SunningdaleTech

UNFOLDING OUR VISION

ANNUAL REPORT 2015

CONTENTS

VISION

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

5 Pillars Of Excellence

1 TIME

On-time delivery for both external and internal customers

2 QUALITY

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

3 WASTE REDUCTION

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

4 IMPROVEMENT

Continuous improvement culture through **new work processes and new technologies**

5 TEAMWORK

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

CHAIRMAN'S MESSAGE

KOH BOON HWEE
Chairman
March 2016

Dear Shareholders,

The economic environment in 2015 was one of subdued growth in spite of the fact that central banks around the world continued to pump liquidity into financial markets. Slowing growth resulted in oil and other commodity prices plunging and global inflation levels remained moderate. Against this economic backdrop, we faced additional headwinds from increasing labour costs in China and pricing pressure from our customers.

Despite the challenging business environment, the Group's revenue rose 41.8% year-on-year ("yoy") to a record high of $674.5 million for the financial year ended 31 December 2015 ("FY2015"). Our revenue growth was driven by an increase in orders from existing and new projects alongside a full-year contribution from First Engineering Limited ("FEL"). This translated to the Group achieving a record $42.1 million net profit as it increased 52.1% yoy for FY2015.

We are pleased to report that the integration of FEL has been completed over the course of the year and we are beginning to reap the benefits from this strategic acquisition. Reinforcing our leadership position in the precision plastic engineering industry, we expanded the range of our product offerings particularly across our core Automotive, Consumer/IT and Healthcare business segments. Leveraging on the economies of scale achieved, the Group's continued growth was underpinned by an increase in operational synergies and cross selling opportunities across an expanded blue-chip customer base. Our geographical footprint has grown globally to eighteen manufacturing facilities in nine countries across Asia, Europe, North and South America. This not only created one of the world's largest precision plastic engineering companies with best in class capabilities across the value chain but also bridges proximity with our customers to support them in every region.

As we continue to invest in industry leading technologies and capabilities, we completed the acquisition of SKAN-Tooling on 17 September 2015. With a priority on modernisation, SKAN-Tooling specialises in the production and sale of moulds and prototypes for companies in the electronic, automotive and medical industries. This acquisition is in alignment with our three areas of business focus as we sharpen our competitive edge with enhanced capabilities. Furthermore, our enlarged manufacturing footprint, particularly in Europe provides us access to the market and instills confidence in our customers about our ability to handle projects on a global scale.

As communicated during our previous year's report, our manufacturing plant in Brazil is now fully operational and has begun mass production. Despite the country's economic slowdown in the third quarter of 2015, the perseverance of the team has allowed us to grow organically. Going forward, we strive to improve the utilisation level of this plant to generate a steady source of revenue for the Group. Adding on the developments of our existing plants, our new manufacturing facility in Thailand has also commenced mass production in the second quarter of 2015. In line with our expectations, we similarly saw growth traction with customers.

Within Greater China, we continue to focus efforts on cost management. For instance, to mitigate the rising labour costs in first-tier cities such as Shanghai, we began construction of our plant in Chuzhou, which is scheduled to be operational by the end of 2016.

In China, we continue to face challenges due to rising labour costs as a result of the recent minimum wage increases. Furthermore, the overall uncertainty and volatility of China's economic climate continue to weigh on our operations. To counter these headwinds, we have prioritised and accelerated business development efforts in the region. In order to increase the utilisation of our Southern China plant to maximise our returns on investment, we are proactively working on acquiring new customers and increasing market share among existing customers.

Outlook

As a plastics component provider into the worldwide supply chains of original equipment manufacturers, we continue to face pricing pressure from our customers who are affected by the shifts in global demand and fast-changing consumer sentiment. Rising labour costs in both China and Malaysia will continue to remain on our watch-list moving into 2016.

Our fundamental strategy of diversifying our customer base and expanding our product offering is still on track. With our recent acquisitions, the Group is poised to reap the benefits of economies of scale along with operational synergies that will help drive down costs and improve our margins in the long run. We will also pay particular attention to working capital management and capital expenditure discipline as we navigate through market uncertainty.

The overall order backlog across our business segments has remained stable in 2016 and we continue to receive new project enquiries for high precision engineering parts. The ability of the Group to consistently generate positive operating cash flow has been instrumental in improving our balance sheet strength to a net cash position as we stay prepared for a challenging year ahead.

Acknowledgements

We would like to express our sincere appreciation and gratitude to our shareholders for their enduring belief in the long term prospects of the company. Over the years, your continued support has enabled us to strive hard in attaining our vision for the Group and to ultimately enhance shareholder value.

On behalf of the Board, I would also like to express our heartfelt appreciation to our colleagues, the management team, our customers, business partners, and associates for your hard work and dedication this past year. To that end, I am pleased to share that the Board has recommended a final dividend of 5 Singapore cents per share. This is a 25% increase in dividend over the previous year's payout. We strongly believe that your commitment paves the foundation of our future success.

主席
致词

致公司股东，

纵然全球的中央银行不断为金融市场提供现金流，2015年的经济环境仍增长缓慢。呆滞的发展导致油价和其他商品价格大幅度下滑，而全球通货膨胀水平保持在适度范围内。如此经济情况之下，我们还得面对中国上涨的工资成本，以及客户的价格施压。

尽管营运环境充满挑战，集团收入还是于2015财政年度间，年比上升41.8%，以取得6亿7450万元的新记录。我们的收入增长主要由现有和全新项目订单，以及福益精密模塑有限公司的全年贡献所推动。因此，集团2015财政年度的净利润也相应年比提高52.1%至4210万元，刷新该集团另一记录。

我们有幸汇报福益精密模塑的整合已在财政年度期间完成了，而且我们也开始从这项战略性收购受益。为了加强在精密塑料工程行业的领导地位，我们拓宽了产品组合，尤其提升了核心汽车、消费/信息技术和医疗保健业务部门的产品。凭借集团所取得的规模经济，我们的持续增长是由扩大的蓝筹客户群所产生的营运协同效应和交叉销售机会所支撑的。我们的地理足迹已拓展至遍布亚洲、欧洲、南美洲和北美洲共9个国家，18家制造设施，由此造就了拥有顶尖价值链技能的世界最大精密塑料工程，成功为各区域的客户提供支持。

就我们针对投资业界领先的技术和能力的战略，我们成功于2015年9月17日完成收购SKAN-Tooling的计划。以现代化为主的SKAN-Tooling专注为电子、汽车和医疗行业生产和销售模具与原型。这项收购项目与我们3方面的商业焦点一致，让我们加强技能，提升竞争力。除此之外，我们也扩大了制造足迹，尤其是在欧洲。这为我们提供市场连接的机会，并让客户对我们处理国际规模项目的能力更具信心。

正如去年的报告所叙述，我们在巴西的制造厂现已完整营运，并开始进入大量生产的阶段。尽管国家经济在2015年的第三季度放缓，团队坚持不懈的毅力还是让集团呈献有机增长。展望未来，我们致力提升这家厂房的应用水平，以为集团开发平稳的收入源。除了现有厂房的发展，我们在泰国的新制造设施也在2015年的第二季度开始大量生产。正如之前的预测，我们也见证了客户群的逐渐增长。

在大中华区内，我们继续关注成本管理。例如，我们为了减轻一线城市如上海的上升工资，而开始在滁州设立厂房，预计将在2016年末开始营运。

我们在中国继续面对因最低工资的提高所导致的工资上升挑战。不仅如此，中国经济环境的不确定性和波动继续给我们的营运施压。为了应付这些逆境，我们已经重点关注和加速区域内的各项发展计划。为了提升中国南部厂房的使用率以优化投资回报，我们正积极招揽新客户，并力图在现有客户群中增加市场份额。

展望

作为一家全球化塑料部件的供应商，我们也持续受到客户在价格上的施压。这源于他们对全球需求量和消费者信心指数快速改变所带来的影响。其次，中国和马来西亚工资成本持续上升的趋势也属我们在2016年所关注的发展动向。

我们致力建立多元化客户基础和拓宽产品组合的基本策略仍然顺利进行。通过我们近期的收购，集团即将享受规模经济和营运协同效应的利益，这能够帮助集团在长期里削减成本和提高利润。我们也将在不确定的市场情况下，密切关注营运资本管理，恪守资本使用纪律。

集团所有业务部门的整体积压订单在2016年持续保持平稳，而我们也继续接获新的有关高精密工程部件的项目询问。集团一贯取得正数营运现金流的能力对改善我们的资产负债表是主要关键。我们在就备迎接充满挑战的一年之际，仍然致力维持净现金头寸的财务状况。

致谢

我们要向股东们致以万分的谢意。你们对本集团业务的长期发展信心坚定，推动我们不断努力以实现集团的愿景和提升股东价值。

我谨代表董事局感谢我们的同事、管理层、客户、业务伙伴和供应商在过去一年的热忱与努力。在此，我有幸宣布董事局建议每股派发5分的年终股息，年比股息增长了25%。我们坚信你们的不变信念将为我们造就未来的成功。

许文辉
主席
2016年3月

BOARD OF DIRECTORS

MR KOH BOON HWEE

Is the Non-Executive Chairman of Sunningdale Tech Ltd.

He is Chairman (executive) of Credence Partners Pte Ltd.

He is also currently the Non-Executive Chairman of public-listed Yeo Hiap Seng Limited, Far East Orchard Ltd and AAC Technologies Holdings Ltd. He is Chairman (non-executive) of FEO Hospitality Asset Management Pte Ltd and FEO Hospitality Trust Management Pte Ltd which manage listed Far East Hospitality Trust. Mr Koh serves as a director on the board of Agilent Technologies, Inc, Razer Inc, Bank Pictet & Cie (Asia) Ltd, and is also the Chairman of the Nanyang Technological University Board of Trustees and Chairman of Rippledot Capital Advisers Pte Ltd.

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

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

MR KHOO BOO HOR

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

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

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

BOARD OF DIRECTORS (CONT'D)

MR WONG CHI HUNG

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

Mr Wong has successfully made Chi Wo a premium one-stop moulding supplier for computer, electronics, automotive and consumer industries through his years of directorship. He retired as Managing Director of Chi Wo Plastic Moulds Fty. Ltd, a wholly-owned subsidiary of Sunningdale Tech Ltd on 30 June 2014.

MR STEVEN UHLMANN

Is a Non-Executive Director of Sunningdale Tech Ltd.

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

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

Mr Uhlmann studied product design at the Arizona State University.

MR GABRIEL TEO CHEN THYE

Is an Independent Director of Sunningdale Tech Ltd. He is also an Independent Director of IFS Capital Limited, and sits on the Boards of several other corporates as well as non-profit organizations.

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

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

MR KAKA SINGH

Is an Independent Director of Sunningdale Tech Ltd. He is also the Chairman of RSM Chio Lim LLP, Singapore Chartered Accountants.

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

MR STEVEN TAN CHEE CHUAN

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

Mr Tan is a CA (Singapore) – Public Accountant and is a fellow member of the Institute of Chartered Accountants in England and Wales, as well as the Hong Kong Society of Accountants. From 1969 to 1981, he was the President of the Singapore Society of Accountants, now known as the Institute of Singapore Chartered Accountants (“ISCA”) for six terms, and from 1994 to April 2002, he was the Chairman of the Ethics Committees of the Institute of Certified Public Accountants of Singapore (“ICPAS”) and The Public Accountants Board.

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

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

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

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

MR ONG SIM HO

Is an Independent Director of Sunningdale Tech Ltd. He is a practising lawyer specializing in tax laws and is currently running his own law firm, Messrs Ong Sim Ho Advocates & Solicitors. He is the Non-Executive Chairman of Tokio Marine Life Insurance Singapore Ltd and a member of the Board of Bluefield Ventures Pte. Ltd., Emirates National Oil Company (Singapore) Pte Ltd, Eucon Holding Limited, Bluefield Renewable Energy Pte. Ltd. and Tokio Marine Insurance Singapore Ltd. Mr Ong also serves as an Alumni Advisory Board Member at the Nanyang Business School, NTU. He is an Advocate and Solicitor of the Supreme Court of Singapore, a Barrister-at-Law of Lincoln’s Inn, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

MANAGEMENT TEAM

MS SOH HUI LING

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

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

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

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

MR CHAN WHYE MUN

Is the General Manager for South Asia, responsible for all moulding operations in Singapore, Johor (Cemerlang & Senai), Batam, Chennai and Thailand plants. Prior to joining Sunningdale Tech Ltd, he was the COO of UMS Holdings, a semiconductor precision machining and solutions company.

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

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

MR CHAN TUNG SING

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

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

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

MR TAN BAIR KION SIMON

Is Senior VP – Corporate Management and the General Manager responsible for business development and operations of Omni Mold Ltd, the flagship precision tooling subsidiary of Sunningdale Tech Ltd along with four other Tooling Operations of the Group. He has been with the Group since 1998, first joined as Project Manager and was appointed General Manager for Tech Group Singapore in 2001. He was responsible for business development initiatives and oversaw the operations and performance of three moulding plants during that period.

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

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

MR CHEONG WAI LUEN

Is the Information Technology Director that has overall responsibility for the information system/technology strategy and execution for all the companies under the group. He is also responsible for the group business processes.

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

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

MS BIN BOON KIM CINDY

Is the Human Resource Director of Sunningdale Tech Ltd and is responsible for providing leadership in developing and executing human resources strategies and policies in support of the business plans and strategic directions of the Group.

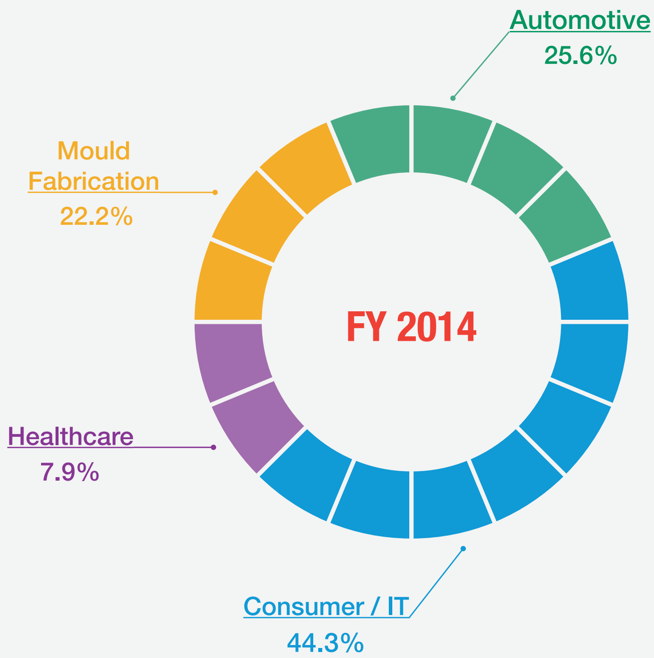
Prior to her current position, Ms Bin joined Sunningdale Precision Industries Ltd as Corporate Human Resource Manager in April 2003.

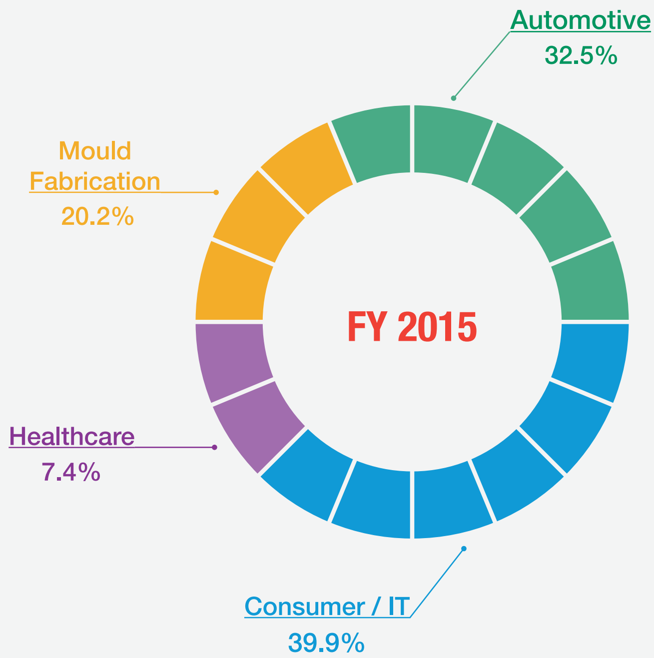
Before joining Sunningdale Precision Industries Ltd, she was the Human Resource Manager of De La Rue Currency and Security Print Pte Ltd, a subsidiary of UK-based currency printer and was responsible for the full spectrum of the human resource functions. She was also instrumental in developing and implementing the company's Quality Management System.

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

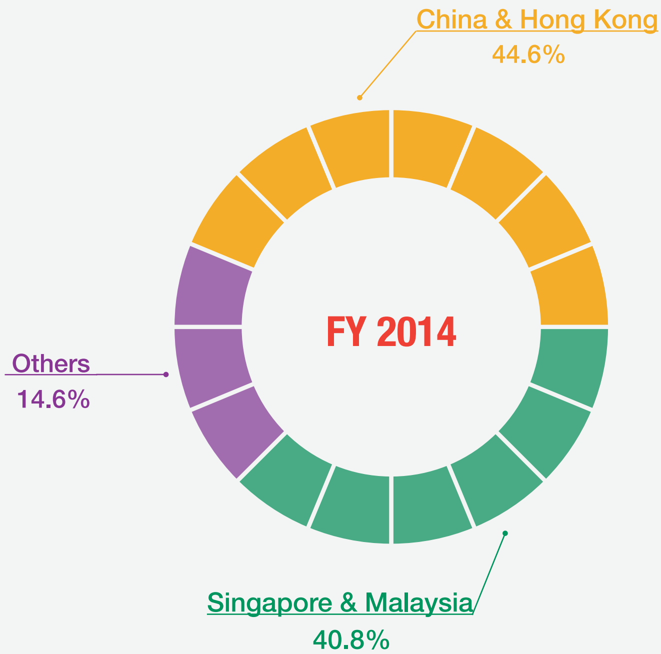
FINANCIAL
HIGHLIGHT

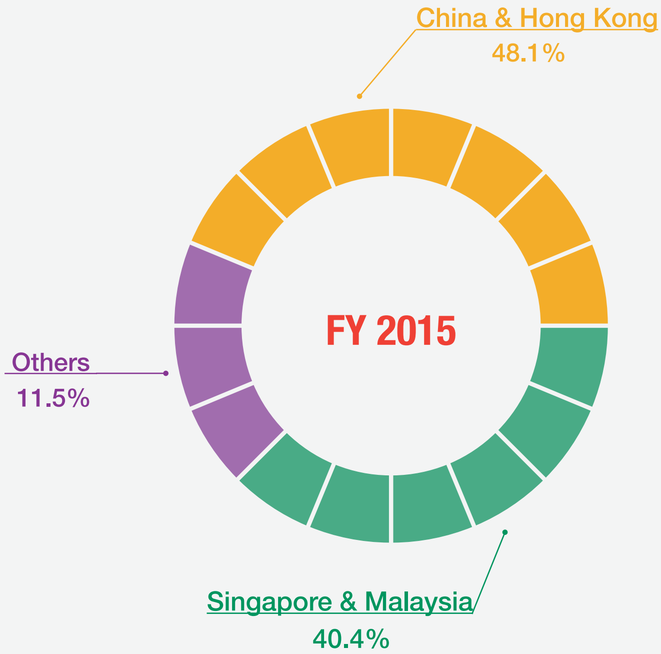
Performance by Business Segment





Performance by Geographic

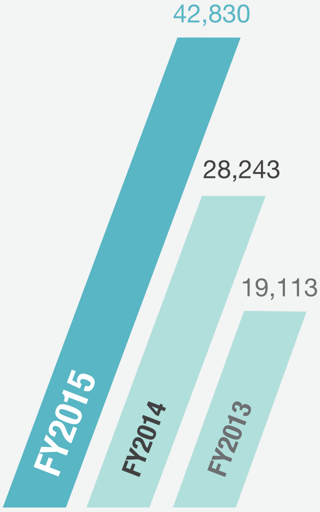




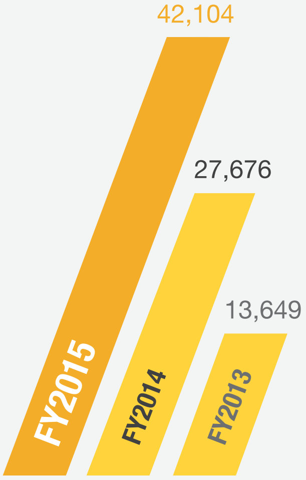
Revenue & EBITDA ($'000)

	FY2013	FY2014	FY2015
REVENUE	476,003	475,613	674,464
EBITDA	45,888	46,247	65,113

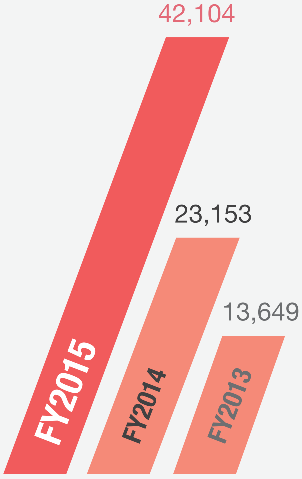
Profit Trend ($'000)



Net profit Before tax



Net profit After tax



Net profit after tax before negative goodwill

FINANCIAL REVIEW

Review of Financial Performance

The Group completed the acquisition of Sunningdale Singapore Holdings Pte Ltd ("SSH") and its subsidiaries ("SSH Group") in November 2014. SSH Group is also the holding company of First Engineering Limited ("FEL") Group.

