TAT SENG PACKAGING GROUP LTD

Annual Report 2015

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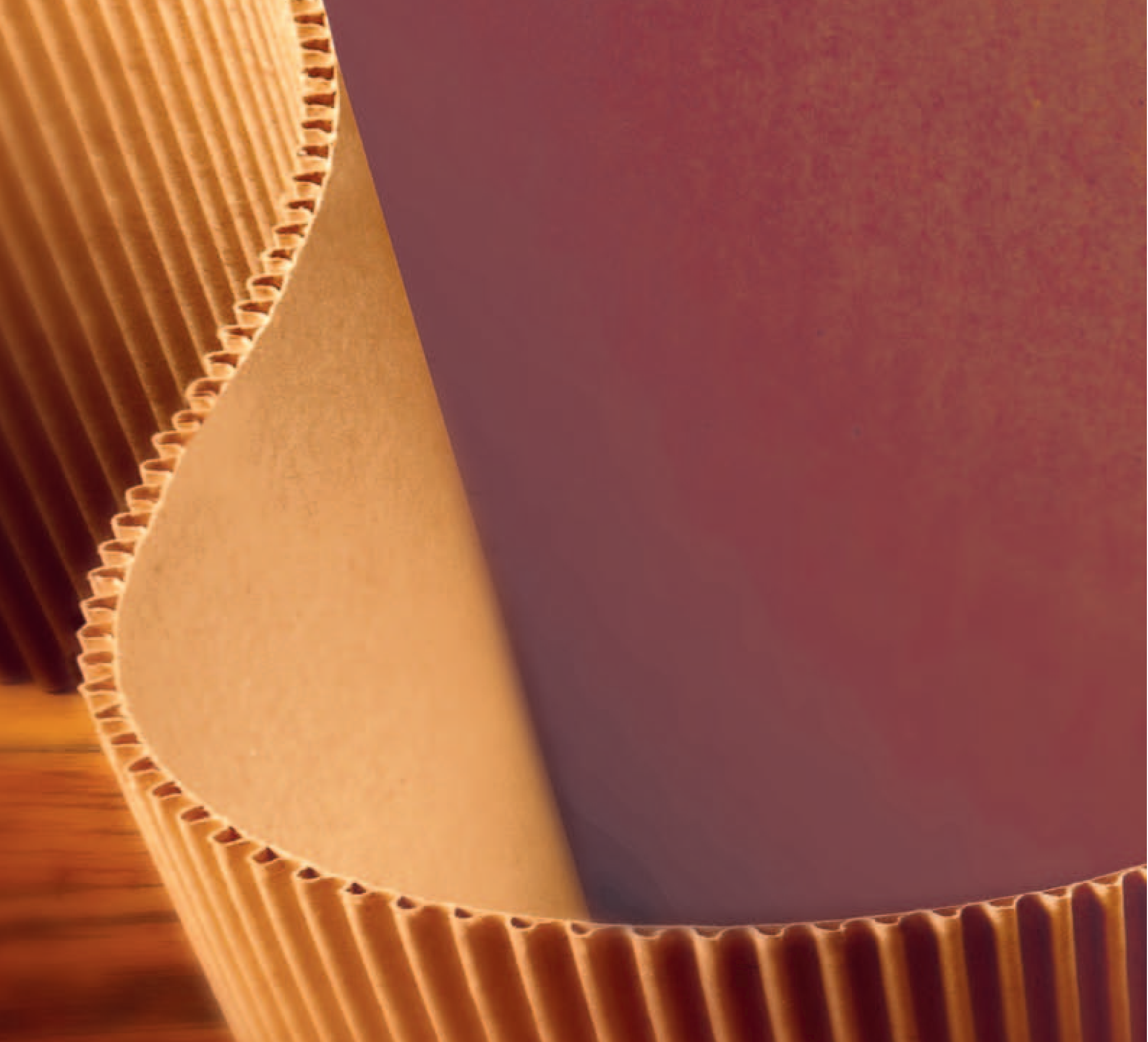
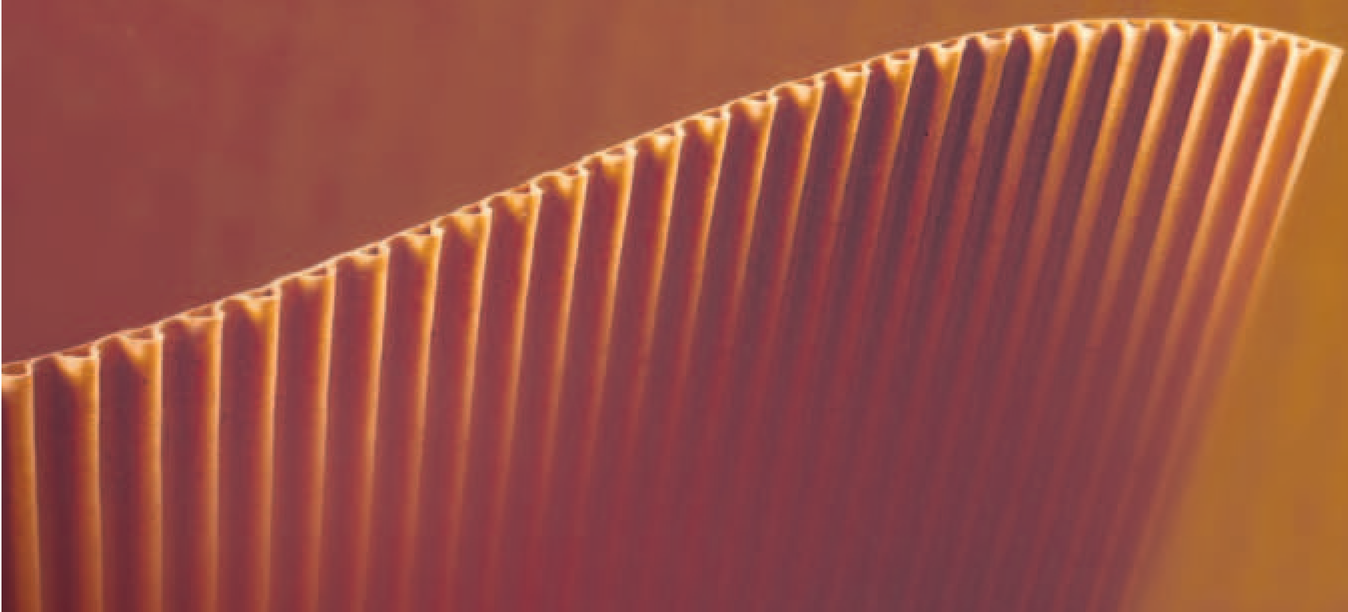


