |
|--------------------------|--|
| Mr Albert Saychuan Cheok | (Independent Non-Executive Chairman) |
| Dr Stephen Riady | (Executive Director) |
| Dr Andy Adhiwana | (Executive Director) |
| Mr Bryan Chang Yew Chan | (Independent Non-Executive Director) |
| Dr Lim Boh Soon | (Independent Non-Executive Director) |
| Dr Ronnie Tan Keh Poo | (Non-Independent Non Executive Director) |
| Mr Edwin Neo | (Independent Non-Executive Director) |
| Mr Ronald Issen | (Non-Independent Non-Executive Director) |

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

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, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

| | Shareholdings registered in the name of directors as at | | | Shareholdings in which directors are deemed to have an interest as at | | |
|--|--|------------|-----------|--|------------|------------|
| | 1.1.2015 (or date of appointment) | 31.12.2015 | 21.1.2016 | 1.1.2015 (or date of appointment) | 31.12.2015 | 21.1.2016 |
| Auric Pacific Group Limited (Ordinary shares) | | | | | | |
| Dr Stephen Riady | - | - | - | 61,927,335 | 61,927,335 | 61,927,335 |
| Dr Lim Boh Soon | - | - | - | 4,000 | 4,000 | 4,000 |
| Dr Andy Adhiwana | - | - | - | 27,493,311 | 28,067,511 | 28,436,111 |

By virtue of Section 7 of the Act, Dr Stephen Riady is deemed to have interests in shares of the subsidiary companies of the Company.

Dr Andy Adhiwana is deemed to have an interest in the shares of Bravado International Ltd. and Goldstream Capital Limited.

Except as disclosed above, the following directors who held office at the end of the financial year had interests in the shares of the following entities, which are related corporations to a corporate shareholder of the Company:-

| | Shareholdings registered in the name of directors as at | | | Shareholdings in which directors are deemed to have an interest as at | | |
|---|--|------------|-----------|--|------------|-----------|
| | 1.1.2015 (or date of appointment) | 31.12.2015 | 21.1.2016 | 1.1.2015 (or date of appointment) | 31.12.2015 | 21.1.2016 |
| Goldstream Capital Limited (Ordinary shares) | | | | | | |
| Dr Andy Adhiwana | - | - | - | 10 | 10 | 10 |
| Bravado International Ltd (Ordinary shares) | | | | | | |
| Dr Andy Adhiwana | - | - | - | 1 | 1 | 1 |
| Nine Heritage Pte Ltd (Ordinary shares) | | | | | | |
| Dr Stephen Riady | - | - | - | 800,000 | 800,000 | 800,000 |
| Pantogon Holdings Pte Ltd (Ordinary shares) | | | | | | |
| Dr Stephen Riady | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 |

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

| | Shareholdings registered in the name of directors as at | | | Shareholdings in which directors are deemed to have an interest as at | | |
|--|--|------------|-----------|--|---------------|---------------|
| | 1.1.2015 (or date of appointment) | 31.12.2015 | 21.1.2016 | 1.1.2015 (or date of appointment) | 31.12.2015 | 21.1.2016 |
| Win Joyce Limited (Ordinary shares) | | | | | | |
| Dr Stephen Riady | - | - | - | 2 | 2 | 2 |
| Goldmax Pacific Limited (Ordinary shares) | | | | | | |
| Dr Stephen Riady | - | - | - | 1 | 1 | 1 |
| Jeremiah Holdings Limited (Ordinary shares of S\$1.00 each) | | | | | | |
| Dr Stephen Riady | - | - | - | 779,187 | 779,187 | 779,187 |
| Dragon Board Holdings Limited (Ordinary shares of S\$1.00 each) | | | | | | |
| Dr Stephen Riady | - | - | - | 1 | 1 | 1 |
| Tamsett Holdings Limited (Ordinary shares of US\$1.00 each) | | | | | | |
| Dr Stephen Riady | - | - | - | 1 | 1 | 1 |
| Max Turbo Limited (Ordinary shares of US\$1.00 each) | | | | | | |
| Dr Stephen Riady | - | - | - | 100 | 100 | 100 |
| Rickon Holdings Limited (Ordinary shares of US\$1.00 each) | | | | | | |
| Dr Stephen Riady | - | - | - | 1 | 1 | 1 |
| Lippo China Resources Limited (Ordinary shares) | | | | | | |
| Dr Stephen Riady | - | - | - | 6,544,696,389 | 6,544,696,389 | 6,544,696,389 |
| First Tower Corporation (Ordinary shares of US\$1.00 each) | | | | | | |
| Dr Stephen Riady | - | - | - | 1 | 1 | 1 |
| Skyscraper Realty Limited (Ordinary shares of US\$1.00 each) | | | | | | |
| Dr Stephen Riady | - | - | - | 10 | 10 | 10 |
| Lippo Limited (Ordinary shares) | | | | | | |
| Dr Stephen Riady | - | - | - | 319,322,219 | 331,903,219 | 336,838,219 |

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Apart from the above, Dr Stephen Riady is also deemed to have interests in the holding companies of the controlling shareholders and companies related to the controlling shareholders as stated below:

| | Shareholdings registered in the name of directors as at | | | Shareholdings in which directors are deemed to have an interest as at | | |
|--|--|------------|-----------|--|----------------|----------------|
| | 1.1.2015 (or date of appointment) | 31.12.2015 | 21.1.2016 | 1.1.2015 (or date of appointment) | 31.12.2015 | 21.1.2016 |
| Lanius Limited* (Ordinary shares) | – | – | – | 30 | 30 | 30 |
| Lippo Capital Limited (Ordinary shares of HK\$1.00 each) | – | – | – | 705,690,001 | 705,690,001 | 705,690,001 |
| Hongkong Chinese Limited (Ordinary shares of HK\$1.00 each) | – | – | – | 1,315,707,842 | 1,315,707,842 | 1,315,707,842 |
| Lippo Finance Limited (Ordinary shares) | – | – | – | 6,176,470 | 6,176,470 | 6,176,470 |
| TechnoSolve Limited (Ordinary shares) | – | – | – | 18,053,500 | 18,053,500 | 18,053,500 |
| Kingtek Limited (Ordinary shares of US\$1.00 each) | – | – | – | 60 | 60 | 60 |
| The Macau Chinese Bank Limited* (Ordinary shares of MOP100 each) | – | – | – | 2,600,000 | 1,326,000 | 1,326,000 |
| Beijing Lippo Century Realty Co., Ltd. (Total paid-up registered capital: US\$36,000,000) | – | – | – | US\$36,000,000 | US\$36,000,000 | US\$36,000,000 |
| Multi-World Builders & Development Corporation (Ordinary shares) | – | – | – | 4,080 | 4,080 | 4,080 |
| Chung Po Investment Holding Co., Ltd. (Ordinary shares of HK\$1.00 each) | – | – | – | 1,200,000 | 1,200,000 | 1,200,000 |

Apart from the above, Dr Stephen Riady is also deemed to be interested in the wholly-owned subsidiaries and fellow subsidiaries of the entities listed in this section.

* The trustee of a discretionary trust which was founded by Dr Mochtar Riady, who does not have any interest in the share capital of Lanius Limited. The beneficiaries of the trust included, *inter alia*, Dr Stephen Riady and other members of the family.

+ The Macau Chinese Bank Limited ceased to be subsidiary of Lippo Limited in July 2015.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

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

OPTIONS

There is presently no option scheme on unissued shares of the Company.

REVIEW OF INTERNAL CONTROLS AND RISKS

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2015.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("**ARC**") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap.50, including the following:–

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

DIRECTORS' STATEMENT

AUDIT AND RISK COMMITTEE (CONT'D)

- Reported actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

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

The ARC convened 4 meetings during the financial year. As at the date of this report, the ARC has also met with the external and internal auditors, without the presence of management, at least once a year and had visited some of its subsidiaries.

Further details regarding the ARC are disclosed in the Report on Corporate Governance as set out in the Annual Report of the Company.

AUDITOR

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

On behalf of the board of directors,

Stephen Riady
Executive Director

Andy Adhiwana
Executive Director

Singapore
29 February 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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Independent Auditor's Report to the Members of Auric Pacific Group Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Auric Pacific Group Limited ("**the Company**") and its subsidiary companies (collectively, "**the Group**") set out on pages 58 to 145, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated cash flow statement 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 financial statements and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Independent Auditor's Report to the Members of Auric Pacific Group Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
29 February 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore Dollars)

| | Note | Group | |
|---|-------|----------------|----------------|
| | | 2015 \$'000 | 2014 \$'000 |
| Revenue | 3 | 432,890 | 424,424 |
| Cost of revenue | 4 | (249,736) | (244,180) |
| Gross profit | | 183,154 | 180,244 |
| Other items of income/(expenses) | | | |
| Other revenue | 5 | 5,349 | 3,265 |
| Selling and marketing expenses | | (77,263) | (79,295) |
| General and administration expenses | | (33,508) | (30,349) |
| Investment related activities | | (406) | 1,457 |
| Finance costs | 7 | (308) | (371) |
| Other operating expenses | 5 | (73,254) | (71,793) |
| Exceptional items | 6 | (43,998) | (3,285) |
| Share of results of an associated company | 14 | – | (4) |
| Share of results of a joint venture company | 15 | 736 | 770 |
| (Loss)/profit before taxation | 8 | (39,498) | 639 |
| Income tax expense | 9 | (1,383) | (464) |
| (Loss)/profit for the financial year, net of taxation | | (40,881) | 175 |
| Other comprehensive income/(expenses): | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Reclassification adjustment for losses/(gain) on cessation/disposal of foreign operations | | 883 | (375) |
| Foreign currency translation | 29(a) | (5,266) | (618) |
| Other comprehensive expenses for the financial year, net of taxation | | (4,383) | (993) |
| Total comprehensive loss for the financial year | | (45,264) | (818) |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | | (40,839) | 231 |
| Non-controlling interests | | (42) | (56) |
| | | (40,881) | 175 |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (45,251) | (779) |
| Non-controlling interests | | (13) | (39) |
| | | (45,264) | (818) |
| Earnings per share attributable to owners of the Company (cents per share): | | | |
| Basic | 10 | (32.50) | 0.18 |
| Diluted | 10 | (32.50) | 0.18 |

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

BALANCE SHEETS

AS AT 31 DECEMBER 2015

(In Singapore Dollars)

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 11 | 30,866 | 40,861 | 517 | 234 |
| Intangible assets | 12 | 36,572 | 76,590 | – | – |
| Interest in subsidiary companies | 13 | – | – | 94,633 | 96,199 |
| Investment in an associated company | 14 | – | 273 | – | – |
| Investment in a joint venture company | 15 | 1,708 | 2,002 | – | – |
| Long-term investments | 16 | 8,194 | 10,428 | – | – |
| Other debtors | 19 | 6,720 | 6,751 | – | – |
| Prepayments and other recoverables | 19 | 3,144 | 1,956 | – | – |
| Deferred tax assets | 27 | 1,333 | 1,092 | – | – |
| | | <u>88,537</u> | <u>139,953</u> | <u>95,150</u> | <u>96,433</u> |
| Current assets | | | | | |
| Stocks | 17 | 44,929 | 48,875 | – | – |
| Trade debtors | 18 | 67,728 | 64,137 | – | – |
| Other debtors | 19 | 8,178 | 9,249 | 187 | 292 |
| Prepayments and other recoverables | 19 | 1,639 | 4,238 | 80 | 18 |
| Amounts due from subsidiary companies | 20 | – | – | 184,858 | 170,116 |
| Fixed deposits (restricted) | 21 | 3,221 | 4,004 | – | – |
| Cash and cash equivalents | 21 | 44,526 | 46,326 | 13,005 | 14,857 |
| | | <u>170,221</u> | <u>176,829</u> | <u>198,130</u> | <u>185,283</u> |
| Total assets | | <u>258,758</u> | <u>316,782</u> | <u>293,280</u> | <u>281,716</u> |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade creditors | 22 | 41,870 | 39,888 | – | – |
| Other creditors and accruals | 23 | 42,117 | 46,225 | 1,664 | 2,262 |
| Deferred income | | 20 | 74 | – | – |
| Provision for reinstatement costs | 24 | 1,225 | 887 | – | – |
| Amounts due to subsidiary companies | 25 | – | – | 142,159 | 183,258 |
| Loans and borrowings | 26 | 2,714 | 9,391 | 1,000 | 4,000 |
| Tax payable | | 2,622 | 2,876 | 11 | – |
| | | <u>90,568</u> | <u>99,341</u> | <u>144,834</u> | <u>189,520</u> |
| Net current assets/(liabilities) | | <u>79,653</u> | <u>77,488</u> | <u>53,296</u> | <u>(4,237)</u> |

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

BALANCE SHEETS (CONT'D)

AS AT 31 DECEMBER 2015

(In Singapore Dollars)

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| EQUITY AND LIABILITIES (CONT'D) | | | | | |
| Non-current liabilities | | | | | |
| Deferred income | | 3 | 5 | – | – |
| Provision for reinstatement costs | 24 | 4,330 | 4,631 | 100 | 100 |
| Loans and borrowings | 26 | 332 | 415 | – | – |
| Deferred tax liabilities | 27 | 2,663 | 3,640 | 192 | 192 |
| | | <u>7,328</u> | <u>8,691</u> | <u>292</u> | <u>292</u> |
| Total liabilities | | <u>97,896</u> | <u>108,032</u> | <u>145,126</u> | <u>189,812</u> |
| Net assets | | <u>160,862</u> | <u>208,750</u> | <u>148,154</u> | <u>91,904</u> |
| Equity attributable to owners of the company | | | | | |
| Share capital | 28 | 64,461 | 64,461 | 64,461 | 64,461 |
| Retained earnings | | 101,903 | 145,255 | 75,218 | 18,968 |
| Other reserves | 29 | (6,144) | (1,734) | – | – |
| Merger reserve | 30 | – | – | 8,475 | 8,475 |
| | | <u>160,220</u> | <u>207,982</u> | <u>148,154</u> | <u>91,904</u> |
| Non-controlling interests | 13 | 642 | 768 | – | – |
| Total equity | | <u>160,862</u> | <u>208,750</u> | <u>148,154</u> | <u>91,904</u> |
| Total equity and liabilities | | <u>258,758</u> | <u>316,782</u> | <u>293,280</u> | <u>281,716</u> |

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore Dollars)

| | Attributable to owners of the Company | | | | | | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
|--|---------------------------------------|-----------------------------|--|--|--|---|--|---------------------------|--------------|
| | Share capital (Note 28) | Retained earnings \$'000 | Other reserves, total (Note 29) \$'000 | Foreign currency translation reserve (Note 29(a)) \$'000 | Discount on acquisition of non-controlling interests (Note 29(b)) \$'000 | Gain on purchase of treasury shares by a subsidiary company (Note 29(c)) \$'000 | | | |
| Group 2015 | | | | | | | | | |
| Balance at 1 January 2015 | 64,461 | 145,255 | (1,734) | (8,367) | 6,115 | 518 | 207,982 | 768 | 208,750 |
| Loss for the financial year | – | (40,839) | – | – | – | – | (40,839) | (42) | (40,881) |
| <u>Other comprehensive expense</u> | | | | | | | | | |
| Realised translation losses reclassified to the income statement | – | – | 883 | 883 | – | – | 883 | – | 883 |
| Foreign currency translation | – | – | (5,295) | (5,295) | – | – | (5,295) | 29 | (5,266) |
| Other comprehensive (expense)/ income for the financial year, net of taxation | – | – | (4,412) | (4,412) | – | – | (4,412) | 29 | (4,383) |
| Total comprehensive expense for the financial year | – | (40,839) | (4,412) | (4,412) | – | – | (45,251) | (13) | (45,264) |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | |
| Dividend on ordinary shares (Note 31) | – | (2,513) | – | – | – | – | (2,513) | – | (2,513) |
| Dividend paid to non-controlling interests of a subsidiary company | – | – | – | – | – | – | – | (109) | (109) |
| Total contributions by and distributions to owners | – | (2,513) | – | – | – | – | (2,513) | (109) | (2,622) |
| <u>Changes in ownership interest in subsidiaries</u> | | | | | | | | | |
| Acquisition of non-controlling interest | – | – | 2 | – | 2 | – | 2 | (4) | (2) |
| Total changes in ownership interest in subsidiaries | – | – | 2 | – | 2 | – | 2 | (4) | (2) |
| Total transactions with owners in their capacity as owners | – | (2,513) | 2 | – | 2 | – | (2,511) | (113) | (2,624) |
| Balance at 31 December 2015 | 64,461 | 101,903 | (6,144) | (12,779) | 6,117 | 518 | 160,220 | 642 | 160,862 |

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore Dollars)

| | Attributable to owners of the Company | | | | | | | | |
|--|---------------------------------------|-----------------------------|--|--|--|---|--|-------------------------------------|------------------------|
| | Share capital (Note 28) | Retained earnings \$'000 | Other reserves, total (Note 29) \$'000 | Foreign currency translation reserve (Note 29(a)) \$'000 | Discount on acquisition of non-controlling interests (Note 29(b)) \$'000 | Gain on purchase of treasury shares by a subsidiary company (Note 29(c)) \$'000 | Total equity attributable to owners of the Company | Non-controlling interests \$'000 | Total equity \$'000 |
| | | | | | | | \$'000 | | |
| Group 2014 | | | | | | | | | |
| Balance at 1 January 2014 | 64,461 | 147,537 | (761) | (7,357) | 6,078 | 518 | 211,237 | 965 | 212,202 |
| Profit for the financial year | - | 231 | - | - | - | - | 231 | (56) | 175 |
| <u>Other comprehensive expense</u> | | | | | | | | | |
| Realised translation gain reclassified to the income statement | - | - | (375) | (375) | - | - | (375) | - | (375) |
| Foreign currency translation | - | - | (635) | (635) | - | - | (635) | 17 | (618) |
| Other comprehensive (expense)/ income for the financial year, net of taxation | - | - | (1,010) | (1,010) | - | - | (1,010) | 17 | (993) |
| Total comprehensive (expense)/ income for the financial year | - | 231 | (1,010) | (1,010) | - | - | (779) | (39) | (818) |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | |
| Dividend on ordinary shares (Note 31) | - | (2,513) | - | - | - | - | (2,513) | - | (2,513) |
| Total contributions by and distributions to owners | - | (2,513) | - | - | - | - | (2,513) | - | (2,513) |
| <u>Changes in ownership interest in subsidiaries</u> | | | | | | | | | |
| Acquisition of non-controlling interest | - | - | 37 | - | 37 | - | 37 | (158) | (121) |
| Total changes in ownership interest in subsidiaries | - | - | 37 | - | 37 | - | 37 | (158) | (121) |
| Total transactions with owners in their capacity as owners | - | (2,513) | 37 | - | 37 | - | (2,476) | (158) | (2,634) |
| Balance at 31 December 2014 | 64,461 | 145,255 | (1,734) | (8,367) | 6,115 | 518 | 207,982 | 768 | 208,750 |

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore Dollars)

| | Share capital (Note 28) \$'000 | Retained earnings * \$'000 | Merger reserve (Note 30) \$'000 | Total equity \$'000 |
|--|---|-------------------------------------|--|---------------------------|
| Company | | | | |
| 2015 | | | | |
| Balance at 1 January 2015 | 64,461 | 18,968 | 8,475 | 91,904 |
| Profit for the financial year | – | 58,763 | – | 58,763 |
| Total comprehensive income for the financial year | – | 58,763 | – | 58,763 |
| <u>Contributions by and distributions to owners</u> | | | | |
| Dividend on ordinary shares (Note 31) | – | (2,513) | – | (2,513) |
| Total contributions by and distributions to owners | – | (2,513) | – | (2,513) |
| Balance at 31 December 2015 | 64,461 | 75,218 | 8,475 | 148,154 |
| 2014 | | | | |
| Balance at 1 January 2014 | 64,461 | 48,681 | 8,475 | 121,617 |
| Loss for the financial year | – | (27,200) | – | (27,200) |
| Total comprehensive expenses for the financial year | – | (27,200) | – | (27,200) |
| <u>Contributions by and distributions to owners</u> | | | | |
| Dividend on ordinary shares (Note 31) | – | (2,513) | – | (2,513) |
| Total contributions by and distributions to owners | – | (2,513) | – | (2,513) |
| Balance at 31 December 2014 | 64,461 | 18,968 | 8,475 | 91,904 |

* It includes an amount of \$32,617,000 (2014: \$32,617,000), which relates to the gain resulting from an internal restructuring of certain subsidiary companies in 1999. This amount is non-distributable in accordance with the Company's Memorandum and Articles of Association.

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore Dollars)

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Cash flows from operating activities | | |
| (Loss)/profit before taxation | (39,498) | 639 |
| <u>Adjustments for:</u> | | |
| Dividend income | (291) | (300) |
| Interest income | (194) | (21) |
| Interest expense | 308 | 371 |
| Share of results of an associated company | – | 4 |
| Share of results of a joint venture company | (736) | (770) |
| Depreciation of property, plant and equipment | 13,728 | 12,937 |
| Fair value changes of financial instruments: | | |
| – Loss on investment funds at fair value through profit or loss | 406 | 275 |
| Gain on disposal of interest in subsidiary companies | – | (1,734) |
| Allowance for impairment on trade debtors | 751 | 759 |
| Allowance for impairment of investment in an associated company | 273 | – |
| Allowance for impairment on unquoted investment funds | 1,616 | – |
| Amortisation of intangible assets | 2,444 | 2,800 |
| Net loss/(gain) on disposal of property, plant and equipment | 86 | (29) |
| Stocks written down | 3,862 | 2,217 |
| Property, plant and equipment written off | 2,684 | 62 |
| Allowance for impairment on property, plant and equipment | 1,499 | – |
| Write-off of non-trade debtor | – | 101 |
| Write-back of provision for reinstatement cost | (290) | (233) |
| Impairment loss on intangible assets | 37,150 | 463 |
| Realised translation losses/(gain) reclassified to the income statement | 883 | (375) |
| Operating cash flows before working capital changes | 24,681 | 17,166 |
| <u>Increase in assets:</u> | | |
| Stocks | (2,460) | (8,774) |
| Trade and other debtors | (5,572) | (9,682) |
| <u>(Decrease)/increase in liabilities:</u> | | |
| Trade and other creditors | (245) | 9,692 |
| Net cash generated from operations | 16,404 | 8,402 |
| Tax paid | (2,964) | (1,010) |
| Interest paid | (308) | (371) |
| Interest received | 191 | 19 |
| Net cash flows generated from operating activities | 13,323 | 7,040 |

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

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore Dollars)

| | Group | |
|---|----------------|-----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Cash flows from investing activities | | |
| Disposal of interests of subsidiary companies | – | 1,255 |
| Dividend income received | 291 | 300 |
| Dividend received from a joint venture company | 1,030 | 835 |
| Proceeds on disposal of property, plant and equipment | 112 | 78 |
| Proceeds from return of capital from investment funds | 213 | 257 |
| Purchase of property, plant and equipment | (7,769) | (18,115) |
| Purchase of investment funds | – | (800) |
| Net cash flows used in investing activities | (6,123) | (16,190) |
| Cash flows from financing activities | | |
| Repayment of obligations under finance leases | (117) | (120) |
| Dividend on ordinary shares | (2,513) | (2,513) |
| Proceeds from bank borrowings | 14,419 | 26,305 |
| Dividends paid to minority shareholders of a subsidiary company | (109) | – |
| Repayment of bank borrowings | (20,551) | (23,369) |
| Acquisition of non-controlling interests (Note 13) | (2) | (121) |
| Decrease/(increase) in fixed deposits pledged with banks | 728 | (148) |
| Net cash flows (used in)/generated from financing activities | (8,145) | 34 |
| Net decrease in cash and cash equivalents | (945) | (9,116) |
| Cash and cash equivalents at beginning of financial year | 46,326 | 55,867 |
| Effect of exchange rate changes on cash and cash equivalents | (855) | (425) |
| Cash and cash equivalents at end of financial year (Note A) | 44,526 | 46,326 |

(A) Analysis of the balances of cash and cash equivalents

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Fixed deposits (restricted) | 3,221 | 4,004 |
| Fixed deposits (current) | 5,213 | 4,798 |
| Cash and bank balances | 39,313 | 41,528 |
| | 47,747 | 50,330 |
| Fixed deposits pledged with banks (Note 21) | (3,221) | (4,004) |
| | 44,526 | 46,326 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

Auric Pacific Group Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The Company’s holding company is Lippo China Resources Limited (“**LCR**”), a limited liability company incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China and listed on the Hong Kong Stock Exchange.

The registered office and principal place of business of the Company is located at 50 Collyer Quay, #06-03, OUE Bayfront, Singapore 049321.

The principal activities of the Company are those of investment holding and the provision of services to its subsidiary companies. There have been no significant changes in the nature of these activities during the financial year. The principal activities of its subsidiary companies are disclosed in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group, and the balance sheet and the 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 which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

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

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to FRS 1: Disclosure Initiative | 1 January 2016 |
| Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to FRS 27: Equity Method in Separate Financial Statements | 1 January 2016 |
| Amendments to FRS 111: Accounting for Acquisition of Interests in Joint Operations | 1 January 2016 |
| Improvements to FRSs (November 2014) | |
| (a) Amendments to FRS 105 <i>Non-current Assets Held for Sales and Discontinued Operations</i> | 1 January 2016 |
| (b) Amendments to FRS 107 <i>Financial Instruments Disclosures</i> | 1 January 2016 |
| (c) Amendments to FRS 19 <i>Employee Benefits</i> | 1 January 2016 |
| (d) Amendments to FRS 34 <i>Interim Financial Reporting</i> | 1 January 2016 |
| FRS 115: Revenue From Contracts With Customers | 1 January 2018 |
| FRS 109: Financial Instruments | 1 January 2018 |

Except for the impact of FRS 115 and FRS 109 as described below, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

FRS 115 Revenue from Contracts with Customers

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

Key issues for the Group include identifying performance obligations, accounting for contract modifications, consideration payable to customers, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 109 Financial Instruments

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

The Group currently measures investments in unquoted investment funds at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Significant accounting estimates and judgements

The preparation of the Group's consolidated 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 each reporting period. 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.

(a) **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were 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.

Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 10 (2014: 1 to 10) years. Changes in the expected level of usage could impact the economic useful lives of these assets; therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the end of each reporting period is disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

Impairment of non-financial assets

As disclosed in Note 12 of the financial statements, the recoverable amounts of the cash generating units which goodwill and trademarks have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 12 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2015 is \$36,572,000 (2014: \$76,590,000).

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables at the end of each reporting period are disclosed in Note 21 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses.

The carrying amount of the Group's deferred tax assets, and recognised and unrecognised tax losses at the balance sheet date are disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements (cont'd)

(b) *Judgements made in applying accounting policies*

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

Operating lease commitments – as lessor

The Group has entered into operating leases with the landlords on its food court premises. The Group licences the use of the food and beverage stalls within the food courts to individual stallholders. The Group has determined that these are operating lease arrangements where significant risks and rewards of these food court premises have not been transferred.

Stocks and allowance for net realisable value write down

The Group reviews periodically for any excess stocks and decline in net realisable value below cost. An allowance is recorded against the stocks balance for such declines. These reviews require the Group to consider the future saleability of the stocks.

In determining the amount of allowance or write down, the Group considers factors including the ageing analysis by expiry date and the consumption patterns. Such an evaluation process requires judgment and affects the carrying amount of stocks at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the stocks. The carrying amount of stocks at the end of the reporting year is disclosed in Note 17.

2.5 Basis of consolidation and business combinations

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies 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.

Subsidiary companies 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 company are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Basis of consolidation and business combinations (cont'd)

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

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

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

(b) *Business combinations and goodwill*

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.14. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Basis of consolidation and business combinations (cont'd)

(b) *Business combinations and goodwill (cont'd)*

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

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

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

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company.