The financial results for the full year ended 31 December 2015 ("FY2015") reflected full twelve months contribution from FEL Group while full year ended 31 December 2014 ("FY2014") had only one month's contribution.

The Group's revenue increased by 41.8% year-on-year ("yoy") from $475.6 million for FY2014 to $674.5 million for FY2015. The increase came from growth in all business segments of the Group.

The Group recorded a gross profit of $90.8 million for FY2015, an increase of 51.6% yoy from $59.9 million for FY2014. Gross margin improved from 12.6% for FY2014 to 13.5% for FY2015 due to an increase in capacity utilisation, product mix and strengthening of the US Dollar and Euro.

The increase in other income was due to a foreign exchange gain of $12.8 million for FY2015 compared to $1.4 million for FY2014. This was partially offset by the negative goodwill of $4.5 million recognised for FY2014 arising from the acquisition of FEL Group.

The marketing, distribution and administrative expenses for FY2014 included only one month of expenses from FEL Group.

The increase in other expenses was due to (i) amortisation of intangible assets of $1.7 million for FY2015 compared to $0.4 million for FY2014 and (ii) impairment loss on property, plant and equipment of $1.0 million for FY2015 as compared to a reversal of impairment loss of $0.2 million for FY2014.

The Group achieved a net profit of $42.1 million for FY2015 compared to $27.7 million for FY2014. Excluding the negative goodwill, acquisition expenses, foreign exchange gain / loss and disposal of non-current assets held for sale, the net profit would have been $29.4 million for FY2015 and $21.4 million for FY2014.

The earnings per share was 22.68 Singapore cents for FY2015 compared to 16.48# Singapore cents for FY2014.

The net asset value per share increased from $1.65# as at 31 December 2014 to $1.77 as at 31 December 2015. The net tangible asset per share also increased from $1.54# as at 31 December 2014 to $1.67 as at 31 December 2015.

(Note: # - post share consolidation of 5 to 1)

Proforma Basis

With the acquisition of FEL completed only in November 2014, the Group's revenue increased 7.2% yoy from $629.3 million for FY2014(P) to $674.5 million for FY2015 on a pro forma basis (as is acquired on 1 January 2014). The increase similarly came from all business segments with the exception of Healthcare business segment.

	FY2015	FY2014 (Proforma)	Inc/ (Dec)
	$'000	$'000	%
Automotive	219,126	197,003	11.2
Consumer/ IT	268,832	261,247	2.9
Healthcare	49,775	50,599	(1.6)
Mould Fabrication	136,731	120,494	13.5
	674,464	629,343	7.2

Revenue from the Automotive and Consumer/IT business segments increased by 11.2% yoy to $219.1 million and 2.9% yoy to $268.8 million for FY2015 respectively driven by an increase in orders from existing and new projects.

The marginal decrease in revenue from the Healthcare business segment was due to a slowdown in the China market while the increase in revenue from our Mould Fabrication business was mainly due to more orders billed and recognized, as per the project's progressive revenue recognition.

	FY2015	FY2014 (Proforma)	Inc/ (Dec)
	$'000	$'000	%
Revenue	674,464	629,343	7.2
Gross Profit	90,842	81,391	11.6
Gross Margin	13.5%	12.9%	0.6 pts
Marketing and Distribution	15,203	14,481	5.0
Administrative Expenses	42,818	45,782	(6.5)
Net Profit after tax	42,104	31,600	33.24

On a pro forma basis,

- the Group recorded a gross profit of $90.8 million for FY2015, an increase of 11.6% yoy from $81.4 million for FY2014. Gross margin improved from 12.9% for FY2014 to 13.5% for FY2015 due to the increase in capacity utilisation, product mix and strengthening of the US Dollar and Euro.
- the decrease in Administrative expenses was mainly due to a transaction fee of $0.1 million incurred for FY2015 for the acquisition of SIA Skan-Tooling as compared to the $4.9 million incurred for FY2014 for the acquisition of FEL Group.

- the Group achieved a net profit after tax of $42.1 million for FY2015 compared to $31.6 million for FY2014. Excluding the negative goodwill, acquisition expenses, foreign exchange gain/loss and disposal of non-current assets held for sale, the proforma net profit would have been $29.3 million for FY2015 and $24.1 million for FY2014.

Financial Position and Cashflows

The Group's property, plant and equipment amounted to $186.9 million as at 31 December 2015 compared to $193.6 million as at 31 December 2014. The decrease in property, plant and equipment was mainly due to (i) the addition of $26.7 million in capital expenditure for machineries and the acquisition of leasehold land and construction in progress for our new factory in Chuzhou, China, and (ii) the addition of $7.6 million due to the acquisition of the SIA Skan-Tooling, offset by depreciation charges of $32.1 million (FY2014: $24.1 million), allowance of impairment loss of $1.0 million (FY2014: reversal of impairment loss of $0.2 million) and write offs of $0.4 million (FY2014: $0.3 million).

The decrease in deferred tax assets was due to a reversal of the temporary differences between accounting profit and taxable profit.

The increase in trade and other receivables was due to stronger sales in the last quarter of the year while the decrease in loans and borrowings was due to repayments.

The Group maintained a cash balance of $121.1 million as at 31 December 2015 (31 December 2014: $103.1 million), resulting in a net cash position of $1.1 million (31 December 2014: net debts of $33.9 million).

Business Segments Performance

Note: the revenue contribution from FEL Group was twelve months for FY2015 and one month for FY2014.

	FY2015	FY2014	Inc/ (Dec)
	$'000	$'000	%
Automotive	219,126	121,572	80.2
Consumer/IT	268,832	210,882	27.5
Healthcare	49,775	37,697	32.0
Mould Fabrication	136,731	105,462	29.6
	674,464	475,613	41.8

Revenue from the Automotive business segment increased by 80.2% yoy from $121.6 million for FY2014 to $219.1million for FY2015. The Automotive segment's contribution to Group revenue was 32.5% (FY2014: 25.6%). The

FINANCIAL REVIEW (CONT'D)

increase in profit was due to higher utilisation in line with an increase in orders, change in product mix and strengthening of the US Dollar and Euro.

Our consumer/IT business segment continues to be the key revenue generator with a 27.5% yoy increase in revenue from $210.9 million for FY2014 to $268.8 million for FY2015. The segment accounted for 39.9% of the Group's revenue for FY2015 as compared to 44.3% for FY2014. Despite the decrease in revenue contribution, profitability in the consumer/IT segment improved due to (i) a change in product mix, (ii) better utilisation in our Southern China operations, and (iii) the strengthening of the US Dollar.

Revenue from our Healthcare business segment increased by 32.0% yoy from $37.7 million for FY2014 to $49.8million for FY2015. Profit in the Healthcare segment declined marginally from $2.6 million for FY2014 to $2.5 million for FY2015.

Revenue from our Mould Fabrication business segment increased by 29.6% yoy from $105.5 million for FY2014 to $136.7 million for FY2015. This increase was mainly attributed to increase orders from existing and new projects. The Mould Fabrication segment accounted for 20.2% of the Group's revenue for FY2015, a drop from the 22.2% for FY2014. Despite the increase in revenue, profitability declined due to lower utilisation in our Southern China.

Geographic Segments Performance

Sunningdale Tech (Thailand) Co. Ltd. was incorporated on 26 November 2014 and began shipments in July 2015.

Operations in China and Hong Kong contribute to the bulk of the Group's revenue and increased from 44.6% for FY2014 to 48.1% for FY2015. Revenue from operations in China and Hong Kong increased from $212.2 million for FY2014 to $324.5 million for FY2015. This was mainly due to new projects and an increase in orders from our automotive and consumer/IT segments.

Contributions from our Singapore and Malaysia operations decreased marginally from 40.8% for FY2014 to 40.4% for FY2015. In absolute figures, revenue from our Singapore and Malaysia operations increased from $194.1 million for FY2014 to $272.5 million for FY2015. The increase was mainly due to a rise in orders from our Automotive, Consumer/IT and Healthcare business segments.

The contribution in revenue from the Group's operations in other regions decreased from 14.6% for FY2014 to 11.5% for FY2015. However, in absolute figures, revenue from the Group's operations in other regions increased from $69.3 million for FY2014 to $77.4 million for FY2015.

CORPORATE SOCIAL RESPONSIBILITY

Fair Employment Environment

Sunningdale's policy is to provide fair and equal employment opportunities to all employees and applicants for employment on the basis of merit, efficiency and fitness, regardless of age, race, gender, religion, or marital status.

It is the view of the Group that people are the most valuable asset and as such be treated with respect and dignity. The Group provides a work environment where there is no harsh and inhumane treatment. By all accounts, all employees are treated fairly. The Group ensures that our work environment is free from unlawful discrimination, hostility, intimidation and harassment.

Team Work

As one of the pillars for excellence, Sunningdale fosters strong teamwork and a cooperative spirit amongst workers across all departments in the organisation. It is with this strong belief that actions and decisions are often carried out cooperatively and collectively. Staff work well together and are supportive of one another. This has resulted in encouraging more effective solutions and achieving better results in many areas which contribute to the growth of the organisation in terms of business opportunities and maximising our capabilities.

Learning and Development

Sunningdale is committed to developing and providing employees with equal opportunities for training in a variety of ways based on their strengths and needs. On-the-job training is provided to allow employees to learn and improve their knowledge and skills and gain experience to handle their daily tasks more effectively. Line managers and supervisors are responsible for the development of their team members through on-the-job training. Job rotations are also provided to fresh graduates from polytechnics and universities. Coached and mentored under the guidance of experienced employees in the same department, these fresh graduates acquire both general and specific skills that are unique to their jobs in a more systematic manner.

External courses are also arranged for employees to further enhance their knowledge related to their respective functions. To tap on the grants offered by the government, the Group has sponsored Toolroom machinists to attend the Diploma in Precision Engineering (Master Craftsman Skills) Course jointly organized by polytechnics, the EDB, SPRING Singapore and WDA to further upgrade their knowledge and skills. These efforts support the Group's drive towards higher productivity and increasing our technical capabilities.

The Group also offers a variety of other training courses for professional development. These opportunities include professional certification courses that help employees stay relevant in their respective fields / functions.

Overseas attachment programmes are also available to develop our employees' leadership capabilities and foster a global mindset with the capacity to appreciate and leverage the trends and business practices in different parts of the globe. Meeting our employees' career aspirations enable us to retain the talent who have the necessary skills and capabilities to propel the Group forward.

Performance Management

Employee compensation, benefits and all aspects of employment are administered in a fair and objective manner based on the employees' abilities, performance and contributions. Adopting a performance-based compensation scheme, employees are appraised annually on a number of competencies and KPIs. This performance-based system rewards individuals according to their performance and contribution which contributes to the effective management of the individuals and the teams. Promotion is also linked to the results of the performance appraisal and opens career advancement opportunities to staff. Providing career progression in the Group has been one of the key factors for staff motivation and talent retention.

Recreational Activities

Regular activities such as the Durian Feast, Food Fair and Dinner and Dance are organised every year. Well-received by employees, these activities promote greater interaction amongst employees and a better understanding of one another.

A SG50 Run was organized last year in conjunction with the Go50 : A Nation in Motion Run to commemorate the late Mr. Lee Kuan Yew's contributions to building the nation, and to honour some of his character traits. It also marked Singapore's 50th year of independence.

Participating in the FairPrice Share-A-Textbook project saw us collecting a total of 556 pre-loved books from our employees last year. The wide array of books collected ranged from used textbooks, story books and encyclopaedias. FairPrice Share-A-

CORPORATE
SOCIAL RESPONSIBILITY (CONT'D)

Textbook is a community project under the NTUC's Back-to-School programme. Our Company was proud to be one of the supporting partners in this community project by going the extra mile to give a little something back to the community. Besides relieving the financial burden of some families on textbook costs, this initiative also aimed to promote a greener Singapore through recycling of used textbooks as well as to inculcate thriftiness among the younger generation.

Code of Business Ethics and Conduct and Whistle Blowing Policy

Sunningdale has in place a Code of Business Ethics and Conduct which provides guidelines to manage business ethics and prevent conflict of interests. This provides assurance that our business is conducted in a legal, ethical and fair manner and to maintain confidence from the public in the integrity of the Group and its staff. The Code is publicised in the shared folders within the Group for employees' reference and compliance. All new employees are required to complete a declaration of interests form upon joining the Group and annual declarations are also conducted to reinforce the Code and provide an avenue for the updating of any relationships that could potentially develop in a conflict of interest.

The Group's Whistle Blowing Policy provides an avenue to employees to raise concerns and offer reassurances that they are protected from reprisals or victimization for whistle-blowing in good faith. To ensure the programme is administered impartially, a Whistle-Blowing Committee (WBC) has been formed under the oversight of the Audit & Risk Committee (ARC). The WBC consists of the CEO, CFO, HR Director and the Internal Audit Manager and is empowered to look into all issues / concerns relating to the Group. The ARC which consists of independent directors of the Board looks into reports and recommendations from the WBC, as well as issues / concerns relating specifically to or concerning any member of the WBC.

Environment, Health & Safety

Sunningdale is committed to surpass Customer and relevant stakeholders' expectations towards Environment, Health & Safety (EHS) through integrated Quality, Environmental, Health and Safety management systems.

The group currently has a variety of programs to improve EHS awareness on preventing pollution and mitigating occupational risks through:

- Maintaining an ISO14001 certification in all the operating sites. Today, thirteen out of eighteen sites are certified.
- Establishing measurement & monitoring list to track emission & discharge limit, working environment condition and permit/license validity to ensure compliance to legal requirement.
- Promoting EHS awareness to our employees through induction training for new employees and regular EHS promotional programs.
- Creating EHS awareness with our suppliers. A Vendor survey form which require Supplier to acknowledge their compliance to EHS regulatory requirement and declaration of restricted substances and areas of non-compliance.

Following objectives & targets have set for regular review of the effectiveness of the EHS management system

Objectives	Targets	Program
Accidents & Incident Rate, near-miss & non-compliances	Reduction by 50% from previous year	• EHS orientation conducted to all newly joined employees • Create EHS awareness through EHS promotion • Review trend chart monthly • Thorough investigation of all accident, near-miss & non-compliances and share in Management Review Meeting
Energy conservation program	Reduce consumption through improving operating efficiency	• Introduce high bay induction lighting in Warehouse, reduce 50% in watt • Switching to air compressor that uses Energy Saving Inverter Drive • Purchase only energy saving electrical injection molding machine whenever possible
Waste management program	• Eliminate improper segregation & disposal of waste • Reduce waste by reducing scrap, reuse & recycling program	• Participate with customer to reduce pallet consumption through re-use pallet • Bring recycling awareness to office staff thru eliminating paper cup & plastic stirrer
Chemical management program	Eliminate chemical spillage resulting in pollution	• Ensure MSDS are available & accessible through Sharepoint • Provide Safety First-Aid kit include Eyewash station, Oil spill kit • Emergency preparedness & response – to protect people, property, the environment & continuity of operations

Technology and Innovation

As part of the company's long term plan to create a sustainable business, Sunningdale has setup a research and development department. The aim is to investigate into new plastic related technology and processing solutions with the possibility of performing these design for our customers. We have been invited to showcase these new developments to key automotive and healthcare customers at their technology forums. We continue to participate in early supplier involvement with key customers to ensure we understand their latest direction and needs so that the Sunningdale can be positioned to participate in these opportunities.

One such collaboration includes a new automotive centre console solution which allows customization at very low cost. The result is the creation of one tool with multiple looks and this solution was showcased by our customer at the CES 2016 show in Las Vegas.

Other areas of significance is the introduction of new processing methods and material including high end engineering thermosplastic which has very high operating temperatures, liquid silicone and others. This will increase the product offerings Sunningdale is able to provide to our customer.

Sunningdale continues to participate in key trade shows in Europe, US and Asia to ensure customers are aware of our presence, capabilities and to understand and keep up to date on latest technology updates.

Competitive

To ensure the long term interest of the Group, management's key priority is to always remain profitable and competitive. The General Managers are provided with key information, including real time revenue, inventory and many other important information, via Business Intelligence system to help them to make real time decisions. Business and operations review are conducted monthly with top management at a formal meeting.

Quality is a key element which the Group is committed to. To achieve this, the Quality Systems is reviewed at a global level by headquarters periodically. All plants are certified in **ISO9001:2000** and all plants are certified for **TS16949** or **ISO13485** if the products are automotive or healthcare respectively. In addition, with the **AS9100** aerospace certification, the Group is able to support its customers in the relevant industry.

CORPORATE STRUCTURE

CORPORATE INFORMATION

BOARD OF DIRECTORS

Koh Boon Hwee
(Non-Executive Chairman)

Khoo Boo Hor
(Chief Executive Officer, Executive Director)

Wong Chi Hung
(Non-Executive Director)

Steven Uhlmann
(Non-Executive Director)

Steven Tan Chee Chuan
(Independent Director)

Gabriel Teo Chen Thye
(Independent Director)

Kaka Singh
(Independent Director)

Ong Sim Ho
(Independent Director)

AUDIT & RISK COMMITTEE

Kaka Singh
(Chairman)

Gabriel Teo Chen Thye
(Member)

Steven Tan Chee Chuan
(Member)

NOMINATING COMMITTEE

Ong Sim Ho
(Chairman)

Steven Uhlmann
(Member)

Gabriel Teo Chen Thye
(Member)

Kaka Singh
(Member)

REMUNERATION COMMITTEE

Steven Tan Chee Chuan
(Chairman)

Steven Uhlmann
(Member)

Ong Sim Ho
(Member)

JOINT COMPANY SECRETARIES

Dorothy Ho Lai Yong

Theng Seam Por

REGISTERED OFFICE

51 Joo Koon Circle
Singapore 629069

Tel : (65) 6861 1161
Fax : (65) 6863 4173

AUDITORS

Ernst & Young LLP

One Raffles Quay
North Tower Level 18
Singapore 048583

Audit Partner: **Yee Woon Yim**
since financial year 2013

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

(a member of Boardroom Limited)

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

BANKERS

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

CONTENTS

CORPORATE GOVERNANCE REPORT

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORE-CARD ON THE CODE OF CORPORATE GOVERNANCE 2012 ISSUED BY THE MONETARY AUTHORITY OF SINGAPORE ("CODE")

The following table summarises the Company's compliance with the Code principles. The table also sets out specific disclosures stated in the Annual Report, including key departures from the Code.