OUR MISSION

To be the preferred corrugated packaging products supplier.

Tat Seng strives to position ourselves as the first name that comes to mind whenever cartons and other corrugated packaging products are required.

Tat Seng progresses through continuous improvements, so as to remain a key supplier in the corrugated packaging industry and to maintain our continuous growth in the marketplace.



The Group recorded an encouraging earning growth in financial year 2015 (FY2015) despite the challenging economic situation and business environment in Singapore and China markets, the Group's net profit after tax in FY2015 increased by 38.1% or S$3.6 million as compared to the previous year.

DR ALLAN YAP
Executive Chairman

Dear Shareholders,

On behalf of the Board, I present to you the performance of the Group for the financial year ended 31 December 2015 ("**FY2015**"). In 2015, we are proud to report that for FY2015 the Group continued profitability under amidst slowdown and economic uncertainty in Asia as well as the contraction of Singapore's manufacturing sector.

HIGHLIGHTS OF FY2015

For FY2015, the Group registered a continuous growth of 3.1% in revenue to S$231.4 million and the Group's net profit after tax in FY2015 increased by 38.1% or S$3.6 million as compared to the previous year.

The Group's gross profit rose by 7.7% or S$3.5 million from S$45.4 million in FY2014 to S$48.9 million in FY2015 mainly attributable from the increase in the Group's revenue and reduction of factory overhead costs in Singapore operation.