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

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign currency (cont'd)

(b) Consolidated financial statements

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

In the case of a partial disposal without loss of control of a subsidiary company that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interests 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.

2.8 Revenue

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.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks 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) Sale of food and beverage

Revenue from sale of food and beverage is recognised upon the delivery to and acceptance by customers, net of discounts.

(c) Fees charged to food court tenants

Fixed rental income from the sub-lease of food courts is recognised as income in profit or loss on a straight line basis over the lease term. The variable portion of the rental income which is computed based on a percentage of the food court tenants' gross sales is recognised when such sales are earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Revenue (cont'd)

(d) **Interest income**

Interest income is recognised using the effective interest method.

(e) **Dividend income**

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

(f) **Royalty and franchise income**

Royalty income is recognised based on percentage of sales to the franchisees. Franchise income under the 'Delifrance' trademark is recognised in accordance with the underlying agreements.

2.9 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 are accrued to employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Government grants

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

Government 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 related 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.

2.12 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

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 derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.13 Depreciation

Depreciation of a property, plant and equipment begins when it is available for use and is calculated on the straight-line method to write off the costs of property, plant and equipment over their estimated useful lives as follows:-

| | |
|---|--|
| Leasehold land and improvements, and factory and office buildings | - Over period of lease ranging from 5 to 50 years or useful life, whichever is shorter |
| Plant and other equipment | - 1 to 10 years |
| Food court equipment | - 6 years |
| Motor vehicles | - 3 to 10 years |

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

Construction-in-progress is not depreciated as the asset is not available for use.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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 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.

Intangible assets relating to unpatented technology, customer relationships, management service agreement, and order backlog acquired in a business combination have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. These intangible assets are amortised in profit or loss on a straight-line basis over their estimated useful lives as follows:

| | |
|------------------------------|----------|
| Unpatented technology | 10 years |
| Customer relationships | 10 years |
| Management service agreement | 3 years |
| Order backlog | 1 year |

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 derecognition 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 profit or loss when the asset is derecognised.

Trademarks

Trademarks were acquired in business combinations. The useful life of the "Food Junction" trademark is estimated to be indefinite given that no legal, regulatory, contractual, competitive, economic or any other factors limit the life of the trademarks. As a result, trademarks would not be amortised until the useful life is determined to be finite. Trademarks would be tested for impairment in accordance with FRS 36 annually and whenever there is an indication that it may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Investments in subsidiary companies

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

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

2.16 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.17.

2.17 Investment in a joint venture company and an associated company

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Investment in a joint venture company and an associated company (cont'd)

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

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

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

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

2.18 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. The Group does not have any financial assets designated as held-to-maturity investments.

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:

Available-for-sale financial assets

Available-for-sale financial assets include equity 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial assets (cont'd)

Subsequent measurement (cont'd)

Available-for-sale financial assets (cont'd)

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 securities whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

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, and through the amortisation process.

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 directly in other comprehensive income is recognised in profit or loss.

2.19 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Stocks

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

- Raw materials and stores: Purchase costs on a weighted-average basis; and
- Finished goods and goods for sale: Costs of direct materials, labour and production overheads based on the level of normal activity, assigned on a weighted-average 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.

2.21 Impairment of assets

(a) *Impairment of financial assets*

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

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Impairment of assets (cont'd)

(a) Impairment of financial assets (cont'd)

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 payments.

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

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 financial assets 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.

Available-for-sale financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Impairment of assets (cont'd)

(b) *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 indication exists, or when an annual impairment testing 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 of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group 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.

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.

2.22 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.

Subsequent measurement

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

Derecognition

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 income taxes are recognised in profit or loss except to the extent that the tax relating 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 tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Where the deferred 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 subsidiary companies, associated company and joint venture company, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Taxes (cont'd)

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

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

- Where the deferred 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 subsidiary companies, associated company and joint venture company, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at 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 in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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

(c) *Goods and services tax*

Revenues, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Leases

(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 profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

(b) *As lessor*

Leases in which the Group does not transfer 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 2.8(c). Contingent rents are recognised as revenue in the period in which they are earned.

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 reviews 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 37 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 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 events 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 balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. REVENUE

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Revenue is made up of the following: | | |
| Sales of goods | 293,556 | 286,100 |
| Sales of food and beverage | 114,557 | 115,897 |
| Fees charged to food court tenants (including variable fee) | 24,479 | 22,065 |
| Interest income* | 7 | 12 |
| Dividend income from unquoted investment funds | 291 | 300 |
| Royalty and franchise income | – | 50 |
| | <u>432,890</u> | <u>424,424</u> |
| * Interest income: | | |
| – Fixed deposits, and cash and bank balances | 7 | 12 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. COST OF REVENUE

| | Group | |
|---------------------------|------------------|------------------|
| | 2015 \$'000 | 2014 \$'000 |
| Cost of goods sold | (212,027) | (204,488) |
| Cost of food and beverage | (37,709) | (39,692) |
| | <u>(249,736)</u> | <u>(244,180)</u> |

5. OTHER REVENUE AND OTHER OPERATING EXPENSES

(a) Other revenue

Other revenue included the following for the financial years ended 31 December:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Recovery of costs from tenants | 2,450 | 991 |
| Income from expired coupons | 155 | 134 |
| Finance income on rental deposits | 12 | 8 |
| Income from forfeiture of deposits | 105 | 40 |
| Marketing and sponsorship income received from suppliers | 22 | 26 |
| Interest income | 187 | 9 |
| Government assistance schemes | 1,642 | 1,006 |

(b) Other operating expenses

Other operating expenses included the following for the financial years ended 31 December:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Operating lease expenses (including variable rental expenses) | (42,571) | (41,771) |
| Repairs and maintenance | (3,388) | (3,726) |
| Utilities expenses | (8,834) | (10,054) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. EXCEPTIONAL ITEMS

| | Group | |
|---|-----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Exceptional items are made up of the following: | | |
| - Allowance for impairment on unquoted investment funds ⁽¹⁾ | (1,616) | - |
| - Allowance for impairment on investment in associated company ⁽¹⁾ | (273) | - |
| - Allowance for impairment of intangible assets ⁽²⁾ | (37,150) | (463) |
| - Allowance for impairment of property, plant and equipment ⁽²⁾ | (410) | - |
| - Allowance for impairment on trade debtors ⁽²⁾ | (225) | - |
| - Property, plant and equipment written off ⁽²⁾ | (809) | - |
| - Stocks written down ⁽²⁾ | (241) | - |
| - Accrual for closure costs ⁽²⁾ | (2,391) | (2,822) |
| - Realised translation losses reclassified from other comprehensive income to the income statement ⁽²⁾ | (883) | - |
| | <u>(43,998)</u> | <u>(3,285)</u> |

(1) In 2015, allowances were made for the impairment of unquoted investment funds and investment in associated company as the recoverable values were assessed to be lower than the carrying value.

(2) These exceptional items relate to non-performing restaurants and retail outlets under certain entities which included allowance for impairment of property, plant and equipment, impairment of goodwill and trademark, and accrual of closure costs such as rental penalties and severance payments.

7. FINANCE COSTS

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Finance costs are made up of the following: | | |
| - Bank borrowings | (169) | (240) |
| - Obligations under finance leases | (14) | (16) |
| - Others | (125) | (115) |
| | <u>(308)</u> | <u>(371)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation included the following for the financial years ended 31 December:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Advertising and promotional expenses | (9,337) | (13,910) |
| Allowance for impairment on property, plant and equipment | | |
| – classified under general and administration expenses | (1,089) | – |
| – classified under exceptional items | (410) | – |
| Allowance for impairment on trade debtors | | |
| – classified under selling and marketing expenses | (526) | (759) |
| – classified under exceptional items | (225) | – |
| Amortisation of intangible assets | (2,444) | (2,800) |
| Depreciation of property, plant and equipment | (13,728) | (12,937) |
| Write-off of non-trade debtor | – | (101) |
| Employee benefits expense: | | |
| – Salaries, bonuses and related expenses | (66,941) | (66,477) |
| – Contributions to defined contribution plans | (6,164) | (6,911) |
| Fair value changes of financial instruments: | | |
| – Loss on investment funds at fair value through profit or loss | (406) | (275) |
| Fees paid to: | | |
| – Auditors of the Company | | |
| • Audit services | (629) | (626) |
| • Non-audit services | – | (187) |
| – Other auditors | | |
| • Audit services | (168) | (176) |
| • Non-audit services | – | (63) |
| Realised translation (losses)/gain reclassified to the income statement | (883) | 375 |
| Net foreign exchange (loss)/gain | (930) | 900 |
| Net (loss)/gain on disposal of property, plant and equipment | (86) | 29 |
| Operating lease expenses (including contingent rent): | | |
| – classified under other operating expenses | (42,571) | (41,771) |
| – classified under general and administration expenses | (866) | (630) |
| Property, plant and equipment written off | | |
| – classified under general and administration expenses | (1,875) | (62) |
| – classified under exceptional items | (809) | – |
| Gain on disposal of interest in subsidiary companies | – | 1,734 |
| Write-back of provision for reinstatement cost | 290 | 233 |
| Remuneration paid to:– | | |
| – Directors of the Company: | | |
| Fees paid to directors | (563) | (574) |
| Salaries, bonuses and related expenses | (1,402) | (1,465) |
| Contributions to defined contribution plans | (14) | (13) |
| – Directors of the subsidiary companies and other key management personnel: | | |
| Salaries, bonuses and related expenses | (2,919) | (2,282) |
| Contributions to defined contribution plans | (128) | (87) |
| Stocks recognised as an expense in cost of sales (raw materials, consumables and changes in finished goods and work in progress) | (245,319) | (240,789) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2015 and 2014 are:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Consolidated income statement: | | |
| Current income tax: | | |
| Current income taxation | (3,562) | (3,332) |
| Overprovision in respect of previous years | 834 | 2,372 |
| | (2,728) | (960) |
| Deferred income tax: | | |
| Origination and reversal of temporary differences | 1,345 | 328 |
| Overprovision in respect of previous years | – | 168 |
| | 1,345 | 496 |
| Income tax expense recognised in profit or loss | (1,383) | (464) |

Relationship between tax expense and accounting (loss)/profit

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

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| (Loss)/profit before taxation | (39,498) | 639 |
| Tax calculated at the domestic tax rate of 17% (2014: 17%) | (6,715) | 109 |
| Adjustments: | | |
| Temporary differences not recognised | 638 | 1,019 |
| Different tax rates of subsidiary companies operating in other jurisdictions | (435) | 688 |
| Non-deductible expenses | 10,553 | 2,935 |
| Income not subject to taxation | (1,008) | (675) |
| Effect of partial tax exemption and tax relief | (600) | (847) |
| Share of results of an associated company and a joint venture company | (125) | (130) |
| Deferred tax on royalty and interest incomes | (91) | (95) |
| Overprovision in respect of previous years for current and deferred income taxes | (834) | (2,540) |
| Income tax expense recognised in profit or loss | 1,383 | 464 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. INCOME TAX EXPENSE (CONT'D)

The nature of expenses that are not deductible for income tax purpose are as follows (after tax impact):

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Depreciation for non-qualifying assets | 946 | 1,228 |
| Entertainment and private car expenses | 75 | 172 |
| Impairment of intangible assets | 5,589 | 79 |
| Impairment of property, plant and equipment | 255 | – |
| Impairment of investment in associated company and unquoted investment funds | 321 | – |
| Accrual for closure costs | 406 | 480 |
| Amortisation of intangible assets | 415 | 476 |
| Losses incurred for companies with ceased operations | 1,341 | 36 |

Income not subject to taxation included the following (after tax impact):

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Gain from disposal of foreign subsidiary companies | – | (230) |
| Government assistance schemes | (279) | (171) |

- (a) In 2015, in relation to the Singapore Group Relief System, the Group had utilised tax losses and capital allowances of approximately \$4,756,000 (2014: \$2,907,000) and \$5,066,000 (2014: \$2,176,000) respectively to set off the assessable income for year of assessment 2015 of certain companies within the Group. The utilisation of tax losses and capital allowances under the Singapore Group Relief System is subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.
- (b) As at 31 December 2015, the Group has unutilised tax losses of approximately \$1,351,000 (2014: \$19,235,000) and unabsorbed capital allowances of \$4,733,000 (2014: \$5,451,000) that are available for offset against future taxable income, subject to compliance with the relevant rules and procedures and agreement of the respective tax authorities. No deferred tax assets are recognised due to uncertainty of recoverability.

The Group has no unutilised tax losses that will expire within the next 5 years (2014: \$9,192,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the "profit for the financial year, net of taxation, attributable to owners of the Company" by the weighted average number of ordinary shares outstanding during the financial year of 125,667,324 (2014: 125,667,324).

Diluted earnings per share are calculated by dividing the "profit for the financial year, net of taxation, attributable to owners of the Company" by the weighted average number of ordinary shares outstanding during the financial year for diluted earnings per share computation of 125,667,324 (2014: 125,667,324).

As there were no unexpired share options and no warrants granted, the basic and diluted earnings per share are the same.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| (Loss)/profit for the year attributable to owners of the Company | (40,839) | 231 |
| Weighted average number of ordinary shares for basic earnings per share computation ('000) | 125,667 | 125,667 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. PROPERTY, PLANT AND EQUIPMENT

| Group | Leasehold land and improvements, and factory and office buildings \$'000 | Plant and other equipment \$'000 | Food court equipment \$'000 | Motor vehicles \$'000 | Construction- in-progress \$'000 | Total \$'000 |
|--|--|---|-----------------------------------|-----------------------------|--|-----------------|
| Cost | | | | | | |
| Balance at 1 January 2014 | 37,839 | 46,119 | 3,938 | 2,194 | 373 | 90,463 |
| Additions* | 11,046 | 5,948 | 1,032 | 796 | 87 | 18,909 |
| Disposals | (1,401) | (74) | (77) | (304) | – | (1,856) |
| Write-offs | (3,625) | (3,424) | (649) | (107) | (310) | (8,115) |
| Translation differences | 386 | (14) | (178) | (19) | – | 175 |
| Balance at 31 December 2014 and 1 January 2015 | 44,245 | 48,555 | 4,066 | 2,560 | 150 | 99,576 |
| Additions* | 4,866 | 1,929 | 397 | 724 | 380 | 8,296 |
| Disposals | (270) | (530) | (198) | (246) | – | (1,244) |
| Write-offs | (5,006) | (3,656) | (492) | (115) | – | (9,269) |
| Reclassification | – | 11 | – | – | (11) | – |
| Translation differences | 438 | (689) | – | (46) | – | (297) |
| Balance at 31 December 2015 | 44,273 | 45,620 | 3,773 | 2,877 | 519 | 97,062 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group | Leasehold land and improvements, and factory and office buildings \$'000 | Plant and other equipment \$'000 | Food court equipment \$'000 | Motor vehicles \$'000 | Construction- in-progress \$'000 | Total \$'000 |
|---|--|---|-----------------------------------|-----------------------------|--|-----------------|
| Accumulated depreciation and impairment loss | | | | | | |
| Balance at 1 January 2014 | (26,949) | (23,697) | (2,827) | (1,764) | (361) | (55,598) |
| Charge for the financial year (Note 8) | (7,630) | (4,491) | (641) | (175) | – | (12,937) |
| Disposals | 1,353 | 74 | 76 | 304 | – | 1,807 |
| Write-offs | 3,618 | 3,375 | 643 | 107 | 310 | 8,053 |
| Translation differences | (392) | 133 | 184 | 35 | – | (40) |
| Balance at 31 December 2014 and 1 January 2015 | (30,000) | (24,606) | (2,565) | (1,493) | (51) | (58,715) |
| Charge for the financial year (Note 8) | (8,168) | (4,636) | (643) | (281) | – | (13,728) |
| Impairment loss | (738) | (498) | (176) | (87) | – | (1,499) |
| Disposals | 270 | 476 | 104 | 196 | – | 1,046 |
| Write-offs | 3,170 | 3,011 | 289 | 115 | – | 6,585 |
| Translation differences | (462) | 537 | 4 | 36 | – | 115 |
| Balance at 31 December 2015 | (35,928) | (25,716) | (2,987) | (1,514) | (51) | (66,196) |
| Net carrying amount | | | | | | |
| As at 31 December 2014 | 14,245 | 23,949 | 1,501 | 1,067 | 99 | 40,861 |
| As at 31 December 2015 | 8,345 | 19,904 | 786 | 1,363 | 468 | 30,866 |

* Included in additions for the financial year was \$527,000 (2014: \$579,000) of reinstatement costs for dismantling, removal and restoration of property, plant and equipment (Note 24). Cash payments of \$7,769,000 (2014: \$18,115,000) were made to purchase property, plant and equipment during the financial year. No addition (2014: \$215,000) for obligations under finance leases was recognised in 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Office equipment and motor vehicle \$'000 |
|--|---|
| Company | |
| Cost | |
| Balance at 1 January 2014 | 1,929 |
| Additions | 46 |
| Disposals | (4) |
| Balance at 31 December 2014 and 1 January 2015 | 1,971 |
| Additions | 494 |
| Disposals | (150) |
| Balance at 31 December 2015 | 2,315 |
| Accumulated depreciation | |
| Balance at 1 January 2014 | (1,565) |
| Charge for the financial year | (174) |
| Disposals | 2 |
| Balance at 31 December 2014 and 1 January 2015 | (1,737) |
| Charge for the financial year | (161) |
| Disposals | 100 |
| Balance at 31 December 2015 | (1,798) |
| Net carrying amount | |
| As at 31 December 2014 | 234 |
| As at 31 December 2015 | 517 |

Assets held under finance leases

The carrying amount of plant and equipment of the Group held under finance lease obligations as at 31 December 2015 is \$424,000 (2014: \$492,000).

Leased assets are pledged as security for the related finance lease obligations (Note 26).

Impairment and write off of fixed assets

An impairment loss of \$410,000 (2014: \$nil) and write off of \$809,000 (2014: \$nil) were recognised in "exceptional items" in the statement of comprehensive income as the Group has closed certain retail operations.

In addition, an impairment loss of \$1,089,000 (2014: \$nil) and write off of \$1,875,000 (2014: \$nil) were recognised in "general and administration expenses" line item of the statement of comprehensive income for the financial year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. INTANGIBLE ASSETS

| Group | Goodwill on | Trademarks | Trademark | Unpatented | Customer | Management | Order | Total |
|---|---------------|------------|-----------|------------|---------------|------------|---------|----------|
| | consolidation | | licence | technology | relationships | service | backlog | |
| | \$'000 | \$'000 | agreement | \$'000 | \$'000 | agreement | \$'000 | \$'000 |
| | | | \$'000 | | | | | |
| Cost | | | | | | | | |
| Balance at | | | | | | | | |
| 1 January 2014 | 37,300 | 20,638 | 32,495 | 14,245 | 14,802 | 216 | 92 | 119,788 |
| Translation differences | (48) | - | - | - | - | - | - | (48) |
| Balance at 31 December | | | | | | | | |
| 2014 and 1 January 2015 | 37,252 | 20,638 | 32,495 | 14,245 | 14,802 | 216 | 92 | 119,740 |
| Translation differences | (424) | - | - | - | - | - | - | (424) |
| Balance at | | | | | | | | |
| 31 December 2015 | 36,828 | 20,638 | 32,495 | 14,245 | 14,802 | 216 | 92 | 119,316 |
| Accumulated amortisation and impairment loss | | | | | | | | |
| Balance at 1 January 2014 | (19,193) | (3,514) | - | (8,548) | (8,324) | (216) | (92) | (39,887) |
| Charge for the financial year (Note 8) | - | - | - | (1,424) | (1,376) | - | - | (2,800) |
| Allowance for impairment (Note 6) | - | (463) | - | - | - | - | - | (463) |
| Balance at 31 December | | | | | | | | |
| 2014 and 1 January 2015 | (19,193) | (3,977) | - | (9,972) | (9,700) | (216) | (92) | (43,150) |
| Charge for the financial year (Note 8) | - | - | - | (1,067) | (1,377) | - | - | (2,444) |
| Allowance for impairment (Note 6) | (1,449) | - | (32,495) | (3,206) | - | - | - | (37,150) |
| Balance at | | | | | | | | |
| 31 December 2015 | (20,642) | (3,977) | (32,495) | (14,245) | (11,077) | (216) | (92) | (82,744) |
| Net carrying amount | | | | | | | | |
| Balance at | | | | | | | | |
| 31 December 2014 | 18,059 | 16,661 | 32,495 | 4,273 | 5,102 | - | - | 76,590 |
| Balance at | | | | | | | | |
| 31 December 2015 | 16,186 | 16,661 | - | - | 3,725 | - | - | 36,572 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. INTANGIBLE ASSETS (CONT'D)

(a) Amortisation expense

Trademarks relate to "Food Junction" trademarks and the useful lives of these trademarks are estimated to be indefinite.

Trademark licence agreement relates to the right to use the "Delifrance" trademark granted under a licence agreement. The useful life of this trademark licence agreement is estimated to be indefinite. This was fully impaired in 2015.

Unpatented technology relates to Delifrance's Modified Sons Vide Process for the Group's food retail business, which allows for the preparation of food to reduce wastage significantly, increases the shelf life of the food items, and reduces the time required to reheat food significantly.

Customer relationships relate to tenancy agreements between the stallholders and the food court operators in the food court business. The remaining amortisation period is 2 (2014: 3) years.

Management service agreement relates to the trademark license agreement between a subsidiary company of the Group and its licensee for the provision of management services to the licensee.

The amortisation of unpatented technology and customer relationships are included in the "Selling and marketing" line item in profit or loss.

(b) Impairment testing of goodwill on consolidation, trademarks and trademark license agreement

Goodwill, trademarks and trademark license agreement acquired through business combinations have been allocated to the Group's cash-generating units ("CGU"), which are also the reportable operating segments, for impairment testing, as per the following:

- Wholesale and Distribution
- Food Retail
- Food Courts

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. INTANGIBLE ASSETS (CONT'D)

(b) Impairment testing of goodwill on consolidation, trademarks and trademark license agreement (cont'd)

The carrying amount of goodwill and intangible assets with indefinite life allocated to each CGU is as follows:

| Allocated CGU | | | | Goodwill 2015 \$'000 | Trademarks and Trademark license agreement 2015 \$'000 | Compounded revenue growth rate % | Long-term growth rates % | Pre-tax discount rate per annum % |
|-------------------------------|--|-------|--|----------------------------|--|---|--------------------------------|---|
| Wholesale and Distribution | Auric Chun Yip Sdn Bhd | (i) | | 2,447 | – | 4.6 | 3.0 | 11.5 |
| Wholesale and Distribution | Auric Pacific Food Processing Sdn Bhd | (i) | | 151 | – | 5.8 | 3.0 | 17.7 |
| Food Retail | Edmontor Investments Pte Ltd | | | – | – | 0.6 | 2.6 | 14.7 |
| Food Courts | Food Junction Holdings Limited | (ii) | | 10,101 | 16,661 | 0.2 | 3.3 | 13.4 |
| Food Courts | All Around Limited | (iii) | | 3,487 | – | 5.3 | – | 11.9 |
| | | | | <u>16,186</u> | <u>16,661</u> | | | |

| Allocated CGU | | | | Goodwill 2014 \$'000 | Trademarks and Trademark license agreement 2014 \$'000 | Compounded revenue growth rate % | Long-term growth rates % | Pre-tax discount rate per annum % |
|-------------------------------|--|-------|--|----------------------------|--|---|--------------------------------|---|
| Wholesale and Distribution | Auric Chun Yip Sdn Bhd | (i) | | 2,846 | – | 10.9 | 3.0 | 14.4 |
| Wholesale and Distribution | Auric Pacific Food Processing Sdn Bhd | (i) | | 176 | – | 12.9 | 3.0 | 17.7 |
| Food Retail | Edmontor Investments Pte Ltd | | | 1,449 | 32,495 | 16.3 | 3.3 | 18.5 |
| Food Courts | Food Junction Holdings Limited | (ii) | | 10,101 | 16,661 | 15.7 | 3.1 | 18.5 |
| Food Courts | All Around Limited | (iii) | | 3,487 | – | 0.9 | 2.5 | 12.6 |
| | | | | <u>18,059</u> | <u>49,156</u> | | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. INTANGIBLE ASSETS (CONT'D)

(b) Impairment testing of goodwill on consolidation, trademarks and trademark license agreement (cont'd)

The intangible assets' recoverable amounts have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a period of 5 (2014: 5) years. Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and the target growth rates.

- (i) In 2015 and 2014, it was assessed that there was no impairment of the goodwill acquired for Auric Chun Yip Sdn Bhd and Auric Pacific Food Processing Sdn Bhd as their recoverable amounts were in excess of their carrying values.
- (ii) In 2015 and 2014, impairment assessment had been performed for the goodwill acquired for Food Junction Holdings ("FJH") and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.
- (iii) In 2015 and 2014, impairment assessment review had been performed for the goodwill acquired by FJH in All Around Ltd and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.

Key assumptions used in the value in use calculations

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC").

Growth rates – Management determines the growth rates based on past performance and its expectations for market development. The forecasted long-term growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Budgeted gross margins – Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. INTANGIBLE ASSETS (CONT'D)

(b) Impairment testing of goodwill on consolidation, trademarks and trademark license agreement (cont'd)

Impairment loss recognised

In 2015, the market's response to the Food Retail segment's brand revitalisation program fell well below expectations. The increasing presence and intense competition from new brands with similar product offerings, lower demand as well as rising operating costs negatively affected the segment's performance. Consequently, management performed a business and operations review to rationalise operations including closure of non-performing stores in Singapore, Malaysia, Hong Kong and China which resulted in significant deterioration in operating results. The rationalisation also resulted in a halt in new store expansion. Arising from these, prior year assumptions on growth rates and discount rate were reassessed and reduced to reflect the current assessment of future outlook in the goodwill impairment test that was performed at the end of the year. This resulted in the recognition of an impairment loss of \$33,944,000 (2014: \$nil) on the goodwill and trademark license agreement intangible asset and an impairment loss of \$3,206,000 (2014: \$nil) on the unpatented technology. These impairment losses were presented under "exceptional items" in the statement of comprehensive income.

Sensitivity to changes in assumptions

For 2015, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the business units to materially exceed their recoverable amounts.

In 2014, Edmontor Investments Pte Ltd's recoverable amount exceeded its carrying amount by \$12,977,000. The implication of reasonably possible changes in the key assumptions for recoverable amount is presented below:

| Assumptions | Change | Decrease of recoverable amount \$'000 |
|-------------------------------|---------------|---|
| Discount rate | 1% increase | 5,540 |
| Long-term growth rate | 1% decrease | 3,805 |
| Compounded annual growth rate | 0.4% decrease | 12,977 |

13. INTEREST IN SUBSIDIARY COMPANIES

| | Company | |
|------------------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Unquoted ordinary shares, at cost | 101,534 | 101,534 |
| Long term intercompany receivables | 27,754 | 29,320 |
| | 129,288 | 130,854 |
| Allowance for impairment | (34,655) | (34,655) |
| | 94,633 | 96,199 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

The long term intercompany receivables are disbursed for investment activities, which are expected to generate returns in the long run. The receivables have no fixed repayment term but not expected to be repaid in the next 12 months.