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Principle 1 : The Board's Conduct of 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.**	√	25
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain Board matters	√	
Guideline 1.4 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings	√	
Guideline 1.5 Disclosure in the Annual Report of the types of material transactions that require Board approval	√	
Guideline 1.6 Information on induction, orientation and training provided to new and existing Directors	√	
Principle 2 : Board Composition and Guidance **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 the Company's substantial shareholders (those who own 10% or more of the Company's shares). No individual or small group of individuals should be allowed to dominate the Board's decision making.**	√	26
Guideline 2.3 • Each Director considered to be Independent by the Board • A Director considered to be Independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a Director not to be independent, the nature of the Director's relationship and the reasons for considering him as independent to be disclosed	√	
Guideline 2.4 If an Independent Director, who has served on the Board for more than 9 years from the date of his first appointment, is considered to be independent, the reasons for considering him as independent should be disclosed	√	
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**	√	26
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	√	
Guideline 3.3 Every Company should appoint a Lead Independent Director where the Chairman is not an Independent Director	√	
Principle 4 : Board Membership **There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.**	√	27
Guideline 4.1 Names of the members of the Nominating Committee ("NC") and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	√	

CORPORATE GOVERNANCE
REPORT

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 4.4 The maximum number of listed company Board representations which Directors may hold	–	
Guideline 4.6 Process for the selection, appointment and re-appointment of new Directors to the Board, including the search and nomination process	√	
Guideline 4.7 Key information regarding Directors, including which Directors are Executive, Non-Executive or considered by the NC to be independent	√	
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 effectiveness of the Board.**	√	29
Guideline 5.1 Assessment of the contributions of the Board, Board Committees and individual Directors to the effectiveness of the Board; and if such assessment is by an external facilitator	√	
Principle 6 : Access of 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.**	√	29
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.**	√	30
Guideline 7.1 Names of the members of the Remuneration Committee ("RC") and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	√	
Guideline 7.3 Names and firm of the remuneration consultants (if any), including a statement on whether the remuneration consultants have any relationships with the Company.	√	
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.**	√	31
Principle 9 : Disclosure of Remuneration **Every company should provide clear disclosure of its remuneration policies, level and mix of 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**	√	33
Guideline 9.1 • Remuneration of Directors, the CEO and at least the top 5 key management personnel of the Company • The aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top 5 key management personnel	√	
Guideline 9.2 Fully disclose the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives	√	

CORPORATE GOVERNANCE REPORT

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 9.3 • Name and disclose the remuneration of at least the top 5 key management personnel in bands of S$250,000 with a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefit-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives. • In addition, the Company should disclosure in aggregate the total remuneration paid to the top 5 key management personnel	√	
Guideline 9.4 Details of the remuneration of named employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year with clear indication of the employee's relationship with the relevant Director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	√	
Guideline 9.5 Details and important terms of employee share schemes	√	32
Guideline 9.6 More information on the link between remuneration paid to the executive Directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	√	
Principle 10 : Accountability **The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.**	√	34
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' interest 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.**	√	34
Guideline 11.3 • The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems • The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems	√	35
Principle 12 : Audit & Risk Committee ("ARC") **The Board should establish an ARC with written terms of reference which clearly set out its authority and duties.**	√	35
Guideline 12.1 Names of the members of the ARC and the key terms of reference of the ARC, explaining its role and the authority delegate to it by the Board	√	
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	√	
Guideline 12.7 The existence of a whistle-blowing policy	√	

CORPORATE GOVERNANCE
REPORT

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 12.8 Summary of the ARC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	√	
Principle 13 : Internal Audit **The Company should establish an effective internal audit function that is adequately resources and independent of the activities it audits.**	√	36
Principle 14 : Shareholder 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.**	√	36
Guideline 14.3 Allow corporation which provide nominee or custodial services to appoint more than 2 proxies	–	
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.**	√	36
Guideline 15.4 Steps taken to solicit and understand shareholders' view, eg through analyst briefings, investor road shows or investors' Day briefings	√	
Guideline 15.5 • Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. • Where dividends are not paid, the Company must disclose its reasons	–	
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.**	√	36
Guideline 16.1 Companies should allow for absentia voting at general meetings of shareholders	–	

CORPORATE GOVERNANCE REPORT

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

Sunningdale Tech has complied substantially with the requirements of the Code of Corporate Governance 2012 (the "Code") for the financial year ended 31st December 2015 ("FY 2015") and will continue to review its practices on an ongoing basis. It has provided an explanation for any deviation from the Code, where appropriate.

BOARD MATTERS

Board's Conduct of its Affairs

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

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

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

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

All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions.

A record of the Directors' attendance at Board meetings for the financial year ended 31 December 2015 is set out below.

	Board Meetings	
Name of Director	**Held**	**Attended**
Koh Boon Hwee (Chairman)	5	5
Khoo Boo Hor	5	5
Wong Chi Hung	5	5
Steven Uhlmann	5	4
Gabriel Teo Chen Thye	5	4
Steven Tan Chee Chuan	5	5
Kaka Singh	5	5
Ong Sim Ho	5	4

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

CORPORATE GOVERNANCE REPORT

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

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

Board Composition and Guidance

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board currently comprises 8 Directors, of whom 4 are independent, 1 is executive and 3 are non-executive. By having the right competencies and diversity of experience enable each of the Directors to effectively contribute to the Company. The current size of the Board appears sufficient and appropriate to facilitate decision making. The Board will continue to review the size of the Board on an ongoing basis.

The independent Directors are Messrs Steven Tan Chee Chuan, Kaka Singh, Ong Sim Ho and Gabriel Teo Chen Thye. The independence of each Director is assessed by the NC annually. Each independent Director is required to declare his independence in writing based on the guidelines as set out in the Code. For FY 2015, the NC has determined that all the 4 independent Directors are independent. With four of the directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues.

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

Chairman and Chief Executive Officer

Principle 3: *There should be a clear division of responsibilities 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.*

Mr. Koh Boon Hwee is the Executive Chairman for FY2015 and Mr. Khoo Boo Hor is the Chief Executive Officer ("CEO"). The integration of First Engineering Limited Group had been successfully completed and Mr Koh Boon Hwee ceased to be the Executive Chairman with effect from 31st December 2015 and resume his position as the Non-Executive Chairman with effect from 1st January 2016. The Chairman is responsible for the workings of the Board while the CEO is responsible for implementing Group strategies and policies and conducting the Group's businesses. The Chairman and the CEO are not related.

The Chairman's duties include:

a) leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;

b) ensuring accurate, timely and clear information flow to the Directors;

c) ensuring effective shareholder communication;

d) encouraging constructive relations between the Board and the Management;

e) facilitating effective contribution of Non-Executive Directors;

f) encouraging constructive relations between Executive Directors and Non-Executive Directors; and

g) promoting high standards of corporate governance.

CORPORATE GOVERNANCE REPORT

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

The CEO is the highest ranking Executive Officer of the Group. The CEO is responsible for:

- running the day-to-day business of the Group, within the authorities delegated to him by the Board.
- ensuring implementation policies and strategy across the Group as set by the Board.
- day-to-day management of the executive and senior management team.
- ensuring that the Chairman is kept appraised in a timely manner of issues faced by the Group and of any important events and developments.
- leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.
- Board membership

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

For FY 2015, the **NC** comprises a non-executive director and three independent directors of the Company, i.e. Mr Ong Sim Ho as the Chairman, Messrs Steven Uhlmann, Gabriel Teo Chen Thye and Kaka Singh as members. Mr. Kaka Singh, the Lead Independent Director was appointed as a member of the NC in February 2015.

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

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

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

The NC seeks to ensure that the size of the Board is conducive to effective discussion and decision making and that the Board has an appropriate number of independent directors. The Board considers the present Board size and the number of Board Committees to be sufficient, taking into account the scope and nature of the Company's operations.

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

CORPORATE GOVERNANCE
REPORT

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

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

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

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

In addition, the following independent directors retire at the Company's forthcoming AGM and have offered themselves for re-appointment as Directors:

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

Other than the above 2 Independent directors, Mr. Ong Sim Ho and Mr Gabriel Teo Chen Thye have served the Board for over 9 years. The Board as a whole together with the NC has reviewed and considered all aspects of the 4 Independent Directors such as, the Directors' integrity, independence mindedness, attendance, participation, preparedness, candour and also recognizes the contributions of these independent directors who over time have developed deep insight into the Group's businesses and operations. The Board and the NC are satisfied that, having considered all necessary factors, they are of the view that the 4 independent directors will be able to continue to contribute effectively to the Group. Hence, they recommend that Messrs. Steven Tan Chee Chuan, Kaka Singh and Gabriel Teo Chen Thye be re-appointed as Directors at the Company's forthcoming AGM. The NC also recommended for Mr. Koh Boon Hwee to be re-elected as Director at the AGM.

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

Name of Director	Position as at date of report	Date of Initial Appointment	Date of Last Re-election/ Re-Appointment
Koh Boon Hwee	Non-Executive Chairman	22 April 2003	25 April 2013
Khoo Boo Hor	Chief Executive Officer	01 January 2009	27 April 2015
Wong Chi Hung	Non-Executive Director	11 May 2004	27 April 2015
Steven Uhlmann	Non-Executive Director	22 January 1996	29 April 2014
Gabriel Teo Chen Thye	Independent Director	18 July 2005	25 April 2013
Steven Tan Chee Chuan	Independent Director	20 October 2003	25 April 2013
Kaka Singh	Independent Director	18 July 2005	25 April 2013
Ong Sim Ho	Independent Director	18 July 2005	29 April 2014

The profiles of all the Directors are set out on pages 5 to 7 of the Annual Report.

CORPORATE GOVERNANCE REPORT

The Board has not set any internal guideline for maximum listed companies Board representation which a Director may hold. The Board's policy on the number of directorships held by each director is based on the principle of full transparency and a substantive evaluation of each director's ability to contribute effectively to Board's business. Although the board will be mindful of the overall commitment of each director the number of directorship is but a factor. All directors need to fully disclose their directorships so that this information is transparent and open to all parties. The NC, in reviewing an individual director for re-appointment, will take into account the director's attendance, contributions to discussions and overall understanding of the business, as well as assess the director's thoroughness and preparedness for the Board's business.

Board Performance

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

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

a) the composition and degree of independence of the Board;

b) information flow from management;

c) Board's access to management and external experts;

d) Board process;

e) Investor relations and corporate social responsibility vis-à-vis the Board;

f) Strategy review activities;

g) appropriate financial measures to assess the Board's stewardship;

h) Board's management of the Company's performance;

i) Board Committees' effectiveness;

j) Chairman of the Board effectiveness; and

k) CEO's performance and succession planning.

There are no new appointment of directors. The Board and the **NC** will with best effort, ensured that directors appointed to the Board possess the background, experience, knowledge in business, finance and management skills critical to the Group's business. It will also ensure that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

As part of the training and development of the Board, the Company will whenever necessary, arranges for the Directors to be briefed from time to time on changes to regulations, guidelines and accounting standards as well as other relevant issues, through third parties.

Access to Information

Principle 6*:* *In order to fulfill 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.*

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

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

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

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

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

The RC has reviewed the system for determining the remuneration packages for the Key Management Personnel based on certain established principles. For FY 2015, the RC has considered and approved the remuneration package of the CEO. They had also reviewed and considered the CEO's recommendation on remuneration proposal for the Key Management Personnel which include salary increment, bonus and benefits-in kind.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

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

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

The independent and non-executive directors receive directors' fees, in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the directors and the need to pay competitive fees to attract, motivate and retain the Directors. Directors' fees are recommended by the Board for approval at the Company's AGM. The Board concurred with the RC's proposal for non-Executive Directors' fees for FY 2015. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive, taking into account the aforesaid factors and the increasingly onerous responsibilities of the Directors. The fees for the non-Executive Directors are subject to approval by the shareholders at the Company's forthcoming AGM.

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

Key Management Remuneration

The Company's Key Management personnel remuneration structure is designed to include long-term incentives, which motivate and reward key management personnel, and allows the company to align the key management compensation with market practice. Their remuneration structure includes the following components:

- Fixed remuneration based on the level of responsibility, which constitutes a significant part of the total remuneration;
- Variable bonus based on the achievement of the established targets and contributions; and
- The Restricted Share Plan Scheme aimed at retaining talents and creating long term shareholder value.

Fixed Remuneration

The fixed remuneration is established taking into account the role and responsibility of the positions within the Group. A Job Grading and Salary Structure System has been established for all functions and positions. The system reflects the value of the positions benchmarking their equivalence and market rates outside. However, while benchmarking is used, it is not solely to match the 'median' market rates but to provide a point of reference for determining the appropriate level of pay and to establish the mid-points of the salary ranges of various grades in the system.

The Group also offers other benefits such as transport allowance as part of the fixed monthly wage. This incentive which enables staff to discharge their duties and responsibilities more effectively and efficiently helps to attract and retain staff to work in the Company which is away from the city.

As a rule of thumb, the fixed remuneration accounts for about 75% to 85% of the total remuneration.

No special arrangement has been made in relation to the recruitment or termination of key management personnel. The terms and conditions of the employment agreement are in line with the relevant government legislations and industrial norm and in accordance with the job scope of the individuals.

CORPORATE GOVERNANCE REPORT

Variable Bonus

Variable bonus incentivizes performance and rewards achievements. The variable bonus is linked to the Group and entity financial results and performance. The amount of this remuneration is subject to achieving specific quantifiable targets as follows:

- EBITDA of the year of the Group;
- EBITDA/Operating profit of the individual entity that the key management staff are attached to;
- Sales Quota and new projects won by Business Development Directors of their existing or new accounts developed; and
- The current order books and global economic situations which may adversely affect the financial performance of the current year.

The CEO and his Internal Remuneration Committee established a budget each year to be set aside for the variable bonus for the approval of the Board's Remuneration Committee.

The amounts to be given to the individuals are based on the guidelines set in accordance with the degree of fulfilment of the individual targets set with the CEO and the contributions of the individuals. The target parameters include EBITDA, gross margin and sales quota, etc. In the case of CEO, the targets are agreed with the Chairman of the Board of Directors.

In general, the total amount of annual fixed variable bonus is in the range of 5% to 20% of the total remuneration calculated on the basis of the latest fixed basic salary.

The variable bonus is paid out annually after the adoption of the Group's annual performance results for the relevant financial year.

No pay out will be made if the defined minimum acceptable performance level is not achieved.

Restricted Share Plan ("RSP")

All employees and full-time executive directors are potentially eligible. However, participation will be determined by the CEO and the Remuneration Committee. All such determinations are made in accordance with the terms and conditions of the Restricted Share Plan.

The objective of this award is primarily to recognize and reward the members of key management and staff who have contributed significantly to the growth and financial performance of the Company in the past one year. The Committee may also offer such grants to attract talents to join the organization, if necessary. This is also to partly link the remuneration of the participants to the shareholders' gain and loss in value to strengthen the common interest between the key management and the shareholders of Sunningdale Tech. for the long-term growth of the Group.

It is also a tool for staff retention as this restricted share plan is tied to a three-year vesting period. i.e., one-third of the amount will vest on the first anniversary, another one-third of the amount will vest on the second anniversary and the last one-third on the third anniversary of the grant. All shares, however, will deliver only on the third anniversary, i.e., there is compulsory holding period for each of the first two vested tranches. This assumes that the employee remains in Sunningdale Tech employ on the third anniversary.

For employees who resign, retire, are retrenched due to company restructuring or downsizing before the 3rd anniversary, the allotted quantum may be adjusted but may still be awarded subject to the conditions sets.

For each fiscal year, about 1% of the total issued share capital is set aside to be distributed to all eligible employees. The actual amount is decided on a yearly basis.

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

The **RC** administers the Sunningdale Restricted Share Plan 2014 and Sunningdale Performance Share Plan 2014.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 9: *Each 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 executives, and performance.*

The remuneration of the Directors is set out below:-

Remuneration Band and Name of Director	Fee [(1)] (%)	Basic Salary (%)	Variable Bonus (%)	Share Award [(2)] (%)	Total Remuneration (%)
Below $250,000:					
Koh Boon Hwee	100	-	-	-	100
Steven Uhlmann	100	-	-	-	100
Gabriel Teo Chen Thye	100	-	-	-	100
Steven Tan Chee Chuan	100	-	-	-	100
Kaka Singh	100	-	-	-	100
Ong Sim Ho	100	-	-	-	100
Above $750,000:					
Khoo Boo Hor	-	63	18	19	100

The remuneration of Key Management Personnel is as follows:-

Remuneration Band and Name of Key Management Personnel	Basic Salary (%)	Variable Bonus (%)	Share Awards [(2)] (%)	Total Remuneration (%)
$250,000 to $499,999:				
Chan Whye Mun	74	15	11	100
Chan Tung Sing	80	12	8	100
Tan Bair Kion Simon	77	12	11	100
Soh Hui Ling	79	12	9	100
Cheong Wai Luen	83	10	7	100
Below $250,000:				
Bin Boon Kim Cindy	84	8	8	100

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

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

(1) subject to approval by shareholders as a lump sum at the annual general meeting for the financial year ended 31 December 2015;

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

CORPORATE GOVERNANCE REPORT

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

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

An Enterprise Risk Management (ERM) Policy is in place to formalize the reporting, assessment, treating and monitoring of each significant risk that the Group faces in achieving its business objectives. Such risks, including mitigating actions, are reported to the Board through the ARC on an-annual basis, and are followed-up by the in-house internal audit team as part of its annual audit plan. Further in support of the ERM Policy, a Control Self Assessment (CSA) framework is also in place for Management to self-assess internal controls in accordance with Group requirements and specifically address any significant weaknesses and/or risks identified. The **ARC**, on behalf of the Board, has also reviewed the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting the operations.

For the financial year under review, the CEO and the CFO have provided assurance to the Board that the Group's risk management and internal control systems in place is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risk and the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

CORPORATE GOVERNANCE REPORT

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

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

Audit & Risk Committee ("ARC")

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

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

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

Specifically, the **ARC**:

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

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

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2015, the **ARC** met with the external and internal auditors separately, without the presence of the Management, to discuss the reasonableness of the financial reporting process, to review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the auditors, the scope and quality of their audits and the independence and objectivity of the auditors.

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

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

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

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

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

Internal Audit

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

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

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period. These are published on the SGXNET and in news releases;
- notices of and explanatory memoranda for AGM and Extraordinary General Meetings. The Board ensures that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle as regards to the "bundling" of resolutions. The Board will provide reasons and material implications where resolutions are interlinked;
- press releases on major developments of the Group;
- disclosures to the Singapore Exchange; and
- the Group's website at www.sdaletech.com from which shareholders can access information on the Group. The website provides, *inter alia*, corporate announcements, press releases, annual reports, and profiles of the Group.

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

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

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

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

DEALING IN SECURITIES

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

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

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

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

MATERIAL CONTRACTS

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

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Sunningdale Tech Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

1. 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.

2. Directors

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

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

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

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

3. Arrangements to enable directors to acquire shares and debentures

Except as disclosed below under "Share plans", neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose 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

4. Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of Director	**At beginning of financial year[1]**	**At end of financial year**	**At beginning of financial year[1]**	**At end of financial year**
Sunningdale Tech Ltd (Ordinary shares)				
Koh Boon Hwee	12,518,438	15,070,858	22,008	22,008
Khoo Boo Hor	2,577,882	2,797,882	–	–
Wong Chi Hung	110,000	110,000	1,781,576	1,330,936
Steven Uhlmann	15,698,378	13,698,378	–	–
Steven Tan Chee Chuan	2,000,000	2,000,000	–	–
Gabriel Teo Chen Thye	227,932	427,932	–	–
Kaka Singh	79,254	79,254	–	–

[1] *On 2 October 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company. Directors' interest in shares as at beginning of the financial year have been adjusted as if the share consolidation had occurred at beginning of the financial year.*

Except for Koh Boon Hwee who had bought 281,500 ordinary shares, there was no other change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

5. Directors' contractual benefits

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

6. Share plans

Restricted Share Plan and Performance Share Plan

The Sunningdale Tech Ltd Restricted Share Plan (the "RSP") and Sunningdale Tech Ltd Performance Share Plan (the "PSP") were approved by the members of the Company at an Extraordinary General Meeting held on 29 October 2004 for the Circular dated 13 October 2004 and on 29 April 2014 for the Circular dated 11 April 2014. Details of the RSP and PSP were set out in the Circulars.

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

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

DIRECTORS' STATEMENT

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

Restricted Share Plan and Performance Share Plan (cont'd)

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

No. of Participants	Date of grant	Market price of share awards at date of grant ($)	Share awards granted during financial year	Aggregate share awards granted since commencement of the RSP to end of financial year	Aggregate share awards forfeited since date of grant to end of financial year	Aggregate share awards released since date of grant to end of financial year	Aggregate share awards outstanding as at end of financial year
Under Circular dated 13 October 2004							
54	1 November 2010	0.975	–	1,481,200	(132,200)	(1,349,000)	–
57	12 December 2011	0.465	–	1,504,000	(205,000)	(1,297,000)	2,000
59	19 November 2012	0.600	–	1,481,800	(250,600)	(1,231,200)	–
53	20 November 2013	0.680	–	1,422,800	(63,200)	–	1,359,600
Under Circular dated 11 April 2014							
32	19 December 2014	0.845	–	1,334,000	(168,000)	–	1,166,000
32	13 October 2015	0.850	1,441,500	1,441,500	–	–	1,441,500

Shares granted under RSP

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

Name of Director	As at beginning of financial year[(1)]	Share awards granted during the financial year	Share awards released during the financial year	As at end of financial year
Under Circular dated 13 October 2004				
Khoo Boo Hor	480,000	–	(220,000)	260,000
Under Circular dated 11 April 2014				
Khoo Boo Hor	260,000	300,000	–	560,000

The share awards granted to participants who received five percent or more RSP during the financial year under review are as follows:

Name of Participant	As at beginning of financial year[(1)]	Share awards granted during the financial year	Share awards released during the financial year	As at end of financial year
Under Circular dated 13 October 2004				
Chan Whye Mun	132,000	–	(60,000)	72,000
Tan Bair Kion Simon	114,000	–	(54,000)	60,000
Under Circular dated 11 April 2014				
Chan Whye Mun	66,000	93,000	–	159,000
Tan Bair Kion Simon	60,000	81,000	–	141,000

[(1)] *On 2 October 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company. The number of outstanding share awards have been adjusted for the effect of the share consolidation.*

DIRECTORS' STATEMENT

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

Shares granted under RSP (cont'd)

The share awards granted from 2010 to 2015 were subject to the following conditions:

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

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

(iii) that in order to receive this award, the participants must be in the employment of the Company or its group of companies, subject to the provisions as set out in the Summary of Rules of the RSP in the Circular to Shareholders dated 13 October 2004 for RSP granted prior to 11 April 2014 and the Circular dated 11 April 2014 for RSP granted thereafter;

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

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

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

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

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

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

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

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

The market price of each share as at 31 December 2015 under the above share award is $0.935 (2014: $0.840).