Other income increased by S$0.9 million from the previous year was mainly derived from the gains on disposal of available-for-sale financial assets.

Distribution and selling expenses increased by S$0.5 million or 3.5% was in line with increase in the Group's revenue. General and administrative expenses increased by S$0.8 million to S$16.8 million as there was a higher provision of bonuses as a result of better financial performance in FY2015.

Finance costs decreased by S$0.7 million as compared to the previous year primarily due to the Group's strategy to reduce its finance costs by higher utilisation on trade finance facilities via term bill payables with lower borrowing costs.

During FY2015, the Group generated a positive and healthy cash flow of S$33.1 million from our operating activities. As at 31 December 2015, our cash and bank equivalents, excluding bank balances pledged as security, stood at S$33.4 million, a prominent increase of S$17.8 million as compared to 31 December 2014. With a stronger cash position, the Group is confident to expand its business and capitalise on opportunities that may arise in the coming year.

PERFORMANCE ACROSS GEOGRAPHICAL SEGMENTS

Singapore

In Singapore, the manufacturing output contracted by 5.2% in FY2015, a reversal from the 2.7% growth in year 2014. Despite this, the total revenue of the Singapore's operation increased marginally by 1% or S$0.4 million from S$36.8 million in FY2014 to S$37.2 million in FY2015. The total revenue of Singapore's operation accounts for about 16.1% of the Group's total sales in FY2015.

For the Singapore segment's results, it has improved by S$2.0 million which is a marked improvement compared to loss of S$1.4 million in FY2014. As a result, there is profit recorded at S$0.6 million in FY2015. The achievement of such profit was primarily due to reduction of factory overhead costs with savings on rental costs and improvement of utility efficiency in our Singapore's plants. In addition, gain on disposal of investment securities of S$0.6 million also contributed to the improved results in FY2015.

In early 2014, the Group took steps to improve operation performance by capitalising on the benefits of consolidating two (2) Singapore operations. In 2015, we continued to invest in various equipment with full automation for the purpose to increase productivity with higher output, improve product quality and less in reliant of manpower. Further, it is equally important to enhance our ERP system to improve process efficiency from time to time.

China

Despite a very challenging business environment, the total revenue of the Group's operations in China recorded an increase of 3.5% or S$6.5 million from S$187.7 million in FY2014 to S$194.2 million in FY2015, mainly due to the strengthening of Renminbi ("**RMB**") against the Singapore Dollar ("**SGD**") by 6.9%. China's operations contributed about 83.9% of the Group's total sales for FY2015.

The new major capital expenditures for the Group's China operations to improve product quality, production efficiency and reduce wastage are:-

- Upgrading of corrugator machine with slitter and down stacker for Nantong Tat Seng Packaging Co., Ltd.; and
- High speed, four (4) colour, flexo folder gluer machine for Tat Seng Packaging (Suzhou) Co., Ltd. ("**Tat Seng Suzhou**").

In 2015, Tat Seng Suzhou was honoured and grateful being selected by Suzhou Municipal Science and Technology Bureau, China to represent Singapore as one of the co-organisers for the "2015 Suzhou International Science and Technology Exchange Activities" (2015苏州国际科技合作交流日对接活动).

On 13 November 2015, Tat Seng Suzhou successfully hosted the "2015 Suzhou-Singapore International Packaging Technology Exchange Day" (苏州-新加坡包装科技合作交流日) at our Suzhou plant.

This further demonstrates our commitment to deliver high quality and provide customized packaging solutions to best suit our customers' requirements with our experience, strengths and capabilities in the research and development, and advance packaging technology.

To combat the continuous increase in China's average wages, China operations succeeded in softening the increase of total staff costs by adopting measures to reduce its total headcount through rationalising our workflow and investing in automation.

DIVIDEND ANNOUNCEMENT

In view of the record achievement of the Group's profitability and to reward our shareholders for their loyal support at all times, the Board of Directors has proposed a final dividend of S$0.01 per ordinary share and a special dividend of S$0.01 per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting.