Details of subsidiary companies as at 31 December are:

| Name of company (Country of incorporation) | Principal activities (Place of business) | Cost of investments | | Percentage of equity held by the Group | |
|---|---|---------------------|----------------|--|-----------|
| | | 2015 \$'000 | 2014 \$'000 | 2015 % | 2014 % |
| Held by the Company | | | | | |
| APG Foods Pte Ltd++ (Singapore) | Investment holding (Singapore) | 50,000 | 50,000 | 100 | 100 |
| Auric Property Pte Ltd++++ (Singapore) | Holding company (Singapore) | 10,000 | 10,000 | 100 | 100 |
| Auric Pacific Investment Holdings Pte. Ltd. ++ (Singapore) | Investment holding in technology related companies (Singapore) | # | # | 100 | 100 |
| Milford Sound Pte. Ltd.++ (Singapore) | Investment holding (Singapore) | # | # | 100 | 100 |
| Auric Pacific Food Manufacturing Pte. Ltd. (formerly known as Top-One Foods Pte Ltd)++++ (Singapore) | Dormant | 9,815 | 9,815 | 100 | 100 |
| Auric Pacific (M) Sdn. Bhd.+++ (Malaysia) | Marketing and distribution of food products (Malaysia) | 634 | 634 | 100 | 100 |
| Classic Aspire Sdn. Bhd.+++ (Malaysia) | Dormant (Malaysia) | | | | |
| – Ordinary shares | | 25 | 25 | 100 | 100 |
| – Preference shares | | 8,991 | 8,991 | 100 | 100 |
| Sunshine Services (HK) Limited +++ (Hong Kong) | Investment holding (Hong Kong) | # | # | 100 | 100 |
| Cold Storage Holdings Limited+ (England) | Inactive | 21,948 | 21,948 | 100 | 100 |
| Auric Pacific China Limited+ (British Virgin Islands) | Dormant | # | # | 100 | 100 |
| Charm Fit Pte. Ltd.++ (Singapore) | Investment holding and wholesale trading (Singapore) | 1 | 1 | 100 | 100 |
| AP Fund Management Pte. Ltd.++ (Singapore) | Fund management activities (Singapore) | 120 | 120 | 100 | 100 |
| | | <u>101,534</u> | <u>101,534</u> | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

| Name of company (Country of incorporation) | Principal activities (Place of business) | Percentage of equity held by the Group | |
|---|--|--|-----------|
| | | 2015 % | 2014 % |
| Held by subsidiary companies | | | |
| Auric Pacific Marketing Pte Ltd ++ (Singapore) | General wholesale, trade and distribution (Singapore) | 100 | 100 |
| Auric Pacific Food Industries Pte Ltd++ (Singapore) | General wholesale, trade in food products (Singapore) | 100 | 100 |
| Centurion Marketing Pte Ltd++ (Singapore) | Wholesale of other specific commodities (Singapore) | 100 | 100 |
| Sunshine Manufacturing Pte Ltd++++ (Singapore) | Dormant | 100 | 100 |
| Gourmet Foods Pte Ltd ++ (Singapore) | Dormant | 100 | 100 |
| Auric Pacific (International) Pte Ltd++++ (Singapore) | Dormant | 100 | 100 |
| Auric Pacific Investment Pte. Ltd.++ (Singapore) | Investment holding (Singapore) | 100 | 100 |
| Top-One Foods Pte. Ltd. (formerly known as Auric Pacific Fine Wines Pte. Ltd.)++ (Singapore) | Wholesale and retail of wine (Singapore) | 100 | 100 |
| Auric Asset Management Pte Ltd++++ (Singapore) | Asset/portfolio management and advisory services (Singapore) | 100 | 100 |
| Auric Chun Yip Sdn. Bhd.+++ (Malaysia) | Supply of bakery, confectionery materials and other general products (Malaysia) | 100 | 100 |
| Confidence Driven Sdn. Bhd.+++ (Malaysia) | Dormant | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

| Name of company (Country of incorporation) | Principal activities (Place of business) | Percentage of equity held by the Group | |
|--|---|--|-----------|
| | | 2015 % | 2014 % |
| Held by subsidiary companies (cont'd) | | | |
| Auric Pacific Food Processing Sdn. Bhd.+++ (Malaysia) | Manufacturer of and dealing in butter, margarine and related confectionery products (Malaysia) | 100 | 100 |
| Chunex Pte. Ltd.++ (Singapore) | Wholesale trade and wholesale on a fee or contract basic (Singapore) | 100 | 100 |
| Auric Pacific Bakeries Sdn. Bhd.+++ (Malaysia) | Marketing and distribution of products in Malaysia (Malaysia) | 100 | 100 |
| PT Auric Pacific Marketing Indonesia### (Indonesia) | Dormant | 30 | – |
| Maxreal Property Investment Pte. Ltd.++++ (Singapore) | Dormant | 100 | 100 |
| Auric Pacific Realty Pte. Ltd.++ (Singapore) | Property developers and investment (Singapore) | 100 | 100 |
| APG Strategic Investment Pte. Ltd.++ (Singapore) | Investment holding (Singapore) | 100 | 100 |
| Mequestic Investments Limited+ (British Virgin Islands) | Dormant | 60 | 60 |
| Red Oasis Pte. Ltd.++++ (Singapore) | Dormant | 60 | 60 |
| Gainfield Holdings Limited+ (British Virgin Islands) | Investment holding (British Virgin Islands) | 100 | 100 |
| Auric Pacific Food Retail Pte. Ltd.++ (Singapore) | Investment holding (Singapore) | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

| Name of company (Country of incorporation) | Principal activities (Place of business) | Percentage of equity held by the Group | |
|--|--|---|-----------|
| | | 2015 % | 2014 % |
| Held by subsidiary companies (cont'd) | | | |
| Edmontor Investments Pte Ltd++ (Singapore) | Investment holding and wholesale trade (Singapore) | 100 | 100 |
| Delifrance Asia Ltd++ (Singapore) | Management and holding company, development and sale of the Group's franchising activities (Singapore) | 100 | 100 |
| Cuisine Creations Pte. Ltd.++ (Singapore) | Manufacture of other food products (Singapore) | 100 | 100 |
| Cuisine Continental Pte. Ltd.++ (Singapore) | Food & beverage retail, catering and central kitchen production (Singapore) | 100 | 100 |
| Delifrance Singapore Pte Ltd++ (Singapore) | Manufacture and sale of French bakery and pastry products, operation of café-bakeries, bakery corners, and restaurants (Singapore) | 100 | 100 |
| Nouvelle Carte Asia Pte Ltd++++ (Singapore) | Dormant | 100 | 100 |
| Delifrance (HK) Limited+++ (Hong Kong) | Manufacture and sale of French bakery and pastry products and the operation of café-bakeries and kiosks (Hong Kong) | 100 | 100 |
| Delifrance Food (M) Sdn. Bhd.* (Malaysia) | Dormant | 100 | 100 |
| Delifrance (Malaysia) Sdn. Bhd.+++ (Malaysia) | Manufacture and sale of French bakery and pastry products and the operation of café-bakeries (Malaysia) | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

| Name of company (Country of incorporation) | Principal activities (Place of business) | Percentage of equity held by the Group | |
|--|---|--|-----------|
| | | 2015 % | 2014 % |
| Held by subsidiary companies (cont'd) | | | |
| Shanghai Delifrance Foodstuff Co., Ltd.*** (People's Republic of China) | Sale of bakery and pastry products and the operation of café-bakeries (People's Republic of China) | 100 | 100 |
| DLF (Thailand) Ltd.##** (Thailand) | Dormant | 49 | 49 |
| Cuisine Continental (HK) Limited (Hong Kong)@@ | Retailing of food and beverage products and services (Hong Kong) | 100 | 100 |
| Food Junction Holdings Limited+++(1) (Singapore) | Investment holding and provision of management services to its subsidiary companies, fast food restaurants and general wholesale trade (Singapore) | 98.03 | 98.02 |
| Food Junction Management Pte Ltd +++(1) (Singapore) | Operation and management of food court and fast food restaurants; general wholesale trade (Singapore) | 98.03 | 98.02 |
| Food Junction International Pte Ltd+++(1) (Singapore) | Fast food restaurants & general wholesale trade (Singapore) | 98.03 | 98.02 |
| Food Culture Pte Ltd+++(1) (Singapore) | Hawker & stall-holders selling food and beverage, and general wholesale trade (Singapore) | 98.03 | 98.02 |
| FNC International Pte. Ltd.+++(1) (Singapore) | Restaurants, hawkers & stall-holders selling food and beverage (Singapore) | 98.03 | 98.02 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

| Name of company (Country of incorporation) | Principal activities (Place of business) | Percentage of equity held by the Group | |
|---|--|--|-----------|
| | | 2015 % | 2014 % |
| Held by subsidiary companies (cont'd) | | | |
| Malones Holdings Pte. Ltd.++ ⁽¹⁾ (Singapore) | Investment holding company (Singapore) | 98.03 | 98.02 |
| Food Junction Singapore Pte Ltd++ ⁽¹⁾ (Singapore) | Fast food restaurants and general wholesale trade (Singapore) | 98.03 | 98.02 |
| T & W Food Junction Sdn. Bhd.+++ ⁽¹⁾ (Malaysia) | Management of food courts and operation of food outlets (Malaysia) | 98.03 | 98.02 |
| Food Culture Sdn. Bhd.+++ ⁽¹⁾ (Malaysia) | Dormant | 98.03 | 98.02 |
| PT. FJ Square Indonesia+++ ⁽¹⁾ (Indonesia) | Management of food courts and operation of food outlets (Indonesia) | 98.03 | 98.02 |
| Food Junction Beijing Co., Ltd.@ ⁽¹⁾ (People's Republic of China) | Management of food courts and operation of food outlets (People's Republic of China) | 98.03 | 98.02 |
| Malone's Limited@@@ ⁽¹⁾ (Hong Kong) | Owns and manages trademarks in Hong Kong (Hong Kong) | 98.03 | 98.02 |
| Maibo Restaurant Management (Shanghai) Co., Ltd.*** ⁽¹⁾ (People's Republic of China) | Management and operation of restaurants in Shanghai (People's Republic of China) | 98.03 | 98.02 |
| All Around Limited+ ⁽¹⁾ (British Virgin Islands) | Investment holding (British Virgin Islands) | 98.03 | 98.02 |
| LCR Catering Services Limited@@@ ⁽¹⁾ (Hong Kong) | Owns and operates a restaurant in Hong Kong (Hong Kong) | 88.23 | 88.22 |
| Eggs & Berries (Singapore) Pte. Ltd.++ ⁽¹⁾ (Singapore) | Sale of food and beverages (Singapore) | 98.03 | 98.02 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

| Name of company (Country of incorporation) | Principal activities (Place of business) | Percentage of equity held by the Group | |
|---|--|--|-----------|
| | | 2015 % | 2014 % |
| Held by subsidiary companies (cont'd) | | | |
| Star Party Pte. Ltd.++ ⁽¹⁾ (Singapore) | Sale of food and beverages (Singapore) | 98.03 | 98.02 |
| Lifestyle Dining Pte. Ltd.++ ⁽¹⁾ (Singapore) | Sale of food and beverages (Singapore) | 98.03 | 98.02 |
| LP+Tetsu Pte. Ltd.++ ⁽¹⁾ (Singapore) | Sale of food and beverages, and management of restaurants, cafes and bars (Singapore) | 98.03 | 98.02 |
| Zutis Pte. Ltd.++ ⁽¹⁾ (Singapore) | Sale of food and beverages, and management of restaurants, cafes and bars (Singapore) | 98.03 | 98.02 |
| Medzs Pte. Ltd.++ ⁽¹⁾ (Singapore) | Investment holding (Singapore) | 98.03 | 98.02 |
| Eggs & Berries Pte. Ltd.++ ⁽¹⁾ (Singapore) | Investment holding (Singapore) | 98.03 | 98.02 |
| Medzs (Singapore) Pte. Ltd.++ ⁽¹⁾ (Singapore) | Sale of food and beverages (Singapore) | 98.03 | 98.02 |
| The Boxing Crab Pte. Ltd.++ ⁽¹⁾ (Singapore) | Sale of food and beverages (Singapore) | 98.03 | 98.02 |
| Wan Style Pte. Ltd.++ ⁽¹⁾ (Singapore) | Investment holding (Singapore) | 98.03 | 98.02 |
| Wan Style (Singapore) Pte. Ltd.++ ⁽¹⁾ (Singapore) | Sale of food and beverages (Singapore) | 98.03 | 98.02 |
| Food Junction (China) Pte. Ltd.++ ⁽¹⁾ (Singapore) | Investment holding (Singapore) | 98.03 | 98.02 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

- # Investment cost is less than \$1,000.
 ## Deemed subsidiary company as the Group has more than half of the voting rights of the shareholders.
 * Audited by OK Yau & How Yong, Malaysia.
 ** Audited by Dharmniti Auditing Co. Ltd, Thailand.
 *** Audited by Shanghai Saint C.P.A. Partnership, People's Republic of China.
 + Not required to be audited by the law of the country of incorporation.
 ++ Audited by Ernst & Young LLP, Singapore.
 +++ Audited by member firms of Ernst & Young Global in the respective countries.
 ++++ Qualified for exemption from audit for the financial year ended 31 December 2015 in accordance with Section 205(b) of the Singapore Companies Act.
 @ Audited by LegendHouse CPAs, People's Republic of China.
 @@ Audited by Anthony Kam & Associates Ltd, Hong Kong.
 @@@ Audited by Joseph Kwan and Company CPAs, Hong Kong.
- ⁽¹⁾ As at 31 December 2015, the Group acquired an additional 9,290 shares (2014: 473,850 shares) and its interest in FJH increased from 98.02% to 98.03%. The excess of the carrying amount of non-controlling interest over the consideration paid was taken to other reserve – discount on acquisition of non-controlling interest in equity.

Acquisition of non-controlling interests

The following summarises the effect of the change in the Group's ownership interest in equity attributable to owners of the Company:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Consideration paid for acquisition of non-controlling interests | 2 | 121 |
| Decrease in equity attributable to non-controlling interests | (4) | (158) |
| Increase in equity attributable to owners of the Company | 2 | 37 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. INVESTMENT IN AN ASSOCIATED COMPANY

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Unquoted equity shares, at cost | 3,422 | 3,422 |
| Costs directly attributable to acquisition of an associated company | 22 | 22 |
| | <u>3,444</u> | <u>3,444</u> |
| Share of post-acquisition reserves: | | |
| Share of post-acquisition losses (net of tax) | (1,575) | (1,575) |
| Accumulated impairment loss | (1,869) | (1,596) |
| | <u>(3,444)</u> | <u>(3,171)</u> |
| Net carrying amount | <u>–</u> | <u>273</u> |
| Movements in allowance account:– | | |
| Balance at 1 January | (1,596) | (1,596) |
| Charge for the financial year | (273) | – |
| Balance at 31 December | <u>(1,869)</u> | <u>(1,596)</u> |

In 2015, the Group recognised an impairment loss of \$273,000 (2014: \$nil) on the investment in an associated company, reflecting a write-down in the carrying values which was recognised in “exceptional items” in the statement of comprehensive income.

There is no contingent liability relating to the Group’s interest in its associated company.

Details of the associated company as at 31 December are as follows:

| Name of company (Country of incorporation) | Principal activities (Place of business) | Cost of Investments | | Percentage of equity held by the Group | |
|---|---|---------------------|----------------|--|-----------|
| | | 2015 \$'000 | 2014 \$'000 | 2015 % | 2014 % |
| Held by a subsidiary company | | | | | |
| JVC Capital Pte Ltd* (Singapore) | Property agency and brokerage (Singapore) | 3,444 | 3,444 | 44.45 | 44.45 |

* Audited by Lee SF & Co, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. INVESTMENT IN AN ASSOCIATED COMPANY (CONT'D)

The summarised financial information in respect of the associated company based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

| | 2015 \$'000 | 2014 \$'000 |
|-------------------------------------|----------------|----------------|
| <u>Assets and liabilities:</u> | | |
| Non-current assets | 516 | 516 |
| Current assets | 92 | 101 |
| Total assets | 608 | 617 |
| Current liabilities | (19) | (12) |
| Total liabilities | (19) | (12) |
| Net assets | 589 | 605 |
| Proportion of the Group's ownership | 44.45% | 44.45% |
| Group's share of net assets | 262 | 269 |
| Other adjustments | 11 | 4 |
| Group's share of net assets | 273 | 273 |

Summarised statement of comprehensive income

| | 2015 \$'000 | 2014 \$'000 |
|-----------------------------|----------------|----------------|
| Revenue | – | – |
| Loss for the financial year | (12) | (9) |
| Total comprehensive income | (12) | (9) |

The associated company is not subjected to any restriction on its cash dividend payout.

15. INVESTMENT IN A JOINT VENTURE COMPANY

| | Group | |
|-------------------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Unquoted equity shares, at cost | 453 | 453 |
| Share of post-acquisition profits | 5,043 | 4,307 |
| Post-acquisition dividends received | (3,788) | (2,758) |
| Net carrying amount | 1,708 | 2,002 |

There are no contingent liabilities relating to the Group's interest in the joint venture company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. INVESTMENT IN A JOINT VENTURE COMPANY (CONT'D)

The Group has 49% (2014: 49%) interest in ownership and voting rights in a joint venture, Delifrance Singapore Wholesale Pte Ltd that is held through a subsidiary. This joint venture is incorporated in Singapore. The Group jointly controls the joint venture with the other partner under a contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Details of the joint venture company as at 31 December are as follows:

| Name of company (Country of incorporation) | Principal activities (Place of business) | Cost of investment | | Percentage of equity held by the Group | |
|---|--|--------------------|----------------|--|-----------|
| | | 2015 \$'000 | 2014 \$'000 | 2015 % | 2014 % |
| Delifrance Singapore Wholesale Pte Ltd (Singapore)* | Wholesale of French bakery and pastry products (Singapore) | 453 | 453 | 49 | 49 |

* Audited by Ernst & Young LLP, Singapore.

The summarised financial information of the joint venture company, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statement is as follows:

Summarised balance sheet

| | 2015 \$'000 | 2014 \$'000 |
|---------------------------------------|----------------|----------------|
| Cash and cash equivalents | 852 | 2,274 |
| Trade and other receivables | 3,297 | 1,624 |
| Inventory | 968 | 897 |
| Current assets | 5,117 | 4,795 |
| Non-current assets excluding goodwill | 467 | 52 |
| Goodwill | 763 | 763 |
| Total assets | 6,347 | 5,610 |
| Current liabilities | (2,098) | (761) |
| Total liabilities | (2,098) | (761) |
| Net assets | 4,249 | 4,849 |
| Net assets excluding goodwill | 3,486 | 4,086 |
| Proportion of the Group's ownership | 49% | 49% |
| Group's share of net assets | 1,708 | 2,002 |
| Carrying amount of the investment | 1,708 | 2,002 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. INVESTMENT IN A JOINT VENTURE COMPANY (CONT'D)

Summarised statement of comprehensive income

| | 2015 \$'000 | 2014 \$'000 |
|----------------------------------|----------------|----------------|
| Revenue | 12,721 | 12,415 |
| Other revenue | 14 | 26 |
| Cost of sales and other expenses | (11,040) | (10,607) |
| Profit before tax | 1,695 | 1,834 |
| Income tax expense | (192) | (262) |
| Profit after tax | 1,503 | 1,572 |
| Other comprehensive income | – | – |
| Total comprehensive income | 1,503 | 1,572 |

Dividends of S\$1,030,000 (2014: S\$835,000) were received from the joint venture company. The joint venture company is not subjected to any restriction on its cash dividend payout.

16. LONG-TERM INVESTMENTS

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Long-term investments | | |
| Financial assets at fair value through profit or loss: | | |
| Investment funds (unquoted) ⁽¹⁾ | 760 | 1,166 |
| Available-for-sale financial assets at cost: | | |
| Investment funds (unquoted) ⁽¹⁾⁽²⁾ | 7,434 | 9,262 |
| | 8,194 | 10,428 |

(1) Unquoted investment funds are held in the following currencies:

| | Group | |
|-----------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| United States dollars | 6,221 | 8,455 |
| Singapore dollars | 1,973 | 1,973 |
| | 8,194 | 10,428 |

(2) The breakdown of unquoted investment funds held as available for sale is as follows:

| | Group | |
|------------------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Unquoted investment funds, at cost | 14,172 | 14,384 |
| Allowance for impairment | (6,738) | (5,122) |
| | 7,434 | 9,262 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. LONG-TERM INVESTMENTS (CONT'D)

Unquoted investment funds were measured at cost less accumulated impairment loss. The fair value cannot be reliably measured as these unquoted investment funds do not have quoted market prices in an active market and it is not practicable to determine the fair value using valuation models as the assumptions in these models cannot be reasonably determined.

In 2015, the Group recognised an impairment loss of \$1,616,000 (2014: \$nil) in unquoted investment funds, reflecting a write-down in the carrying values of the funds which was recognised in "exceptional items" in the statement of comprehensive income.

17. STOCKS

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Balance sheet: | | |
| Raw materials and stores | 2,350 | 3,589 |
| Finished goods and goods for sale (at cost or net realisable value) | 42,579 | 45,286 |
| Total | <u>44,929</u> | <u>48,875</u> |
| Income statement: | | |
| Stocks recognised as an expense in cost of sales (raw materials, consumables and changes in finished goods and work in progress) | 245,319 | 240,789 |
| Inclusive of the following charge: | | |
| – stocks written down | 3,862 | 2,217 |
| | <u>3,862</u> | <u>2,217</u> |

18. TRADE DEBTORS

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Trade debtors are stated net of allowance for impairment of | (3,458) | (3,621) |
| Trade debtors of the Group are held in the following currencies: | | |
| Singapore dollars | 45,708 | 43,621 |
| Malaysian ringgit | 21,546 | 19,972 |
| Other currencies | 474 | 544 |
| | <u>67,728</u> | <u>64,137</u> |

Trade debtors of the Group are non-interest bearing and are generally on 30 to 120 (2014: 30 to 120) days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Included in trade debtors is an amount of \$649,000 (2014: \$545,000) due from a joint venture company of the Group. The amount due from the joint venture company arose from sales made to that company, and is unsecured, interest-free, and repayable within normal trade credit terms and is to be settled in cash. The amount is denominated in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18. TRADE DEBTORS (CONT'D)

Trade debtors that are past due but not impaired

The Group has trade debtors amounting to \$22,246,000 (2014: \$20,971,000) that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their aging at the balance sheet date is as follows:

| | Group | |
|--------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Less than 30 days | 16,548 | 15,105 |
| 30 to 60 days | 2,311 | 2,268 |
| 61 to 90 days | 1,039 | 770 |
| 91 to 120 days | 456 | 1,773 |
| More than 120 days | 1,892 | 1,055 |
| | 22,246 | 20,971 |

Trade debtors that are impaired

The Group's trade debtors that are impaired as at balance sheet date and the movements of the allowance account used to record the impairment are as follows:

| | Group | |
|----------------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Trade debtors | 3,458 | 3,621 |
| Allowance for impairment | (3,458) | (3,621) |
| | – | – |
| Movements in allowance account:– | | |
| Balance at 1 January | 3,621 | 4,153 |
| Charge for the financial year | 751 | 759 |
| Write-off against allowance | (478) | (1,256) |
| Exchange differences | (436) | (35) |
| Balance at 31 December | 3,458 | 3,621 |

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements. In performing the assessment, the Group considers the aging profile of the individual trade debtors.

For the financial year ended 31 December 2015, an allowance for impairment of \$751,000 (2014: \$759,000) was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. OTHER DEBTORS, AND PREPAYMENTS AND OTHER RECOVERABLES

(a) Other debtors

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Non-current | | | | |
| Refundable deposits | 6,720 | 6,751 | – | – |
| Total other debtors, non-current | 6,720 | 6,751 | – | – |
| Current | | | | |
| Staff loans ⁽¹⁾ | 6 | 4 | – | – |
| Refundable deposits placed with landlords | 3,898 | 4,844 | 171 | 156 |
| Sundry debtors | 1,919 | 2,037 | 16 | 13 |
| Interest receivable | 12 | 9 | – | – |
| Tax recoverable | 2,343 | 2,355 | – | 123 |
| Total other debtors, current | 8,178 | 9,249 | 187 | 292 |
| Total other debtors | 14,898 | 16,000 | 187 | 292 |
| Other debtors are stated net of allowance for impairment of | (91) | (91) | – | – |

(1) Staff loans are unsecured, non-interest bearing, and have repayment terms of 5 (2014: 5) months.

Other debtors of the Group and the Company are held in the following currencies:

| | Group | | Company | |
|-------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Singapore dollars | 9,791 | 8,374 | 187 | 292 |
| Malaysian ringgit | 2,216 | 1,564 | – | – |
| Renminbi | 17 | 371 | – | – |
| Hong Kong dollars | 2,841 | 5,455 | – | – |
| Other currencies | 33 | 236 | – | – |
| | 14,898 | 16,000 | 187 | 292 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. OTHER DEBTORS, AND PREPAYMENTS AND OTHER RECOVERABLES (CONT'D)

(a) Other debtors (cont'd)

Other debtors that are past due but not impaired

The Group has other debtors amounting to \$435,000 (2014: \$483,000) that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their aging at the balance sheet date is as follows:

| | Group | |
|--------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Less than 30 days | 19 | 96 |
| 30 to 60 days | 15 | 57 |
| 61 to 90 days | 1 | 55 |
| 91 to 120 days | 1 | 100 |
| More than 120 days | 399 | 175 |
| | <u>435</u> | <u>483</u> |

Other debtors that are impaired

The Group's other debtors that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:

| | Group Individually impaired | |
|--------------------------|--------------------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Other debtors | 91 | 91 |
| Allowance for impairment | (91) | (91) |
| | <u>-</u> | <u>-</u> |

Movements in allowance account:

| | Group Individually impaired | |
|-------------------------------|--------------------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Balance at 1 January | 91 | 515 |
| Charge for the financial year | - | 101 |
| Write-off against allowance | - | (535) |
| Translation differences | - | 10 |
| Balance at 31 December | <u>91</u> | <u>91</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. OTHER DEBTORS, AND PREPAYMENTS AND OTHER RECOVERABLES (CONT'D)

(a) Other debtors (cont'd)

Other debtors that are impaired (cont'd)

No allowance for impairment was recognised in profit or loss for the financial year ended 31 December 2015.

In 2014, the Group has made an allowance for impairment of \$101,000. As at balance sheet date, the non-trade debtor was written off and the expenses were recognised in the profit or loss.

Other debtors that are individually determined to be impaired at the balance sheet date relate to debtors that have defaulted on payments. There are no balances that are collectively determined to be impaired.

(b) Prepayments and other recoverables

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Non-current | | | | |
| Deferred lease expenses | 374 | 143 | – | – |
| Prepayments ⁽¹⁾ | 2,770 | 1,813 | – | – |
| | <u>3,144</u> | <u>1,956</u> | <u>–</u> | <u>–</u> |
| Current | | | | |
| Deferred lease expenses | 290 | 168 | – | – |
| Renovation fees to be billed to tenants | – | 225 | – | – |
| Other recoverables | 139 | 230 | – | – |
| Prepayments ⁽¹⁾ | 1,073 | 3,561 | 80 | 18 |
| Advance payment for purchases | 137 | 54 | – | – |
| | <u>1,639</u> | <u>4,238</u> | <u>80</u> | <u>18</u> |
| Total prepayments and other recoverables | <u>4,783</u> | <u>6,194</u> | <u>80</u> | <u>18</u> |

(1) Prepayments are advanced payments for renovation of food courts.

20. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

| | Company | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Loans to subsidiary companies | 54,319 | 54,475 |
| Allowance for impairment | (32,666) | (2,245) |
| | <u>21,653</u> | <u>52,230</u> |
| Net amounts due from subsidiary companies (current portion) | 196,317 | 146,198 |
| Allowance for impairment | (33,112) | (28,312) |
| | <u>163,205</u> | <u>117,886</u> |
| Total | <u>184,858</u> | <u>170,116</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20. AMOUNTS DUE FROM SUBSIDIARY COMPANIES (CONT'D)

As at 31 December 2015 and 2014, loans to subsidiary companies are non-trade in nature, unsecured, interest-free and are repayable on demand.

The amounts due from subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand and to be settled by offsetting against the amount due to subsidiary companies in due course.

Amounts due from subsidiary companies that are past due but not impaired:

The Company does not have any loans to and amounts due from subsidiary companies that are past due but not impaired at the balance sheet date.