DIRECTORS' STATEMENT

7. Audit & Risk Committee

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

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

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

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

8. Auditor

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

On behalf of the board of directors,

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

Khoo Boo Hor
Chief Executive Officer & Executive Director

Singapore
21 March 2016

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015

Report on the financial statements

We have audited the accompanying financial statements of Sunningdale Tech Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 45 to 118, 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 and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 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
21 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	4	674,464	475,613
Cost of sales		(583,622)	(415,685)
Gross profit		90,842	59,928
Other items of income			
Interest income	5	655	355
Other income	6	17,296	14,374
Other items of expense			
Marketing and distribution expenses		(15,203)	(10,107)
Administrative expenses		(42,817)	(32,589)
Other operating expenses	7	(4,824)	(2,207)
Finance costs	8	(4,016)	(1,647)
Share of results of joint venture		897	136
Profit before tax	9	42,830	28,243
Income tax expense	10	(726)	(567)
Profit for the year		42,104	27,676
Attributable to:			
Owners of the Company			
Profit for the year		42,104	27,676
		42,104	27,676
Earnings per share attributable to owners of the Company (cents per share)			
Basic	11	22.68	16.48
Diluted	11	22.20	16.10

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Group	
	2015	**2014**
	$'000	$'000
Profit for the year	42,104	27,676
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(10,379)	4,235
Share of other comprehensive income of a joint venture	213	–
Other comprehensive income for the year, net of tax	(10,166)	4,235
Total comprehensive income for the year	31,938	31,911
Attributable to:		
Owners of the Company		
Total comprehensive income for the year	31,938	31,911

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

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	186,860	193,618	7,122	4,775
Intangible assets	14	18,877	20,095	–	–
Other investments	15	8	4	–	–
Investment in subsidiaries	16	–	–	335,296	335,340
Investment in a joint venture	17	5,535	5,186	–	–
Investment in an associate	18	–	–	–	–
Prepayments		383	465	383	465
Deferred tax assets	25	1,531	2,976	–	–
		213,194	222,344	342,801	340,580
Current assets					
Inventories	19	106,215	109,186	4,175	6,531
Prepayments		4,356	5,019	208	241
Trade and other receivables	20	168,050	158,458	88,042	88,844
Cash and short-term deposits	21	121,113	103,105	7,639	7,857
		399,734	375,768	100,064	103,473
Total assets		612,928	598,112	442,865	444,053
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	87,631	77,599	66,057	63,366
Excess of progress billings over work-in-progress	19	10,344	11,924	3,673	3,171
Other liabilities	23	52,518	52,224	4,782	4,718
Loans and borrowings	24	74,043	91,594	38,039	45,552
Tax payable		2,250	4,869	–	–
		226,786	238,210	112,551	116,807
Net current assets/(liabilities)		172,948	137,558	(12,487)	(13,334)

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

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current liabilities					
Other liabilities	23	2,072	1,272	–	–
Loans and borrowings	24	45,957	45,426	39,467	42,000
Deferred tax liabilities	25	7,507	7,930	–	–
		55,536	54,628	39,467	42,000
Total liabilities		282,322	292,838	152,018	158,807
NET ASSETS		330,606	305,274	290,847	285,246
Equity attributable to owners of the Company					
Share capital	26	299,350	298,716	299,350	298,716
Reserves		31,256	6,558	(8,503)	(13,470)
Total equity		330,606	305,274	290,847	285,246
Total equity and liabilities		612,928	598,112	442,865	444,053

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

2015 Group	Share capital (Note 26) $'000	Retained earnings $'000	Foreign currency translation reserve (Note 27) $'000	Other reserves (Note 27) $'000	Total equity $'000
	Attributable to owners of the Company				
Opening balance at 1 January 2015	298,716	163	(3,887)	10,282	305,274
Profit for the year	–	42,104	–	–	42,104
Other comprehensive income					
Foreign currency translation	–	–	(10,464)	85	(10,379)
Share of other comprehensive income of a joint venture	–	–	213	–	213
Other comprehensive income for the year, net of tax	–	–	(10,251)	85	(10,166)
Total comprehensive income for the year	–	42,104	(10,251)	85	31,938
Contributions by and distributions to owners					
Grant of equity-settled share awards to employees	–	–	–	812	812
Issue of shares under share awards (Note 26)	634	–	–	(634)	–
Dividends paid (Note 12)	–	(7,418)	–	–	(7,418)
Total contributions by and distributions to owners	634	(7,418)	–	178	(6,606)
Total transactions with owners in their capacity as owners	634	(7,418)	–	178	(6,606)
Others					
Transfer to statutory reserve	–	(1,426)	–	1,426	–
Total others	–	(1,426)	–	1,426	–
Closing balance at 31 December 2015	299,350	33,423	(14,138)	11,971	330,606

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

2014 Group	Share capital (Note 26)	Retained earnings	Foreign currency translation reserve (Note 27)	Other reserves (Note 27)	Total equity
	Attributable to owners of the Company				
	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2014	272,765	(20,958)	(7,854)	8,733	252,686
Profit for the year	–	27,676	–	–	27,676
Other comprehensive income					
Foreign currency translation	–	–	3,967	268	4,235
Other comprehensive income for the year, net of tax	–	–	3,967	268	4,235
Total comprehensive income for the year	–	27,676	3,967	268	31,911
Contributions by and distributions to owners					
Grant of equity-settled share awards to employees	–	–	–	631	631
Issue of shares under share awards (Note 26)	549	–	–	(549)	–
Issue of shares (Note 26)	24,902	–	–	–	24,902
Issue of shares in connection with the acquisition of a subsidiary (Note 26)	500	–	–	–	500
Dividends paid (Note 12)	–	(5,356)	–	–	(5,356)
Total contributions by and distributions to owners	25,951	(5,356)	–	82	20,677
Total transactions with owners in their capacity as owners	25,951	(5,356)	–	82	20,677
Others					
Transfer to statutory reserve	–	(1,199)	–	1,199	–
Total others	–	(1,199)	–	1,199	–
Closing balance at 31 December 2014	298,716	163	(3,887)	10,282	305,274

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

2015 Company	Share capital (Note 26) $'000	Retained earnings $'000	Other reserves (Note 27) $'000	Total equity $'000
Opening balance at 1 January 2015	298,716	(14,240)	770	285,246
Profit for the year	–	12,207	–	12,207
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	12,207	–	12,207
Contributions by and distributions to owners				
Grant of equity-settled share awards to employees	–	–	812	812
Issue of shares under share awards (Note 26)	634	–	(634)	–
Dividends paid (Note 12)	–	(7,418)	–	(7,418)
Total contributions by and distributions to owners	634	(7,418)	178	(6,606)
Total transactions with owners in their capacity as owners	634	(7,418)	178	(6,606)
Closing balance at 31 December 2015	299,350	(9,451)	948	290,847
2014				
Company				
Opening balance at 1 January 2014	272,765	(17,575)	688	255,878
Profit for the year	–	8,691	–	8,691
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	8,691	–	8,691
Contributions by and distributions to owners				
Grant of equity-settled share awards to employees	–	–	631	631
Issue of shares under share awards (Note 26)	549	–	(549)	–
Issue of shares (Note 26)	24,902	–	–	24,902
Issue of shares in connection with the acquisition of a subsidiary (Note 26)	500	–	–	500
Dividends paid (Note 12)	–	(5,356)	–	(5,356)
Total contributions by and distributions to owners	25,951	(5,356)	82	20,677
Total transactions with owners in their capacity as owners	25,951	(5,356)	82	20,677
Closing balance at 31 December 2014	298,716	(14,240)	770	285,246

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Group	
	2015	**2014**
	$'000	$'000
Cash flows from operating activities:		
Profit before tax	42,830	28,243
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	32,146	24,080
Allowance for/(reversal of) impairment on property, plant and equipment, net (Note 13)	1,030	(228)
Property, plant and equipment written off (Note 7)	395	322
Loss on disposal of a subsidiary (Note 16)	25	–
Net loss on disposal of property, plant and equipment (Note 7)	104	19
Net gain on disposal of non-current assets held for sale (Note 6)	–	(5,227)
Amortisation of intangible assets (Note 14)	1,667	447
Amortisation of onerous contract	(357)	–
Allowance for doubtful debts, net (Note 9)	388	186
Bad debts written off	3	–
Allowance/(write-back) for inventories obsolescence/foreseeable loss, net (Note 9)	2,345	(149)
Impairment loss on club membership (Note 14)	–	15
Negative goodwill (Note 16)	–	(4,523)
Shares issued in connection with the acquisition of a subsidiary (Note 26)	–	500
Employee share award expenses (Note 30)	812	631
Share of results of a joint venture	(897)	(136)
Interest expense (Note 8)	4,016	1,647
Interest income (Note 5)	(655)	(355)
Currency realignment	(7,430)	(90)
Operating cash flows before changes in working capital	76,422	45,382
Increase in trade and other receivables	(9,669)	(7,485)
Decrease/(increase) in prepayments	784	(1,607)
Decrease/(increase) in inventories	1,759	(5,940)
Increase/(decrease) in trade and other payables	4,508	(6,098)
(Decrease)/increase in other liabilities	(526)	11,204
Cash flows generated from operations	73,278	35,456
Interest paid	(4,016)	(1,647)
Interest received	655	355
Income tax paid	(2,516)	(5,910)
Net cash flows from operating activities	67,401	28,254

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(24,064)	(13,658)
Net proceeds from disposal of property, plant and equipment	115	173
Net proceeds from disposal of non-current assets held for sale	–	8,996
Net proceeds from disposal of a subsidiary	2	–
Dividend income from a joint venture	761	
Acquisition of subsidiaries, net of cash acquired (Note 16)	(1,172)	(63,687)
Net cash flows used in investing activities	(24,358)	(68,176)
Cash flows from financing activities:		
Proceeds from loans and borrowings	19,564	73,581
Repayment of loans and borrowings	(37,891)	(35,685)
Proceeds from issue of shares	–	24,902
Decrease in bank balance pledged	618	75
Dividends paid on ordinary shares (Note 12)	(7,418)	(5,356)
Net cash flows (used in)/generated from financing activities	(25,127)	57,517
Net increase in cash and cash equivalents	17,916	17,595
Cash and cash equivalents at beginning of year	96,193	76,518
Effects of exchange rate changes on cash and cash equivalents	702	2,080
Cash and cash equivalents at end of year (Note 21)	114,811	96,193

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

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

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

The principal activities of the Company consist of manufacturing and sale of dies, tools, jigs, fixtures, high precision steel moulds and plastic products. The principal activities of the subsidiaries are outlined in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars (SGD or $), and all values in the tables are rounded to the nearest thousand ($'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 period 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.

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 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(b) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

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)***

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 *Revenue from Contracts with Customers*

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

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

Either a full or modified retrospective application is required for annual periods beginning on or 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.

FRS 109 *Financial Instruments*

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

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

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

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

(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. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.5 Transactions with non-controlling interests

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

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

2.6 *Foreign currency*

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

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

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at 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.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

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

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

2.7 *Property, plant and equipment*

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

Freehold land has an unlimited useful life and therefore is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.7 ***Property, plant and equipment (cont'd)***

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land and buildings	-	20 to 60 years
Leasehold improvements	-	1 to 30 years
Motor vehicles	-	3 to 10 years
Machinery and equipment	-	1 to 10 years
Office equipment and furniture	-	2 to 10 years

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

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

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

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

2.8 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed 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 the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any 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 groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Subsidiaries*

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

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

2.11 *Joint venture and associate*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. 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.

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 accounts for its investments in associate and joint venture using the equity method from the date on which it becomes an associate or joint venture.

Under the equity method, the investments in associate or joint venture are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. The profit or loss reflects the share of results of the operations of the associate or joint venture. Distributions received from joint venture or associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate 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 associate or joint venture.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.11 *Joint venture and associate (cont'd)*

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 associate and joint venture 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.

2.12 *Financial instruments*

(a) ***Financial assets***

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

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

Subsequent measurement (cont'd)

(iii) ***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.

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

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

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets 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 de-recognised.

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

(b) ***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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

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

Subsequent measurement

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

(i) ***Financial liabilities at fair value through profit or loss***

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

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

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

(ii) ***Financial liabilities at amortised cost***

After initial recognition, financial liabilities that are not carried at fair value through profit and 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.

De-recognition

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

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13 ***Impairment of financial assets***

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

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

For financial assets carried at amortised cost, the Group first assesses 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

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

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

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 the profit or loss.

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

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

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

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.14 ***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 amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 ***Inventories***

(a) ***Plastic products***

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

– Raw materials – purchase costs on a first-in first-out basis;

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

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

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

(b) ***Mould fabrication contracts***

Work in progress from mould fabrication contracts are stated at cost plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

Excess of progress billings over work in progress from mould fabrication contracts are stated at cost plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which for progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.16 ***Provisions***

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.17 *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. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

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 relating to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.18 *Financial guarantee*

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

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

2.19 *Borrowing costs*

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

2.20 *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 the employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.20 ***Employee benefits (cont'd)***

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

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

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

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

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

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

2.21 ***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 2.23(e). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.22 ***Share capital and share issuance expenses***

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

2.23 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

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

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

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

(c) ***Interest income***

Interest income is recognised using the effective interest method.

(d) ***Dividend income***

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

(e) ***Rental income***

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

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

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*

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

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

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

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

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

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

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

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

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

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

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)***

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

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

– Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of goods and services tax included.

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

2.25 ***Derivative financial instruments***

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

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

2.26 ***Segment reporting***

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

2.27 ***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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting judgements and estimates

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.

3.1 *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:

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

The Group recognises revenue from mould fabrication work by reference to the stage of completion at the reporting date, when the outcome of the contract can be estimated reliably. All losses are recorded when they become known. The Group had recognised revenue amounting to $136,731,000 (2014: $105,462,000) for mould fabrication work. Management estimates that based on past experience and knowledge of the project engineers with similar work, the percentage of completion used in recognising revenue is appropriate. As at 31 December 2015, management has also determined that any provision made for foreseeable losses is adequate.

(b) ***Determination of functional currency***

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

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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.

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

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

The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. There was no impairment charge for the financial year ended 31 December 2015 (2014: $Nil) recognised in the income statement. More details are given in Note 14. The carrying amount of the goodwill at 31 December 2015 was $12,704,000 (2014: $12,678,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

(a) ***Impairment of goodwill and investment in subsidiaries (cont'd)***

The Company assesses whether there is any indication of impairment of its investment in subsidiaries at each reporting date. Investment in subsidiaries is tested for impairment when there are indicators that the carrying amount may not be recoverable. Management estimates the recoverable amount based on the value in use. This requires the management to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of the cash flows. There was an impairment charge of $44,000 for the financial year ended 31 December 2015 (2014: $Nil). The carrying amount of the Company's investment in subsidiaries at 31 December 2015 was $335,296,000 (2014: $335,340,000).

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

The carrying values of property, plant and equipment are tested for impairment when there are indicators of impairment. Management estimates the recoverable amount based on the value in use. This requires the management to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of the cash flows. Except as disclosed in Note 13, there are no other indications of impairment as at 31 December 2015.

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

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated useful lives. Management estimates the useful lives of these property, plant and equipment as discussed in Note 2.7. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 31 December 2015 was $186,860,000 (2014: $193,618,000).

(d) ***Taxes***

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

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Management recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax, deferred tax assets and deferred tax liabilities in the period in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities at 31 December 2015 were $2,250,000 (2014: $4,869,000), $1,531,000 (2014: $2,976,000) and $7,507,000 (2014: $7,930,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4. Revenue

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

5. Interest income

	Group	
	2015	2014
	$'000	$'000
Interest income from:		
– Loans and receivables	549	355
– Loans to a joint venture	106	–
	655	355

6. Other income

	Group	
	2015	2014
	$'000	$'000
Income from disposal of scrap materials	1,393	1,237
Government grant	162	163
Net gain on disposal of non-current assets held for sale	–	5,227
Net reversal of impairment on property, plant and equipment (Note 13)	–	228
Net foreign exchange gain	12,849	1,427
Reimbursement from customers and suppliers	1,196	711
Negative goodwill (Note 16b)	–	4,523
Rental income	271	14
Commission income	165	–
Miscellaneous income	1,260	844
	17,296	14,374

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7. Other operating expenses

	Group 2015 $'000	Group 2014 $'000
Property, plant and equipment written off	(395)	(322)
Amortisation of intangible assets (Note 14)	(1,667)	(447)
Net impairment loss on property, plant and equipment (Note 13)	(1,030)	–
Net loss on disposal of property, plant and equipment	(104)	(19)
Impairment loss on club membership (Note 14)	–	(15)
Relocation cost on disposal of non-current assets held for sale	–	(439)
Loss on disposal of a subsidiary (Note 16)	(25)	–
Miscellaneous expenses	(1,603)	(965)
	(4,824)	(2,207)

8. Finance costs

	Group 2015 $'000	Group 2014 $'000
Interest expense:		
– Bank loans	(4,014)	(1,623)
– Bills payable	(2)	(24)
	(4,016)	(1,647)

9. Profit before tax

	Group 2015 $'000	Group 2014 $'000
Profit before tax is stated after (charging)/crediting:		
Cost of inventories sold	(583,622)	(415,685)
Depreciation of property, plant and equipment (Note 13)	(32,146)	(24,080)
Allowance for doubtful debts, net	(388)	(186)
Bad debt written off	(3)	–
Audit fees:		
– Auditors of the Company	(233)	(375)
– Other auditors	(805)	(596)
Non-audit fees:		
– Auditors of the Company	(37)	(2)
– Other auditors	(835)	(205)
Employee benefits expense (Note 30)	(151,628)	(105,095)
(Allowance)/write back for inventories obsolescence/foreseeable losses, net	(2,345)	149

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10. Income tax expense

Major components of income tax expense

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

	Group	
	2015	**2014**
	$'000	$'000
Current taxation		
Current year	(7,152)	(3,765)
Over provision in respect of previous years	7,089	669
Deferred taxation (Note 25)		
Origination and reversal of temporary differences	(2,298)	2,472
Over provision in respective of previous years	1,635	57
Income tax expense recognised in profit or loss	(726)	(567)

Relationship between tax expense and accounting profit

A reconciliation between the tax expenses and accounting profit before income tax multiplied by the applicable corporate tax rates for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Accounting profit before tax	42,830	28,243
Tax at the domestic rates applicable to profit in the countries where the Group operates	10,765	6,983
Adjustments:		
Non-deductible expenses	3,932	3,102
Income not subject to taxation	(1,878)	(2,602)
Benefits from previously unrecognised deferred tax assets	(3,240)	(5,911)
Deferred tax assets not recognised	1,124	523
Income taxed at concessionary rate	(1,213)	(810)
Over provision in respect of previous years	(8,724)	(726)
Others	(40)	8
Income tax expense recognised in profit or loss	726	567

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

The overprovision in respect of previous years arose from provisions no longer required due to the resolution and finalisation of prior year open tax issues with the relevant tax authority.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10. Income tax expense (cont'd)

The nature of income not subject to taxation for the previous financial year mainly include gain on disposal of non-current assets held for sale and negative goodwill.

The Company and its subsidiaries in Singapore are taxed at the corporate tax rate of 17% (2014: 17%).

The overseas subsidiary companies are taxed at the domestic corporate tax rate of each respective country except for two subsidiaries in the People's Republic of China ("PRC"), which are entitled to tax exemption of 10% in accordance with the "Income Tax Law of the PRC for high-tech enterprises", and taxed at a concessionary rate of 15% up to 31 December 2015.