MOVING FORWARD

Challenges loom ahead for both Singapore and China.

Singapore's operating environment is expected to remain challenging on the back of weakened manufacturing sector demand, and rise in raw material costs due to higher U.S. dollar exchange rates.

For China, we anticipate that China's economy may continue to slow down as its economic faces challenges in re-balancing from investment to consumption. The corrugated packaging industries in China will remain very competitive due to an over-capacity and this will in turn increase pressure on selling price. Labour shortage will continue to drive the increase in labour costs.

The Group will continue to explore new sales, invest in machinery upgrades to automate the production process to counter the labour crunch and continue staff training and investing in talent to ensure that our people are equipped with the right skills to enhance production productivity.

For Singapore, we will continue to assess and evaluate in sharpening our competitive edge by implementing various improvement projects. We believe that it is imperative to continue upgrading, assess and evaluate the function of our equipment and facilities, in order to meet the requirements of the biomedical and food & beverage industries from time to time.

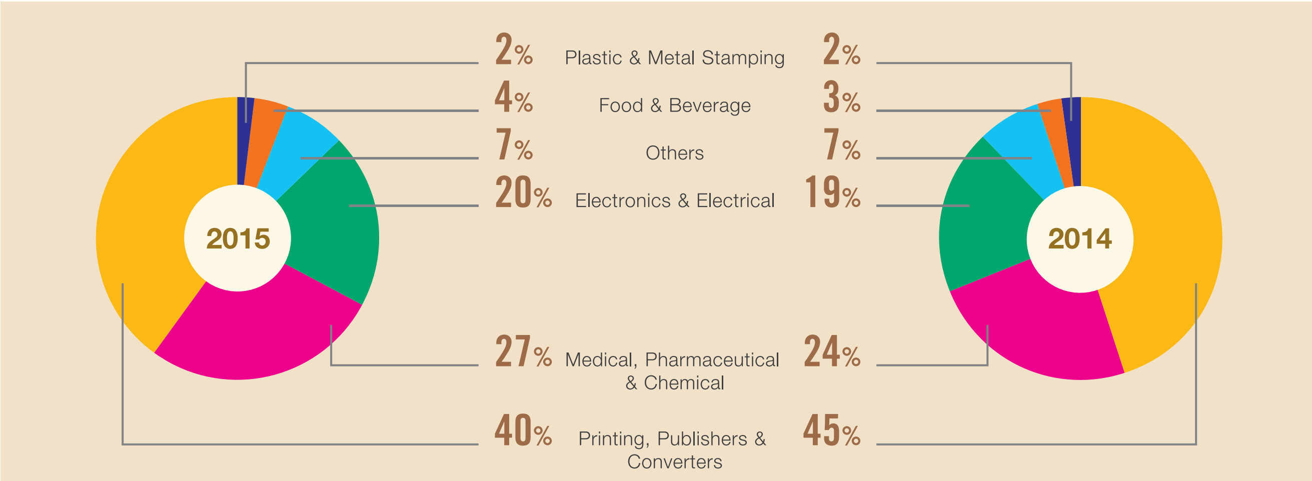
IN APPRECIATION & ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank the Management and staff for their dedication, effort, hard work and contribution to the Group. I would also like to express gratitude and heartfelt appreciation to all our Board of Directors, valued shareholders, business partners and associates and customers for their continuing support and confidence in the Group. I look forward to forging new and continued win-win partnerships for the Group's growth.

Further, I would like to take this opportunity to thank Mr Chee Teck Kwong Patrick who will retire from the Board, for his dedication and valuable contribution to the Group over the years.