Loans to and amounts due from subsidiary companies are held in the following currencies:–

| | Company | |
|-------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Singapore dollars | 165,836 | 169,899 |
| Malaysian Ringgit | 19,022 | – |
| Renminbi | – | 217 |
| | <u>184,858</u> | <u>170,116</u> |

Amounts due from subsidiary companies that are impaired:

The Company's loans to and amounts due from subsidiary companies that are impaired at the balance sheet date and the movements in allowance account used to record the impairment are as follows:

| | Company | |
|---------------------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| <i>Loans to subsidiary companies:</i> | | |
| Loans to subsidiary companies | 32,666 | 2,245 |
| Allowance for impairment | (32,666) | (2,245) |
| | <u>–</u> | <u>–</u> |

| | Company | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| <i>Amounts due from subsidiary companies:</i> | | |
| Amounts due from subsidiary companies | 33,112 | 28,312 |
| Allowance for impairment | (33,112) | (28,312) |
| | <u>–</u> | <u>–</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20. AMOUNTS DUE FROM SUBSIDIARY COMPANIES (CONT'D)

Amounts due from subsidiary companies that are impaired: (cont'd)

| | Company Individually impaired | |
|--|----------------------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| <i>Movements in allowance account:</i> | | |
| Balance at 1 January | 30,557 | 11,796 |
| Charge for the financial year | 35,221 | 25,000 |
| Write off during the financial year | – | (6,239) |
| Balance at 31 December | <u>65,778</u> | <u>30,557</u> |

In 2014, the Company has written off allowance for impairment of \$6,239,000 as the subsidiary was disposed during the year.

Loans to and amounts due from subsidiary companies that are individually determined to be impaired at the balance sheet date relate to subsidiary companies that are in financial difficulties and have defaulted on payments. The Company has made an allowance for amount due from subsidiary of \$35,221,000 (2014: \$25,000,000) for the financial year ended 31 December 2015.

21. FIXED DEPOSITS (RESTRICTED) AND CASH AND CASH EQUIVALENTS

(a) Fixed deposits (restricted)

The Group's fixed deposits (restricted) relates to pledges of \$1,990,000 (2014: \$2,520,000) and \$905,000 (2014: \$1,105,000) to banks as security for banker's guarantees issued in lieu of rental deposits, and for issuance of security, utility and rental deposits respectively. Another \$326,000 (2014: \$379,000) has been pledged to a bank as security for an overdraft facility.

(b) Cash and cash equivalents

| | Group | | Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Fixed deposits (c) | 5,213 | 4,798 | 5,000 | 4,784 |
| Cash and bank balances (d) | 39,313 | 41,528 | 8,005 | 10,073 |
| | <u>44,526</u> | <u>46,326</u> | <u>13,005</u> | <u>14,857</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. FIXED DEPOSITS (RESTRICTED) AND CASH AND CASH EQUIVALENTS (CONT'D)

(c) Fixed deposits

Fixed deposits are held in the following currencies:

| | Group | | Company | |
|-----------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Singapore dollars | 5,213 | – | 5,000 | – |
| Malaysian ringgit | – | 14 | – | – |
| United States dollars | – | 4,784 | – | 4,784 |
| | <u>5,213</u> | <u>4,798</u> | <u>5,000</u> | <u>4,784</u> |

Fixed deposits have effective interest rates ranging from 0.01% to 3.25% (2014: 0.05% to 3.25%) per annum and are made for varying periods of primarily less than 3 (2014: 3) months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(d) Cash and bank balances

Cash and bank balances are held in the following currencies:

| | Group | | Company | |
|-----------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Singapore dollars | 18,881 | 21,910 | 7,418 | 6,944 |
| United States dollars | 1,030 | 1,582 | 580 | 690 |
| Malaysian ringgit | 10,588 | 8,638 | – | – |
| Renminbi | 242 | 241 | 5 | 5 |
| Indonesian rupiah | 31 | 143 | – | – |
| Hong Kong dollars | 8,536 | 9,009 | 2 | 2,434 |
| Other currencies | 5 | 5 | – | – |
| | <u>39,313</u> | <u>41,528</u> | <u>8,005</u> | <u>10,073</u> |

Cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging up to 1% (2014: 1.08%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. FIXED DEPOSITS (RESTRICTED) AND CASH AND CASH EQUIVALENTS (CONT'D)

(d) Cash and bank balances (cont'd)

The carrying amounts of loans and receivables comprise:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Trade debtors (Note 18) | 67,728 | 64,137 | – | – |
| Other debtors, excluding tax recoverable (Note 19 (a)) | 12,555 | 13,645 | 187 | 169 |
| Amounts due from subsidiary companies (Note 20) | – | – | 184,858 | 170,116 |
| Cash and cash equivalents | 44,526 | 46,326 | 13,005 | 14,857 |
| Fixed deposits (restricted) | 3,221 | 4,004 | – | – |
| | <u>128,030</u> | <u>128,112</u> | <u>198,050</u> | <u>185,142</u> |

22. TRADE CREDITORS

Trade creditors are non-interest bearing and are normally settled on their normal trade terms of 7 to 90 (2014: 7 to 90) days.

Trade creditors of the Group are held in the following currencies:

| | Group | |
|-----------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Singapore dollars | 24,560 | 23,708 |
| United States dollars | 4,226 | 3,777 |
| Malaysian ringgit | 7,410 | 5,837 |
| Australian dollars | 2,020 | 1,548 |
| Hong Kong dollars | 2,937 | 3,454 |
| Other currencies | 717 | 1,564 |
| | <u>41,870</u> | <u>39,888</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. OTHER CREDITORS AND ACCRUALS

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Sundry creditors | 6,103 | 8,900 | 272 | 261 |
| Accrual for unutilised leave | 1,147 | 1,246 | 168 | 177 |
| Accrued operating expenses | 28,785 | 29,434 | 1,224 | 1,824 |
| Deposits from tenants | 3,691 | 3,823 | – | – |
| Accrual for closure costs | 2,391 | 2,822 | – | – |
| Total other creditors and accruals | 42,117 | 46,225 | 1,664 | 2,262 |

Other creditors and accruals of the Group and of the Company are held in the following currencies:

| | Group | | Company | |
|-------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Singapore dollars | 28,267 | 27,156 | 1,657 | 2,255 |
| Malaysian ringgit | 6,849 | 9,629 | – | – |
| Renminbi | 2,012 | 4,523 | 7 | 7 |
| Hong Kong dollars | 4,755 | 4,658 | – | – |
| Other currencies | 234 | 259 | – | – |
| | 42,117 | 46,225 | 1,664 | 2,262 |

The carrying amounts of financial liabilities at amortised cost comprise:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Trade creditors (Note 22) | 41,870 | 39,888 | – | – |
| Other creditors and accruals | 42,117 | 46,225 | 1,664 | 2,262 |
| Amounts due to subsidiary companies (Note 25) | – | – | 142,159 | 183,258 |
| Loans and borrowings (Note 26) | 3,046 | 9,806 | 1,000 | 4,000 |
| | 87,033 | 95,919 | 144,823 | 189,520 |
| Less: | | | | |
| – Obligations under finance leases (Note 26) | (416) | (538) | – | – |
| Total financial liabilities at amortised cost | 86,617 | 95,381 | 144,823 | 189,520 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24. PROVISION FOR REINSTATEMENT COSTS

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Balance at 1 January | 5,518 | 5,308 | 100 | 100 |
| Provision during the financial year | 527 | 579 | – | – |
| Utilised during the financial year | (430) | (320) | – | – |
| Write-back during the financial year | (290) | (233) | – | – |
| Finance costs during the year | 101 | 96 | – | – |
| Translation differences | 129 | 88 | – | – |
| Balance at 31 December | <u>5,555</u> | <u>5,518</u> | <u>100</u> | <u>100</u> |
| <i>Comprises:</i> | | | | |
| Current | 1,225 | 887 | – | – |
| Non-current | <u>4,330</u> | <u>4,631</u> | <u>100</u> | <u>100</u> |
| | <u>5,555</u> | <u>5,518</u> | <u>100</u> | <u>100</u> |

Provisions for reinstatement costs are recognised for expected costs for dismantling, removal and restoration of property, plant and equipment based on the best estimate of the expenditure with reference to past experience.

It is expected that most of these costs will be incurred within 5 (2014: 5) years from the balance sheet date. The provision is discounted using a current rate of 5% (2014: 5%) per annum that reflects the risks specific to the liability.

25. AMOUNTS DUE TO SUBSIDIARY COMPANIES

| | Company | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Loans from subsidiary companies | 68,444 | 70,795 |
| Amounts due to subsidiary companies (non-trade) | <u>73,715</u> | <u>112,463</u> |
| | <u>142,159</u> | <u>183,258</u> |

In 2015, loans from subsidiary companies are non-trade in nature, unsecured, interest-free.

In 2014, loans from subsidiary companies are non-trade in nature, unsecured, interest-free, except for a loan of \$2,350,000 from a subsidiary company, which bears interest at 3.5% per annum and is repayable on demand.

The amounts due to subsidiary companies are non-trade in nature, unsecured and repayable on demand or to be settled by offsetting against the amount due from subsidiary companies in due course. These represent amounts received from the Company's subsidiary companies for working capital purposes. For the financial years ended 31 December 2015 and 2014, the amounts due to the subsidiary companies are interest-free.

Loans from and amounts due to subsidiary companies are denominated in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. LOANS AND BORROWINGS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Current: | | | | |
| Bank borrowings | | | | |
| – unsecured ⁽¹⁾ | 2,630 | 9,268 | 1,000 | 4,000 |
| Obligations under finance leases ⁽²⁾ | 84 | 123 | – | – |
| | <u>2,714</u> | <u>9,391</u> | <u>1,000</u> | <u>4,000</u> |
| Non-current: | | | | |
| Obligations under finance leases ⁽²⁾ | 332 | 415 | – | – |
| Total loans and borrowings | <u>3,046</u> | <u>9,806</u> | <u>1,000</u> | <u>4,000</u> |

Loans and borrowings of the Group and of the Company are held in the following currencies:–

| | Group | | Company | |
|-------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Singapore dollars | 1,416 | 4,499 | 1,000 | 4,000 |
| Malaysian ringgit | 1,630 | 5,307 | – | – |
| | <u>3,046</u> | <u>9,806</u> | <u>1,000</u> | <u>4,000</u> |

- (1) In 2015, the bank loan of \$1,000,000 (2014: \$4,000,000) undertaken by the Company was unsecured and bears a weighted average effective interest rate of 2.2% (2014: 1.9%) per annum. The loan is fully repayable on 22 June 2016.

Bankers' acceptances issued by the subsidiary companies of \$1,630,000 (2014: \$5,268,000) bear a weighted average effective interest rate of 4.15% (2014: 3.95%) per annum and are repayable within 3 to 6 (2014: 3 to 6) months.

- (2) The Group has obligations under finance leases for certain plant and equipment. These leases are classified as finance leases and expire over 1 to 3 (2014: 1 to 3) years. The implicit average interest rate in the leases ranges from 2.5% to 2.6% (2014: 2.5% to 3.8%) per annum. These obligations are secured by the rights to the leased plant and equipment (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. LOANS AND BORROWINGS (CONT'D)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Within 1 year | 97 | 140 |
| Within 2 to 5 years | 382 | 478 |
| Total minimum lease payments | 479 | 618 |
| Less: Amounts representing finance charges | (63) | (80) |
| Present value of minimum lease payments | 416 | 538 |
| Present value of minimum lease payments: | | |
| Within 1 year | 84 | 123 |
| Within 2 to 5 years | 332 | 415 |
| Total | 416 | 538 |

27. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Balance at 1 January | 1,092 | 1,158 | - | - |
| Credit/(expenses) during the financial year | 368 | (66) | - | - |
| Translation differences | (127) | - | - | - |
| Balance at 31 December | 1,333 | 1,092 | - | - |

Net deferred tax assets recognised as at 31 December relate to the following:

| | Group | | Company | |
|----------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Accruals | 1,333 | 1,092 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) Deferred tax liabilities

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Balance at 1 January | (3,640) | (4,202) | (192) | (192) |
| Write-back during the financial year | 977 | 562 | - | - |
| Balance at 31 December | (2,663) | (3,640) | (192) | (192) |

Deferred tax liabilities as at 31 December, after appropriately offsetting against deferred tax assets, relate to the following:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Deferred tax liabilities: | | | | |
| Excess of net book values over tax written down values of property, plant and equipment | (1,874) | (1,996) | - | - |
| Fair value adjustments on acquisition of subsidiary companies | (682) | (1,642) | - | - |
| Unremitted income | (192) | (192) | (192) | (192) |
| Gross deferred tax liabilities | (2,748) | (3,830) | (192) | (192) |
| Deferred tax assets: | | | | |
| Accruals | 85 | 190 | - | - |
| Gross deferred tax assets | 85 | 190 | - | - |
| Net deferred tax liabilities | (2,663) | (3,640) | (192) | (192) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) Deferred tax liabilities (cont'd)

Unrecognised deferred tax assets

Net deferred tax assets not recognised at 31 December relate to the following:

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Deferred tax assets: | | | | |
| Unutilised tax losses | 230 | 4,005 | – | – |
| Unabsorbed capital allowances | 805 | 927 | – | – |
| Deferred tax assets | <u>1,035</u> | <u>4,932</u> | <u>–</u> | <u>–</u> |

The Group and the Company did not recognise deferred tax assets amounting to \$1,035,000 (2014: \$4,932,000) as it is not probable that taxable profits will be available against which the deferred tax assets can be utilised.

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 statements (Note 31).

28. SHARE CAPITAL

| | Group and Company | |
|--------------------------------|--------------------|--------------------|
| | 2015 | 2014 |
| Issued and fully paid (\$'000) | <u>64,461</u> | <u>64,461</u> |
| Number of ordinary shares | <u>125,667,324</u> | <u>125,667,324</u> |

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 do not carry any par value.

29. OTHER RESERVES

(a) Foreign currency translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. OTHER RESERVES (CONT'D)

(b) Discount on acquisition of non-controlling interests

Discount on acquisition of non-controlling interests represents the differences between acquired equity and acquisition costs, which have arisen from the acquisition of non-controlling interests.

The reserve is used to account for transactions with non-controlling shareholders in terms of the economic entity model, whereby the excess of the cost of the transactions over the acquirer's interest in previously recognised assets and liabilities is allocated to this reserve. This reserve is also used in common control transactions (where all of the combining entities in a business combination are ultimately controlled by the same entity) where the excess of the cost over the acquirer's proportionate share of the net assets is allocated to this reserve.

(c) Gain on purchase of treasury shares by subsidiary company

The reserve relates to the subsidiary company's difference between the carrying amount of non-controlling interests and the cost of treasury shares acquired.

30. MERGER RESERVE

The reserve arose from a Scheme of Arrangement undertaken by a subsidiary company in prior financial year and is not distributable.

31. DIVIDEND ON ORDINARY SHARES

| | Group and Company | |
|---|-------------------|--------|
| | 2015 | 2014 |
| | \$'000 | \$'000 |
| Declared and paid during the financial year | | |
| <i>Dividend on ordinary shares:</i> | | |
| Final tax exempt (one-tier) dividend for 2014: \$0.02 (2013: \$0.02) per share | 2,513 | 2,513 |
| Proposed but not recognised as a liability as at 31 December | | |
| <i>Dividend on ordinary shares, subject to shareholders approval at AGM:</i> | | |
| Final tax exempt (one-tier) dividend for 2015: \$nil (2014: \$0.02) per share | - | 2,513 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Operating lease commitments – As lessee

The Group leases certain properties and vehicles under lease agreements that are non-cancellable. These leases expire on various dates till 15 December 2032 (2014: 15 December 2032) and leases for properties contain provisions for rental adjustments. A few of the lease agreements provide for renewable options, escalation clauses and variable rentals based on percentage of sales in excess of base rent. There are no restrictions placed upon the Group's activities concerning dividends, additional debt or further leasing by entering into these leases. Rental expense for the financial year ended 31 December 2015 is composed of minimum lease payments of \$40,568,000 (2014: \$39,122,000) and variable rent of \$2,809,000 (2014: \$2,649,000). Future minimum lease payments for the leases are as follows:

| | Group | | Company | |
|---------------------|----------------|----------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Within 1 year | 36,346 | 42,783 | 306 | 569 |
| Within 2 to 5 years | 54,250 | 64,853 | 27 | 329 |
| More than 5 years | 9,284 | 7,349 | – | – |
| | <u>99,880</u> | <u>114,985</u> | <u>333</u> | <u>898</u> |

(b) Operating lease commitments – As lessor

The Group licenses the use of F&B stalls within food courts to individual third party tenants and a subsidiary company. Such licences are typically for a period of one to two years and are not cancellable. In the course of a financial year, there may be terminations and renewals of such licences and the Group has accounted for licence fee in respect of non-cancellable leases as at annual balance sheet date. Licences that expired and not renewed during the financial year were not accounted for.

All the leases provide for variable rent. During the year, the variable rent amounted to \$5,476,000 (2014: \$4,404,000).

Future minimum lease rental receivable (after group elimination):

| | Group | |
|---------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Within 1 year | 68,032 | 15,762 |
| Within 2 to 5 years | 17,830 | 7,923 |
| | <u>85,862</u> | <u>23,685</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. CONTINGENT LIABILITIES AND COMMITMENTS (CONT'D)

(c) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Capital commitments in respect of plant and equipment | 290 | 579 |

(d) Bankers' guarantees

| | Group | |
|--------------------------|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Secured ⁽¹⁾ | 4,546 | 6,024 |
| Unsecured ⁽²⁾ | 3,273 | 1,175 |
| | 7,819 | 7,199 |

(1) At the end of the financial year ended 31 December 2015, the Group had approximately \$4,546,000 (2014: \$6,024,000) bankers' guarantees issued in lieu of rental deposits to landlords and utility deposits for retail outlets and this is secured against fixed deposits.

(2) Bankers' guarantees amounting to \$72,000 (2014: \$113,000) were issued by the Group to suppliers in the ordinary course of business. The bankers' guarantees are denominated in Malaysian ringgit.

As at 31 December 2015, the Group had approximately \$3,201,000 (2014: \$1,062,000) banker's guarantees which is in lieu of rental and utility deposits.

(e) Financial support

As at 31 December 2015 and 2014, the Company has provided financial support to certain subsidiary companies to enable them to continue as a going concern. The net deficit position of these subsidiary companies as at 31 December 2015 amounted to \$113,351,000 (2014: \$81,372,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions with its related parties during the financial years at terms agreed between the companies:

| | Group | |
|---|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Rental expenses paid to related parties | (1,884) | (2,110) |
| Sale of goods to a joint venture company | 2,548 | 2,818 |
| Sale of food and beverage to a related company | 257 | 251 |
| Compensation of key management personnel: | | |
| Remuneration paid to: | | |
| <i>Directors of the Company</i> | | |
| Fees paid to directors of the Company | (563) | (574) |
| Salaries, bonuses and related expenses | (1,402) | (1,465) |
| Contributions to defined contribution plans | (14) | (13) |
| <i>Directors of subsidiary companies and other key management personnel</i> | | |
| Salaries, bonuses and related expenses | (2,919) | (2,282) |
| Contributions to defined contribution plans | (128) | (87) |

34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

| Group 2015 | | | |
|---|---|--|-----------------|
| Quoted prices in active market for identical instruments (Level 1) \$'000 | Significant observable inputs other than quoted prices (Level 2) \$'000 | Significant unobservable inputs (Level 3) \$'000 | Total \$'000 |
| Assets measured at fair value | | | |
| Financial assets: | | | |
| Financial assets at fair value through profit or loss: | | | |
| Investment funds (unquoted) (Note 16) | | | |
| – | 760 | – | 760 |
| Financial assets as at 31 December 2015 | | | |
| – | 760 | – | 760 |

| Group 2014 | | | |
|---|---|--|-----------------|
| Quoted prices in active market for identical instruments (Level 1) \$'000 | Significant observable inputs other than quoted prices (Level 2) \$'000 | Significant unobservable inputs (Level 3) \$'000 | Total \$'000 |
| Assets measured at fair value | | | |
| Financial assets: | | | |
| Financial assets at fair value through profit or loss: | | | |
| Investment funds (unquoted) (Note 16) | | | |
| – | 1,166 | – | 1,166 |
| Financial assets as at 31 December 2014 | | | |
| – | 1,166 | – | 1,166 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Unquoted investment fund (Note 16):

The fair value of the unquoted investment fund was assessed to approximate the net asset value indicated on the net asset value statement issued by the investment fund manager as the fund invested in quoted securities which are recognised at fair value.

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade debtors, other debtors (current portion), trade creditors, other creditors and accruals, amounts due from/(to) subsidiary companies, loans and borrowings, cash and cash equivalents, and fixed deposits (restricted)

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 balance sheet date.

(e) Fair values of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values of financial assets by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

| | Group | | | |
|---|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | 2015 | | 2014 | |
| | Carrying value \$'000 | Fair value \$'000 | Carrying value \$'000 | Fair value \$'000 |
| Financial assets | | | | |
| Available-for-sale financial assets: | | | | |
| – Unquoted investment funds, at cost (Note 16) | 7,434 | * | 9,262 | * |

* Investments in unquoted investment funds carried at cost

Fair value information has not been disclosed for the Group's investments in unquoted investment funds that are carried at cost less accumulated impairment loss because fair value cannot be measured reliably. The unquoted investment funds represent investments in mining, technology-related and education investment fund companies which are not quoted on any market. The fair value cannot be reliably measured as these unquoted investment funds do not have quoted market prices in an active market, and it is not practicable to determine the fair value using valuation models as the assumptions in these models cannot be reasonably determined. The Group does not intend to dispose of these investments in the foreseeable future. The Group intends to eventually dispose of their investments through sales to institutional or private investors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments comprise loans and borrowings, investments, and cash and short-term deposits. The Group has various other financial assets and liabilities, such as trade debtors and creditors, and other debtors and creditors.

The key financial risks are credit risk, foreign currency risk and liquidity risk. The Board of directors reviews and agrees policies and procedures for the management of these risks.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other debtors. Guidelines on credit terms provided to trade customers are established and continually monitored. For other financial assets (including cash and short-term deposits, fixed deposits, investment securities, and investment funds), the Group minimises credit risk by dealing exclusively with reputable and well-established local and foreign banks, and companies with high credit ratings and no history of defaults.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Group continues to monitor existing customers, especially those with repayment issues. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(a) Credit risk (cont'd)

Credit risk concentration profile

As at 31 December 2015, 66% (2014: 66%) of trade debtors related to 26 (2014: 27) major customers of subsidiary companies. The credit risk concentration profile of the Group's trade debtors at the balance sheet date are as follows:

| | Group | | | |
|---------------------------------|-----------------|------------|-----------------|------------|
| | 2015 | | 2014 | |
| | Total \$'000 | % | Total \$'000 | % |
| By business segment: | | | | |
| Wholesale and distribution | 56,114 | 83 | 52,158 | 81 |
| Manufacturing | 9,578 | 14 | 9,539 | 15 |
| Food retail | 1,996 | 3 | 2,398 | 4 |
| Food courts | 40 | * | 42 | * |
| | <u>67,728</u> | <u>100</u> | <u>64,137</u> | <u>100</u> |
| By geographical segment: | | | | |
| Singapore | 45,708 | 67 | 43,621 | 68 |
| Hong Kong | 474 | 1 | 533 | 1 |
| Malaysia | 21,546 | 32 | 19,973 | 31 |
| People's Republic of China | – | – | 10 | * |
| | <u>67,728</u> | <u>100</u> | <u>64,137</u> | <u>100</u> |

* Less than 1%

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired mainly comprise debtors with good payment records. Cash and cash equivalents, investment securities, and investment funds are placed with or entered into with reputable financial institutions, well-established local and foreign banks and companies with high credit ratings and no history of defaults.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 18, 19, and 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Group's foreign exchange exposures are primarily from United States dollars (USD) and Hong Kong dollars (HKD).

The Group's policy is to enter into forward currency contracts to reduce its foreign exchange risk, where appropriate, but does not hedge the foreign currency exposures of its investments in subsidiary companies.

The Group does not have any forward currency contracts outstanding as at 31 December 2015 and 2014.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of USD and HKD (against SGD), with all other variables held constant, of the Group's profit net of taxation.

| | Group | |
|--------------------------------------|--|--|
| | 2015 \$'000 Increase/ (decrease) in profit | 2014 \$'000 Increase/ (decrease) in profit |
| USD/SGD – strengthened 3% (2014: 3%) | 93 | 359 |
| – weakened 3% (2014: 3%) | (93) | (359) |
| HKD/SGD – strengthened 3% (2014: 3%) | 3 | 74 |
| – weakened 3% (2014: 3%) | (3) | (74) |

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a level of cash to meet the obligations and commitments due and to ensure cash efficiency whereby maximisation of cash flow position can be achieved.

The Group's liquidity risk management policy is to monitor its working capital projections, taking into account the available banking and other borrowing facilities of the Group, and ensuring that the Group has adequate working capital to meet obligations and commitments due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date, based on contractual undiscounted repayment obligations.

| | 2015 | | | 2014 | | |
|--|----------------------------|-------------------------------------|-----------------|----------------------------|-------------------------------------|-----------------|
| | Within 1 year \$'000 | Within 2 to 5 years \$'000 | Total \$'000 | Within 1 year \$'000 | Within 2 to 5 years \$'000 | Total \$'000 |
| Group | | | | | | |
| Financial assets | | | | | | |
| Trade and other debtors | 75,906 | 6,720 | 82,626 | 73,386 | 6,751 | 80,137 |
| Cash and cash equivalents | 44,526 | – | 44,526 | 46,326 | – | 46,326 |
| Fixed deposits (restricted) | 3,221 | – | 3,221 | 4,004 | – | 4,004 |
| | <u>123,653</u> | <u>6,720</u> | <u>130,373</u> | <u>123,716</u> | <u>6,751</u> | <u>130,467</u> |
| Financial liabilities | | | | | | |
| Trade and other creditors | 83,987 | – | 83,987 | 86,113 | – | 86,113 |
| Loans and borrowings | 2,727 | 382 | 3,109 | 9,408 | 478 | 9,886 |
| | <u>86,714</u> | <u>382</u> | <u>87,096</u> | <u>95,521</u> | <u>478</u> | <u>95,999</u> |
| Total net undiscounted financial assets | <u>36,939</u> | <u>6,338</u> | <u>43,277</u> | <u>28,195</u> | <u>6,273</u> | <u>34,468</u> |
| Company | | | | | | |
| Financial assets | | | | | | |
| Other debtors | 185,045 | – | 185,045 | 170,408 | – | 170,408 |
| Cash and cash equivalents | 13,005 | – | 13,005 | 14,857 | – | 14,857 |
| | <u>198,050</u> | <u>–</u> | <u>198,050</u> | <u>185,265</u> | <u>–</u> | <u>185,265</u> |
| Financial liabilities | | | | | | |
| Other creditors | 143,823 | – | 143,823 | 185,520 | – | 185,520 |
| Loans and borrowings | 1,000 | – | 1,000 | 4,000 | – | 4,000 |
| | <u>144,823</u> | <u>–</u> | <u>144,823</u> | <u>189,520</u> | <u>–</u> | <u>189,520</u> |
| Total net undiscounted financial assets/(liabilities) | <u>53,227</u> | <u>–</u> | <u>53,227</u> | <u>(4,255)</u> | <u>–</u> | <u>(4,255)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the contractual expiry by maturity of the Group's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

| | Group | | | | | |
|---------------------|----------------------------|---|-----------------|----------------------------|---|-----------------|
| | Within 1 year \$'000 | 2015 Within 2 to 5 years \$'000 | Total \$'000 | Within 1 year \$'000 | 2014 Within 2 to 5 years \$'000 | Total \$'000 |
| Bankers' guarantees | 2,377 | 5,442 | 7,819 | 2,116 | 5,083 | 7,199 |

36. CAPITAL MANAGEMENT

The main objective of the Group in capital management is to ensure that it maintains a healthy capital structure from various sources of funds to finance its overall operations, support business growth and maximise shareholder value.