11. Earnings per share

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares for diluted earnings per share computation respectively.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December 2015 and 2014:

	Group	
	2015	**2014**
	$'000	$'000
Profit attributable to owners of the Company for basic and diluted earnings per share	42,104	27,676
	Number of shares	
	'000	'000[1]
Weighted average number of ordinary shares on issue applicable to basic earnings per share	185,611	167,926
Effect of dilutive potential share – Restricted share plan	4,042	3,952
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	189,653	171,878

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

[1] *On 2 October 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company. The weighted average number of ordinary shares used for the calculation of earnings per share for the comparatives had been adjusted for the effect of the share consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12. Dividends

		Group and Company	
		2015	**2014**
		$'000	$'000
(a)	Declared and paid during the financial year:		
	Dividends on ordinary shares:		
	2013 final exempt (one-tier) dividend of $0.007 per share*	–	5,356
	2014 final exempt (one-tier) dividend of $0.008 per share*	7,418	–
(b)	Proposed but not recognised as a liability as at 31 December:		
	Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
	2014 final exempt (one-tier) dividend of $0.008 per share*	–	7,419
	2015 final exempt (one-tier) dividend of $0.05 per share#	9,335	–

* *Before share consolidation*

\# *After share consolidation*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

13. Property, plant and equipment

Group	Freehold land	Leasehold land	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Office equipment and furniture	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015									
Cost									
At 1 January 2015	2,490	16,964	87,475	55,923	4,160	445,055	37,159	386	649,612
Acquisition of a subsidiary (Note 16a)	1,447	–	–	–	9	5,141	987	21	7,605
Additions	–	1,887	280	3,904	331	13,544	3,791	3,012	26,749
Reclassification	–	–	703	836	–	933	137	(2,609)	–
Disposals	–	–	–	–	(277)	(1,886)	(382)	–	(2,545)
Written off	–		–	(299)	–	(2,986)	(877)	–	(4,162)
Currency realignment	(384)	945	(2,850)	(2,432)	(180)	(7,689)	(246)	(31)	(12,867)
At 31 December 2015	3,553	19,796	85,608	57,932	4,043	452,112	40,569	779	664,392
Accumulated depreciation and impairment loss									
At 1 January 2015	–	222	29,705	42,898	3,180	349,805	30,154	30	455,994
Acquisition of a subsidiary (Note 16a)	368	–	–	–	3	1,723	842	–	2,936
Charge for the year	14	42	3,986	4,185	264	21,269	2,386	–	32,146
Reclassification	–	–	–	(6)	–	6	–	–	–
Disposals	–	–	–	–	(267)	(1,700)	(359)	–	(2,326)
Allowance for/ (reversal of) impairment, net	–	–	–	6	–	1,029	(5)	–	1,030
Written off	–	–	–	(299)		(2,650)	(818)	–	(3,767)
Currency realignment	(13)	(2)	(970)	(1,548)	(141)	(5,627)	(180)	–	(8,481)
At 31 December 2015	369	262	32,721	45,236	3,039	363,855	32,020	30	477,532
Net carrying amount									
At 31 December 2015	3,184	19,534	52,887	12,696	1,004	88,257	8,549	749	186,860

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

Group	Freehold land	Leasehold land	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Office equipment and furniture	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014									
Cost									
At 1 January 2014	2,527	351	67,830	34,916	2,262	317,164	22,762	247	448,059
Acquisition of a subsidiary (Note 16b)	–	16,323	17,904	18,791	1,819	121,368	13,011	–	189,216
Additions	–	–	805	1,968	170	7,188	1,381	3,005	14,517
Reclassification	–	–	63	(171)	(3)	1,606	1,294	(2,789)	–
Disposals	–	–	–	–	(111)	(4,343)	(531)	–	(4,985)
Written off	–	–	–	(42)	–	(1,395)	(1,158)	–	(2,595)
Currency realignment	(37)	290	873	461	23	3,467	400	(77)	5,400
At 31 December 2014	2,490	16,964	87,475	55,923	4,160	445,055	37,159	386	649,612
Accumulated depreciation and impairment loss									
At 1 January 2014	–	17	19,920	27,583	1,460	242,448	20,313	30	311,771
Acquisition of a subsidiary (Note 16b)	–	197	6,704	12,495	1,583	93,580	8,835	–	123,394
Charge for the year	–	5	2,634	2,588	230	17,362	1,261	–	24,080
Reclassification	–	–	44	(367)	(8)	(654)	985	–	–
Disposals	–	–	–	–	(99)	(4,174)	(520)	–	(4,793)
Reversal of impairment, net	–	–	–	161	–	(385)	(4)	–	(228)
Written off	–	–	–	(38)	–	(1,192)	(1,043)	–	(2,273)
Currency realignment	–	3	403	476	14	2,820	327	–	4,043
At 31 December 2014	–	222	29,705	42,898	3,180	349,805	30,154	30	455,994
Net carrying amount									
At 31 December 2014	2,490	16,742	57,770	13,025	980	95,250	7,005	356	193,618

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

Company	Buildings	Leasehold improvements	Machinery and equipment	Office equipment and furniture	Motor Vehicle	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015							
Cost							
At 1 January 2015	4,732	5,399	12,301	2,819	15	28	25,294
Additions	–	554	853	1,717	–	–	3,124
Disposals	–	–	(251)	(28)	–	–	(279)
Written off	–	–	–	(111)	–	–	(111)
At 31 December 2015	4,732	5,953	12,903	4,397	15	28	28,028
Accumulated depreciation and impairment loss							
At 1 January 2015	1,446	4,972	11,404	2,668	3	26	20,519
Charge for the year	79	196	283	215	3	–	776
Disposals	–	–	(250)	(28)	–	–	(278)
Written off	–	–	–	(111)	–	–	(111)
At 31 December 2015	1,525	5,168	11,437	2,744	6	26	20,906
Net carrying amount							
At 31 December 2015	3,207	785	1,466	1,653	9	2	7,122
2014							
Cost							
At 1 January 2014	4,732	5,399	12,482	2,732	–	28	25,373
Additions	–	–	37	121	15	–	173
Disposals	–	–	(218)	(34)	–	–	(252)
At 31 December 2014	4,732	5,399	12,301	2,819	15	28	25,294
Accumulated depreciation and impairment loss							
At 1 January 2014	1,367	4,811	11,359	2,563	–	26	20,126
Charge for the year	79	161	263	139	3	–	645
Disposals	–	–	(218)	(34)	–	–	(252)
At 31 December 2014	1,446	4,972	11,404	2,668	3	26	20,519
Net carrying amount							
At 31 December 2014	3,286	427	897	151	12	2	4,775

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

Reversal/Impairment of assets

During the financial year, management carried out a review on the recoverable amount of plant and equipment based on their working conditions. The recoverable amount was based on its value in use. An impairment loss of $1,030,000, representing the write-down of these plant and equipment to the recoverable amount was recognised in "Other operating expenses" (Note 7).

In the previous financial year, a reversal of impairment loss of $228,000, representing the recovery of these plant and equipment to the recoverable amount was recognised in "Other income" (Note 6).

Assets pledged as security

As at 31 December 2015, property, plant and equipment of the Group amounting to $6,000 (2014: $3,446,000) were pledged to secure the bank loans.

14. Intangible assets

	Group					
	Goodwill	Customer relationships	Customer contracts	Order backlog	Club membership	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2015						
Cost:						
At 1 January 2015	19,678	8,971	1,442	61	71	30,223
Acquisition of a subsidiary (Note 16a)	26	–	–	–	–	26
Currency realignment	–	464	–	–	–	464
At 31 December 2015	19,704	9,435	1,442	61	71	30,713
Accumulated amortisation and impairment:						
At 1 January 2015	7,000	1,554	1,442	61	71	10,128
Amortisation	–	1,667	–	–	–	1,667
Currency realignment	–	41	–	–	–	41
At 31 December 2015	7,000	3,262	1,442	61	71	11,836
Net carrying amount:						
At 31 December 2015	12,704	6,173	–	–	–	18,877

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14. Intangible assets (cont'd)

	Group					
	Goodwill	**Customer relationships**	**Customer contracts**	**Order backlog**	**Club membership**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
2014						
Cost:						
At 1 January 2014	19,678	1,554	1,442	61	56	22,791
Acquisition of a subsidiary	–	7,282	–	–	15	7,297
Currency realignment	–	135	–	–	–	135
At 31 December 2014	19,678	8,971	1,442	61	71	30,223
Accumulated amortisation and impairment:						
At 1 January 2014	7,000	1,107	1,442	61	56	9,666
Amortisation	–	447	–	–	–	447
Impairment	–	–	–	–	15	15
At 31 December 2014	7,000	1,554	1,442	61	71	10,128
Net carrying amount:						
At 31 December 2014	12,678	7,417	–	–	–	20,095

Customer relationships

Customer relationships were acquired in business combinations. The useful life of the customer relationships were determined to be 5 years. The assets were amortised on a straight-line basis over the remaining useful life of 4 years (2014: 5 years).

The amortisation for customer relationships is included in the line "Other operating expenses" in profit or loss account.

Impairment testing of goodwill

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

- Sunningdale Tech Ltd ("STL"), Omni Mold Ltd ("Omni"), Sunningdale Tech (Malaysia) ("STM") Group, SDP Manufacturing ("SDP") and Sunningdale Tech Ind CGUs ("CGU 1");
- AS Sunningdale Tech (Latvia) ("ST Latvia") and SIA Sunningdale Tech (Riga) ("ST Riga") CGUs ("CGU 6");
- Sunningdale Singapore Holdings Pte Ltd Group ("SSH") CGU ("CGU 7"); and
- SIA Skan-Tooling ("Skan") CGU ("CGU 8")

CGU 1 and CGU 6

The recoverable amounts of CGU 1 and CGU 6 have been determined based on fair value less costs of disposal ("FVLCOD"). To calculate this value, an appropriate multiple was applied to the maintainable operating earnings of the CGUs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

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

	Group	
	2015	**2014**
	$'000	$'000
CGU 1	6,808	6,808
CGU 6	5,870	5,870
CGU 8[#]	26	–
Total	12,704	12,678

[#] *This refers to the provisional goodwill arising from the acquisition of Skan. The provisional goodwill will be adjusted accordingly following the completion of the Purchase Price Allocation exercise in accordance with FRS 103(R) Business Combinations.*

Key assumptions used in calculations of fair value less costs of disposal of the CGUs 1 and 6

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

The FVLCOD of CGU 1 and CGU 6 was based on current EBITDAs and market multiple of 3.5 (2014: 3.5) and 4.5 (2014: 4.0) respectively. The market multiple is calculated based on the median of comparable companies' indications, after adjustment for differences in risk and growth.

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

15. Other investments

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Quoted shares, at market value	8	4	–	–
Total available-for-sale financial assets	8	4	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Investment in subsidiaries

	Company	
	2015	**2014**
	$'000	$'000
Unquoted shares at cost	515,312	515,312
Impairment losses	(180,016)	(179,972)
Carrying amount of investments	335,296	335,340

During the financial year, an impairment charge of $44,000 (2014: $Nil) was recognised as the carrying value was lower than the recoverable amount. The impairment loss provided on subsidiaries represents the write-down of subsidiaries to recoverable amounts based on the economic performance of the subsidiary group.

Details of significant investment in subsidiaries are as follows:

Name of company (Country of incorporation)	**Principal activities/ Country of business**	**Percentage of equity interest held 2015 %**	**2014 %**
Held by the Company			
Chi Wo Plastic Moulds Fty. Limited[2] (Hong Kong)	Manufacturing and sale of mould and plastic injection products, trading of car audio equipment and investment holding (Hong Kong)	100	100
Omni Mold Ltd[1] (Singapore)	Design, manufacturing, marketing and export of high precision steel moulds (Singapore)	100	100
Sunningdale Tech (Malaysia) Sdn Bhd[2] (Malaysia)	Manufacturer of plastic products in video front panels, office automation products and sub-assembly of paper feeders for printers and computer components (Malaysia)	100	100
Sunningdale Precision Industries Ltd[1] (Singapore)	Precision mould making, injection moulding of precision engineering plastic components, as well as contract manufacturing of assembled plastic products (Singapore)	100	100
Sunningdale Tech (Europe) Holding Pte Ltd[1] (Singapore)	Investment holding (Singapore)	100	100
Sunningdale Technologies S.A. de C.V.[2] (Mexico)	Manufacturing and sale of precision plastic injection moulding products (Mexico)	100*	100*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2015 %	2014 %
Held by the Company			
UFE Pte Ltd[(1)] (Singapore)	Designing and manufacturing of moulds and plastic injection moulding plastics products (Singapore)	100	100
PT Sunningdale Tech Batam[(2)] (Indonesia)	Manufacturing of precision plastic injection moulding products (Indonesia)	100**	100**
Sunningdale Singapore Holdings Pte Ltd[(1)] (Singapore)	Investment holding (Singapore)	100	100
Sunningdale Tech (Thailand) Co., Ltd[(4)] (Thailand)	Manufacturing and sale of precision plastic injection moulding products (Thailand)	100***	100***

The other significant subsidiaries of the Group not held directly by the Company are:

Name of company (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2015 %	2014 %
Held through Chi Wo Plastic Moulds Fty. Limited			
Zhongshan Zhihe Electrical Equipment Co., Ltd[(2)] (People's Republic of China)	Manufacturing and sale of mould and plastic injection products (People's Republic of China)	100	100
Held through Sunningdale Tech (Malaysia) Sdn Bhd			
Seiwa-Podoyo (M) Sdn Bhd[(2)] (Malaysia)	Secondary process and assembly of video and audio front panel and computer components (Malaysia)	100	100
Held through Sunningdale Precision Industries Ltd			
SDP Manufacturing Sdn Bhd[(2)] (Malaysia)	Manufacturing of plastic and metal parts of machinery and equipment (Malaysia)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2015 %	2014 %
Held through Sunningdale Precision Industries Ltd(cont'd)			
Sunningdale Precision Industries (Shanghai) Co., Ltd(2) (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
Sunningdale Precision Mold Industries (Tianjin) Co., Ltd(2) (People's Republic of China)	Manufacturing of precision moulds and provision of technical consulting services (People's Republic of China)	100	100
Sunningdale Technologies S.A. de C. V.(2) (Mexico)	Manufacturing of precision plastic injection moulding products (Mexico)	100*	100*
Sunningdale Plastic Technology (Tianjin) Co., Ltd(3) (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
Sunningdale Precision Technology (Shanghai) Co., Ltd(2) (People's Republic of China)	Designing and manufacturing of precision moulds and precision engineering plastic components (People's Republic of China)	100	100
Sunningdale Innovative Technology (Tianjin) Co., Ltd(2) (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
PT Sunningdale Tech Batam(2) (Indonesia)	Manufacturing of precision plastic injection moulding products (Indonesia)	100**	100**
Held through Omni Mold Ltd			
SIA Skan-Tooling(2) (Latvia)	Designing, manufacturing, marketing and export of high precision steel moulds (Latvia)	100#	–
Held through Omni Mold Investment Holding Pte Ltd			
Omni Tech (Suzhou) Co., Ltd(2) (People's Republic of China)	Product design and development, tooling and moulding (People's Republic of China)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2015 %	2014 %
Held through Sunningdale Tech(Europe) Holding Pte Ltd			
AS Sunningdale Tech (Latvia)[(2)] (Latvia)	Manufacturing, production and sale of plastic products (Latvia)	100	100
SIA Sunningdale Tech (Riga)[(2)] (Latvia)	Manufacturing, production and sale of plastic products (Latvia)	100	100
Held through First Engineering Limited			
First Engineering (Guangzhou) Co., Ltd.[(2)] (People's Republic of China)	Manufacturing and sale of precision moulds and precision engineering components (People's Republic of China)	100	100
First Engineering (Shanghai) Co., Ltd[(2)] (People's Republic of China)	Manufacturing and sale of precision moulds and precision engineering components (People's Republic of China)	100	100
First Engineering (Suzhou) Co., Ltd[(2)] (People's Republic of China)	Manufacturing and sale of precision moulds and precision engineering components (People's Republic of China)	100	100
First Engineering Plastics (Malaysia) Sdn Bhd[(2)] (Malaysia)	Manufacturing and sale of precision moulds and precision engineering components (Malaysia)	100	100
First Engineering Plastics India Private Limited[(2)] (India)	Manufacturing and sale of precision moulds and precision engineering components (India)	100	100
First Engineering Decorative (Suzhou) Co., Ltd[(2)] (People's Republic of China)	Manufacturing and sale of painted and laser etched plastic parts (People's Republic of China)	100	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in the respective countries
(3) Audited by Tianjin Guangxin Certified Public Accountants Co., Ltd
(4) Audited by Veritas Partnership (Thailand) Co., Ltd

* 17.0% of equity held by the Company and 83.0% of equity held by Sunningdale Precision Industries Ltd
** 70.0% of equity held by the Company and 30.0% of equity held by Sunningdale Precision Industries Ltd
*** 99.9% of equity held by the Company and the remaining equity is equally held by Sunningdale Precision Industries Ltd and Omni Mold Ltd
# Newly acquired during the year

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

(a) SIA Skan-Tooling

On 17 September 2015 (the "acquisition date"), the Group acquired 100% equity interest in SIA Skan-Tooling ("Skan"). Skan is principally involved in the business of designing, manufacturing, marketing and export of high precision steel moulds.

The Group is of the view that the existing business of Skan will be synergistic to the Group's mould fabrication business to serve the existing customers in Europe as well as expanding the Group's customer base and capabilities into Europe.

As at 31 December 2015, the Group has engaged an independent valuer to determine the fair value of the identifiable assets and liabilities including intangible assets, property, plant and equipment, inventories and certain liabilities. Goodwill amounting to $26,000 has been determined on a provisional basis as the final results of the independent valuation have not been received at the date the financial statements were authorised for issuance. Goodwill and other amounts arising from the acquisition will be adjusted on a retrospective basis when the independent valuation is finalised.

	Fair value recognised on acquisition $'000
Property, plant and equipment	4,669
Other investments	3
Deferred tax assets	58
Inventories	1,133
Trade and other receivables	314
Prepayments	39
Cash and short term deposits	26
	6,242
Trade and other payables	850
Other liabilities	1,079
Deferred income	907
Loans and borrowings	1,825
Amount due to a shareholder	409
	5,070
Total identifiable net assets at fair value	1,172
Provisional goodwill	26
	1,198
Consideration transferred for the acquisition	
Cash paid	1,607
Loans transferred from previous owner of Skan	(409)
Total consideration transferred	1,198
Effect of the acquisition on cash flows	
Consideration settled in cash	1,198
Less: Cash and cash equivalents of subsidiary acquired	(26)
Net cash outflow on acquisition	1,172

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

(a) SIA Skan-Tooling (cont'd)

Transaction costs

Transaction costs related to the acquisition of $145,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2015.

Impact of the acquisition on profit or loss

From the acquisition date, Skan has contributed $326,000 of revenue and $3,000 to the Group's profit for the year. If the business combination had taken place at the beginning of 2015, the Group's revenue would have been $676,066,000 and the Group's profit for the year, net of tax would have been $41,775,000 in 2015.

(b) Sunningdale Singapore Holdings Pte Ltd

On 12 November 2014 (the "acquisition date"), the Group acquired 100% equity interest in Sunningdale Singapore Holdings Pte Ltd ("SSH"), an investment holding company holding 100% of First Engineering Limited ("FEL") and its subsidiaries (FEL and FEL's subsidiaries, collectively the "FEL Group"). FEL Group is principally involved in the manufacture and sale of precision moulds and precision engineering components.

The Group was of view that there was a strategic and operational fit between the Group and SSH Group and this had represented an attractive opportunity for the Group to further strengthen its leadership position in the industry and it provided immediate access to the Indian market.

In the prior year, the Group had engaged an independent valuer to determine the fair value of the identifiable assets and liabilities including intangible assets, property, plant and equipment, inventories and certain liabilities. Negative goodwill amounting to $4,523,000 had been determined on a provisional basis as the final results of the independent valuation had not been received at the date of the 2014 financial statements were authorised for issuance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

(b) Sunningdale Singapore Holdings Pte Ltd (cont'd)

The allocation of the purchase price to the identifiable assets and liabilities was completed in the current financial year and there were no changes to the fair values recognised on the acquisition in 2014.