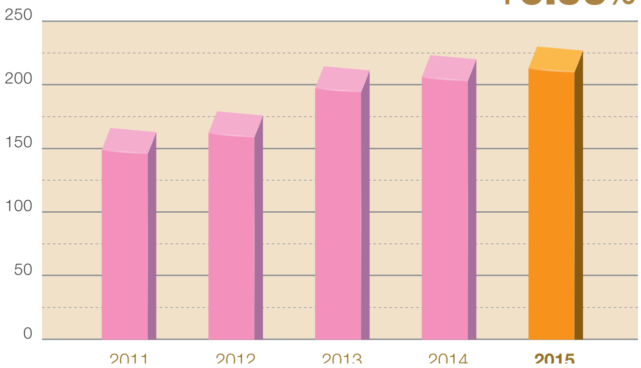
DR ALLAN YAP
Executive Chairman

SALES ANALYSIS BY CUSTOMER SECTOR



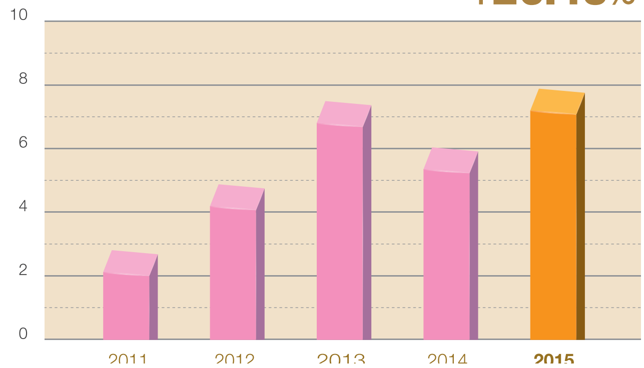
TURNOVER
($MILLION)

CAGR
+8.53%



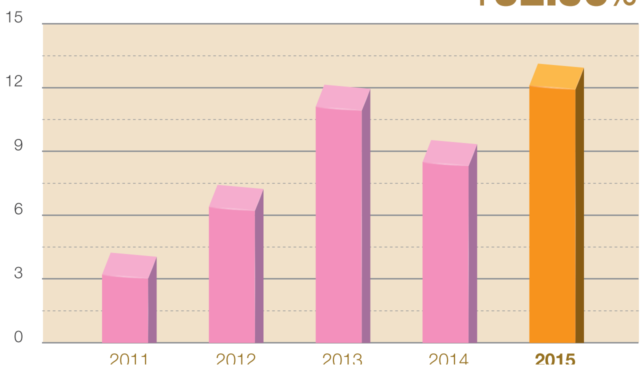
EARNINGS PER SHARE
(CENTS)

CAGR
+29.40%



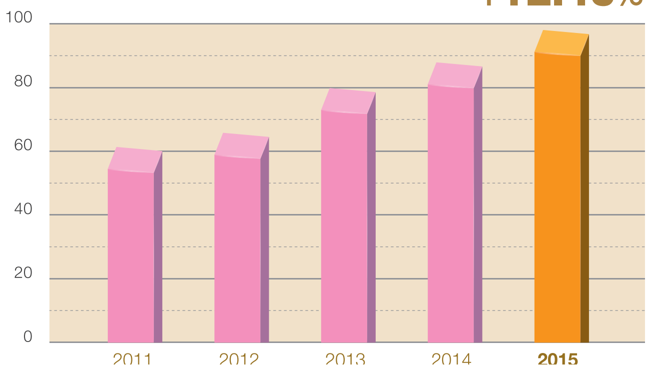
PROFIT AFTER TAXATION
($MILLION)

CAGR
+32.58%



SHAREHOLDERS' EQUITY
($MILLION)

CAGR
+12.45%



BOARD OF DIRECTORS

Dr Allan Yap, 60 *Executive Chairman*

Dr Allan Yap was first appointed to the Board of Tat Seng Packaging Group Ltd (the "**Company**") on 21 November 2005 as Director and was last re-elected to the Board at the Company's AGM held on 25 April 2014. He is currently the Executive Chairman of the Company. He has drawn over 30 years of experience in finance, investment and banking.

Dr Yap is also the Executive Chairman of Hanwell Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited. He also serves as the Chairman and Executive Director of Hanny Holdings Limited, Rosedale Hotel Holdings Limited and Meike International Holdings Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited.

He is also the Chairman and Chief Executive Officer of China Enterprises Limited whose shares are traded on the OTC Securities Market in the United States of America and Burcon NutraScience Corporation, a company listed on the Toronto Stock Exchange in Canada, NASDAQ Stock Exchange in the United States of America and the Frankfurt Stock Exchange in Germany.