While debt financing provides more flexibility in arrangement, the Group monitors the volatility of interest rates on the variability of earnings before taxation. Hence, the Group ensures that a sufficient income stream is maintained to service all contractual obligations arising from debt financing and dividend payments to shareholders.

Interest coverage is calculated by dividing adjusted profit by finance costs. Adjusted profit relates to the profit before taxation after adjusting for finance costs, depreciation and amortisation, and provision for closure costs.

The interest coverage was 68.1 in 2015 as compared to 54.0 in 2014. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 2014. The Group's policy is to maintain the interest coverage not less than 1.2 (2014: 1.2).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a debt-equity ratio, which is calculated by dividing its total loans and borrowings by total shareholders' equity. The Group's policy is to keep the ratio below 1 (2014: 1). Total liabilities include loans and borrowings, and trade and other creditors. Total shareholders' equity includes equity attributable to the equity holders of the parent.

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Loans and borrowings (Note 26) | 3,046 | 9,806 |
| Equity attributable to the owners of the Company | 160,220 | 207,982 |
| Gearing ratio | 0.02 | 0.05 |
| Adjusted profit | 20,980 | 20,032 |
| Finance costs | 308 | 371 |
| Interest coverage | 68.1 | 54.0 |

37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

- (i) The Wholesale and Distribution segment is in the business of supplying fast-moving consumer goods and fine wines.
- (ii) The Manufacturing segment is in the business of manufacturing bread and other house brand products.
- (iii) The Food Retail segment operates chains of bakeries, cafes and bistros.
- (iv) The Food Courts segment is in the business of managing food courts, restaurants and sale of food and beverages.
- (v) The Investments segment is in the business of managing the Group-level corporate services, treasury functions, and investing in unquoted investments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment accounting policies are the same as the policies described in Note 2 to the financial statements.

Information regarding the results of each reportable operating segment is included below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. SEGMENT INFORMATION (CONT'D)

For the financial year ended 31 December 2015:

| | Wholesale and Distribution \$'000 | Manufacturing \$'000 |
|--|--|-------------------------|
| Revenue: | | |
| – External customers | 242,898 | 50,562 |
| – Inter-segment | 13,302 | 457 |
| Total revenue | <u>256,200</u> | <u>51,019</u> |
| Results: | | |
| Interest income | 173 | – |
| Dividend income | – | – |
| Fair value loss on investment funds at fair value through profit or loss | – | – |
| Allowance for impairment on unquoted investment funds | – | – |
| Allowance for impairment in an associated company | – | – |
| Stocks written down | (3,527) | (95) |
| Allowance for impairment on trade debtors | (371) | (9) |
| Depreciation and amortisation | (903) | (1,626) |
| Property, plant and equipment written off | – | – |
| Allowance for impairment on property, plant and equipment | – | – |
| Write-back of provision for reinstatement cost | – | – |
| Realised translation losses reclassified to income statement | – | – |
| Net gain/(loss) on disposal of property, plant and equipment | 4 | (3) |
| Impairment loss on intangible assets | – | – |
| Share of results of associated and joint venture companies | – | – |
| Segment profit/(loss) | <u>10,122</u> | <u>10,597</u> |
| Assets: | | |
| Investments in associated and joint venture companies | – | – |
| Additions to non-current assets | 602 | 580 |
| Segment assets | <u>126,076</u> | <u>16,446</u> |
| Segment liabilities | <u>(46,047)</u> | <u>(8,708)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

| Food Retail \$'000 | Food Courts \$'000 | Investments \$'000 | Eliminations \$'000 | Note | Per Consolidated Financial Statements \$'000 |
|-----------------------|-----------------------|-----------------------|------------------------|------|--|
| 78,690 | 60,442 | 298 | – | | 432,890 |
| 1,958 | – | – | (15,717) | (i) | – |
| <u>80,648</u> | <u>60,442</u> | <u>298</u> | <u>(15,717)</u> | | <u>432,890</u> |
| – | 12 | 9 | – | | 194 |
| – | – | 291 | – | | 291 |
| – | – | (406) | – | | (406) |
| – | – | (1,616) | – | | (1,616) |
| – | – | (273) | – | | (273) |
| (240) | – | – | – | | (3,862) |
| (369) | (2) | – | – | | (751) |
| (6,357) | (7,125) | (161) | – | | (16,172) |
| (845) | (1,839) | – | – | | (2,684) |
| (593) | (906) | – | – | | (1,499) |
| 290 | – | – | – | | 290 |
| (268) | (615) | – | – | | (883) |
| 12 | (109) | 10 | – | | (86) |
| (37,150) | – | – | – | | (37,150) |
| 736 | – | – | – | | 736 |
| <u>(45,279)</u> | <u>(4,936)</u> | <u>(10,002)</u> | <u>–</u> | | <u>(39,498)</u> |
| 1,708 | – | – | – | | 1,708 |
| 1,865 | 4,755 | 494 | – | | 8,296 |
| <u>32,282</u> | <u>69,100</u> | <u>14,854</u> | <u>–</u> | | <u>258,758</u> |
| <u>(17,091)</u> | <u>(23,177)</u> | <u>(2,873)</u> | <u>–</u> | | <u>(97,896)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. SEGMENT INFORMATION (CONT'D)

For the financial year ended 31 December 2014:

| | Wholesale and Distribution \$'000 | Manufacturing \$'000 |
|--|--|---------------------------------|
| Revenue: | | |
| – External customers | 238,755 | 46,799 |
| – Inter-segment | 41,968 | 402 |
| Total revenue | <u>280,723</u> | <u>47,201</u> |
| Results: | | |
| Interest income | – | – |
| Dividend income | – | – |
| Fair value loss on investment funds at fair value through profit or loss | – | – |
| Stocks written down | (2,095) | (122) |
| (Allowance)/write-back for impairment on trade debtors | (827) | 41 |
| Depreciation and amortisation | (816) | (1,643) |
| Property, plant and equipment written off | – | (41) |
| Write-back of provision for reinstatement cost | – | – |
| Realised translation gain reclassified to income statement | – | – |
| Net gain/(loss) on disposal of property, plant and equipment | 14 | (27) |
| Impairment loss on intangible assets | – | – |
| Share of results of associated and joint venture companies | – | – |
| Gain on disposal of interest in subsidiary companies | – | – |
| Segment profit/(loss) | <u>11,728</u> | <u>7,374</u> |
| Assets: | | |
| Investments in associated and joint venture companies | – | – |
| Additions to non-current assets | 1,100 | 1,318 |
| Segment assets | <u>125,907</u> | <u>16,066</u> |
| Segment liabilities | <u>(44,062)</u> | <u>(8,444)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

| Food Retail \$'000 | Food Courts \$'000 | Investments \$'000 | Eliminations \$'000 | Note | Per Consolidated Financial Statements \$'000 |
|-----------------------|-----------------------|-----------------------|------------------------|------|--|
| 76,471 | 62,088 | 311 | – | | 424,424 |
| 2,322 | 35 | – | (44,727) | (i) | – |
| <u>78,793</u> | <u>62,123</u> | <u>311</u> | <u>(44,727)</u> | | <u>424,424</u> |
| – | – | 12 | – | | 12 |
| – | – | 300 | – | | 300 |
| – | – | (329) | – | | (329) |
| – | – | – | – | | (2,217) |
| 29 | (2) | – | – | | (759) |
| (7,130) | (5,975) | (173) | – | | (15,737) |
| (25) | 4 | – | – | | (62) |
| – | 233 | – | – | | 233 |
| – | – | 375 | – | | 375 |
| 20 | 22 | – | – | | 29 |
| – | (463) | – | – | | (463) |
| 770 | – | (4) | – | | 766 |
| – | – | 1,734 | – | | 1,734 |
| <u>(6,136)</u> | <u>(5,363)</u> | <u>(6,964)</u> | <u>–</u> | | <u>639</u> |
| 2,002 | – | 273 | – | | 2,275 |
| 6,158 | 10,287 | 46 | – | | 18,909 |
| <u>75,662</u> | <u>80,319</u> | <u>18,828</u> | <u>–</u> | | <u>316,782</u> |
| <u>(18,404)</u> | <u>(30,349)</u> | <u>(6,773)</u> | <u>–</u> | | <u>(108,032)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. SEGMENT INFORMATION (CONT'D)

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements

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

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

| | Revenue | | Non-current assets | |
|----------------------------|----------------|----------------|--------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Singapore | 276,737 | 270,136 | 65,088 | 113,903 |
| Malaysia | 100,024 | 101,812 | 5,817 | 7,059 |
| Hong Kong | 55,044 | 48,616 | 6,389 | 7,738 |
| People's Republic of China | 1,047 | 3,822 | – | 59 |
| Indonesia | 38 | 38 | 8 | 120 |
| | <u>432,890</u> | <u>424,424</u> | <u>77,302</u> | <u>128,879</u> |

Non-current assets information presented above consist of property, plant and equipment, intangible assets, other debtors, and prepayments and other recoverables.

Information from major customers

Revenue from a major customer amounts to \$54,783,000 (2014: \$51,030,000), arising from sales from Wholesale and Distribution segment.

38. DIRECTORS' REMUNERATION

The number of directors of the Company whose total remuneration from the Group falls into the following bands is as follows:

| | Group | |
|---------------------|----------|----------|
| | 2015 | 2014 |
| \$500,000 and above | 2 | 1 |
| Below \$250,000 | 4 | 7 |
| Total | <u>6</u> | <u>8</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

39. COMPARATIVE FIGURES

For comparative purposes, the following have been re-presented to be consistent with the current year's presentation and to better reflect the nature of the Company's operations.

Presented in the Statement of Financial Position

| | Re-presented 31.12.2014 \$'000 | Previous 31.12.2014 \$'000 | Re-presented 1.1.2014 \$'000 | Previous 1.1.2014 \$'000 |
|------------------------------------|--------------------------------------|----------------------------------|------------------------------------|--------------------------------|
| Non-current assets | | | | |
| Prepayments and other recoverables | <u>1,956</u> | <u>4,677</u> | <u>168</u> | <u>735</u> |
| Current assets | | | | |
| Prepayments and other recoverables | <u>4,238</u> | <u>4,428</u> | <u>2,823</u> | <u>3,118</u> |
| Non-current liabilities | | | | |
| Deferred income | <u>5</u> | <u>1,047</u> | <u>73</u> | <u>502</u> |
| Current liabilities | | | | |
| Deferred income | <u>74</u> | <u>1,943</u> | <u>–</u> | <u>433</u> |

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 29 February 2016.

SHAREHOLDING STATISTICS

AS AT 16 MARCH 2016

| | | |
|----------------------------------|---|--------------------|
| Issued and Fully Paid-up Capital | : | \$64,460,182 |
| No. of Shares Issued | : | 125,667,324 |
| Class of Shares | : | Ordinary share |
| Voting Rights | : | One vote per share |

ANALYSIS OF SHAREHOLDINGS

| RANGE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|------------------------|---------------------|---------------|--------------------|---------------|
| 1 – 99 | 155 | 5.84 | 4,155 | 0.00 |
| 100 – 1,000 | 747 | 28.17 | 489,681 | 0.39 |
| 1,001 – 10,000 | 1,315 | 49.59 | 5,335,804 | 4.25 |
| 10,001 – 1,000,000 | 431 | 16.25 | 18,410,516 | 14.65 |
| 1,000,001 AND ABOVE | 4 | 0.15 | 101,427,168 | 80.71 |
| | <u>2,652</u> | <u>100.00</u> | <u>125,667,324</u> | <u>100.00</u> |

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

| Name | Beneficial Interest | % | Deemed Interest | % |
|----------------------------------|---------------------|-------|----------------------------|-------|
| 1 Jeremiah Holdings Limited | 4,999,283 | 3.98 | 20,004,000 ⁽¹⁾ | 15.92 |
| 2 Goldstream Capital Limited | 30,967,411 | 24.64 | – | – |
| 3 Nine Heritage Pte Ltd | 20,004,000 | 15.92 | – | – |
| 4 Pantogon Holdings Pte Ltd | 36,165,052 | 28.78 | – | – |
| 5 Dragon Board Holdings Limited | – | – | 25,003,283 ⁽²⁾ | 19.90 |
| 6 Ir Endang Utari Mokodompit | – | – | 25,003,283 ⁽³⁾ | 19.90 |
| 7 Max Turbo Limited | – | – | 25,653,283 ⁽⁴⁾ | 20.41 |
| 8 Tamsett Holdings Limited | – | – | 25,653,283 ⁽⁵⁾ | 20.41 |
| 9 Goldmax Pacific Limited | – | – | 36,165,052 ⁽⁶⁾ | 28.78 |
| 10 Win Joyce Limited | – | – | 36,165,052 ⁽⁷⁾ | 28.78 |
| 11 Rickon Holdings Limited | – | – | 61,927,335 ⁽⁸⁾ | 49.28 |
| 12 Lippo China Resources Limited | – | – | 61,927,335 ⁽⁹⁾ | 49.28 |
| 13 Skyscraper Realty Limited | – | – | 61,927,335 ⁽¹⁰⁾ | 49.28 |
| 14 First Tower Corporation | – | – | 61,927,335 ⁽¹¹⁾ | 49.28 |
| 15 Lippo Limited | – | – | 61,927,335 ⁽¹²⁾ | 49.28 |
| 16 Lippo Capital Limited | – | – | 61,927,335 ⁽¹³⁾ | 49.28 |
| 17 Lanius Limited | – | – | 61,927,335 ⁽¹⁴⁾ | 49.28 |
| 18 James T. Riady | – | – | 61,927,335 ⁽¹⁵⁾ | 49.28 |
| 19 Stephen Riady | – | – | 61,927,335 ⁽¹⁶⁾ | 49.28 |
| 20 Bravado International Ltd. | – | – | 30,967,411 ⁽¹⁷⁾ | 24.64 |
| 21 Andy Adhiwana | – | – | 30,967,411 ⁽¹⁸⁾ | 24.64 |

SHAREHOLDING STATISTICS

AS AT 16 MARCH 2016

Notes:

- (1) Jeremiah Holdings Limited ("**Jeremiah**") is deemed to be interested in the shares held by Nine Heritage Pte Ltd ("**Nine Heritage**") in Auric Pacific Group Limited ("**APGL**").
- (2) Dragon Board Holdings Limited ("**Dragon Board**") is deemed to be interested in the shares held by Jeremiah and Nine Heritage in APGL.
- (3) Ir Endang Utari Mokodompit is deemed to be interested in the shares held by Jeremiah and Nine Heritage in APGL.
- (4) Max Turbo Limited ("**Max Turbo**") is deemed to be interested in the shares held by Dragon Board and its related corporations in APGL.
- (5) Tamsett Holdings Limited ("**Tamsett**") is deemed to be interested in the shares held by Max Turbo and its related corporations in APGL.
- (6) Goldmax Pacific Limited ("**Goldmax**") is deemed to be interested in the shares of APGL through Pantogon Holdings Pte Ltd.
- (7) Win Joyce Limited ("**Win Joyce**") is deemed to be interested in the shares of APGL through Goldmax. Win Joyce is a wholly-owned subsidiary of Rickon Holdings Limited ("**Rickon**").
- (8) Rickon, a wholly-owned subsidiary of Lippo China Resources Limited ("**LCR**"), is deemed to be interested in the shares held by Tamsett, Win Joyce, Hongkong China Treasury Limited and their related corporations in APGL.
- (9) LCR is deemed to be interested in the shares held by Rickon and its related corporations in APGL.
- (10) Skyscraper Realty Limited ("**Skyscraper**") is deemed to be interested in the shares held by LCR and its related corporations in APGL.
- (11) First Tower Corporation ("**First Tower**") is deemed to be interested in the shares held by Skyscraper and its related corporations in APGL.
- (12) Lippo Limited ("**Lippo**") is deemed to be interested in the shares held by First Tower and its related corporations in APGL.
- (13) Lippo Capital Limited ("**Lippo Capital**") is deemed to be interested in the shares held by Lippo and its related corporations in APGL.
- (14) Lanius Limited ("**Lanius**") is deemed to be interested in the shares held by Lippo Capital and its related corporations in APGL.
- (15) Mr James T. Riady is deemed to be interested in the shares held by Lanius and its related corporations in APGL.
- (16) Dr Stephen Riady ("**Dr Riady**") is deemed to be interested in the shares held by Lanius and its related corporations in APGL. Lanius is the trustee of a discretionary trust of which, inter alia, Dr Riady and other members of the family are the beneficiaries.
- (17) Bravado International Ltd. ("**Bravado**") is deemed to be interested in the shares of APGL held by Goldstream Capital Limited ("**Goldstream**") which in turn is a wholly-owned subsidiary of Bravado.
- (18) Dr Andy Adhiwana is deemed to be interested in the shares of APGL through Bravado. Dr Andy Adhiwana is the beneficial owner of the entire issued shares capital of Bravado.

SHAREHOLDING STATISTICS

AS AT 16 MARCH 2016

TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members and Depository Register)

| No. | Name | No. Of Shares Held | % |
|-----|--|--------------------|--------------|
| 1 | CITIBANK NOMINEES SINGAPORE PTE LTD | 64,358,935 | 51.21 |
| 2 | RAFFLES NOMINEES (PTE) LTD | 32,936,497 | 26.21 |
| 3 | DBS NOMINEES PTE LTD | 3,082,586 | 2.45 |
| 4 | PHILLIP SECURITIES PTE LTD | 1,049,150 | 0.83 |
| 5 | KIAN ING INVESTMENTS PRIVATE LIMITED | 775,000 | 0.62 |
| 6 | HSBC (SINGAPORE) NOMINEES PTE LTD | 749,784 | 0.60 |
| 7 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 716,829 | 0.57 |
| 8 | CHEE SWEE CHENG & CO PTE LTD | 518,469 | 0.41 |
| 9 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 484,000 | 0.39 |
| 10 | TAN CHEE JIN | 460,000 | 0.37 |
| 11 | GOH GEOK LOO | 400,000 | 0.32 |
| 12 | ATLAS ICE (SINGAPORE) PRIVATE LIMITED | 305,735 | 0.24 |
| 13 | LIM TECK MENG JOSHUA (LIN DEMING JOSHUA) | 240,000 | 0.19 |
| 14 | TEH GUEK NGOR ENGELIN | 231,000 | 0.18 |
| 15 | SEET CHRISTINA | 228,000 | 0.18 |
| 16 | NG LAI SOON | 221,000 | 0.18 |
| 17 | TAYERS HOLDINGS PTE LTD | 205,000 | 0.16 |
| 18 | VIJEYACONE ARIYACONE @ VIJEYARETNAM | 197,995 | 0.16 |
| 19 | LAM HOLDINGS (PTE) LTD | 197,013 | 0.16 |
| 20 | NG SOO GIAP OR CHEW SOOI GUAT | 197,000 | 0.16 |
| | | <u>107,553,993</u> | <u>85.59</u> |

FREE FLOAT

Based on the information available to the Company as at 16 March 2016, approximately 26.07% of the issued ordinary shares of the Company is held by the public and the Company is in compliance with Rule 723 of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Ninth Annual General Meeting of Auric Pacific Group Limited (the “**Company**”) will be held at Taurus Leo Ballroom (Level 1), Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 29 April 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the directors’ statement and audited financial statements for the financial year ended 31 December 2015 together with the auditor’s report. **(Resolution 1)**
2. To approve directors’ fees of S\$556,000 payable by the Company for the financial year ended 31 December 2015 (Approved directors’ fees for financial year ended 31 December 2014: S\$563,000). **(Resolution 2)**
3. To re-elect the following directors who are retiring and who, being eligible, offer themselves for re-election:
 - (a) Mr Albert Saychuan Cheok, who retires by rotation pursuant to Article 91 of the Constitution of the Company. **(Resolution 3(a))**
(See Explanatory Note 1)
 - (b) Mr Edwin Neo, who retires by rotation pursuant to Article 91 of the Constitution of the Company. **(Resolution 3(b))**
(See Explanatory Note 2)
 - (c) Mr Ronald Issen, who retires pursuant to Article 97 of the Constitution of the Company. **(Resolution 3(c))**
(See Explanatory Note 3)
 - (d) Mr Tan Huay Lim, who retires pursuant to Article 97 of the Constitution of the Company. **(Resolution 3(d))**
(See Explanatory Note 4)
4. To re-appoint Ernst & Young LLP as auditor of the Company and to authorise the directors to fix its remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 5 and 6 will be proposed as Ordinary Resolutions and Resolution 7 will be proposed as a Special Resolution:

5. **Authority to allot and issue shares**

That authority be and is hereby given to the directors of the Company to:

- (a) (i) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible or exchangeable into Shares,

NOTICE OF ANNUAL GENERAL MEETING

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 that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued Shares, excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted under this Resolution) shall not exceed 20 per cent. of the total number of issued Shares, excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares, excluding treasury shares, shall be based on the total number of issued Shares, excluding treasury shares, at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 5)**
(See Explanatory Note 5)

NOTICE OF ANNUAL GENERAL MEETING

6. **Renewal of the Shareholders' Mandate for Interested Person Transactions**

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix A to the Company's Letter to Shareholders dated 7 April 2016 (the "**Letter**"), with any party who is of the class of interested persons described in Appendix A to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the "**Shareholders' Mandate**");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution. **(Resolution 6)**
(See Explanatory Note 6)

7. **Adoption of the new Constitution of the Company**

That the regulations contained in the new Constitution submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution. **(Resolution 7)**
(See Explanatory Note 7)

By Order of the Board

Tan T'eng Ta' Benedict
Company Secretary

Singapore, 7 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
- (2) A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a shareholder (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company (or its agents or service providers) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Explanatory Notes

1. Resolution 3(a)

If re-elected, Mr Albert Saychuan Cheok will remain as an independent, non-executive Chairman and Chairman of the Remuneration Committee. Mr Cheok does not have any relationships including immediate family relationships with any director, the Company and any shareholder holding 10 per cent. or more Shares. Please refer to the 'Board of Directors' section of the Annual Report 2015 for further information on Mr Cheok.

2. Resolution 3(b)

If re-elected, Mr Edwin Neo will remain as an independent, non-executive director and Chairman of the Nomination Committee. Mr Neo does not have any relationships including immediate family relationships with any director, the Company and any shareholder holding 10 per cent. or more Shares. Please refer to the 'Board of Directors' section of the Annual Report 2015 for further information on Mr Neo.

NOTICE OF ANNUAL GENERAL MEETING

3. Resolution 3(c)

If re-elected, Mr Ronald Issen will remain as a non-executive director, member of the Remuneration Committee and member of the Audit and Risk Committee and will be considered non-independent. Please refer to the 'Board of Directors' section of the Annual Report 2015 for further information on Mr Issen.

4. Resolution 3(d)

If re-elected, Mr Tan Huay Lim will remain as an independent, non-executive director, Lead Independent Director and member of the Audit and Risk Committee. Mr Tan does not have any relationships including immediate family relationships with any director, the Company and any shareholder holding 10 per cent. or more Shares. Please refer to the 'Board of Directors' section of the Annual Report 2015 for further information on Mr Tan.

5. Resolution 5

The proposed Resolution 5, if passed, is to authorise the directors of the Company from the date of the Annual General Meeting until the next Annual General Meeting to issue Shares and/or make or grant Instruments that might require Shares to be issued, and to issue Shares in pursuance of such Instruments, up to a limit of 50 per cent. of the total number of issued Shares, excluding treasury shares, with a sub-limit of 20 per cent. for issues other than on a *pro rata* basis, calculated in accordance with and subject to the terms under Resolution 5.

6. Resolution 6

The proposed Resolution 6, if passed, is to renew until the conclusion of the next Annual General Meeting, the Shareholders' Mandate for interested person transactions to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9 of the Listing Manual, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual. Particulars of the Shareholders' Mandate, and the Audit and Risk Committee's confirmation in support of the renewal of the Shareholders' Mandate, are set out in the Company's Letter to Shareholders dated 7 April 2016.

7. Resolution 7

The proposed Resolution 7, if passed, is to approve the adoption of a new Constitution in substitution for, and replacement of, the Company's existing Constitution. The new Constitution contains regulations that take into account the wide-ranging changes to the Companies Act, Chapter 50 introduced by the Companies (Amendment) Act 2014 and other updates to the regulatory framework. Please refer to the Company's Letter to Shareholders dated 7 April 2016 for more details.

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AURIC PACIFIC GROUP LIMITED

(COMPANY REGISTRATION NO. 198802981D)
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT NOTES:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Auric Pacific Group Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2016.

I/We _____ (Name) _____ (NRIC/Passport/Co Reg Number)
of _____ (Address)
being a member/members of Auric Pacific Group Limited (the "Company"), hereby appoint:

| Name | Address | NRIC/ Passport Number | Proportion of Shareholdings | |
|------|---------|--------------------------|-----------------------------|-----|
| | | | No. of Shares | (%) |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/ Passport Number | Proportion of Shareholdings | |
|------|---------|--------------------------|-----------------------------|-----|
| | | | No. of Shares | (%) |
| | | | | |

or failing him/them, the Chairman of the Annual General Meeting (the "AGM"), as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be held at 10.00 a.m. on Friday, 29 April 2016 at Taurus Leo Ballroom (Level 1), Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM (of which Resolution Nos. 1 to 6 (inclusive) will be proposed as Ordinary Resolutions and Resolution No. 7 will be proposed as a Special Resolution), as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

| No. | Resolutions Relating To: | No. of Votes For* | No. of Votes Against* |
|-----------------------------|--|-------------------|-----------------------|
| As Ordinary Business | | | |
| 1 | To adopt the directors' statement and audited financial statements for the financial year ended 31 December 2015 and the auditor's report. | | |
| 2 | To approve directors' fees for the financial year ended 31 December 2015. | | |
| 3(a) | To re-elect Mr Albert Saychuan Cheok as a director. | | |
| 3(b) | To re-elect Mr Edwin Neo as a director. | | |
| 3(c) | To re-elect Mr Ronald Issen as a director. | | |
| 3(d) | To re-elect Mr Tan Huay Lim as a director. | | |
| 4 | To re-appoint Ernst & Young LLP as auditor of the Company and to authorise directors to fix its remuneration. | | |
| As Special Business | | | |
| 5 | To authorise directors to issue Shares and/or Instruments. | | |
| 6 | To approve the renewal of the Shareholders' Mandate for Interested Person Transactions. | | |
| 7 | To approve the adoption of the new Constitution of the Company. | | |

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this _____ day of _____ 2016.

Total Number of Shares held (Note 5)

Signature/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

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NOTES TO PROXY FORM:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for holding the meeting.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the meeting.
5. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

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Affix
Stamp
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AURIC PACIFIC GROUP LIMITED
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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AURIC PACIFIC GROUP LIMITED

(Company Registration No. 198802981D)

50 Collyer Quay
#06-03 OUE Bayfront
Singapore 049321
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LETTER TO SHAREHOLDERS



AURIC PACIFIC GROUP LIMITED

(Company Registration No: 198802981D)
(Incorporated in the Republic of Singapore)

Registered office: 50 Collyer Quay, #06-03 OUE Bayfront, Singapore 049321

7 April 2016

To: The Shareholders of Auric Pacific Group Limited (the “**Company**”)

Dear Sir/Madam

1. INTRODUCTION

1.1 **Summary.** We refer to the following items of special business in the Notice of the Twenty-Ninth Annual General Meeting (“**AGM**”) of the Company convening the AGM to be held on 29 April 2016:

- (a) **Resolution 6**, relating to the proposed renewal of the Shareholders’ Mandate for Interested Person Transactions (as defined or referred to in Paragraph 2 below), which will be tabled for Shareholders’ approval by way of an Ordinary Resolution at the AGM (“**Resolution 6**”); and
- (b) **Resolution 7**, relating to the proposed adoption of the New Constitution (as defined or referred to in Paragraph 3 below), which will be tabled for Shareholders’ approval by way of a Special Resolution at the AGM (“**Resolution 7**”).