	Fair value recognised on acquisition $'000
Property, plant and equipment	65,822
Intangible assets	7,297
Other investments	3
Investment in a joint venture	4,876
Deferred tax assets	564
Inventories	26,522
Trade and other receivables	44,669
Amounts due from a joint venture	2,171
Prepayments	1,069
Cash and short term deposits	20,697
	173,690
Trade and other payables	30,623
Other liabilities	10,173
Loans and borrowings	35,910
Tax payable	2,479
Deferred tax liabilities	5,598
	84,783
Total identifiable net assets at fair value	88,907
Negative goodwill arising from acquisition	(4,523)
	84,384
Consideration transferred for the acquisition	
Cash paid	84,384
Total consideration transferred	84,384
Effect of the acquisition on cash flows	
Consideration settled in cash	84,384
Less: Cash and cash equivalents of subsidiary acquired	(20,697)
Net cash outflow on acquisition	63,687

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

(b) Sunningdale Singapore Holdings Pte Ltd (cont'd)

Transaction costs

Transaction costs related to the acquisition of $4,965,000 had been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2014.

Impact of the acquisition on profit or loss

From the acquisition date, SSH Group had contributed $16,297,000 of revenue and $588,000 to the Group's profit for the year in 2014. If the business combination had taken place at the beginning of 2014, the Group's revenue would have been $629,328,000 and the Group's profit for the year, net of tax would have been $31,600,000 in 2014.

Disposal of a subsidiary

During the year, the Group entered into a sale agreement to dispose 100% of its equity interest in its wholly-owned subsidiary, ATEC of Sweden AB ("AOS"), for a total consideration of $49,000. The disposal consideration was fully settled in cash and the disposal was completed on 13 January 2015.

The value of assets and liabilities of AOS, recorded in the consolidated financial statements as at 13 January 2015, and the effects of the disposal are as follows:

	2015 $'000
Other receivables	57
Cash at bank	47
	104
Other payables	(18)
Other liabilities	(10)
Carrying value of net assets disposed	76
Cash consideration	49
Less: Cash and cash equivalents of the subsidiary	(47)
Net cash inflow on disposal of a subsidiary	2

Loss on disposal

Cash received	49
Net assets derecognised	(76)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	2
Loss on disposal	(25)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17. Investment in a joint venture

	Group 2015 $'000	Group 2014 $'000
Unquoted shares at cost	4,876	4,876
Share of post-acquisition reserves	272	136
Currency realignment	387	174
Balance at the end of the financial period	5,535	5,186

In 2015, dividends of $761,000 (2014: $Nil) were received from the joint venture.

Information on the joint venture as at 31 December 2015 was as follows:

Name of company (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2015 %	2014 %
Held through First Engineering Limited			
First Engineering-Erwin Quarder Pte Ltd[(1)] (Singapore)	Design, fabrication, manufacturing, assembly and sale of moulded plastic products and investment holding. (Singapore)	50	50
Held through First Engineering-Erwin Quarder Pte Ltd			
FEQ Automotive System (Shanghai) Co., Ltd[(2)] (People's Republic of China)	Design, fabrication, manufacturing, assembly and sale of moulded plastic products and investment holding. (People's Republic of China)	50	50

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by Shanghai Roedl & Partner

The aggregate amounts of total assets and total liabilities, income and expenses related to the Group's interests in the joint venture are as follows:

	Group 2015 $'000	Group 2014 $'000
Assets and liabilities:		
Total assets	9,901	8,241
Total liabilities	4,154	3,254
Income and expenses:		
Income	9,104	909
Expenses	8,207	773

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

18. Investment in an associate

Details of the Group's associate are:

Name of company (Country of incorporation and business)	Principal activities	Effective equity interest held by the Group 2015 %	2014 %
Held through subsidiary			
Synergy MFG Pte Ltd (Singapore)*	Moulding	20	20

* The company is dormant as at 31 December 2015 and 2014 and the financial statements are not required to be audited.

19. Inventories

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Balance sheet:				
Plastic products:				
– Finished goods	43,328	42,891	2,797	4,632
– Raw materials	25,650	26,991	447	609
Mould fabrication:				
Work-in-progress	37,237	39,304	931	1,290
	106,215	109,186	4,175	6,531
Income statement:				
Inventories recognised as an expense in cost of sales inclusive of the following charge/(credit):				
– Inventories written down	5,127	2,586	125	5
– Reversal of write-down of inventories	(2,782)	(2,735)	(95)	(73)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. Inventories (cont'd)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Analysis of mould fabrication contracts:				
Costs incurred to date	66,891	65,008	7,012	4,624
Recognised profits less recognised losses to date	6,948	7,693	734	303
	73,839	72,701	7,746	4,927
Less: Progress billings	(45,239)	(43,969)	(10,488)	(6,808)
Allowance for foreseeable losses	(1,707)	(1,352)	–	–
	26,893	27,380	(2,742)	(1,881)
Presented as:				
Work-in-progress	37,237	39,304	931	1,290
Excess of progress billings over work-in-progress	(10,344)	(11,924)	(3,673)	(3,171)
	26,893	27,380	(2,742)	(1,881)

The revenue recognised in profit or loss of the Group for the year was $136,731,000 (2014: $105,462,000).

20. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables	154,668	142,232	12,306	20,331
Amounts due from subsidiaries				
- trade	–	–	12,182	12,442
- non-trade	–	–	18,716	22,437
- loans	–	–	35,461	33,250
- dividends	–	–	8,156	–
Amounts due from a joint venture				
- trade	284	231	–	–
- non-trade	352	167	–	–
- loans	1,741	1,728	–	–
Other receivables	7,622	10,192	1,128	112
Notes receivables	897	574	–	–
Staff advance	174	119	1	1
Deposits	2,312	3,215	92	271
Total trade and other receivables	168,050	158,458	88,042	88,844
Add: Cash and short-term deposits (Note 21)	121,113	103,105	7,639	7,857
Total loans and receivables	289,163	261,563	95,681	96,701

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Trade and other receivables (cont'd)

Trade receivables

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

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
United States Dollar	69,137	66,587	9,117	17,013
Euro	12,877	10,012	21	2

Amounts due from subsidiaries

All amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

All amounts with subsidiaries are to be settled in cash.

Amounts due from a joint venture

The trade and non-trade amounts due from a joint venture are unsecured, interest-free and repayable on demand. The loans to joint venture are unsecured, repayable on demand and bear an interest 4.35% to 6.00% (2014: 6.00%) per annum.

All amounts due from a joint venture are to be settled in cash.

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to $32,703,000 (2014: $35,427,000) and $3,590,000 (2014: $7,296,000) respectively, that are past due at end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at end of the reporting period is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
Less than 30 days	21,644	25,228	2,852	6,023
30 to 60 days	6,482	7,211	340	1,145
61 to 90 days	1,415	1,796	4	9
91 to 150 days	1,635	388	288	63
More than 150 days	1,527	804	106	56
	32,703	35,427	3,590	7,296

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Trade and other receivables (cont'd)

Receivables that are impaired

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

	Group Individually impaired		Company Individually impaired	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	1,297	807	–	–
Less: Allowance for impairment	(1,174)	(784)	–	–
	123	23	–	–
Movements in allowance accounts:				
At 1 January	784	712	–	–
Acquisition of a subsidiary	–	17	–	–
Charge for the year	650	235	–	–
Written off	–	(136)	–	–
Written back	(262)	(49)	–	–
Currency realignment	2	5	–	–
At 31 December	1,174	784	–	–

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

21. Cash and short-term deposits

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at banks and on hand	110,212	90,374	7,639	7,857
Short-term deposits	10,901	12,731	–	–
Cash and short-term deposits	121,113	103,105	7,639	7,857

Short-term deposits

Short-term deposits are made for varying periods of between 1 day and 3 months depending on the immediate cash requirements of the Group, and earning interest at the respective short-term deposit rates, ranging from 1.35% to 8.50% per annum (2014: 2.75% to 8.50% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

As at 31 December 2015, the Group and Company had available $134,790,000 (2014: $97,240,000) and $58,854,000 (2014: $29,627,000) of undrawn borrowing facilities respectively in respect of which all conditions precedent had been met.

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

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
United States Dollar	40,236	33,048	2,223	1,464
Euro	2,462	3,326	194	800

Cash and cash equivalents

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

	Group	
	2015	2014
	$'000	$'000
Cash at banks and on hand	110,212	90,374
Short-term deposits	10,901	12,731
Cash and short-term deposits	121,113	103,105
Restricted cash (Note 24)	(6,302)	(6,912)
Cash and cash equivalents	114,811	96,193

22. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables	64,053	57,912	2,098	2,536
Amounts due to subsidiaries				
– trade	–	–	56,476	50,683
– non-trade	–	–	5,083	6,975
– loans	–	–	378	850
Other payables	23,578	19,687	2,022	2,322
Total trade and other payables	87,631	77,599	66,057	63,366
Add:				
– Other liabilities (Note 23)	52,086	51,906	4,782	4,718
– Loans and borrowings (Note 24)	120,000	137,020	77,506	87,552
Total financial liabilities carried at amortised cost	259,717	266,525	148,345	155,636

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Trade and other payables (cont'd)

Trade payables/other payables

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

Amounts due to subsidiaries

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

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

All amounts with subsidiaries are to be settled in cash.

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
United States Dollar	22,353	22,176	1,175	954
Euro	803	725	2	–

23. Other liabilities

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Current:				
Trade accrual	12,196	10,665	44	108
Accrued other operating expenses	15,388	15,582	1,590	1,986
Accrued directors' fees payable	695	570	695	570
Accrued staff and related costs	18,944	18,529	2,047	1,704
Accrual for VAT	4,364	6,128	–	–
Accrued interest payable	499	432	406	350
	52,086	51,906	4,782	4,718
Provision for an onerous contract	338	318	–	–
Deferred government grant	94	–	–	–
	52,518	52,224	4,782	4,718
Non-current:				
Provision for an onerous contract	985	1,272	–	–
Deferred government grant	1,087	–	–	–
	2,072	1,272	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23. Other liabilities (cont'd)

	Group	
	2015	2014
	$'000	$'000
Movement in provision for an onerous contract:		
At 1 January	1,590	–
Acquisition of a subsidiary	–	1,560
Amortisation of onerous contract	(357)	–
Currency alignment	90	30
At 31 December	1,323	1,590
Current	338	318
Non-current	985	1,272
	1,323	1,590

Provision for an onerous contract

Onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

During the Purchase Price Allocation exercise of SSH Group in 2014, the management had identified an onerous contract. Accordingly, the onerous contract was valued using the Discounted Cash Flow method and a provision amounting to $1,560,000 was recognised.

24. Loans and borrowings

	Interest rates (Per annum)	Maturities	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Current						
Unsecured short-term loans[a]	2.03% – 3.37% (2014: 1.95% – 3.00%)	2016	53,418	74,193	28,336	37,423
Secured short-term loans[b],[c]	0.00%-4.85% (2014: 0.00%-7.20%)	2016	6,302	7,776	–	–
Unsecured bank loans[a]	3.17% – 5.90% (2014: 3.17% – 5.94%)	2016	12,015	9,236	9,640	8,000
Secured bank loans[c]	3.45% – 3.49% (2014: 3.80% – 4.27%)	2016	3	260	–	–
Unsecured bankers acceptance[a]	2.25% - 2.34% (2014: 1.00% – 2.43%)	2016	2,305	129	63	129
			74,043	91,594	38,039	45,552

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Loans and borrowings (cont'd)

	Interest rates (Per annum)	Maturities	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current						
Unsecured bank loans[a]	3.17% – 5.90% (2014: 3.17% – 5.94%)	2017 – 2020	45,957	45,426	39,467	42,000
			45,957	45,426	39,467	42,000
Total loans and borrowings			120,000	137,020	77,506	87,552

(a) Included in these facilities are borrowings which are covered by corporate guarantees provided by the Company (Note 29);
(b) These loans are secured by pledged fixed deposits of subsidiaries of $6,302,000 (2014: $6,912,000);
(c) These loans are secured by certain fixed assets of the subsidiaries.

Loans and borrowings denominated in foreign currencies at 31 December are as follows:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
United States Dollar	21,373	23,673	7,036	6,752

25. Deferred taxation

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

	Group: Consolidated balance sheet 2015 $'000	Group: Consolidated balance sheet 2014 $'000	Group: Consolidated income statement 2015 $'000	Group: Consolidated income statement 2014 $'000	Company: Balance sheet 2015 $'000	Company: Balance sheet 2014 $'000
Deferred tax assets	1,531	2,976			–	–
Deferred tax liabilities	(7,507)	(7,930)			–	–
Net deferred tax	(5,976)	(4,954)			–	–
Deferred tax assets						
Unabsorbed capital allowances	281	4			–	–
Unutilised reinvestment allowance	2,008	2,434			–	–
Unutilised tax losses	447	1,159			–	–
Provisions	577	606			–	–
Others	251	406			–	–
	3,564	4,609	1,045	(2,589)	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. Deferred taxation (cont'd)

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities						
Differences in depreciation	(3,987)	(3,106)			–	–
Fair value adjustment on acquisition of a subsidiary	(4,975)	(5,298)			–	–
Others	(578)	(1,159)			–	–
	(9,540)	(9,563)	(382)	60	–	–
Net deferred tax	(5,976)	(4,954)			–	–
Net deferred tax expense/(credit)			663	(2,529)		

The Group has estimated tax losses, unabsorbed capital allowance and reinvestment allowance of approximately $19,432,000 (2014: $22,863,000), $979,000 (2014: $1,114,000) and $2,008,000 (2014: $3,987,000) respectively that are available for offset against future taxable profits of the Group of which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these amounts is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The deferred tax assets are recognised in view of the foreseeable future taxable profit based on management forecast. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2014: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Company is able to control the dividend policy of the subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statement in respect of 2015 and 2014 (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. Share capital

	Group and Company			
	2015 Number of shares		**2014** Number of shares	
	’000	$’000	’000	$’000
Issued and fully paid ordinary shares:				
At 1 January	927,324	298,716	764,931	272,765
Issued during the year				
Issued for RSP	–	–	6,605	549
Issue of placement shares, net	–	–	153,016	24,902
Issue of shares in connection with the acquisition of a subsidiary	–	–	2,772	500
Total shares before consolidation	927,324	298,716	927,324	298,716
Share consolidation	(741,859)	–	–	–
Total shares after consolidation*	185,465	298,716	927,324	298,716
Issued for RSP	1,241	634	–	–
At 31 December	186,706	299,350	927,324	298,716

* *On 2 October 2015, the Company completed the share consolidation of every five existing issued shares into one ordinary share in the capital of the Company. As a result of the exercise, the total issued share capital of the Company comprised 185,465,000 consolidated shares.*

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

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

27. Other reserves

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$’000	$’000	$’000	$’000
Statutory reserve[(a)]	10,981	9,470	–	–
Foreign currency translation reserve[(b)]	(14,138)	(3,887)	–	–
Restricted Share Plan reserve[(c)]	948	770	948	770
Reserve on consolidation[(d)]	42	42	–	–
	(2,167)	6,395	948	770

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27. Other reserves (cont'd)

(a) ***Statutory reserve***

	Group	
	2015	**2014**
	$'000	$'000
At 1 January	9,470	8,003
Transfer from revenue reserve	1,426	1,199
Currency realignment	85	268
At 31 December	10,981	9,470

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

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

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

	Group	
	2015	**2014**
	$'000	$'000
At 1 January	(3,887)	(7,854)
Net effect of exchange differences	(10,251)	3,967
At 31 December	(14,138)	(3,887)

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

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

	Group and Company	
	2015	**2014**
	$'000	$'000
At 1 January	770	688
Grant of equity-settled share awards	812	631
Issue of shares (RSP)	(634)	(549)
At 31 December	948	770

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27. Other reserves (cont'd)

(d) *Reserve on consolidation*

	Group	
	2015	**2014**
	$'000	$'000
At 1 January and 31 December	42	42

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

28. Commitments

(a) *Capital commitments*

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Commitments in respect of purchase of:				
– plant and machinery	1,580	2,572	359	669
– office equipment	890	237	801	–
– leasehold improvement	112	625	112	–
– buildings	13,452	–	–	–
	16,034	3,434	1,272	669

(b) *Operating lease commitments – As lessee*

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Operating lease expenses	9,832	7,111	561	528

No contingent rent (2014: $Nil) was paid during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. Commitments (cont'd)

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

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Within one year	9,208	8,492	1,056	589
After one year but not more than five years	9,764	11,633	1,503	953
More than five years	393	532	283	333
	19,365	20,657	2,842	1,875

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

Certain leases include renewal options for additional lease period of 1 year to 5 years at rental rates to be based on negotiations.

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

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

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

	Group	
	2015	**2014**
	$'000	$'000
Within one year	859	370
After one year but not more than five years	2,728	751
	3,587	1,121

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Contingent liabilities

Corporate Guarantees

The Company has provided the following guarantees at the end of the reporting period:-

(i) Banking facilities for Sunningdale Tech (Malaysia) Sdn Bhd, up to a limit of $820,000 (2014: $948,000). At 31 December 2015, $806,000 (2014: $860,000) had been drawn down under the facilities for issuance of banker guarantee.

(ii) Unlimited corporate guarantee for Chi Wo Plastic Moulds Fty. Limited's banking facilities. At 31 December 2015, $Nil (2014: $Nil) had been drawn down under the facilities, of which $Nil (2014: $Nil) is reflected in the consolidated balance sheet in current loans and borrowings.

(iii) Banking facilities for SDP Manufacturing Sdn Bhd, up to a limit of $13,899,000 (2014: $14,315,000). At 31 December 2015, $2,972,000 (2014: $4,662,000) had been drawn down under the facilities, of which $1,015,000 (2014: $1,236,000) and $1,957,000 (2014: $3,426,000) are reflected in the consolidated balance sheet in current and non-current loans and borrowings respectively.

(iv) Banking facilities for Sunningdale Precision Industries Ltd, up to a limit of $67,000,000 (2014: $67,000,000). At 31 December 2015, $18,001,000 (2014: $19,533,000) had been drawn down under the facilities, of which $18,001,000 (2014: $19,533,000) is reflected in the consolidated balance sheet in current loans and borrowings.

(v) Banking facilities for Sunningdale Innovative Technology (Tianjin) Co., Ltd, up to a limit of $Nil (2014: $1,983,000). At 31 December 2015, $Nil (2014: $1,983,000) had been drawn down under the facilities, of which $Nil (2014: $1,983,000) is reflected in the consolidated balance sheet in current loans and borrowings.

(vi) Corporate guarantee given to a supplier of subsidiaries for machine purchased at cost of $720,000 (2014: $Nil).

30. Employee benefits expense

	Group	
	2015	**2014**
	$'000	$'000
Salaries	131,863	92,782
CPF/pension contribution	18,953	11,682
Share-based payments	812	631
	151,628	105,095

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30. Employee benefits expense (cont'd)

Restricted Share Plan ("RSP")

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

	2015[1] **Number '000**	**2014 Number '000**
Outstanding at beginning of year	3,958	20,323
Granted during the year	1,441	6,670
Cancelled during the year	(189)	(599)
Released during the year	(1,241)	(6,605)
Outstanding at end of year	3,969	19,789

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

Grant date		
1 November 2010	–	20
12 December 2011	2	40
19 November 2012	–	6,231
20 November 2013	1,360	6,828
19 December 2014	1,166	6,670
13 October 2015	1,441	–
	3,969	19,789

[1] *On 2 October 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company. The number of outstanding share awards as at 31 December 2015 has been adjusted for the effect of the share consolidation.*

The share awards granted from 2010 to 2015 were subject to the following conditions:

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

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

(iii) that in order to receive this award, the participants must be in the employment of the Company or its group of companies, subject to the provisions as set out in the Summary of Rules of the RSP in the Circular to Shareholders dated 13 October 2004 for RSP granted prior to 11 April 2014 and the Circular dated 11 April 2014 for RSP granted thereafter;

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30. Employee benefits expense (cont'd)

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

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

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

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

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

The weighted average fair value of RSP as at the dates of grant was $0.750 (2014*: $0.151). The inputs to the model used are shown below.