Dr Yap is the spouse of Dr Tang Cheuk Chee, the Executive Director of the Company.

Dr Yap holds an Honorary Degree of Doctor of Laws from the University of Victoria, Canada.

Dr John Chen Seow Phun, 62 *Deputy Chairman, Non-Executive and Independent Director*

Dr John Chen was first appointed to the Board of the Company on 21 November 2005 as Director and was last re-elected to the Board at the Company's AGM held on 24 April 2015. He is currently the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees of the Company.

Dr Chen was a Member of Parliament from 1988 to 2006 and served as the Assistant Secretary General of the National Trades Union Congress from 1991 to 1997. He was a Minister of State for Communications from 1997 to 1999. From 1999 to 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development.

Dr Chen has been a Board member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd respectively. He taught at the National University of Singapore from 1983 to 1991.

Dr Chen is presently the Deputy Chairman and Non-Executive Director of Hanwell Holdings Limited, Executive Chairman of Pavillon Holdings Ltd and sits on the Board of a number of public listed companies in Singapore. He is also the Chairman of SAC Capital Pte Ltd.

Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada.

Mr Loh See Moon, 64 *Managing Director/Chief Executive Officer*

Mr Loh See Moon was first appointed to the Board of the Company on 22 December 1977 as Director and was appointed as the Company's Managing Director on 21 November 2005. Subsequent to his appointment as the Managing Director of the Company, he is not subject to retirement by rotation. He is currently a member of the Risk Management Committee of the Company. He has more than 40 years of experience in the corrugated packaging industry.

Mr Loh is a Director and Legal Representative of the Company's Chinese subsidiaries in the People's Republic of China namely, Tianjin Dansun Packaging Co., Ltd., Hefei Dansun Packaging Co., Ltd., Nantong Hengcheng Paper Industry Co., Ltd., Nantong Tat Seng Packaging Co., Ltd. and Tat Seng Packaging (Suzhou) Co., Ltd. which have been actively involved in the corrugated packaging industry in the People's Republic of China.

Mr Loh holds a Bachelor of Science Degree from the Nanyang University, Singapore.

Dr Tang Cheuk Chee, 44 *Executive Director*

Dr Tang was first appointed to the Board of the Company on 1 October 2011 as Director and was last re-elected to the Board at the Company's AGM held on 24 April 2015. She has a wealth of management experience and is well versed in marketing, business development and investments in property and securities.

Dr Tang is also an Executive Director of Hanwell Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited and serves as a Board member of Richstream Pte Ltd and SingExpress Travel Pte Ltd.

Dr Tang is the spouse of Dr Allan Yap, the Executive Chairman of the Company.

Dr Tang holds an Honorary Doctorate of Management from Lincoln University, United States and awarded Fellowship from the Asian College of Knowledge Management.

Madam Cheong Poh Hua, 59 *Executive Director*

Madam Cheong was first appointed to the Board of the Company on 1 July 2002 as Director and was last re-elected to the Board at the Company's AGM held on 25 April 2014. She is currently a member of the Risk Management Committee of the Company. She has extensive experience in accounting and finance, corporate management and business administration.

Madam Cheong is a Director of the Company's Chinese subsidiaries in the People's Republic of China namely, Hefei Dansun Packaging Co., Ltd., Nantong Hengcheng Paper Industry Co., Ltd. and Tat Seng Packaging (Suzhou) Co., Ltd. which have been actively involved in the corrugated packaging industry in the People's Republic of China.

Madam Cheong holds a Bachelor of Commerce Degree in Accountancy from Nanyang University, Singapore. She is a member of the Institute of Singapore Chartered Accountants.

Mr Lien Kait Long, 68 *Non-Executive Director and Lead Independent Director*

Mr Lien was first appointed to the Board of the Company on 24 November 2005 as Director and was last re-elected to the Board at the Company's AGM held on 26 April 2013. Mr Lien has been appointed as the Lead Independent Director since 27 February 2015. He is currently the Chairman of the Audit Committee and Risk Management Committee and is a member of the Nominating and Remuneration Committees of the Company. He has more than 40 years' experience in accounting and finance, corporate management and business investment.