1.2 **This Letter.** The purpose of this Letter is to provide shareholders of the Company (“**Shareholders**”) with information relating to the above proposals (collectively, the “**Proposals**”).

1.3 **Disclaimer.** The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter. If Shareholders are in any doubt as to the action they should take, they should consult their stockbrokers or other professional advisers immediately.

2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 **Background.** At the Extraordinary General Meeting of the Company held on 29 April 2015 (the “**EGM**”), Shareholders had approved the adoption of a general mandate for interested person transactions (the “**Shareholders’ Mandate**”) for the purposes of Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”). The terms of the Shareholders’ Mandate were set out in Appendix A of the Company’s Circular to Shareholders dated 14 April 2015. The Shareholders’ Mandate enables the Company, its subsidiaries and associated companies that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual to enter in the ordinary course of business into any of the

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mandated transactions with the specified classes of interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.

Under Chapter 9 of the Listing Manual, the Shareholders' Mandate is subject to annual renewal. The Shareholders' Mandate approved at the EGM was expressed to continue in force until the conclusion of the next Annual General Meeting of the Company, being the AGM which is to be held on 29 April 2016. Accordingly, it is proposed that the Shareholders' Mandate be renewed at the AGM, to take effect until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required to be held, whichever is the earlier.

In this regard, **Resolution 6** in relation to the proposed renewal of the Shareholders' Mandate will be proposed as an Ordinary Resolution for Shareholders' approval at the AGM.

- 2.2 **The Shareholders' Mandate to be renewed.** The nature of the interested person transactions and the classes of interested persons in respect of which the Shareholders' Mandate is sought to be renewed remain unchanged. The Shareholders' Mandate, the particulars of the Interested Person Transactions in respect of which the Shareholders' Mandate is sought to be renewed, including the rationale for, and the benefits to, the Company and its entities at risk, the methods or procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in **Appendix A** to this Letter ("**Appendix A**"). The relationship between the Mandated Interested Persons (as defined in paragraph 4 of **Appendix A**) and the Company, as at 24 March 2016 (the "**Latest Practicable Date**"), is illustrated in **Appendix B** to this Letter.
- 2.3 **Confirmation by Audit and Risk Committee.** In relation to the proposed renewal of the Shareholders' Mandate, the Audit and Risk Committee confirms that:
- (a) the methods or procedures for determining the transaction prices under the Shareholders' Mandate have not changed since the EGM; and
 - (b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 2.4 **Abstention from Voting.** The following parties (being the Mandated Interested Persons, as described in paragraph 4.1 of **Appendix A**, and their associates), will abstain from voting their shares in the Company, if any, in respect of **Resolution 6**, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate, to be proposed at the AGM:
- (a) Lippo China Resources Limited ("**LCR**"), its subsidiaries and affiliates in which LCR has an aggregate interest (direct or indirect) in at least 30.0% of the total shareholdings (collectively, the "**LCR Group**"), and their respective associates;
 - (b) Lippo Capital Limited ("**LCL**"), its subsidiaries and affiliates in which LCL has an aggregate interest (direct or indirect) in at least 30.0% of the total shareholdings (collectively, the "**LCL Group**"), and their respective associates;

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- (c) OUE Limited (“**OUE**”), its subsidiaries and affiliates in which OUE has an aggregate interest (direct or indirect) in at least 30.0% of the total shareholdings (collectively, the “**OUE Group**”), and their respective associates; and
- (d) Hongkong Chinese Limited (“**HCL**”), its subsidiaries and affiliates in which HCL has an aggregate interest (direct or indirect) in at least 30.0% of the total shareholdings (collectively, the “**HCL Group**”), and their respective associates.

Dr Stephen Riady, Executive Director of the Company who is concurrently the Chairman and an Executive Director of LCR, a Director of LCL, the Executive Chairman of OUE and the Chairman and Executive Director of HCL, Mr Albert Saychuan Cheok, Independent Non-Executive Chairman of the Company who is concurrently an Independent Non-Executive Director of HCL, and Mr Edwin Neo, Independent Non-Executive Director of the Company who is concurrently an Independent Non-Executive Director of LCR, will abstain from voting their respective shares in the Company, if any, in respect of **Resolution 6**, being the Ordinary Resolution relating to the renewal of the Shareholders’ Mandate, to be proposed at the AGM.

Dr Riady, Mr Cheok and Mr Neo will also each decline to accept appointment as proxy for any Shareholder to vote in respect of **Resolution 6**, being the Ordinary Resolution relating to the renewal of the Shareholders’ Mandate, unless the Shareholder concerned has given instructions in his proxy form as to the manner in which the votes are to be cast in respect of the said Ordinary Resolution.

3. THE PROPOSED ADOPTION OF THE NEW CONSTITUTION

- 3.1 **Background.** The Companies (Amendment) Act 2014 (the “**Amendment Act**”), which was passed in Parliament on 8 October 2014 and took effect in phases on 1 July 2015 and 3 January 2016, respectively, introduced wide-ranging changes to the Companies Act, Chapter 50 (the “**Companies Act**”). The changes are aimed at reducing the regulatory burden on companies, providing greater business flexibility and improving the corporate governance landscape in Singapore. The key changes include the introduction of a multiple proxies regime to enfranchise indirect investors and CPF investors, the simplification of the procedures for a company’s use of electronic transmission to serve notices and documents on members, and the merger of the memorandum and articles of association of a company into a single document called the “constitution”.
- 3.2 **New Constitution to be adopted.** Pursuant to new Section 4(13) of the Companies Act, the Memorandum and Articles of Association of the Company that were in force immediately before 3 January 2016 are collectively deemed to constitute, and have effect as, the Constitution of the Company with effect from 3 January 2016 (the “**Existing Constitution**”).

Instead of making numerous alterations throughout the Existing Constitution in order to update and streamline its provisions generally and to be in line with the changes to the regulatory framework (such as line-by-line changes to remove inconsistencies in the Existing Constitution pertaining to the cut-off time of 48 hours for reckoning depositors’ entitlement to attend and vote at general meetings of the Company which, pursuant to the Amendment Act, has been changed to 72 hours before the relevant general meeting, and the re-drafting of various provisions in the Existing Constitution to reflect mandatory poll

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voting requirements in the prevailing listing rules of the SGX-ST), the Company is proposing to adopt a new constitution (the “**New Constitution**”) in place of the Existing Constitution.

At the same time, the existing objects clauses in the Existing Constitution are proposed to be deleted and replaced by a general provision in the New Constitution giving the Company full capacity to carry on or undertake any business or activity, and do any act or enter into any transactions. Thus, the New Constitution contains updated provisions, *inter alia*, (a) that take into account the changes to the Companies Act introduced pursuant to the Amendment Act, and (b) which are consistent with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual. The New Constitution also includes provisions to address the personal data protection regime in Singapore.

In this regard, **Resolution 7** in relation to the proposed adoption of the New Constitution will be proposed as a Special Resolution for Shareholders’ approval at the AGM.

3.3 Summary of Principal Provisions. The following is a summary of the principal provisions of the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions. Numbered articles referred to in the following summary pertain to relevant provisions of the New Constitution, unless otherwise stated.

3.3.1 Companies Act

The following articles include provisions which are in line with the Companies Act, as amended pursuant to the Amendment Act:

- (a) **Article 1 (Article 2 of the Existing Constitution).** Article 1, which is the interpretation section of the New Constitution, includes the following new and/or updated provisions:
- (i) an updated definition of “in writing” to make it clear that this expression includes any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether physical or electronic. This would facilitate, for example, a proxy instrument being in either physical or electronic form;
 - (ii) new definitions of “registered address” and “address” to make it clear that these expressions mean, in relation to any Shareholder, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified;
 - (iii) a new provision stating that the expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289 (the “SFA”). This follows the migration of the provisions in the Companies Act which relate to the Central Depository System to the SFA pursuant to the Amendment Act;

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- (iv) a new provision stating that the expressions “current address”, “electronic communication” and “relevant intermediary” shall have the meanings ascribed to them respectively in the Companies Act. This follows the introduction of new provisions facilitating electronic communication and the multiple proxies regime pursuant to the Amendment Act;
 - (v) updated provisions to make it clear that the expression “treasury shares” has the meaning ascribed to it in the Companies Act, and references to “holders” of shares or a class of shares shall (unless otherwise expressly provided in the New Constitution) exclude the Company in relation to shares held by it as treasury shares, and references to “members” shall, where the Companies Act requires, exclude the Company where it is a member by reason of its holding of treasury shares; and
 - (vi) a new provision stating that a Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under the New Constitution.
- (b) **Article 6(B) (No equivalent provision in the Existing Constitution).** Article 6(B) is a new provision which provides that new shares may be issued for no consideration. This is in line with new Section 68 of the Companies Act, which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company.
- (c) **Article 12 (Article 9 of the Existing Constitution).** Article 12, which relates to the Company’s power to alter its share capital, has new provisions which:
- (i) empower the Company, by Ordinary Resolution, to convert its share capital or any class of shares from one currency to another currency. This is in line with new Section 73 of the Companies Act, which sets out the procedure for such re-denominations; and
 - (ii) empower the Company, by Special Resolution, to convert one class of shares into another class of shares. This is in line with new Section 74A of the Companies Act, which sets out the procedure for such conversions.
- (d) **Article 17 (Article 14 of the Existing Constitution).** Article 17, which relates to the Company’s power to pay commissions or brokerage on any issue of shares, contains updated provisions in line with new Section 67 of the Companies Act which allows a company to use its share capital to pay any expenses, including brokerage and commission, incurred directly in the issue of new shares.
- (e) **Article 19 (Article 16 of the Existing Constitution).** Article 19 provides that a share certificate need only state (*inter alia*) the number and class of the shares, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares. This is in line with Section 123 of the Companies Act

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(as amended pursuant to the Amendment Act) which no longer requires the amount paid on the shares to be stated in the share certificate relating to those shares.

- (f) **Article 56 (Article 53 of the Existing Constitution).** Article 56, which relates to the routine business that is transacted at an Annual General Meeting, include updates which:
- (i) substitute the references to “balance-sheet” and other accounts and documents required to be annexed thereto with “financial statements”, and references to the “reports of the Directors and the Auditors” with “Directors’ statement and Auditor’s report”, respectively, for consistency with the updated terminology in the Companies Act;
 - (ii) clarify that the routine business items include, in addition to the re-appointment of the retiring Auditor, the appointment of a new Auditor at the Annual General Meeting; and
 - (iii) clarify the types of Directors’ remuneration which will be subject to approval by Shareholders as routine business.
- (g) **Article 64(B) (Article 61 of the Existing Constitution).** Article 64(B), which relates to the method of voting at a general meeting where mandatory polling is not required, contains reduced thresholds for the eligibility to demand a poll of 5% (previously 10%) of the total voting rights of the members having the right to vote at the meeting, and 5% (previously one-tenth) of the total sum paid up on all the shares held by the members conferring a right to vote at the meeting, respectively. The reduced thresholds are in line with Section 178 of the Companies Act, as amended pursuant to the Amendment Act.
- (h) **Articles 68, 74 and 76(A) (Articles 65, 71 and 73 of the Existing Constitution).** Articles 68, 74 and 76(A), which relate to the voting rights of Shareholders, contain new provisions which cater to the multiple proxies regime introduced by the Amendment Act. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular:
- (i) article 68 provides that in the case of a Shareholder who is a “relevant intermediary” and who is represented at a general meeting by two or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with new Section 181(1D) of the Companies Act;
 - (ii) article 74(A) provides that save as otherwise provided in the Companies Act, a Shareholder who is a “relevant intermediary” may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder’s form of proxy appoints more than two proxies, the

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number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with new Section 181(1C) of the Companies Act;

- (iii) article 74(B) provides that the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. Consequential changes have also been made in articles 68 and 74(B) to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting. This is in line with new Section 81SJ(4) of the SFA; and
- (iv) article 76(A) provides that the cut-off time for the deposit of proxies will be 72 (previously 48) hours before the time appointed for holding the general meeting. This is in line with Section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Act.
- (i) **Article 96 (Article 93 of the Existing Constitution).** Article 96, which relates to the filling of vacated office by a Director in default circumstances except in certain cases, omits the event of a Director attaining any applicable retirement age as an exception to a deemed re-election to office. This follows the repeal of Section 153 of the Companies Act, pursuant to the Amendment Act, thereby removing the 70-year age limit for directors of public companies and subsidiaries of public companies.
- (j) **Article 113 (Article 110 of the Existing Constitution).** Article 113, which relates to the general powers of the Directors to manage the Company's business, clarifies that the business and affairs of the Company are to be managed by, or under the direction of or the supervision of, the Directors. This is in line with Section 157A of the Companies Act, as amended pursuant to the Amendment Act.
- (k) **Articles 122, 141 and 142 (Articles 119, 134 and 135 of the Existing Constitution).** Article 142, which relates to the sending of the Company's financial statements and related documents to Shareholders, additionally provides that such documents may, subject to the listing rules of the SGX-ST, be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings. This is in line with new Section 203(2) of the Companies Act, which provides that the requisite financial statements and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree. Notwithstanding this proviso, the Company is currently required to comply with Rule 707(2) of the Listing Manual which provides that an issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting. The requirement (in Article 135 of the Existing Constitution) to send these documents to debenture holders has been removed in article 142. The references to the "financial statements" and the "Directors' statement", as appropriate, in

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article 122 (relating to the authentication of company documents), article 141 (relating to the presentation of the annual financial statements) and article 142, instead of “profit and loss account” and “Directors’ report”, are consistent with the updated terminology in the Companies Act.

- (i) **Article 145 (Article 138 of the Existing Constitution).** Article 145, which relates to the service of notices to Shareholders, has new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to new Section 387C of the Companies Act.

Under new Section 387C, notices and documents may be given, sent or served using electronic communications with the express, implied or deemed consent of the member in accordance with the constitution of the company.

There is “express consent” if a shareholder expressly agrees with the company that notices and documents may be given, sent or served on him using electronic communications. There is “deemed consent” if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders will be given an opportunity to elect, within a specified period of time, whether to receive electronic or physical copies of such notices and documents, and the shareholder fails to make an election within the specified period of time. There is “implied consent” if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders agree to receive such notices or documents by way of electronic communications and do not have a right to elect to receive physical copies of such notices and documents. Certain safeguards for the use of the deemed consent and implied consent regimes are prescribed under new regulation 89C of the Companies Regulations.

New Section 387C was introduced to give effect to recommendations by the Steering Committee for Review of the Companies Act to ease the rules for the use of electronic transmission and to make them less prescriptive, and these recommendations were accepted by the Ministry of Finance (“MOF”). In accepting these recommendations, the MOF noted the concerns of some shareholders who would prefer to have an option to receive physical copies of the notices and documents, notwithstanding that the company adopts the implied consent regime, and indicated that such shareholders could highlight their concerns when a company proposes amendments to its constitution to move to an implied consent regime.

Shareholders who are supportive of the new deemed consent and implied consent regimes for electronic communications may vote in favour of the adoption of the New Constitution, which incorporates new provisions (contained in article 145) to facilitate these regimes, while Shareholders who are not supportive of the new regimes may vote against it.

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Article 145 provides that:

- (i) notices and documents may be sent to Shareholders using electronic communications either to a Shareholder's current address (which may be an email address) or by making it available on a website;
- (ii) for these purposes, a Shareholder is deemed to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document (this is the implied consent regime permitted under new Section 387C); and
- (iii) notwithstanding sub-paragraph (ii) above, the Directors may decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity but failed to opt out within the specified time (this is the deemed consent regime permitted under new Section 387C).

Article 145 additionally provides for when service is effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is made available on a website, it is deemed served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Companies Act and/or other applicable regulations or procedures. Article 145 further provides that, in the case of service on a website, the Company must give separate notice of the publication of the notice or document on that website and the manner in which the notice or document may be accessed, to Shareholders by (1) sending it to them personally or through the post, (2) sending it to their current addresses (which may be email addresses), (3) advertising it in the daily press, and/or (4) announcing it on the SGX-ST.

Regulations were introduced on 3 January 2016 under the Companies Act (as amended by the Amendment Act) to provide for safeguards for the use of electronic communications under new Section 387C of the Companies Act. These safeguards, in particular, exclude notices or documents relating to rights issues and take-overs from the application of Section 387C, and thus are not permitted to be transmitted by electronic means pursuant to Section 387C.

As at the Latest Practicable Date, the outcome of a public consultation by the SGX-ST on (*inter alia*) whether listed issuers should be allowed to send notices and documents to shareholders electronically under the new regimes permitted under the Companies Act is not known yet. In its consultation, the SGX-ST had also asked for comments on additional safeguards in relation to the new regimes. There is no certainty that the listing rules will be amended to allow electronic transmission of notices and documents under the new regimes. Going forward, for so long as the Company is listed on the SGX-ST, the Company will not make use of the new regimes to transmit notices or

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documents electronically to Shareholders unless the SGX-ST's listing rules allow it, and the Company will comply with the SGX-ST's listing rules on the subject.

- (m) **Article 152 (Article 145 of the Existing Constitution).** Article 152, which relates to Directors' indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by the Companies Act, to indemnify a Director against losses "to be incurred" by him in the execution of his duties. This is in line with new Sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred or to be incurred by him in defending court proceedings or regulatory investigations.

3.3.2 *Objects Clauses*

The existing objects clauses contained in the Existing Constitution are proposed to be deleted and substituted with a general provision in the New Constitution to the effect that, subject to the provisions of the Companies Act and any other written law and its Constitution, the Company has:

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for these purposes, full rights, powers and privileges.

This is in line with Section 23 of the Companies Act, which provides that a company has full capacity to carry on or undertake any business or activity, do any act or enter into any transactions, subject to the law and to the provisions of its constitution. By deleting the existing objects clauses (which sets out an extensive list of the activities which the Company has capacity or power to engage in) and taking advantage of the flexibility afforded by Section 23, the Company will have all the powers of a natural person, with full capacity and ability to carry on or undertake any business or activity, and to enter into any transaction. This will facilitate the Company in adapting to the rapidly changing business environment, and to undertake various business activities and enter into business transactions for the benefit of the Company and its Shareholders. The proposed change will also remove any uncertainty as to whether the Company has the power to act in a particular way or to engage in a particular transaction arising from unduly restrictive provisions in the specific objects clauses.

Notwithstanding the deletion of the existing objects clauses, the Company will still be required to comply with the Companies Act and the Listing Manual in carrying on its business and undertaking business activities. For example, if required by Chapter 10 of the Listing Manual, the Company will have to obtain Shareholders' approval to enter into a transaction for the acquisition or disposal of assets. Also, if required by Rule 104 of the Listing Manual, a change in the principal business of the Company will be subject to the SGX-ST's approval if in the SGX-ST's opinion, the integrity of the market may be adversely affected, or it is in the interests of the public to do so.

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3.3.3 *Listing Manual*

Rule 730(2) of the Listing Manual provides that if an issuer amends its articles or other constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment.

The following articles include updated provisions which are consistent with listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual:

- (a) **Articles 6(A), 8(A), 11(A), 21, 35 and 41(A) (Articles 5(A), 8(A), 18, 32 and 38(A) of the Existing Constitution).**
- (i) Article 6(A) is a new provision which provides that the rights attaching to shares of a class other than ordinary shares must be expressed in the Constitution. This is in line with paragraph 1(b) of Appendix 2.2 of the Listing Manual.
 - (ii) Article 8(A), which relates to preference shares, provides that preference shares may be issued subject to such limitation thereof as may be prescribed by the SGX-ST. This is in line with paragraph 1(a) of Appendix 2.2 of the Listing Manual.
 - (iii) Article 11(A), which relates to the issue of new shares, provides that unless otherwise determined by the Company in General Meeting or permitted under the listing rules of the SGX-ST, all new shares shall, before issue, first be offered to existing members of the Company in proportion to their shareholdings in the Company. This is in line with paragraph 1(f) of Appendix 2.2 of the Listing Manual.
 - (iv) Article 21, which relates to entitlement to share certificates, rationalises the timeline for despatch of share certificates after the closing date of any application for shares or (as the case may be) the lodgement of a registrable transfer of shares in physical scrip, to within 10 Market Days or such other period as may be approved by the SGX-ST. This is in line with Rules 731 and 732(3) of the Listing Manual.
 - (v) Article 35, which relates to the Company's lien on partly paid shares, stipulates that such lien extends to dividends from time to time declared in respect of shares that are not fully paid, and that such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid. This is in line with paragraph 3(a) of Appendix 2.2 of the Listing Manual.
 - (vi) Article 41(A), which relates to the Directors' right to refuse to register a transfer of shares, provides that there shall be no restriction on the transfer of fully paid-up shares except where required by law or by the rules, bye-laws or the listing rules of the SGX-ST. This is in line with paragraph 4(c) of Appendix 2.2 of the Listing Manual.

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- (b) **Articles 64, 65, 66 and 67 (Articles 61, 62, 63 and 64 of the Existing Constitution).**
- (i) Article 64, which relates to the method of voting at general meetings, contains provisions to make it clear that, if required by the listing rules of the SGX-ST, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the SGX-ST). This is in line with Rule 730A(2) of the Listing Manual.
 - (ii) Articles 65, 66 and 67, which relate to conduct of the poll and incidental matters, make it clear that scrutineers will be appointed, if so required by the listing rules of the SGX-ST. This is in line with Rule 730A(3) of the Listing Manual.
- (c) **Articles 93, 105 and 106 (Articles 90, 102 and 103 of the Existing Constitution).**
- (i) Article 93, which relates to the vacation of office of a Director in certain events, additionally provides that a Director shall cease to hold office if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. This is in line with paragraph 9(n) of Appendix 2.2 of the Listing Manual.
 - (ii) Article 105, which relates to conflict of interest situations, provides that a Director shall not vote in respect of any transaction, arrangement or proposal in which he has, directly or indirectly, any personal material interest. This is in line with paragraph 9(e) of Appendix 2.2 of the Listing Manual.
 - (iii) Article 106, which relates to proceedings of the Directors, stipulates that where the number of Directors is reduced below the minimum number fixed by or pursuant to the Constitution, the continuing Director(s) may act for the purpose of filling up such vacancies or calling General Meetings, but not for any other purpose except in the case of an emergency. This is in line with paragraph 9(k) of Appendix 2.2 of the Listing Manual.

3.3.4 **Personal Data**

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. Article 154 specifies, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

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3.3.5 *General*

A number of provisions in the Existing Constitution have been updated, streamlined and rationalised generally in the New Constitution. They include the following:

- (a) **Articles 13(B) and 13(C) (Article 10(B) of the Existing Constitution).** Article 13(B), which relates to the Company's power to purchase or otherwise acquire its issued shares, contains updated provisions to cater for the holding of any such purchased or acquired shares in treasury, in accordance with the Companies Act. Further, it is provided in article 13(C) that the Company shall not exercise any right in respect of treasury shares other than as provided in the Companies Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Companies Act.
- (b) **Articles 39 and 41 (Articles 36 and 38 of the Existing Constitution).** Article 39, which relates to the form of transfer of shares, provides that this shall be in the form as approved by the SGX-ST and, additionally, in any other form acceptable to the Directors. Further, the dispensation accorded to The Central Depository (Pte) Limited ("**CDP**") from having to sign the transfer form as transferee of the shares, is extended to a nominee of CDP. Article 41, relating to the Directors' power to decline to register a transfer of shares in physical scrip reflects prevailing laws and regulations on stamp duties, where applicable.
- (c) **Article 52 (Article 49 of the Existing Constitution).** Article 52, which relates to the time-frame for holding Annual General Meetings, clarifies that such meetings must be held once every calendar year and at intervals of not more than 15 months, unless otherwise permitted under the Companies Act.
- (d) **Articles 78 and 93(e) (Articles 75 and 90(d) of the Existing Constitution).** These articles have been updated to substitute the references to insane persons and persons of unsound mind with references to persons who are mentally disordered and incapable of managing himself or his affairs, following the enactment of the Mental Health (Care and Treatment) Act, Chapter 178A, which repealed and replaced the Mental Disorders and Treatment Act.
- (e) **Articles 75 and 76 (Articles 72 and 73 of the Existing Constitution).** Article 75, which relates to the appointment of proxies, has provisions to facilitate the appointment of a proxy through electronic means online. In particular, it provides that a Shareholder can elect to signify his approval for the appointment of a proxy via electronic communication, through such method and in such manner as may be approved by the Directors, in lieu of the present requirement of signing, or where applicable, the affixation of the corporate Shareholder's common seal. For the purpose of accommodating the deposit by Shareholders, and receipt by the Company, of electronic proxy instructions by Shareholders who elect to use the electronic appointment process, article 76 (which relates to the deposit of proxies) has provisions

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which authorise the Directors to prescribe and determine the manner of receipt by the Company of the instrument appointing a proxy through digital means.

- (f) **Article 80 (Article 77 of the Existing Constitution).** Article 80, which relates to the number of Directors of the Company, provides for a minimum of two and there is no limitation on the maximum number (whereas Article 77 of the Existing Constitution sets the minimum number at three and the maximum number at 12, unless varied by Ordinary Resolution).
- (g) **Articles 89, 90, 91, 92 and 94 (Articles 86, 87, 88, 89 and 91 of the Existing Constitution).** Articles 89 to 92, which relate to the appointment, remuneration and office of Chief Executive Officer (or other equivalent position) (“CEO”) of the Company, and article 94, which relates to the retirement of Directors by rotation, are similar to the equivalent provisions in the Existing Constitution relating to the appointment, remuneration and office of Managing Director (“MD”) of the Company, except that (i) unlike an MD, a CEO need not be a Director, and (ii) a CEO who is a Director shall be subject to periodic retirement by rotation as with all the other Directors (whereas under the Existing Constitution, the MD is excluded from retirement by rotation).
- (h) **Article 94 (Article 91 of the Existing Constitution).** Article 94, which relates to the retirement of Directors by rotation, provides that one-third of the Directors for the time being, or if their number is not a multiple of three, then not less than one-third of the Directors shall retire at each Annual General Meeting.
- (i) **Articles 131 and 133 (No equivalent provisions in the Existing Constitution).** Article 131 provides (*inter alia*) that any dividends or other moneys payable on or in respect of a share which are unclaimed after a period of six years from the date they are first payable may be forfeited, and if so, shall revert to the Company. This new provision will also make it clear that where CDP returns any such unclaimed dividends or moneys to the Company, a Depositor shall not have any right or claim against the Company in respect of such unclaimed dividends or moneys. Article 133 contains provisions that would enable Shareholders, pursuant to a scrip dividend scheme framework, to elect to receive new shares credited as fully paid in lieu of the cash amount of a qualifying dividend. Notwithstanding article 133, the implementation of such a scheme in the future would nevertheless be subject to compliance by the Company with such laws, regulations and/or listing rules of the SGX-ST as may be applicable at that point in time.
- (j) **Articles 138 and 139 (Article 132 of the Existing Constitution).** Article 138 relates to the power of the Company to issue bonus shares for which no consideration is payable and/or to undertake a capitalisation issue to Shareholders. Article 139 extends the power to issue free shares and/or to capitalise reserves, to allow them to be applied for share-based incentive plans, as well as for the benefit of non-executive Directors as part of their Directors’ remuneration. This will enable the Company to deliver awards of shares to participants under a share-based incentive plan for the time being of the Company, as well as enable the Company, if it so desires, to

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remunerate its non-executive Directors (subject to Shareholders' approval being obtained therefor) by way of Directors' fees in the form of shares, or in a combination of cash and shares. Article 132 of the Existing Constitution caters only for the traditional concept of a capitalisation issue to Shareholders and thus is limited in its application.