	2015#	**2014***
Dividend yield ($)	0.035	0.006
Risk-free interest rate (%)	1.07 – 1.81	0.74 – 1.75
Expected life of RSP (months)	36	36
Last traded share price ($)		
19 December 2014	–	0.169
13 October 2015	0.850	–

* *Before share consolidation*
\# *After share consolidation*

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

The expenses recognised for the RSP for the Group for the financial year amounted to $812,000 (2014: $631,000). The carrying amount of the Group's employee share awards reserve relating to the above equity-settled RSP is $948,000 (2014: $770,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Related party transactions

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

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

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

	Group	
	2015	**2014**
	$'000	$'000
Rental income from a joint venture	242	–
Commission income from a joint venture	165	–

(b) *Compensation of key management personnel*

	Group	
	2015	**2014**
	$'000	$'000
Short-term employee compensation	2,964	2,909
CPF/pension contribution	92	85
Share-based payments	336	261
Total compensation paid/payable to key management personnel	3,392	3,255
Comprise amounts paid/payable to:		
Directors of the Company	1,592	1,597
Other key management personnel	1,800	1,658
	3,392	3,255

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

During the year, 300,000# (2014: 1,300,000*) restricted shares were granted to 1 (2014: 1) executive director of the Company but have yet to be released as at 31 December 2015. Similarly, 348,000# (2014: 1,230,000*) numbers of restricted shares were also granted to 6 (2014: 6) key management personnel, other than directors of the Company, in 2015 but were not released as at 31 December 2015. 246,000# restricted shares granted in 2012 were released to the key management personnel in 2015.

* *Before share consolidation*

\# *After share consolidation*

32. Financial risk management objectives and policies

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

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

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

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

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

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

Sensitivity analysis for interest rate risk

In respect of 2015, if interest rates had been 10 basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been increased/reduced by $950,000, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. In respect of 2014, if interest rates had been 60 basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been increased/reduced by $642,000, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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

2015	Within 1 year $'000	1 - 2 Years $'000	2 - 3 years $'000	Over 3 years $'000	Total $'000
Group					
Fixed rate					
Cash assets	10,901	–	–	–	10,901
Bank loans	(6,302)	–	–	–	(6,302)
Floating rate					
Cash assets	61,515	–	–	–	61,515
Bankers' acceptance	(2,242)	–	–	–	(2,242)
Bank loans	(65,436)	(21,917)	(11,789)	(12,251)	(111,393)
Company					
Floating rate					
Cash assets	976	–	–	–	976
Bank loans	(37,976)	(19,640)	(9,640)	(10,187)	(77,443)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

Sensitivity analysis for interest rate risk (cont'd)

2014	Within 1 year $'000	1 - 2 Years $'000	2 - 3 years $'000	Over 3 years $'000	Total $'000
Group					
Fixed rate					
Cash assets	11,003	–	–	–	11,003
Bank loans	(6,301)	–	–	–	(6,301)
Floating rate					
Cash assets	28,526	–	–	–	28,526
Bank loans	(83,436)	(17,173)	(17,060)	(11,193)	(128,862)
Company					
Floating rate					
Cash assets	6	–	–	–	6
Bank loans	(45,423)	(16,000)	(16,000)	(10,000)	(87,423)

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

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in currency other than the respective functional currencies of Group entities, primarily Singapore Dollar (SGD), Malaysian Ringgit (MYR), Renminbi (RMB), Hong Kong Dollar (HKD), Mexican Pesos (MXP) and Euro (EUR). The foreign currency in which these transactions are mainly denominated in is US Dollar (USD). Approximately 52% (2014: 46%) of the Group's sales are denominated in foreign currencies. The Group's trade receivable and trade payable balances at end of the reporting period have similar exposures (Note 20 and Note 22).

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

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, Indonesia, India, People's Republic of China ("PRC"), Mexico, Brazil and Europe,. The Group does not hedge its net investments in foreign operations as these are considered to be long term in nature.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(b) *Foreign currency risk (cont'd)*

Sensitivity analysis of foreign currency risk

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

		Group	
		Profit net of tax	**Profit net of tax**
		2015	**2014**
		$'000	$'000
		Increase/(decrease)	
USD/SGD	- strengthened 2% (2014: 1%)	635	536
	- weakened 2% (2014: 1%)	(635)	(536)
USD/RMB	- strengthened 2% (2014: 1%)	454	89
	- weakened 2% (2014: 1%)	(454)	(89)
EUR/SGD	- strengthened 2% (2014: 1%)	241	84
	- weakened 2% (2014: 1%)	(241)	(84)
HKD/SGD	- strengthened 2% (2014: 1%)	201	55
	- weakened 2% (2014: 1%)	(201)	(55)

(c) *Credit risk*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(c) ***Credit risk (cont'd)***

Credit risk concentration profile

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

	Group			
	2015		**2014**	
	$'000	%	$'000	%
Asia Pacific	54,182	35	51,726	36
People's Republic of China	60,905	39	59,493	42
Europe	21,280	14	13,649	10
USA	8,198	5	7,805	5
Other countries	10,103	7	9,559	7
	154,668	100	142,232	100
Automotive	68,373	44	63,492	45
Consumer/IT	72,214	47	67,327	47
Healthcare	14,081	9	11,413	8
	154,668	100	142,232	100

There is concentration of credit risk with respect to trade receivables as the Group has approximately 31% (2014: 35%) due from 5 major customer groups who are established multi-national companies. Except where specifically identified as impaired, these debtors are creditworthy and have reasonable payment record with the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(d) *Liquidity risk*

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

The Group's and the Company's liquidity risk management policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term. Undrawn facilities are disclosed in Note 21.

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

	2015				2014			
	1 year or less	1 to 5 years	Over 5 years	Total	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Financial assets:								
Trade and other receivables	168,050	–	–	168,050	158,458	–	–	158,458
Cash and short-term deposits	121,113	–	–	121,113	103,105	–	–	103,105
Total undiscounted financial assets	289,163	–	–	289,163	261,563	–	–	261,563
Financial liabilities:								
Trade and other payables	87,631	–	–	87,631	77,599	–	–	77,599
Other liabilities	52,086	–	–	52,086	51,906	–	–	51,906
Loans and borrowings	75,915	49,549	–	125,464	92,079	47,147	–	139,226
Total undiscounted financial liabilities	215,632	49,549	–	265,181	221,584	47,147	–	268,731
Total net undiscounted financial assets/ (liabilities)	73,531	(49,549)	–	23,982	39,979	(47,147)	–	(7,168)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

	2015			2014		
	1 year or less	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Financial assets:						
Trade and other receivables	88,042	–	88,042	88,844	–	88,844
Cash and short-term deposits	7,639	–	7,639	7,857	–	7,857
Total undiscounted financial assets	95,681	–	95,681	96,701	–	96,701
Financial liabilities:						
Trade and other payables	66,057	–	66,057	63,366	–	63,366
Other liabilities	4,782	–	4,782	4,718	–	4,718
Loans and borrowings	39,441	42,652	82,093	45,826	43,440	89,266
Total undiscounted financial liabilities	110,280	42,652	152,932	113,910	43,440	157,350
Total net undiscounted financial liabilities	(14,599)	(42,652)	(57,251)	(17,209)	(43,440)	(60,649)

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

	2015				2014			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
Corporate guarantees	21,497	2,196	–	23,693	23,739	3,300	–	27,039

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Fair value of financial instruments

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

Fair value hierarchy

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

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

As at 31 December 2015, the Group's financial instruments carried at fair value include an available-for-sale financial asset amounting to $8,000 (2014: $4,000) (Note 15) which is classified under Level 1. The Group does not have any financial instruments carried at fair value classified under Level 2 and Level 3.

Determination of fair value

Available-for-sale financial asset (Note 15): Fair value is determined directly by reference to their published market bid price at the financial position date.

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

Current trade and other receivables and payables (Note 20 and 22), current and non-current other liabilities (Note 23), current and non-current loans and borrowings at floating rate (Note 24).

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

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

The Group and Company do not have any financial assets that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares.

The management manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the management may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

34. Capital management (cont'd)

As disclosed in Note 27(a), the subsidiaries of the Group in PRC are required by the laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2015 and 2014.

The management monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 40% (2014: 40%). The Group includes within net debts, loans and borrowings, trade and other payables, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less intangible assets.

	Group	
	2015	**2014**
	$'000	$'000
Loans and borrowings (Note 24)	120,000	137,020
Trade and other payables (Note 22)	87,631	77,599
Less: Cash and short-term deposits (Note 21)	(121,113)	(103,105)
Net debt	86,518	111,514
Equity attributable to the owners	330,606	305,274
Less: Intangible assets (Note 14)	(18,877)	(20,095)
Total capital	311,729	285,179
Capital and net debt	398,247	396,693
Gearing ratio	21.7%	28.1%

35. Segment information

For management purposes and as used by the chief decision maker, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

i. The Automotive segment produces mainly the faceplates for automotive audio systems and climate controls, speedometers/clusters, steering switches and exterior antenna covers, etc.

ii. The Healthcare segment produces mainly scoops, caps, drug delivery and diagnostic devices.

iii. The Consumer/IT segment produces mainly IT, consumer and telecommunication products including mobile phones, cordless phones, inkjet cartridge, etc.

iv. The Mould Fabrication segment designs and manufactures the moulds used in the manufacturing of plastic injection parts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

35. Segment information (cont'd)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

	Automotive	**Consumer/IT**	**Healthcare**	**Mould fabrication**	**Adjustment/ elimination**	**Notes**	**Per consolidated financial statements**
	$'000	$'000	$'000	$'000	$'000		$'000
2015							
Revenue	219,126	268,832	49,775	136,731	–		674,464
Results:							
Depreciation	(10,444)	(12,813)	(2,372)	(6,517)	–		(32,146)
Amortisation of intangible assets	(839)	(543)	(130)	(155)	–		(1,667)
Interest income	351	146	–	158	–		655
Property, plant and equipment written off	(128)	(158)	(29)	(80)	–		(395)
(Allowance for)/reversal of impairment on property, plant and equipment, net	(253)	(187)	6	(596)	–		(1,030)
Share of results of joint venture	897	–	–	–	–		897
Other non-cash expenses	(740)	(1,239)	(38)	(1,531)	–	A	(3,548)
Segment profit	10,142	31,742	2,474	2,648	(4,176)	B	42,830
2014							
Revenue	121,572	210,882	37,697	105,462	–		475,613
Results:							
Depreciation	(6,155)	(10,677)	(1,908)	(5,340)	–		(24,080)
Amortisation of intangible assets	–	(447)	–	–	–		(447)
Interest income	57	105	1	192	–		355
Property, plant and equipment written off	(82)	(143)	(26)	(71)	–		(322)
(Allowance for)/reversal of impairment on property, plant and equipment, net	(64)	292	–	–	–		228
Share of results of joint venture	136	–	–	–	–		136
Other non-cash expenses	188	(409)	(82)	(365)		A	(668)
Segment profit	2,311	12,613	2,633	7,825	2,861	B	28,243

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

35. Segment information (cont'd)

A. Other non-cash expenses consist of share based payments, inventories written down, and impairment of financial assets as presented in the respective notes to the financial statements.

B. The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated income statement:

	2015 $'000	**2014** $'000
Finance cost	(4,016)	(1,647)
Pre-operating expenses	(160)	–
Negative goodwill	–	4,523
Impairment loss on club membership	–	(15)
	(4,176)	2,861

Geographical information

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

	Revenue		**Non-current assets**	
	2015 $'000	**2014** $'000	**2015** $'000	**2014** $'000
Singapore	110,660	94,370	20,449	11,607
Malaysia	51,493	28,865	31,041	47,816
China and Hong Kong	236,996	160,003	116,247	122,659
Americas	112,082	69,630	2,280	3,080
Europe	87,825	90,644	11,411	6,164
Others	75,408	32,101	11,350	7,943
	674,464	475,613	192,778	199,269

Non-current assets information presented above relates to property, plant and equipment, investment in joint venture and prepayment as presented in the balance sheet.

Information about major customers

Revenue from two major customers amount to $149,140,000 (2014: $92,601,000), arising from sales by the Consumer/IT and Mould Fabrication segments.

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 21 March 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 2 MARCH 2016

SHAREHOLDINGS' INFORMATION

Issued and fully paid Shares	:	186,705,736
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
Number of Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	86	1.79	3,311	0.00
100 - 1,000	1,295	26.97	701,145	0.37
1,001 - 10,000	2,354	49.03	10,541,408	5.65
10,001 - 1,000,000	1,046	21.79	57,563,127	30.83
1,000,001 AND ABOVE	20	0.42	117,896,745	63.15
TOTAL	**4,801**	**100.00**	**186,705,736**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MERRILL LYNCH (SPORE) PTE LTD	18,647,253	9.99
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	17,597,421	9.43
3	KOH BOON HWEE	15,367,358	8.23
4	GOI SENG HUI	15,301,600	8.20
5	CITIBANK NOMINEES SINGAPORE PTE LTD	10,763,058	5.76
6	DBS NOMINEES (PRIVATE) LIMITED	10,378,797	5.56
7	LIAW HIN HAO	5,211,800	2.79
8	PHILLIP SECURITIES PTE LTD	2,860,637	1.53
9	KHOO BOO HOR	2,660,482	1.42
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,440,183	1.31
11	OCBC SECURITIES PRIVATE LIMITED	2,311,517	1.24
12	HSBC (SINGAPORE) NOMINEES PTE LTD	2,190,000	1.17
13	STEVEN TAN CHEE CHUAN	2,000,000	1.07
14	UOB KAY HIAN PRIVATE LIMITED	1,911,000	1.02
15	RAFFLES NOMINEES (PTE) LIMITED	1,655,451	0.89
16	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,568,418	0.84
17	TEO SOK HUN	1,478,320	0.79
18	ASSET CONCEPT INVESTMENTS LIMITED	1,330,936	0.71
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,122,314	0.60
20	NG HAK HONG	1,100,200	0.59
	TOTAL	**117,896,745**	**63.14**

The percentage of shareholdings in the hands of the public is 64.42%. Therefore, Rule 723 of the Listing Manual has been complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 2 MARCH 2016

	No. of Ordinary Shares					
Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
Steven Uhlmann	13,698,378	7.34	0	0	13,698,378	7.34
Koh Boon Hwee	15,367,358	8.23	22,008	0.01	15,389,366	8.24
Goi Seng Hui	15,301,600	8.20	0	0	15,301,600	8.20
Yarwood Engineering & Trading Limited*	15,301,600	8.20	0	0	15,301,600	8.20

Note: *Yarwood Engineering & Trading Limited (“Yarwood”) is 100% owned by Kong Siang Group Holdings Pte Ltd (“KSGH”). Both David Lee Eng Thong & Lee Eng Khian who are directors and having controlling interests in KSGH are deemed to be interested in the 15,301,600 shares held by Yarwood.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at Pan Pacific Singapore, Level 2, Ocean 4-5, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 18 April 2016 at 9.30 a.m. to transact the following business:

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 Auditors' Report thereon. **(Resolution 1)**

2. To declare a Final Dividend of 5.0 cents per ordinary share (tax exempt one-tier) for the financial year ended 31 December 2015. (2014: 0.8 cents) **(Resolution 2)**

3. To approve the Directors' fees of S$695,000/- for the financial year ended 31 December 2015. (2014: S$665,000/-) **(Resolution 3)**

4. To re-elect the following Directors who retire by rotation under Regulation 91 of the Company's Constitution:

   (i) Mr Koh Boon Hwee **(Resolution 4)**
   [Subject to his re-election, Mr Koh Boon Hwee shall remain as the Non-Executive Chairman of the Company.]

   (ii) Mr Gabriel Teo Chen Thye **(Resolution 5)**
   [Subject to his re-election, Mr Gabriel Teo shall remain as a member of the Audit & Risk Committee and a member of the Nominating Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Ltd ("SGX-ST")]

5. To re-appoint Mr Steven Tan Chee Chuan as a Director of the Company. [See Explanatory Note (1).] **(Resolution 6)**
   [Note: Mr Steven Tan Chee Chuan, upon re-appointment, shall remain as the Chairman of the Remuneration Committee and a member of the Audit & Risk Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the SGX-ST.]

6. To re-appoint Mr Kaka Singh as a Director of the Company. [See Explanatory Note (1).] **(Resolution 7)**
   [Note: Mr Kaka Singh, upon re-appointment, shall remain as the Chairman of the Audit & Risk Committee and a member of the Nominating Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.]

7. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modifications, the following resolutions as Ordinary Resolutions:

8. **Authority to issue Shares up to 50 per centum (50%) of the issued shares in the Capital of the Company**

   (a) THAT pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

      (i) issue shares and convertible securities in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

      (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF
ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of the Instruments or any convertible securities that have been issued pursuant to any previous shareholders' approval and which are outstanding as at the date of the passing of this Resolution;

(ii) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

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

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

(4) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 9)**

9. **Authority to allot, issue and deliver shares pursuant to Sunningdale Restricted Share Plan 2014 ("STL RSP 2014") and Sunningdale Performance Share Plan 2014 ("STL PSP 2014")**

That:-

(a) approval be and is hereby given to the Directors to grant share awards in accordance with the provisions of the STL RSP 2014 and/or the STL PSP 2014; and

(b) approval be and is hereby given to the Directors to exercise full powers of the Company to allot, issue and deliver or otherwise dispose of shares in the Company as may be required to be allotted, issued, delivered or disposed, in connection with such number of shares as may be required to be issued or allotted pursuant to the vesting of awards under the STL RSP 2014 and/or the STL PSP 2014.

Provided that the aggregate number of shares to be allotted, issued and delivered pursuant to the STL RSP 2014 and the STL PSP 2014 shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company from time to time. **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

10. **Renewal of Mandate for Share Purchase**

That:

(1) for the purposes of Sections 76C and 76E of the Companies Act, Cap 50 of Singapore (the **"Companies Act"**), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the **"Shares"**) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) on the SGX-ST; and/or

(b) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Purchase Mandate"**);

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next Annual General Meeting of the Company is held; and

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

(3) In this Resolution:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five days period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"Maximum Limit" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; and

NOTICE OF
ANNUAL GENERAL MEETING

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 11)**

11. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

Dorothy Ho
Theng Searn Por
Joint Company Secretaries
Dated: 1 April 2016

NOTES:

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting on his behalf. A member of the Company which is a corporation is entitled to appoint its authorized representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Annual General Meeting. Relevant intermediary is either:

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

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap 36) in respect of shares purchased on behalf of CPF investors.

   A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney; and in case of a corporation, shall be either under the common seal or signed by its attorney or an authorized officer on behalf of the corporation.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company Secretary's office at **25 International Business Park, #04-22/26 German Centre, Singapore 609916** not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

NOTICE OF
ANNUAL GENERAL MEETING

EXPLANATORY NOTES

(1) Messrs. Steven Tan Chee Chuan and Kaka Singh who are over the age of 70 were appointed as Directors to hold office from the date of the last Annual General Meeting (held on 27 April 2015) until this Annual General Meeting pursuant to Section 153(6) of the Act. Section 153(6) of the Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As their appointments will lapse at this Annual General Meeting, Messrs. Steven Tan and Kaka Singh will have to be re-appointed to continue in office. Upon their re-appointment at the conclusion of this Annual General Meeting, going forward, Messrs. Steven Tan's and Kaka Singh's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Act as repealed. Messrs. Steven Tan and Kaka Singh will then be subject to retirement by rotation under the Company's Constitution.

(2) Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting to issue shares and convertible securities in the Company, without seeking any further approval from the shareholders at a general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider in the interests of the Company. This proposed Resolution, if passed, will authorise and empower the Directors of the Company to issue shares, up to a number not exceeding, in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

(3) Resolution 10 proposed in item 9 above, is to empower the Directors to allot, issue and deliver shares pursuant to the vesting of the awards under STL RSP 2014 and STL PSP 2014, provided that the aggregate number of shares to be issued under the STL RSP 2014 and STL PSP 2014 does not exceed fifteen per cent (15%) of the total number of issued shares of the Company from time to time.

(4) Resolution 11 proposed in item 10 above, is to renew the mandate to empower Directors of the Company to make purchases or otherwise acquire the Company's issued ordinary shares from time to time subject to and in accordance with the guidelines set out in Appendix I in the Annual Report of the Company for the year ended 31 December 2015, accompanying this Notice. This authority will expire at the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

PERSONAL DATA PRIVACY

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

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Sunningdale Tech Ltd ("the Company") will be closed on 26 April 2016 for the purpose of determining Members' entitlements to the Dividend to be proposed at the Annual General Meeting of the Company to be held on 18 April 2016.

Duly completed registrable transfer of shares in the Company (the "Shares") received up to the close of business at 5.00 p.m. on 25 April 2016 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, will be registered to determine Members' entitlements to such Dividend. Subject to the aforesaid, Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with the Shares as at 5.00 p.m. on 25 April 2016 will be entitled to such proposed Dividend.

The proposed Dividend, if approved at the Annual General Meeting, will be paid on 10 May 2016.