- (k) **Abolished concepts, etc. in the Existing Constitution.** Existing provisions of the Existing Constitution based on and/or referencing concepts that have been abolished in Singapore company law, specifically, the concepts of authorised share capital, par (or nominal) value of shares, share premium and discount, respectively, will not be ported across to the New Constitution. Provisions in the Existing Constitution which specifically comply with particular requirements of Appendix 2.2 of the Listing Manual (relating to contents of the constitutive documents of an issuer) that have since been removed by the SGX-ST from Appendix 2.2 of the Listing Manual will not be included in the New Constitution. For example, Article 144 of the Existing Constitution provides that in the event of a voluntary winding up of the Company, the prior approval of members in General Meeting must be obtained for the payment of any commission or fee to the liquidator. Such a provision is not required to be included in the New Constitution by current Appendix 2.2 of the Listing Manual. Notwithstanding this, the Company will seek the approval of Shareholders for such payment if required by applicable laws or listing rules of the SGX-ST at the relevant time.

- 3.4 **Appendices C and D.** The objects clauses in the Existing Constitution which are proposed to be deleted and replaced by a general provision in the New Constitution are set out in **Appendix C** of this Letter. The text of the principal provisions of the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, is set out in **Appendix D** of this Letter and the main differences are blacklined. The proposed adoption of the New Constitution is subject to Shareholders' approval.

4. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 4.1 **Directors' Interests.** The interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings as at the Latest Practicable Date, are set out below.

| Directors | Number of Shares | | | |
|------------------|------------------|--------------------------------|----------------|-----------------------------------|
| | Direct Interest | Deemed Interest ⁽¹⁾ | Total Interest | % of Issued Shares ⁽²⁾ |
| Dr Stephen Riady | – | 61,927,335 ⁽³⁾ | 61,927,335 | 49.28% |
| Dr Andy Adhiwana | – | 31,236,111 ⁽⁴⁾ | 31,236,111 | 24.86% |

Notes:

- (1) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
(2) The figures are based on the issued share capital of 125,667,324 Shares as at the Latest Practicable Date.
(3) Dr Stephen Riady is deemed to have interests in shares in the subsidiary companies of the Company.
(4) Dr Andy Adhiwana has an indirect interest in 31,236,111 Shares held by Bravado International Ltd. and Goldstream Capital Limited.

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4.2 **Substantial Shareholders' Interests.** The interests of the Substantial Shareholders in the Shares, as extracted from the Register of Substantial Shareholders as at the Latest Practicable Date, are set out below.

| Substantial Shareholders | Number of Shares | | | % of Issued Shares ⁽²⁾ |
|-------------------------------|------------------|--------------------------------|----------------|-----------------------------------|
| | Direct Interest | Deemed Interest ⁽¹⁾ | Total Interest | |
| Dr Stephen Riady | – | 61,927,335 ⁽³⁾ | 61,927,335 | 49.28% |
| Dr Andy Adhiwana | – | 31,236,111 ⁽⁴⁾ | 31,236,111 | 24.86% |
| Jeremiah Holdings Limited | 4,999,283 | 20,004,000 ⁽⁵⁾ | 25,003,283 | 19.9% |
| Goldstream Capital Limited | 31,236,111 | – | 31,236,111 | 24.86% |
| Nine Heritage Pte Ltd | 20,004,000 | – | 20,004,000 | 15.92% |
| Pantogon Holdings Pte Ltd | 36,165,052 | – | 36,165,052 | 28.78% |
| Dragon Board Holdings Limited | – | 25,003,283 ⁽⁶⁾ | 25,003,283 | 19.90% |
| Ir Endang Utari Mokodompit | – | 25,003,283 ⁽⁷⁾ | 25,003,283 | 19.90% |
| Max Turbo Limited | – | 25,653,283 ⁽⁸⁾ | 25,653,283 | 20.41% |
| Tamsett Holdings Limited | – | 25,653,283 ⁽⁹⁾ | 25,653,283 | 20.41% |
| Goldmax Pacific Limited | – | 36,165,052 ⁽¹⁰⁾ | 36,165,052 | 28.78% |
| Win Joyce Limited | – | 36,165,052 ⁽¹¹⁾ | 36,165,052 | 28.78% |
| Rickon Holdings Limited | – | 61,927,335 ⁽¹²⁾ | 61,927,335 | 49.28% |
| Lippo China Resources Limited | – | 61,927,335 ⁽¹³⁾ | 61,927,335 | 49.28% |
| Skyscraper Realty Limited | – | 61,927,335 ⁽¹⁴⁾ | 61,927,335 | 49.28% |
| First Tower Corporation | – | 61,927,335 ⁽¹⁵⁾ | 61,927,335 | 49.28% |
| Lippo Limited | – | 61,927,335 ⁽¹⁶⁾ | 61,927,335 | 49.28% |
| Lippo Capital Limited | – | 61,927,335 ⁽¹⁷⁾ | 61,927,335 | 49.28% |
| Lanius Limited | – | 61,927,335 ⁽¹⁸⁾ | 61,927,335 | 49.28% |
| Mr James T. Riady | – | 61,927,335 ⁽¹⁹⁾ | 61,927,335 | 49.28% |
| Bravado International Ltd. | – | 31,236,111 ⁽²⁰⁾ | 31,236,111 | 24.86% |

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Notes to the foregoing table:

- (1) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (2) The figures are based on the issued share capital of 125,667,324 Shares as at the Latest Practicable Date.
- (3) Dr Stephen Riady is deemed to be interested in the shares held by Lanius Limited (“**Lanius**”) and its related corporations in the Company. Lanius is the trustee of a discretionary trust of which, *inter alia*, Dr Stephen Riady and other members of the family are the beneficiaries.
- (4) Dr Andy Adhiwana is deemed to be interested in the Shares through Bravado International Ltd. (“**Bravado**”). Dr Andy Adhiwana is the beneficial owner of the entire issued share capital of Bravado.
- (5) Jeremiah Holdings Limited (“**Jeremiah**”) is deemed to be interested in the Shares held by Nine Heritage Pte Ltd (“**Nine Heritage**”).
- (6) Dragon Board Holdings Limited (“**Dragon Board**”) is deemed to be interested in the Shares held by Jeremiah and Nine Heritage.
- (7) Ir Endang Utari Mokodompit is deemed to be interested in the Shares held by Jeremiah and Nine Heritage.
- (8) Max Turbo Limited (“**Max Turbo**”) is deemed to be interested in the Shares held by Dragon Board and its related corporations.
- (9) Tamsett Holdings Limited (“**Tamsett**”) is deemed to be interested in the Shares held by Max Turbo and its related corporations.
- (10) Goldmax Pacific Limited (“**Goldmax**”) is deemed to be interested in the Shares through Pantogon Holdings Pte Ltd.
- (11) Win Joyce Limited (“**Win Joyce**”) is deemed to be interested in the Shares through Goldmax. Win Joyce is a wholly-owned subsidiary of Rickon Holdings Limited (“**Rickon**”).
- (12) Rickon, a wholly-owned subsidiary of LCR, is deemed to be interested in the Shares held by Tamsett, Win Joyce, Hongkong China Treasury Limited and their related corporations.
- (13) LCR is deemed to be interested in the Shares held by Rickon and its related corporations.
- (14) Skyscraper Realty Limited (“**Skyscraper**”) is deemed to be interested in the Shares held by LCR and its related corporations.
- (15) First Tower Corporation (“**First Tower**”) is deemed to be interested in the Shares held by Skyscraper and its related corporations.
- (16) Lippo Limited (“**Lippo**”) is deemed to be interested in the Shares held by First Tower and its related corporations.
- (17) LCL is deemed to be interested in the Shares held by Lippo and its related corporations.
- (18) Lanius is deemed to be interested in the Shares held by LCL and its related corporations.
- (19) Mr James T. Riady is deemed to be interested in the Shares held by Lanius and its related corporations.
- (20) Bravado is deemed to be interested in the Shares held by Goldstream Capital Limited which in turn is a wholly-owned subsidiary of Bravado.

5. DIRECTORS’ RECOMMENDATIONS

- 5.1 **Renewal of the Shareholders’ Mandate.** The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders’ Mandate are Mr Bryan Chang Yew Chan and Mr Tan Huay Lim (the “**IPT Independent Directors**”). In the interest of good corporate governance, both Mr Albert Saychuan Cheok and Mr Edwin Neo have been excluded as IPT Independent Directors. Mr Albert Saychuan Cheok, Independent Non-Executive Chairman of the Company is concurrently an Independent Non-Executive Director of HCL. Mr Edwin Neo, Independent Non-Executive Director of the Company is concurrently an Independent Non-Executive Director of LCR.

The IPT Independent Directors advise that Shareholders read the information on the Shareholders’ Mandate set out in this Letter and **Appendix A** carefully.

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Based on the rationale for the proposed renewal of Shareholders' Mandate as set out in **Appendix A**, the IPT Independent Directors are of the opinion that the proposed Shareholders' Mandate to permit the entry into the Mandated Transactions (as described in paragraph 5 of **Appendix A**) between the Group (as described in paragraph 3 of **Appendix A**) and those Mandated Interested Persons (as described in paragraph 4.1 of **Appendix A**) in the ordinary course of its business will facilitate transactions in the Company's normal course of business and/or which are necessary for the Company's day-to-day operations which are transacted from time to time with the Mandated Interested Persons, and is in the best interests of the Company. For the reasons set out in paragraph 6 of **Appendix A**, the IPT Independent Directors recommend that shareholders vote in favour of **Resolution 6**, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate, to be proposed at the AGM.

- 5.2 **Adoption of the New Constitution.** The Directors are of the opinion, for the reasons set out in Paragraph 3.2 above, that the proposed adoption of the New Constitution is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of **Resolution 7**, being the Special Resolution relating to the proposed adoption of the New Constitution, to be proposed at the AGM.

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excluded) from the date of this Letter up to and including the date of the AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2015;
- (b) the Existing Constitution; and
- (c) the proposed New Constitution.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

Yours faithfully

For and on behalf of
the Board of Directors of
Auric Pacific Group Limited

Mr Albert Saychuan Cheok
Chairman

APPENDIX A

THE SHAREHOLDERS' MANDATE

1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction with an interested person and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded.

In particular, an immediate announcement is required to be made by the Company where:

- (a) the transaction is of a value equal to, or more than, 3.0% of the Group's latest audited consolidated NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the Group's latest audited consolidated NTA.

In addition to an immediate announcement, shareholders' approval is required for an Interested Person Transaction of a value equal to, or which exceeds:

- (a) 5.0% of the Group's latest audited consolidated NTA; or
- (b) 5.0% of the Group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

For the purposes of aggregation, any Interested Person Transaction which is below the value of S\$100,000 will be excluded.

- 1.3 Based on the latest audited consolidated accounts of the Group (as defined in paragraph 3 below) for the financial year ended 31 December 2015, the consolidated NTA of the Group was S\$124,290,000. In relation to the Company for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited accounts of the Group for the financial year ended 31 December 2015 are published, 3.0% and 5.0% of the latest audited consolidated NTA of the Group would be S\$3,729,000 and S\$6,215,000 respectively.

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- 1.4 Rule 920(1) of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent Interested Person Transactions which are of a revenue or trading nature or those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of the day-to-day operations. A general mandate is subject to annual renewal.
- 1.5 The information required by Rule 920(1)(b) are as follows:
- (a) the class of Interested Persons with which the entity at risk (as defined below) will be transacting;
 - (b) the nature of the transactions contemplated under the mandate;
 - (c) the rationale and benefit to the entity at risk;
 - (d) the methods or procedures for determining transaction prices;
 - (e) the independent financial adviser's opinion on whether the methods or procedures in (d) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the Company's interest and the interests of its minority Shareholders;
 - (f) an opinion from the Audit and Risk Committee if it takes a different view to the independent financial adviser; and
 - (g) a statement from the Company that it will seek a fresh mandate from the Company's Shareholders if the methods or procedures in (d) above become inappropriate.
- 1.6 Under the Listing Manual:
- (a) an "**entity at risk**" means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;
 - (b) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
 - (c) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a

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discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30.0% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30.0% or more;

- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions according to similar principles to Chapter 9 of the Listing Manual; and
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

2. Shareholders’ Mandate and Validity

2.1 It is anticipated that the Group would, in the ordinary course of business, enter into certain transactions with the Company’s interested persons, including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions and the possible frequency of such commercial transactions, it would be advantageous to approve the Shareholders’ Mandate to enter into certain Interested Person Transactions in the normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.2 The approval of the Shareholders’ Mandate will take effect from the date of the passing of Ordinary Resolution relating thereto to be proposed at the AGM until (unless earlier revoked or varied by the Company in general meeting) the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required to be held, whichever is earlier. It is intended that approval from Shareholders for a renewal of the Shareholders’ Mandate will be sought at each subsequent Annual General Meeting of the Company.

2.3 Scope of the Shareholders’ Mandate

- (a) The Shareholders’ Mandate will cover a wide range of transactions arising in the ordinary course of business operations of the Group, including its principal businesses of food manufacturing, wholesale distribution of food and allied fast-moving consumer goods.
- (b) The Shareholders’ Mandate will not cover any Interested Person Transaction which has a value below S\$100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.
- (c) Transactions with interested persons which do not come within the ambit of the Shareholders’ Mandate (including any renewal thereof) will be subject to applicable provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

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3. Entities at Risk

For the purposes of the Shareholders' Mandate, an **"entity at risk"** means:

- (a) the Company;
- (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and interested person(s) of the Company, have control over the associated company,

(together, the **"Group"** and each, a **"Group Entity"**).

4. Mandated Interested Persons

4.1 The Shareholders' Mandate applies to the Group's transactions with the LCR Group, the LCL Group, the OUE Group and the HCL Group in which LCR, LCL, OUE and HCL each have an aggregate interest (direct or indirect) in at least 30.0% of the total shareholdings (collectively, the **"Mandated Interested Persons"**). The relationship between the Mandated Interested Persons and the Company, as at the Latest Practicable Date, is illustrated in **Appendix B**.

4.2 Transactions with the Mandated Interested Persons which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or any other applicable provisions of the Listing Manual.

5. Categories of Mandated Transactions

The transactions with the Mandated Interested Persons which are covered by the Shareholders' Mandate are as follows:

- (a) supply of food products to the LCR Group, the LCL Group, the OUE Group and the HCL Group; and
- (b) rental of real estate to and/or from the LCR Group, the LCL Group, the OUE Group and the HCL Group,

(collectively, the **"Mandated Transactions"**).

6. Rationale for and Benefits of the Shareholders' Mandate

6.1 The transactions with the Mandated Interested Persons are entered into or to be entered into by the Group in its ordinary course of business and/or which are necessary for the day-to-day operations of the Group. The Directors believe that the Group will explore potential business opportunities through its relationship with the LCR Group, the LCL Group, the OUE Group and the HCL Group, and the Directors expect that such transactions will be recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time.

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- 6.2 The Directors believe that the Group will be able to benefit from its transactions with the Mandated Interested Persons. The adoption of the Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis thereafter will eliminate the need to convene separate special general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions with the Mandated Interested Persons arise or prior to implementing any Interested Person Transactions with the Mandated Interested Persons, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the Group's corporate objectives or adversely affecting the business opportunities available to the Group. In particular, it would not be possible, in view of confidentiality obligations under certain commercial lease agreements, to convene general meetings to seek Shareholders' approval for such agreements. The Directors also believe that the Shareholders' Mandate will allow the Group to expand its customer base as the Group may enter into agreements for the supply of food products with the Mandated Interested Persons.
- 6.3 The Shareholders' Mandate is intended to facilitate transactions in the normal course of business and/or which are necessary for the Group's day-to-day operations which are transacted from time to time with the Mandated Interested Person, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
- 6.4 Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is in force.

7. Review Procedures for Mandated Transactions with the Mandated Interested Persons

The Group has established procedures to ensure that the Mandated Transactions with the Mandated Interested Persons are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies and on terms which are generally no more favourable to the Mandated Interested Person than those extended to unrelated third parties.

In particular, the following review procedures have been implemented:

(a) Supply of food products to the LCR Group, the LCL Group, the OUE Group and the HCL Group

The review procedures are:

- (i) all contracts entered into or transactions with the LCR Group, the LCL Group, the OUE Group or the HCL Group for the supply of food products by the Company will be carried out at the prevailing market rates or prices previously set by the Company, on terms which are generally no more favourable to the Mandated Interested Persons than the usual commercial terms that would be extended to unrelated third parties (including, where applicable, preferential rates, prices and discounts accorded for bulk or high volume purchases) or otherwise in accordance with applicable industry norms; and

APPENDIX A

(ii) where the prevailing market rates or prices are not available due to the nature of the food product to be sold (for instance if there are no unrelated third party customers of similar food products or if the product is a proprietary item tailored to specific requirements of the Mandated Interested Person), the Company's pricing for such food products to be sold to the Mandated Interested Persons will be at no less than a 5% profit margin and will be determined in accordance with the Company's usual business practices and pricing policies, consistent with the key terms to be obtained by the Company for the same or substantially similar type of contract or transaction with unrelated third parties, taking into consideration factors including but not limited to quantity, volume, consumption, customer requirements, specifications, duration of contract, strategic purposes of the transaction or the limited resources available to the Company.

(b) Rental of real estate to and/or from the LCR Group, the LCL Group, the OUE Group and the HCL Group

All contracts entered into with the LCR Group, the LCL Group, the OUE Group and the HCL Group for the rental of real estate to and/or from the Company will be carried out at the prevailing market rates, including adopting measures such as obtaining necessary reports or reviews published by property agents or independent valuers. In the case of leases from or to Mandated Interested Persons, the amount of rent payable or receivable shall not be less favourable to the Group than those rates and terms offered by or received from unrelated third parties for a similar real estate, taking into consideration factors including but not limited to, size, location, quality of premise, services provided, credit terms and deposits needed.

(c) Approval by Relevant Approving Authority

Following such review, the Mandated Transactions shall be entered into by the relevant Group Entity on the terms determined pursuant to the review process provided that individual transactions equal to or exceeding S\$100,000 in value will require the prior approval of the Relevant Approving Authority in the relevant Group Entity who does not have any conflict of interests, whether direct or indirect, in relation to the transaction as follows:

| Value of individual transactions ⁽¹⁾ | Relevant Approving Authority |
|--|------------------------------|
| Not exceeding \$100,000 | No approval required |
| Equal to or exceeding \$100,000 but not exceeding 3.0% of the Group's NTA ⁽²⁾ | Authorised Reviewing Officer |
| Exceeding 3.0% of the Group's NTA ⁽²⁾ | Audit and Risk Committee |

Notes:

- (1) For the purpose of determining the value of an individual transaction falling within a class of similar transactions, the value of such transaction shall be aggregated with the value of all previous transactions of the same kind in any particular financial year.
- (2) The Group's NTA in value will be based on its latest audited consolidated accounts.

In this respect, the Relevant Approving Authority will submit a written recommendation setting out the basis for determining that the price and terms offered by the Mandated Interested Person are fair and reasonable.

APPENDIX A

(d) Other review procedures

The Group has also implemented the following procedures for the identification of interested persons and the recording of all of its Interested Person Transactions:

- (i) the Company will maintain a register of all transactions carried out by the Group with interested persons, whether mandated or non-mandated. The internal audit plan will incorporate a review of all Interested Person Transactions whether mandated or non-mandated; and
- (ii) on a quarterly basis, the Company's Audit and Risk Committee will review all recorded Interested Person Transactions entered into by the Group, and the basis of such transactions.

In addition, the Audit and Risk Committee will include the review of the Interested Person Transactions as part of its standard procedures while examining the adequacy of the Group's internal controls.

In the event that an Authorised Reviewing Officer or a member of the Audit and Risk Committee has a conflict of interest in relation to any Interested Person Transaction, he will abstain from reviewing that particular transaction. In such instances, an alternative Relevant Approving Authority (which shall be another Authorised Reviewing Officer or other members of the Audit and Risk Committee) will be responsible for reviewing the transaction.

The Board of Directors will also ensure that all disclosure requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

In addition, the Audit and Risk Committee with the assistance of internal and external auditors as required shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on normal commercial terms. Further, if during these periodic reviews, the Audit and Risk Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders, the Company will (pursuant to Rule 920(1)(b)(iv) and (vii) of the Listing Manual) revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Mandated Interested Persons. During the period prior to obtaining a new mandate from Shareholders, all Mandated Transactions with the Mandated Interested Persons will be subject to prior review and approval by the Audit and Risk Committee.

The Board of Directors shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as it deems appropriate.

APPENDIX A

8. Review Procedures for Non-Mandated Interested Persons Transactions

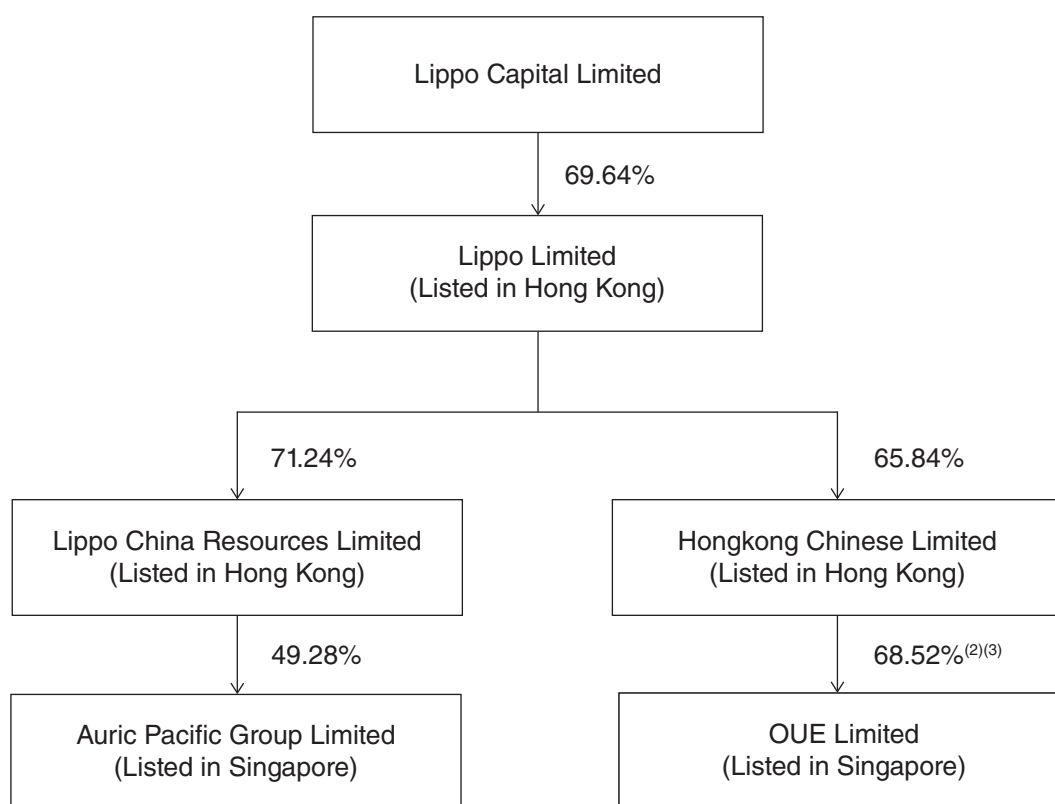
- 8.1 All of the Group's other existing and future Interested Person Transactions not subject to the Shareholders' Mandate will be reviewed and approved in accordance with the threshold limits for Mandated Transactions set out at "Approval By Relevant Approving Authority" above, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
- 8.2 In the event that such Interested Person Transactions require the approval of the Relevant Approving Authority, relevant information will be submitted to the Relevant Approving Authority for review. In the event that such Interested Person Transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial advisor may be appointed for an opinion.
- 8.3 The Audit and Risk Committee will also review all Interested Person Transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. The Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

9. Audit and Risk Committee's Statements

- 9.1 The Audit and Risk Committee has reviewed the terms of the Shareholders' Mandate, as proposed to be renewed, and is satisfied that the methods and procedures for determining the transaction prices as set out in this **Appendix A** are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 9.2 The Audit and Risk Committee will, in conjunction with its review of the internal audit reports and relevant Interested Person Transactions, as the case may be, also review the established methods and procedures to ascertain that they have been complied with. Further, if during these periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the methods and procedures as stated above are not sufficient to ensure that these Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new methods and procedures for transactions with Interested Persons.

APPENDIX B

RELATIONSHIP BETWEEN THE MANDATED INTERESTED PERSONS AND THE COMPANY



Notes:

- (1) The diagram illustrates the relationship between the Mandated Interested Persons and the Company as at the Latest Practicable Date as known to the Company via publicly available information; it may not reflect the full and actual organisational structure of each of the companies.
- (2) Through entities whose majority equity interests are owned by a joint venture of Hongkong Chinese Limited, such joint venture having a deemed interest of 68.52% in OUE Limited.
- (3) Excluding treasury shares.

APPENDIX C

THE EXISTING OBJECTS CLAUSES

The objects clauses in the Existing Constitution which are proposed to be deleted and replaced with a general provision in the New Constitution are set out below.

4. The objects for which the Company is established are:–
- (1a) To carry on business as an investment company and as an investment holding company to acquire and hold shares, stocks, debenture stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wherever constituted or carrying on business, and shares, stock, debenture stock, bonds, obligations and other securities issued or guaranteed by any government, sovereign ruler, commissioners, trust, local authority or other public body, and to vary, transpose, dispose of or otherwise deal with from time to time as may be considered expedient any of the Company's investments for the time being.
 - (1b) To engage in retail and wholesale distribution of food and allied fast-moving consumer goods, food and beverage manufacturing and investment activities including the holding of investment properties.
 - (1c) To engage in the business of information technology, high technology, internet, E-commerce and bio-technology, developing, designing, manufacturing, installing, distributing and dealing in information technology, high technology, E-commerce or bio-technology hardware and software (including but not limited to advanced industry application solutions and solutions involving hardware integration), to act as high technology and information technology consultants, to provide high technology and information technology services and solutions and to invest in entities anywhere in the world engage in high technology, information technology, internet, E-commerce or bio-technological activities of any nature.
 - (2) To raise and borrow money by the issue of shares, stock, debentures, debenture stock, bonds, obligations, deposit notes (hereinafter referred to as "shares, stock and securities") and otherwise howsoever and to mortgage or charge all or any part of the property and rights of the Company, including its uncalled capital.
 - (3) To acquire (either by way of purchase for cash or by way of consideration for the issue of shares, stock and securities of the Company or partly in one way and partly in another) and to hold and sell the shares, stock and securities of any government, state, company, corporation, municipal or local or other body or authority and to vary any such investments, but so that no part of the proceeds of any sales shall be applied in the payment of dividends.
 - (4) To carry on all or any of the businesses of wholesale and retail butchers and grocers; wine and spirit merchants, caterers, cold store operators, slaughtermen; general importers, exporters, warehousemen and merchants; forwarding and receiving agents, carriers, shipowners, shippers, ships' victuallers; storemen, distributors and exporters of fresh and refrigerated meat, poultry, game, fish, seafood, dairy produce, fruit, vegetables and other produce and dry, canned and preserved articles of every kind.