BY ORDER OF THE BOARD

Dorothy Ho
Theng Searn Por
Joint Company Secretaries

Dated: 1 April 2016

APPENDIX 1

1 April 2016

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold your ordinary shares in the Company, you should immediately forward this Appendix and the Proxy Form attached to the Annual Report to the purchaser or to the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

SunningdaleTech

SUNNINGDALE TECH LTD
(Incorporated in the Republic of Singapore)
(Company Registration No. 199508621R)

APPENDIX I IN RELATION TO DETAILS OF THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

This Appendix I is circulated to Shareholders of Sunningdale Tech Ltd (the "Company") together with the Company's Annual Report. Its purpose is to provide Shareholders with the relevant information relating to and to seek Shareholders' approval for, the renewal of the Share Purchase Mandate to be tabled at the Annual General Meeting to be held on 18th April 2016 at 9.30 a.m. at Pan Pacific Singapore, Level 2, Ocean 4-5, 7 Raffles Boulevard, Marina Square, Singapore 039595.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report. The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made, reports contained / referred to, or opinions expressed in this Appendix.

APPENDIX 1

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained in this Appendix.

1. INTRODUCTION

On 27 April 2015, the Company obtained shareholders' approval at the Annual General Meeting of the Company ("2015 AGM") to authorize the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued shares in the capital of the Company (the "Shares") ("Share Purchase Mandate") on the terms of the Share Purchase Mandate which has taken effect from the date of the 2015 AGM until the date of the forthcoming AGM to be held on 18th April 2016 or until it is varied or revoked by an ordinary resolution of shareholders in the general meeting， if so varied or revoked prior to the forthcoming AGM ("2016 AGM").

Since the approval of the renewal of the Share Purchase Mandate at the 2015 AGM, the Company has not purchased or acquired any Shares under the Share Purchase Mandate. Accordingly, the Directors are proposing to seek the approval of shareholders at the 2016 AGM for the renewal of the Share Purchase Mandate.

2. DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"Award" : A contingent award of Shares granted under the RSP and/or the PSP.

"CDP" : The Central Depository (Pte) Limited.

"Companies Act" : The Companies Act, Chapter 50 of Singapore or as amended from time to time.

"Company" : Sunningdale Tech Ltd.

"Controlling Shareholder" : A person who: -

(a) holds directly or indirectly fifteen per cent (15%) or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or

(b) in fact exercises control over a company.

"Council" : The Securities Industry Council of Singapore.

"Directors" : The Directors of the Company for the time being.

"EPS" : Earnings per share.

"FY 2015" : Financial year ended 31 December 2015

"Latest Practicable Date" : 23rd February 2016 being the latest practicable date prior to the printing of this Annexure.

"Listing Manual" : The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.

"Market Day" : A day on which the SGX-ST is open for trading in securities.

APPENDIX 1

2. DEFINITIONS (cont'd)

"New Shares"	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the STL RSP and/or the STL PSP.
"NTA"	:	Net tangible assets of the Company.
"NTA per Share"	:	Net tangible assets of the Company divided by the number of issued Shares.
"Regulations"	:	Regulations of the Constitution
"Securities Account"	:	Securities accounts maintained by Depositor with CDP, but not including securities sub-accounts maintained with a Depository Agent.
"SGX-ST" or **"Singapore Exchange"**	:	Singapore Exchange Securities Trading Limited.
"Shareholders"	:	Registered holders of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Account are credited with the Shares.
"Share Plans"	:	Sunningdale Restricted Share Plan 2014 or STL RSP and Sunningdale Performance Share Plan 2014 or STL PSP.
"Share Purchases"	:	The purchases or acquisitions of Shares pursuant to the Share Purchase Mandate.
"Shares"	:	Ordinary shares in the share capital of the Company.
"STL PSP"	:	Sunningdale Performance Share Plan 2014, as modified or altered from time to time.
"STL RSP"	:	Sunningdale Restricted Share Plan 2014, as modified or altered from time to time.
"STL" or the **"Company"**	:	Sunningdale Tech Ltd.
"STL Group" or the **"Group"**	:	The Company and its subsidiaries.
"Substantial Shareholder"	:	A person who holds, directly or indirectly, 5% or more of the total issued share capital of the Company.
"S$", "$" or the **"cents"**	:	Singapore dollars and cents respectively.
"Takeover Code"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time.
"%" or the **"per cent."**	:	Per centum or percentage.

The terms "Depositor", "Depository Registry" and "Depository Agent" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

APPENDIX 1

2. DEFINITIONS (cont'd)

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals therefore are due to rounding.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 Rationale for Share Purchase Mandate.

The renewal of the Share Purchase Mandate will provide the Company the flexibility to undertake share purchases, when and if the circumstances permit, subject to market conditions, during the period when the Share Purchase Mandate is in force. A Share Purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

The rationale for the Company to undertake the purchase of its issued Shares as previously stated in the Company's Appendix 1 in the 2014 Annual Report is as follows:-

(a) In managing the business of the Group, management strives to increase Shareholders' value by improving, inter alia, the return on equity of the Group. Share Purchases at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash, which is in excess of the financial and possible investment needs of the Group to its Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, inter alia, the Company's share capital structure and its dividend policy.

(c) Share repurchase programmes help buffer short-term share price volatility and off-set the effects of short-term speculators and investors and, in turn, bolster shareholder confidence and employee morale.

(d) To the extent allowed by law, the Share Purchase Mandate may be used to purchase existing Shares to satisfy Awards granted under the Sunningdale Tech Restricted Share Plan and/or the Sunningdale Tech Performance Share Plan.

While the Share Purchase Mandate would authorize a purchase of Shares up to the 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorized and no purchase or acquisition of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

The Share Purchase Mandate will also enable the Company to undertake purchases of Shares and to hold such purchased Shares in Treasury. Treasury shares may be used in the manner prescribed by the Companies Act. Details on the use of treasury shares are provided in paragraphs 3.4 below.

3.2 Authority and Limits on the Share Purchase Mandate.

The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2016 AGM, are substantially the same as previously approved by the Shareholders at the previous AGMs. For the benefit of the Shareholders, the authority and limits on the Share Purchase Mandate are as follows: -

APPENDIX 1

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

3.2 Authority and Limits on the Share Purchase Mandate. (cont'd)

3.2.1 Maximum Number of Shares

As at the Latest Practicable Date, the share capital of the Company comprise186,705,736 issued Shares. The Company will only purchase or acquire Shares which are issued and fully paid-up. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of total issued Shares as at the date on which the Share Purchase Mandate is approved at the 2016 AGM.

Purely for illustrative purposes, on the basis of 186,705,736 Shares (excluding treasury shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2016 AGM, not more than 18,670,573 Shares (representing 10% of the total issued Shares (excluding treasury shares) as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

3.2.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the forthcoming AGM at which the renewal of the Share Purchase Mandate is approved up to:

(a) the date on which the next AGM is held or required by law to be held;

(b) the Share Purchases have been carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

whichever is the earlier.

3.2.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system or any other securities exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**"), otherwise than on a securities exchange, effected pursuant to an equal access scheme or schemes for the purchase of Shares from the Shareholders in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

APPENDIX 1

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

3.2 Authority and Limits on the Share Purchase Mandate. (cont'd)

3.2.3 Manner of Purchases or Acquisitions of Shares (cont'd)

(iii) the terms of all the offers shall be the same, except that there shall be disregarded: (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances; and

(iii) the information required under Rule 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.2.4 Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses ("Related Expenses")) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares must not exceed:

(a) in the case of a Market Purchase, 105 per cent of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 120 per cent of the Average Closing Price of the Shares,

in either case, excluding Related Expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period; and

"**Date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis (excluding Related Expenses of the purchase or acquisition) for each Share) and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.3 Status of Purchased Shares.

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to the Share will expire on cancellation unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are not held as treasury shares.

APPENDIX 1

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

3.4 Treasury Shares Held by the Company.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarized below:-

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares and the Company shall be entered in the Register of Members as the member holding those Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time :-

(i) sell the treasury shares for cash;
(ii) transfer the treasury shares for the purposes of or pursuant to any employees' share option or award scheme;
(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
(iv) cancel the treasury shares; or
(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

3.5 Source of Funds.

The Company will use its internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance the Company's purchase of acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

3.6 No Shares Purchased In the Previous 12 Months.

The Company did not purchase any Shares in the twelve (12) months preceding the Latest Practicable Date.

APPENDIX 1

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

3.7 Financial Effects.

3.7.1 General

If the purchased Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. If, on the other hand, the purchased Shares are not cancelled but held in treasury, then there will be no change in the Company's issued share capital. Where the consideration paid by the Company for the Share Purchase is out of profits, such consideration (excluding Related Expenses) will correspondingly reduce the amount available for the distribution of cash dividend by the Company. Where the consideration paid by the Company for the Share Purchase is out of capital, the amount available for the distribution of cash dividends will not be reduced.

The financial effects on the Company and the Group arising from Share Purchases will depend, inter alia, on the number of Shares purchased or acquired, the price paid for such Shares, the manner in which the purchase or acquisition is funded and whether the Shares are cancelled or held in treasury. It is, therefore, not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Purchase Mandate on the NTA and EPS.

The Directors do not propose to exercise the Share Purchase Mandate to the extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected. The Directors will be prudent in exercising the Share Purchase Mandate only to such extent which the Directors believe will enhance shareholders' value giving consideration to the prevailing market conditions, the financial position of the Group and other relevant factors.

3.7.2 Number of Shares that may be Acquired or Purchased

Based on 186,705,736 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2016 AGM, not more than 18,670,573 Shares (representing 10% of the total issued Shares as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

3.7.3 Maximum Price that may be paid for Shares Acquired or Purchased

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 18,670,573 Shares at the Maximum Price of $0.8631 for each Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 18,670,573 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately $16,114,571.56.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 18,670,573 Shares at the Maximum Price of $0.9864 for each Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 18,670,573 Shares excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately $18,416,653.21.

APPENDIX 1

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

3.7 Financial Effects. (cont'd)

3.7.4 Illustrative Financial Effects

For illustrative purposes only, on the basis of the assumptions set out in paragraphs 3.7.2 and 3.7.3 above, and assuming that the Share Purchases are financed entirely out of the Company's distributable profit, the financial effects of:-

(a) the purchase of 18,670,573 Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Purchase Mandate and held as treasury shares; and

(b) the purchase of 18,670,573 Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Purchase Mandate and cancelled;

on the audited consolidated financial statements of the Company and the Group for FY2015 are set out below :-

(a) Share Purchases made entirely out of capital and held as treasury shares

	Group			Company		
(S$'000)	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off- Market Purchase**	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off- Market Purchase**
Shareholders' fund	330,606	314,491	312,189	290,847	274,732	272,430
NTA[(1)]	311,729	295,614	293,312	290,847	274,732	272,430
Current assets	399,734	383,619	381,317	100,064	100,064	100,064
Current liabilities	226,786	226,786	226,786	112,551	128,666	130,968
Working capital	172,948	156,833	154,531	(12,487)	(28,602)	(30,904)
Total borrowings	120,000	120,000	120,000	77,506	93,621	95,923
Cash and short term deposits	121,113	104,998	102,696	7,639	7,639	7,639
Number of Shares [(4)]	186,705,736	186,705,736	186,705,736	186,705,736	186,705,736	186,705,736
Financial Ratios						
NTA per Share (S$)	1.67	1.58	1.57	1.56	1.47	1.46
EPS (cents)	23.40	23.40	23.40	6.54	6.54	6.54
Gearing ratio (times)[(2)]	0.36	0.38	0.38	0.27	0.34	0.35
Current ratio (times)[(3)]	1.76	1.69	1.68	0.89	0.78	0.76

Notes :

(1) NTA equals Shareholders' funds less intangible assets.

(2) Gearing ratio equals total borrowings divided by Shareholders' funds.

(3) Current ratio equals current assets divided by current liabilities,

(4) Based on 186,705,736 Shares in issue as at the Latest Practicable Date.

APPENDIX 1

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

3.7 Financial Effects. (cont'd)

3.7.4 Illustrative Financial Effects (cont'd)

(b) Purchases made entirely out of capital and cancelled

	Group			Company		
(S$'000)	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off- Market Purchase**	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off- Market Purchase**
Shareholders' fund	330,606	314,491	312,189	290,847	274,732	272,430
NTA(1)	311,729	295,614	293,312	290,847	274,732	272,430
Current assets	399,734	383,619	381,317	100,064	100,064	100,064
Current liabilities	226,786	226,786	226,786	112,551	128,666	130,968
Working capital	172,948	156,833	154,531	(12,487)	(28,602)	(30,904)
Total borrowings	120,000	120,000	120,000	77,506	93,621	95,923
Cash and short term deposits	121,113	104,998	102,696	7,639	7,639	7,639
Number of Shares (4)	186,705,736	168,035,163	168,035,163	186,705,736	168,035,163	168,035,163
Financial Ratios						
NTA per Share (S$)	1.67	1.76	1.75	1.56	1.64	1.62
EPS (cents)	23.40	26.00	26.00	6.54	7.27	7.27
Gearing ratio (times)(2)	0.36	0.38	0.38	0.27	0.34	0.35
Current ratio (times)(3)	1.76	1.69	1.68	0.89	0.78	0.76

Notes :

(1) NTA equals Shareholders' funds less intangible assets.

(2) Gearing ratio equals total borrowings divided by Shareholders' funds.

(3) Current ratio equals current assets divided by current liabilities,

(4) Based on 186,705,736 Shares in issue as at the Latest Practicable Date.

Shareholders should be aware that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the respective aforementioned assumptions, and historical FY2015 numbers, and are not necessarily representative of future financial performance. In addition, the actual impact will depend on the actual number and price of Shares to be acquired or purchased by the Company, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares to be acquired or purchased are cancelled or held in treasury.

Although the Share Purchase Mandate would authorize the Company to purchase or acquire up to 10% of the total issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or holds all or part of the Shares repurchased in treasury.

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

APPENDIX 1

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

3.8 Taxation

Shareholders who are in doubt as to their respective tax provisions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

3.9 Requirements in the Listing Manual

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

(b) The Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time(s). However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:

(i) at any time any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and

(ii) in the case of all Purchases, during the period commencing one month immediately before the announcement of the Company's half-year or full-year results, as the case may be, and (if applicable) the period of two weeks before the announcement of the Company's other interim results, as the case may be.

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

As at the Latest Practicable Date, there are approximately 120,268,788 Shares in the hands of the public, representing approximately 64.42% of the issued Shares. Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares held by public Shareholders which would permit the Company to undertake purchases and acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Purchase Mandate, without adversely affecting the listing status of the Shares on the SGX-ST or cause market illiquidity or adversely affect the orderly trading of the shares.

4. Certain Take-over Code Implications

4.1 Obligations to Make a Take-over Offer

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

APPENDIX 1

4. Certain Take-over Code Implications (cont'd)

4.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

(i) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the aforesaid companies, and any company whose associated companies include any of the aforesaid companies. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of the first-mentioned company;

(ii) A company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(iii) A company with any of its pension funds and employee share schemes;

(iv) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(v) A financial or other professional adviser (including a stockbroker), with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total ten per cent (10%) or more of the client's equity share capital;

(vi) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) Partners;

(viii) An individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions and companies controlled by any of the aforesaid persons; and

(ix) Any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

4.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

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

APPENDIX 1

4. **Certain Take-over Code Implications (cont'd)**

4.3 **Effect of Rule 14 and Appendix 2 of the Take-over Code (cont'd)**

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

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant of proposed Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the proposed Share Purchase Mandate is in force.

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

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders as at the latest Practicable Date, the Directors are not aware of any Substantial Shareholders or Directors who would become obliged to make a general offer under Rule 14 and Appendix 2 of the Take-over Code in the event that the Company should, pursuant to the Share Purchase Mandate, purchase or acquire up to 10% of its issued shares.

5. **Directors' and Substantial Shareholder's Interests**

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

	Before Share Purchase (Number of Shares)			Before Share Purchase	After Share Purchase
Name of Director	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%[1]**	**%[2]**
Koh Boon Hwee	15,367,358	22,008	15,389,366	8.24	9.16
Wong Chi Hung	110,000	1,330,936	1,440,936	0.77	0.86
Steven Uhlmann	13,698,378	-	13,698,378	7.34	8.15
Steven Tan Chee Chuan	2,000,000	-	2,000,000	1.07	1.19
Kaka Singh	79,254	-	79,254	0.04	0.05
Gabried Teo Chen Thye	427,932	-	427,932	0.23	0.25
Ong Sim Ho	-	-	-	-	-
Khoo Boo Hor	2,797,882	-	2,797,882	1.50	1.67

APPENDIX 1

5. **Directors' and Substantial Shareholder's Interests (cont'd)**

Name of Substantial Shareholders	Before Share Purchase (Number of Shares) Direct Interest	Deemed Interest	Total Interest	Before Share Purchase %(1)	After Share Purchase %(2)
Steven Uhlmann	13,698,378	-	13,698,378	7.34	8.15
Koh Boon Hwee	15,367,358	22,008	15,389,366	8.24	9.16
Goi Seng Hui	15,301,600	-	15,301,600	8.20	9.10
Yarwood Engineering & Trading Limited*	15,301,600	-	15,301,600	8.20	9.10

* Yarwood Engineering & Trading Limited ("Yarwood") is 100% owned by Kong Siang Group Holdings Pte Ltd ("KSGH"). Both David Lee Eng Thong & Lee Eng Khian who are directors and having controlling interests in KSGH, are deemed to be interested in the 15,301,600 shares held by Yarwood.

Notes :-

(1) As a percentage of the total number of issued ordinary shares of the Company as at the Latest Practicable Date comprising 186,705,736 shares.

(2) As a percentage of the total number of issued ordinary shares of the Company comprising 168,035,163 shares (assuming that the Company purchases the maximum number of shares under the Share Purchase Mandate and not held in treasury).

6. **DIRECTORS' RECOMMENDATIONS**

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 11, being the Ordinary Resolution relating to the Renewal of the Share Purchase Mandate.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

8. **APPROVALS AND RESOLUTIONS**

Your approval for the proposed renewal of the Share Purchase Mandate is sought at the Company's AGM to be held on 18th April 2016 at 9.30 a.m. at Pan Pacific Singapore, Level 2, Ocean 4-5, 7 Raffles Boulevard, Marina Square, Singapore 039595.

APPENDIX 1

9. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy From attached to the Annual Report in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company Secretary's office at 25 International Business Park, #04-22/26 German Centre, Singapore 609916 not later than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a shareholder will not prevent him from attending and voting at the AGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the AGM.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours on weekday (public holiday excepted) up to and including the date of the AGM: -

(a) The Constitution of the Company; and

(b) The Annual Report of the Company for the financial year ended 31 December 2015.

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SUNNINGDALE TECH LTD
(COMPANY REGISTRATION NO. 199508621R)
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

PERSONAL DATA PRIVACY
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to personal data privacy terms set out in the notice of Annual General Meeting dated 1 April 2016.

PROXY FORM

I / We, ______________________________ (Name) of

______________________________ (Address)

being a member / members of Sunningdale Tech Ltd hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and / or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the 21st Annual General Meeting of the Company, to be held at Pan Pacific Singapore, Level 2, Ocean 4-5, 7 Raffles Boulevard, Marina Square, Singapore 039595 on **Monday, 18 April 2016 at 9.30 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/ proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

(Please indicate your vote "For" or "Against" with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to	Number of Votes For	Number of Vote Against
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Koh Boon Hwee		
5.	Re-election of Mr Gabriel Teo Chen Thye		
6.	Re-appointment of Mr Steven Tan Chee Chuan		
7.	Re-appointment of Mr Kaka Singh		
8.	Re-appointment of Auditors		
9.	Authority to Issue Shares		
10.	Authority to allot, issue and deliver shares pursuant to Sunningdale Restricted Share Plan 2014 and Sunningdale Performance Share Plan 2014		
11.	Renewal of Mandate for Share Purchase		

	Total Number of Shares Held
In CDP Register	
In Register of Members	

Signed this ______________ day of ______________ 2016

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

Important : Please read notes overleaf

NOTES:

1. A member of the Company (other than a member who is a relevant intermediary as defined in the Section 181 (6) of the Companies Act, Cap 50) shall not be entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting on his behalf.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (and defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number. If you have ordinary shares registered in your name in the Register of Members of the Company, you should insert that number. If you have ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares held by you.

5. The instrument appointing a proxy or proxies must be deposited at the **Company Secretary's office at 25 International Business Park, #04-22/26 German Centre, Singapore 609916** not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be given under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50 of Singapore, to attend and vote for and on behalf of such body corporate.

8. Where an instrument appointing a proxy is signed on behalf of the appointor or by an attorney the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. The Company shall be entitled to reject the instrument appointing a proxy and proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instruments of appointor specified in the instrument appointing a proxy or proxies.

10. In the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have the shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

Sunningdale Tech Ltd
ROC No. 199508621R

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