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- (5) To carry on the business of manufacturers of meat products, pies and small goods, preservers and packers and dealers in meats and provisions of all kinds.
- (6) To manufacture and distribute bread, cakes, biscuits and confectionery, and other allied products.
- (7) To carry on the business of manufacturers of ice, dry ice and C.O.2, ice cream and other refrigerated products, and sell, distribute, buy and deal in such products.
- (8) To import, export, deal in and manufacturing refrigerated and other machinery.
- (9) To carry on the business of builders and contractors and dealers in land and property.
- (10) To carry on the business of farm stock owners and breeders and pastures, produce merchants and to breed and rear, sell, deal in, import and export cattle, sheep, pigs, poultry and other stock.
- (11) To carry on the business of advisers on problems relating to the administration, organisation and training of personnel for industrial and business purposes and carry on all or any of the businesses of industrial business and personnel consultants and to examine, consider, advise upon and make recommendations as to the best means or methods for extending and/or developing and/or improving all types of businesses or industries and all systems or processes relating to the production, storage, distribution, marketing and sale of goods and/or relating to the rendering of services.
- (12) To advance the art and science of management, production, distribution, marketing and selling to promote good management, production, distribution, marketing and selling practice and principles, to develop and improve management, distribution, marketing and selling procedures, to engage in development and research of and in all and any problems relating to personnel and industrial and business management, production and distribution, marketing and selling, to collect, prepare and distribute statistics and information relating to any type of business or industry and to promote or propose such methods, procedures and measures as may be considered desirable or beneficial for all or any of the Company's objects.
- (13) To act as agents or managers in carrying on any business concern and undertaking and to employ experts to investigate and examine into the condition, management, prospects, value and circumstances of any business concern and undertaking and generally of any assets, property or rights of any kind.
- (14) To carry on the business of marketing consultants in all its branches and any business incidental thereto in respect of any goods or class of goods whatsoever and in relation to any business whatsoever.
- (15) To carry on any other trade or business whatsoever, which can, in the opinion of the Board of Directors, be advantageously carried on by the Company in connection with or as ancillary to any of the above businesses or the general business of the Company.

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- (16) To carry on all or any part of the branches of the businesses of general merchants, agents, brokers, factors, capitalists, financiers, concessionaries, shippers, importers and exporters, general storekeepers, tea dealers, wholesale and retail traders, ship chandlers, ship or aircraft owners, ship builders, ship or aircraft charterers, ship and shipping or airtransport agents, carriers by sea, land and air, commission agents, manufacturers, manufacturers' representatives and distributors, estate and property agents, warehousemen, lightermen, stevedores, contractors, builders, guarantors, wharf and dock owners or lessees, owners or lessees of railways, airfields and tramways, owners of mining, planting and other properties wherever situate, owners or lessees of craft, plant and appliances, planters, miners, metallurgists, quarry owners, brickmakers, wool washers, tallow melters, tanners, artificial fertilizer makers, coopers, carpenters, engineers, buyers, sellers and dealers in produce of all kinds, metals, timber and all kinds of machinery, engineers, plant, tools, goods, wares and merchandise.
- (17) To construct, equip, improve, alter, maintain, work, manage, carry out or control docks, wharves, piers, railways, tramways, airfields, airports, watercourses, hydraulic works, telephones, gasworks, electric works, factories, warehouses and other buildings, works and conveniences which may seem calculated directly or indirectly to advance the Company's interests and to contribute, subsidise or otherwise assist or take part in the construction, equipping, improvement, maintenance, working, management, carrying out or control thereof and to take any lease and enter into any working agreement in respect thereof.
- (18) To acquire any patent rights, licences, privileges, trade marks, concessions, or other similar rights, and to work or otherwise turn to account any of the same.
- (19) To act as agents for the issue of any loan by and to issue and place any shares, stocks or securities of any sovereign state or authorities, supreme, local or otherwise, and to transact all kinds of agency businesses, and in particular to collect debts and negotiate loans and generally to carry on and undertake any business transaction commonly carried on or undertaken by promoters of companies, financiers, concessionaires, contractors for public works, capitalists, merchants or traders.
- (20) To act as agents and secretaries or either of them for any other company, association or persons, whatever be the business such company, association or person carries on, and to carry on the business of advertising contractors and agents and any other business which may be usefully carried on in connection with such business and to carry on the business of manufacturers of all kinds of apparatus, appliances, plants and material employed by advertising contractors in their business and to sell and dispose of and to use the same for the purposes of the Company.
- (21) To carry on all kinds of exploration businesses and in particular to search, prospect, examine and explore mines and ground supposed to contain tin ore, oils and other minerals and to search for and obtain information in regard to mines, mining claims, mining districts and localities.
- (22) To examine and obtain reports on estates used for the cultivation of rubber and other products of any kind and land supposed to be suitable for the cultivation of rubber or other products as aforesaid.

APPENDIX C

- (23) To purchase, obtain grants, leases, licences or options over or otherwise acquire and to sell, turn to account, dispose of and deal with mines and mining rights, land supposed to contain tin ore, oils or other minerals, estates used for the cultivation of rubber or other products of any kind and land supposed to be suitable for the cultivation of rubber or other products as aforesaid and also undertakings, dredges, machinery, buildings and other property in any way connected with the foregoing, and while in occupation or control of any such property as aforesaid to preserve, safeguard, develop and manage the same and to carry on the same as a going concern.
- (24) To undertake or direct the management of property, buildings lands and estates (of any tenure or kind) of any person, persons or corporation in the capacity of stewards or otherwise.
- (25) To purchase and sell for any person, persons or corporation freehold or other house property, buildings or lands or any share or shares, interest or interest therein, and to transact on commission or otherwise the general business of a land agent.
- (26) To purchase, take on lease, exchange, hire or otherwise acquire and hold for any estate or interest, any lands, buildings, easements, rights, privileges, concessions, patents, patent rights, licences, secret processes, machinery, plant, stock-in-trade and any real or personal property of any kind.
- (27) To borrow or raise or secure the payment of money for the purposes of or in connection with the Company's business.
- (28) To mortgage and charge the undertaking and all or any of the real and personal property and assets, present or future, and all or any of the uncalled capital for the time being of the Company, and to issue at par or at a premium or discount, and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures or debenture stock, either permanent or redeemable or repayable, and collaterally or further to secure any securities of the Company by a trust deed or other assurance.
- (29) To issue and deposit any securities which the Company has the power to issue by way of mortgage, to secure any sum less than the nominal amount of such securities, and also by way of security for the performance of any contracts or obligations of the Company or of its customers or other persons or corporations having dealings with the Company, or in whose businesses or undertakings the Company is interested, whether directly or indirectly.
- (30) To acquire and take over the whole or any part of the business, property and liabilities of any person or persons, firm or corporation carrying on any business or possessed of any property or rights suitable for the purposes of the Company.
- (31) To take or otherwise acquire and hold shares, stock and securities in any other company having objects altogether or in part similar to those of the Company or carrying on any business capable of being conducted so as directly or indirectly to benefit the Company.

APPENDIX C

- (32) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferrable instruments.
- (33) To grant pensions, allowances, gratuities and bonuses to employee or ex-employees of the Company or any subsidiary of the Company or the dependants of such persons, and to support or subscribe to any charitable or other instruments, clubs, societies or funds.
- (34) To lend money on any terms that may be though fit, and particularly to customers or other persons or corporations having dealings with the Company, and to give any guarantees that may be deemed expedient.
- (35) To invest and deal with the moneys of the Company not immediately required for the purposes of its business in or upon such investments or securities and in such manner as may from time to time be determined.
- (36) To pay for any property or rights acquired by the Company, either in cash or fully or partly paid-up shares, with or without preferred or deferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or by any securities which the Company has power to issue, or partly in one mode and partly in another, and generally on such terms as the Company may determine.
- (37) To accept payment for any property or rights sold, or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or in fully or partly paid-up shares of any company or corporations, with or without deferred or preferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or in debentures or mortgage debentures or debenture stock, mortgages or other securities of any company or corporation, or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired.
- (38) To enter into any partnership or arrangement in the nature of a partnership with any person or persons or corporation engaged or interested or about to become engaged or interested in the carrying on or conduct of any business or enterprise which the Company is authorised to carry on or conduct or from which the Company would or might derive any benefit, whether direct or indirect.
- (39) To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition and taking over of all or any of the assets and liabilities of the Company, or the promotion of which shall be in any manner calculated to advance directly or indirectly the objects or interests of the Company, and to acquire and hold or dispose of shares, stock or securities of and guarantee the payment of the dividends, interest or capital of any shares, stock or securities issued by or any other obligations of any such company.
- (40) To sell, improve, manage, develop, turn to account, exchange, let on rent; royalty, share of profits or otherwise, grant licences, easements and other rights in or over, and in any other manner deal with or dispose of the undertaking and all or any of the property or assets for the time being of the Company for such consideration as the Company may think fit.

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- (41) To amalgamate with any other company whose objects are or include objects similar to those of the Company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking, subject to the liabilities of this or any such other company as aforesaid, with or without winding-up, or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other company as aforesaid, or by partnership, or any arrangement of the nature of partnership, or in any other manner.
- (42) To distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
- (43) (i) To make donations for patriotic or for charitable purposes; and
- (ii) To transact any lawful business in aid of the Republic of Singapore in the prosecution of any war or hostilities in which the Republic of Singapore is engaged.
- (44) To cause the Company to be registered or recognised in any foreign country or place, and to do all or any of the above things in any part of the world, and either as principals, agents, trustees or otherwise, and either alone or in conjunction with others, and by or through agents, sub-contractors, trustees or otherwise.
- (45) To do all such other things as are incidental or the Company may think conducive to the attainment of the above objects or any of them.

The objects set forth in any sub-clause of this clause shall not be restrictively construed but the widest interpretation shall be given thereto, and they shall not, except when the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause or from the terms of any other sub-clause or by the name of the Company. None of such sub-clauses, the object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause, but the Company shall have full power to exercise all or any of the powers and to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said sub-clauses.

APPENDIX D

THE PRINCIPAL PROVISIONS OF THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT PROVISIONS IN THE EXISTING CONSTITUTION

Set out below are the principal provisions of the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, with the main differences blacklined.

1. Article 1

21. In ~~these presents~~this Constitution (if not inconsistent with the Interpretation subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively.

| | |
|--|--|
| "The Act" | The Companies Act,- Chapter 50. |
| "In writing" | Written or produced by any substitute for writing or partly one and partly another <u>and shall include (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Statutes) any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.</u> |
| "Market Day" | <u>A day on which the Stock Exchange is open for trading in securities.</u> |
| "Month" | Calendar month. |
| "Office" | The registered office of the Company for the time being. |
| "Paid" | Paid or credited as paid. |
| "registered address" or "address" | <u>In relation to any member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.</u> |
| "Seal" | The Common Seal of the Company. |
| "The Statutes" | The Act and every other <u>Act</u> for the time being in force concerning companies and affecting the Company. |

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| | |
|---|--|
| <u>“Stock Exchange”</u> | <u>Any stock exchange upon which shares in the Company may be listed.</u> |
| <u>“These presents this Constitution”</u> | <u>These Articles of Association This Constitution as from time to time altered.</u> |
| <u>“Year”</u> | <u>Calendar year.</u> |

The expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289.

The expressions “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them respectively in the Act.

References in ~~these presents~~ this Constitution to “holders” of shares or a class of ~~shares~~ shares shall:—

- (a) exclude the Depository or its nominee (as the case may be) except where otherwise expressly provided in these presents this Constitution or where the term “registered holders” or “registered holder” is used in these presents this Constitution; and
- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and
- (c) except where otherwise expressly provided in this Constitution, exclude the Company in relation to shares held by it as treasury shares,

and “holding” and “held” shall be construed accordingly.

References in this Constitution to “member” shall, where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.

The expression “Secretary” shall include any person appointed by the Directors to perform any of the duties of the Secretary and where two or more persons are appointed to act as Joint Secretaries shall include any one of those persons.

All such of the provisions of ~~these presents~~ this Constitution as are applicable to paid-up shares shall apply to stock, and the words “share” and “shareholder” shall be construed accordingly.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

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Any reference in this Constitution to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Subject as aforesaid any words or expression defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in ~~these presents~~this Constitution.

A ~~special resolution~~Special Resolution shall be effective for any purpose for which an ~~ordinary resolution~~Ordinary Resolution is expressed to be required under any provision of ~~these presents~~this Constitution.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of this Constitution.

2. Article 6

6. (A) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. Shares of a class other than ordinary shares

(B) The Company may issue shares for which no consideration is payable to the Company. Issue of shares for no consideration

3. Article 8(A)

58. (A) ~~In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference~~Preference shares may be issued subject to such limitation thereof as may be prescribed by the Stock Exchange. Preference Preference shares shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.

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4. Article 11(A)

811. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this ~~Article 8~~ Article 11(A).

Offer of new
shares to
members

5. Article 12

912. (A) The Company may by Ordinary Resolution:—

- (a) ~~consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;~~
- (b) ~~cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;~~
- (eb) ~~sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; and~~
- (dc) ~~subject to the provisions of the Statutes, convert its share capital or any class of shares into any other class of shares from one currency to another currency.~~

Power to
consolidate,
sub-divide and
redenominate
shares

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(B) The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares. Power to convert shares

6. Articles 13(B) and 13(C)

~~1013.~~13.(B) The Company may, subject to and in accordance with the StatutesAct, purchase or otherwise acquire shares in the issued share capital of the Companyits issued shares on such terms and in such manner as the Company may from time to time think fit. AnyIf required by the Act, any share thatwhich is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire, and the nominal amount of the issued share capital of the Company shall be diminished by the nominal amount of the share so cancelled. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. Power to repurchase shares

(C) The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. Treasury shares

7. Article 17

~~1417.~~17. The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted provided that the rate or amount of the commissions paid or agreed to be paid shall be disclosed in the manner required by the Statutespay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful. Power to pay commission and brokerage

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8. Article 19

~~1619.~~ Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount paid up thereon (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No certificate shall be issued representing shares of more than one class. Share certificates

9. Article 21

~~1821.~~ Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, every Every person whose name is entered as a member in the Register of Members shall be entitled to receive, within ten market days Market Days (or such other period as may be approved by the Stock Exchange) of the closing date of any application for shares (or such other period as may be approved by any Stock Exchange upon which the shares of the Company may be listed) or within 15 market days afteror, as the case may be, the date of lodgement of a registrable transfer (or such other period as may be approved by any Stock Exchange upon which the shares of the Company may be listed), one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of S\$2/- for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any the Stock Exchange upon which the shares in the Company may be listed. For the purposes of this Article 18, "market day" shall mean a day on which the Stock Exchange of Singapore Limited is open for trading in securities. Entitlement to certificate

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10. Article 35

~~3235.~~ The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share and for all moneys and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article ~~article~~.

Company to have paramount lien

11. Article 39

~~3639.~~ All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by ~~any~~ the Stock Exchange upon which the Company may be listed or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, ~~provided~~ Provided always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Form and execution of transfer

12. Article 41

~~3841.~~(A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law; or the listing rules of any Stock Exchange upon which the shares of the Company may be listed or the rules and/or, or bye-laws and rules governing any, the Stock Exchange upon which the shares of the Company may be listed) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve, ~~provided~~ Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten ~~market days~~ Market Days beginning with the ~~day~~ date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

Directors' power to decline to register a transfer

(B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:-

When Directors may refuse to register a transfer

- (a) ~~all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding S\$2/- as the Directors may from time to time require, is paid to the Company in respect thereof;~~

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- (db) ~~the amount of the proper duty (if any) with which each share certificate to be issued in consequence of the registration of such instrument of transfer is chargeable under any law for the time being in force relating to stamps is tendered; paid;~~
- (bc) ~~the instrument of transfer is deposited at the office~~Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which ~~it~~the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
- (ed) the instrument of transfer is in respect of only one class of shares; and.

13. Article 52

~~49~~52. ~~An~~Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

Annual
General
Meeting and
Extraordinary
General
Meeting

14. Article 56

~~53~~56. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:—

Routine
business

- (a) declaring dividends;
- (b) receiving and adopting the ~~accounts~~financial statements, ~~the reports of the Directors' statement, the Auditor's report and Auditors~~ and other documents required to be attached or ~~annexed to the accounts~~financial statements;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) ~~appointing or re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting)~~Auditor;
- (e) fixing the remuneration of the ~~Auditors~~Auditor or determining the manner in which such remuneration is to be fixed; and

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- (f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under Article 79 article 82 and/or article 83(A).

15. Articles 64, 65

~~64~~64.(A) If required by the listing rules of the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange). Mandatory polling

(B) ~~At~~Subject to article 64(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:- Method of voting where mandatory polling not required

- (a) the chairman of the meeting; or
- (b) not less than two members present in person or by proxy and entitled to vote at the meeting; or
- (c) a member present in person or by proxy and representing not less than ~~one-tenth~~five per cent. of the total voting rights of all the members having the right to vote at the meeting; or
- (d) a member present in person or by proxy and holding shares ~~in the Company~~ conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than ~~one-tenth~~five per cent. of the total sum paid up on all the shares conferring that right;

~~provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.~~

A demand for a poll made pursuant to this article 64(B) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

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~~6265. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If~~Where a poll is required~~taken~~, it shall be taken in such manner (including the use of ballot or voting papers ~~or tickets~~) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was ~~demande~~taken. The chairman of the meeting may (and, if required by the listing rules of the Stock Exchange or if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

Taking a poll

16. Article 66

~~6466. A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.~~

Timing for taking a poll

17. Article 67

~~6367. In the case of an equality of votes, whether on a show of hands or on a poll or on a show of hands, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded or show of hands takes place shall be entitled to a casting vote.~~

Casting vote of chairman

18. Article 68

~~6568. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 13(C), each member entitled to vote may vote in person or by proxy. On a show of hands every~~Every member who is present in person and each or by proxy shall:

How members may vote

- (a) on a poll, have one vote for every share which he holds or represents; and

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- (b) on a show of hands, have one vote, Provided always that:
- (i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents.
 - (ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 4872 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

19. Article 74

7174.(A) Save as otherwise provided in the Act:

Appointment
of proxies

- (a) Aa member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and
- (b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(B) In any case where a provided that if the member is a Depositor, the Company shall be entitled and bound:-

Shares
entered in
Depository
Register

- (a) to reject any instrument of proxy lodged if ~~the~~by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 4872 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

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- (b) to accept as the maximum number of votes which in aggregate the proxy ~~or~~ proxies appointed by ~~the~~that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at ~~4872~~ hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(~~B~~C) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. Notes and instructions

~~(C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.~~

(D) A proxy need not be a member of the Company.

Proxy need not be a member

20. Article 75

~~7275.~~(A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:- Execution of proxies

- (a) in the case of an individual, shall be:
- (i) signed by the appointor or his attorney; and if the instrument is delivered personally or sent by post; or
 - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
- (b) in the case of a corporation, shall be:
- (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or
 - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

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The Directors may, for the purposes of articles 75(A)(a)(ii) and 75(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(B) The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article~~article~~ 76(A), failing which the instrument may be treated as invalid. Witness and authority

(C) The Directors may, in their absolute discretion:

- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
- (b) designate the procedure for authenticating an instrument appointing a proxy,

Directors may approve method and manner, and designate procedure, for electronic communications

as contemplated in articles 75(A)(a)(ii) and 75(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 75(A)(a)(i) and/or (as the case may be) article 75(A)(b)(i) shall apply.

21. Article 76

~~73~~76.(A) An instrument appointing a proxy:

Deposit of proxies

- (a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or
- (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

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and in either case, not less than ~~48~~72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; ~~provided~~Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 76 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 76(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 76(A)(a) shall apply.

Directors may specify means for electronic communications

22. Article 78

~~75~~78. A vote cast by proxy shall not be invalidated by the previous death or ~~insanity~~mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made ~~provided~~, Provided always that no intimation in writing of such death, ~~insanity~~mental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

Intervening death or mental disorder

23. Article 80

~~77~~80. Subject as hereinafter provided the Directors, all of whom shall be natural persons, shall not be less than three nor more than twelve in number. The Company may by Ordinary Resolution from time to time vary the minimum and/or maximum number of Directors. The first directors shall be NOEL FREDERICK ROBERTSON, MICHAEL FAM YUE ONN and ROBERT JAMES BARTONThe number of Directors of the Company shall not be less than two. All Directors of the Company shall be natural persons.

Number of Directors

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24. Article 89

8689. The Directors may from time to time appoint one or more of their body to be ~~Managing Director or Managing Directors~~ Chief Executive Officer or Chief Executive Officers (or other equivalent position) of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. Where an appointment is for a fixed term such term shall not exceed five years.

Appointment of Chief Executive Officer

25. Article 90

~~8790.~~ A ~~Managing Director shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors but he~~ Chief Executive Officer (or person holding an equivalent position) who is a Director shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of the Company ~~and if he ceases to hold the office of Director from any cause he shall ipso facto and immediately cease to be a Managing Director.~~

Retirement, removal and resignation of Chief Executive Officer

26. Article 91

8891. The remuneration of a ~~Managing Director~~ Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to ~~these presents~~ this Constitution be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Remuneration of the Chief Executive Officer

27. Article 92

8992. A ~~Managing Director~~ Chief Executive Officer (or person holding an equivalent position) shall at all times be subject to the control of the Directors but subject thereto the Directors may from time to time entrust to and confer upon a ~~Managing Director~~ Chief Executive Officer (or person holding an equivalent position) for the time being such of the powers exercisable under ~~these presents~~ this Constitution by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Powers of the Chief Executive Officer

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28. Article 93

~~90~~93. The office of a Director shall be vacated in any of the following When office of Director to be vacated
eventevents, namely:-

- (a) if he shall become prohibited by law from acting as a Director; or
- (b) if he shall become disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
- (~~b~~c) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer; or
- (~~e~~d) if he shall have a receivingbankruptcy order made against him or if he shall compoundmake any arrangement or composition with his creditors generally; or
- (~~e~~d) if he becomes of unsound mindmentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or
- (~~e~~f) if he is removed by the Company in General Meeting pursuant to these presentsthis Constitution.

29. Article 94

~~91~~94. At each Annual General Meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third), selected in accordance with article 95, shall retire from office by rotation, provided that no Director holding office as Managing Director or Joint Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire (in addition to any Director retiring pursuant to article 100). Retirement of Directors by rotation

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30. Article 96

~~93~~96. The Company at the meeting at which a Director retires under any provision of ~~these presents~~this Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases:

Filling vacated office

- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) where such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
- (ed) where the default is due to the moving of a resolution in contravention of the next following ~~Article~~article; ~~or.~~
- (d) ~~where such Director has attained any retiring age applicable to him as Director.~~

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

31. Article 105

~~102~~105. A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Directors not to vote on transactions in which they have an interest

32. Article 106

~~103~~106. The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with ~~these presents~~this Constitution the continuing Directors or Director may act for the purpose of filling up such vacancies or of summoning General Meetings, but not for any other purpose (except in an emergency). If there be no Directors or Director able or willing to act, then any two members may summon a General Meeting for the purpose of appointing Directors.

Proceedings in case of vacancies

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33. Article 113

~~110113.~~ The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors, ~~who. The Directors may exercise all such powers of the Company as are not by the Statutes or by these presents~~this Constitution required to be exercised by the Company in General Meeting, ~~but subject nevertheless to any regulations of these presents, to the provisions of the Statutes and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made; provided that the.~~ The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking unless such proposals have been approved by the Company in General Meeting. The general powers given by this ~~Article~~article shall not be limited or restricted by any special authority or power given to the Directors by any other ~~Article~~article.

General powers of Directors to manage Company's business

34. Article 122

~~119122.~~ Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents ~~and~~, accounts and financial statements relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents ~~or~~, accounts or financial statements are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this article may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

Power to authenticate documents

35. Article 131

131. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors

Unclaimed dividends or other moneys

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may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.

36. Article 133

133. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

Scrip dividend scheme

- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article 133;
- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof,

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shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of article 138, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

(B) The shares of the relevant class allotted pursuant to the provisions of article 133(A) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

Ranking of shares

(C) The Directors may, on any occasion when they resolve as provided in article 133(A), determine that rights of election under that article shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of article 133 shall be read and construed subject to such determination.

Record date

(D) The Directors may, on any occasion when they resolve as provided in article 133(A), further determine that no allotment of shares or rights of election for shares under article 133(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

Eligibility

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(E) Notwithstanding the foregoing provisions of this article, if at any time after the Directors' resolution to apply the provisions of article 133(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of article 133(A).

Disapplication

(F) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of article 133(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

Fractional entitlements

37. Article 138

132138.(A) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to article 11(B):

Power to issue free bonus shares and/or to capitalise reserves

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to article 11(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

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(ii) (in the case of an Ordinary Resolution passed pursuant to article 11(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

~~(B) The Directors may with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account, Capital Redemption Reserve Fund or other undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under article 138(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.~~

Power of Directors to give effect to bonus issues and capitalisations

38. Article 139

139. In addition and without prejudice to the powers provided for by article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:

Power to issue free shares and/or to capitalise reserves for share-based incentive plans and Directors' remuneration

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- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or
- (b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 82 and/or article 83(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

39. Article 141

~~134~~141. In accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such ~~profit and loss accounts~~financial statements, balance sheets, ~~group accounts (if any) and reports, statements and other documents~~ as may be necessary. The interval between the close of a financial year of the Company and the ~~issue of accounts relating thereto~~date of the Company's Annual General Meeting shall not exceed ~~six~~four months (or such other period as may be permitted by the Act).

Presentation
of financial
statements

40. Article 142

~~135~~142. A copy of ~~every~~the financial statements and, if required, the balance sheet and ~~profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto), which is duly audited and which is to be laid before the Company in General Meeting accompanied by a copy of the Auditor's report thereon, shall not less than 14 days before the date of the meeting be sent to every member of, and every holder of debentures of,~~ the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of ~~these~~this Constitution; ~~provided~~Provided always that:

Copies of
financial
statements

- (a) these documents may, subject to the listing rules of the Stock Exchange, be sent less than 14 days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and
- (b) this Article~~article~~ 142 shall not require a copy of these documents to be sent to more than one ~~or~~of any joint holders or to any person of whose address the Company is not aware, but any member ~~or holder of debentures~~ to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

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41. Article 145

~~138~~145.(A) Any notice or document (including a share certificate) may be served on or delivered to any member ~~of~~by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted. Service of notices

(B) Without prejudice to the provisions of article 145(A), but subject otherwise to the Act and any regulations made thereunder, and (where applicable) the listing rules of the Stock Exchange, relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company, or by the Directors, to a member may be given, sent or served using electronic communications: Electronic communications

- (a) to the current address of that person; or
- (b) by making it available on a website prescribed by the Company from time to time,

in accordance with the provisions of this Constitution, the Act and/or any other applicable regulations or procedures.

(C) For the purposes of article 145(B) above, a member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document. Implied consent

(D) Notwithstanding article 145(C) above, the Directors may, at their discretion, at any time give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document. Deemed consent

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(E) Where a notice or document is given, sent or served by electronic communications:

When notice given by electronic communications deemed served

- (a) to the current address of a person pursuant to article 145(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or procedures; and
- (b) by making it available on a website pursuant to article 145(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under the Act and/or any other applicable regulations or procedures.

(F) Where a notice or document is given, sent or served to a member by making it available on a website pursuant to article 145(B)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

Notice to be given of service on website

- (a) by sending such separate notice to the member personally or through the post pursuant to article 145(A);
- (b) by sending such separate notice to the member using electronic communications to his current address pursuant to article 145(B)(a);
- (c) by way of advertisement in the daily press; and/or
- (d) by way of announcement on the Stock Exchange.

42. Article 152

145152. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto ~~including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief~~

Indemnity

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~~from liability in respect of any such act or omission in which relief is granted to him by the court.~~ Without prejudice to the generality of the foregoing, no Director, ~~Manager~~, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

43. Article 154

154. (A) A member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:

Personal data of
members

- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
- (b) internal analysis and/or market research by the Company (or its agents or service providers);
- (c) investor relations communications by the Company (or its agents or service providers);
- (d) administration by the Company (or its agents or service providers) of that member's holding of shares in the Company;
- (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;
- (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);

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- (g) implementation and administration of, and compliance with, any provision of this Constitution;
- (h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and
- (i) purposes which are reasonably related to any of the above purpose.

(B) Any member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in articles 154(A)(f) and 154(A)(h), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

Personal data of proxies and/or representatives