Mr Lien sits on the Board of several Singapore and Chinese companies listed on the Singapore Exchange Securities Trading Limited namely 8Telecom International Holdings Co., Ltd, China Jishan Holdings Limited, Renewable Energy Asia Group Limited, Falcon Energy Group Limited, Hanwell Holdings Limited, Viking Offshore and Marine Ltd, IPC Corporation Limited and Pacific Healthcare Holdings Ltd. He is also a Director of China Enterprises Limited, a company listed on the OTC Securities Market in the United States of America.

Mr Lien holds a degree in Bachelor of Commerce from Nanyang University, Singapore. He is a fellow of the Institute of Singapore Chartered Accountants and Institute of Certified Public Accountants of Australia since July 2004 and May 2004 respectively.

Mr Chee Teck Kwong Patrick, 62 *Non-Executive Director and Independent Director*

Mr Patrick Chee, PBM, was first appointed to the Board of the Company on 24 November 2005 as Director and was last re-elected to the Board at the Company's AGM held on 26 April 2013. He is currently the Chairman of the Remuneration Committee and is a member of the Nominating and Audit Committees of the Company.

Mr Chee is a Senior Legal Consultant with KhattarWong LLP and a Notary Public and Commissioners for Oaths. He is also a member of Singapore Institute of Arbitrators and Singapore Institute of Directors.

Mr Chee sits on the Board of several public listed companies in Singapore namely, Hanwell Holdings Limited, Hai Leck Holdings Limited, China International Holdings Limited, Ramba Energy Limited, and is the Chairman of CSC Holdings Limited. He is also an Honorary Legal Adviser to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore.

Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masyarakat) from the President of Republic of Singapore.

Mr Chee holds a Bachelor of Law (Hons) Degree from the University of Singapore. He has been admitted as a Solicitor of the Senior Courts of England and Wales. Since 1980, he has been an Advocate and Solicitor of the Supreme Court of the Republic of Singapore.

CORPORATE INFORMATION

BOARD OF DIRECTORS

	Designation
Dr Allan Yap	Executive Chairman
Dr John Chen Seow Phun	Deputy Chairman, Non-Executive and Independent Director
Mr Loh See Moon	Managing Director/ Chief Executive Officer
Dr Tang Cheuk Chee	Executive Director
Madam Cheong Poh Hua	Executive Director
Mr Lien Kait Long	Non-Executive Director and Lead Independent Director
Mr Chee Teck Kwong Patrick	Non-Executive Director and Independent Director

COMPANY SECRETARY

Mr Chew Kok Liang

AUDIT COMMITTEE

Mr Lien Kait Long (Chairman)
Dr John Chen Seow Phun
Mr Chee Teck Kwong Patrick

REMUNERATION COMMITTEE

Mr Chee Teck Kwong Patrick (Chairman)
Mr Lien Kait Long
Dr John Chen Seow Phun

NOMINATING COMMITTEE

Dr John Chen Seow Phun (Chairman)
Mr Chee Teck Kwong Patrick
Mr Lien Kait Long

RISK MANAGEMENT COMMITTEE

Mr Lien Kait Long (Chairman)
Mr Loh See Moon
Madam Cheong Poh Hua

REGISTERED OFFICE

28 Senoko Drive
Singapore 758214
Tel: +65 6257 5555
Fax: +65 6758 0668
Email: admin@tspg.sg
Website: www.tspg.sg
Company Registration Number: 197702806M

SHARE REGISTRAR

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

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

(Engagement Partner since financial year ended 31 December 2015: Karen Lee Shu Pei)

PRINCIPAL BANKERS

Agricultural Bank of China Limited

Bank of China Limited

China Construction Bank Corporation

DBS Bank Ltd

Huishang Bank Co., Ltd.

Industrial Bank Co., Ltd.

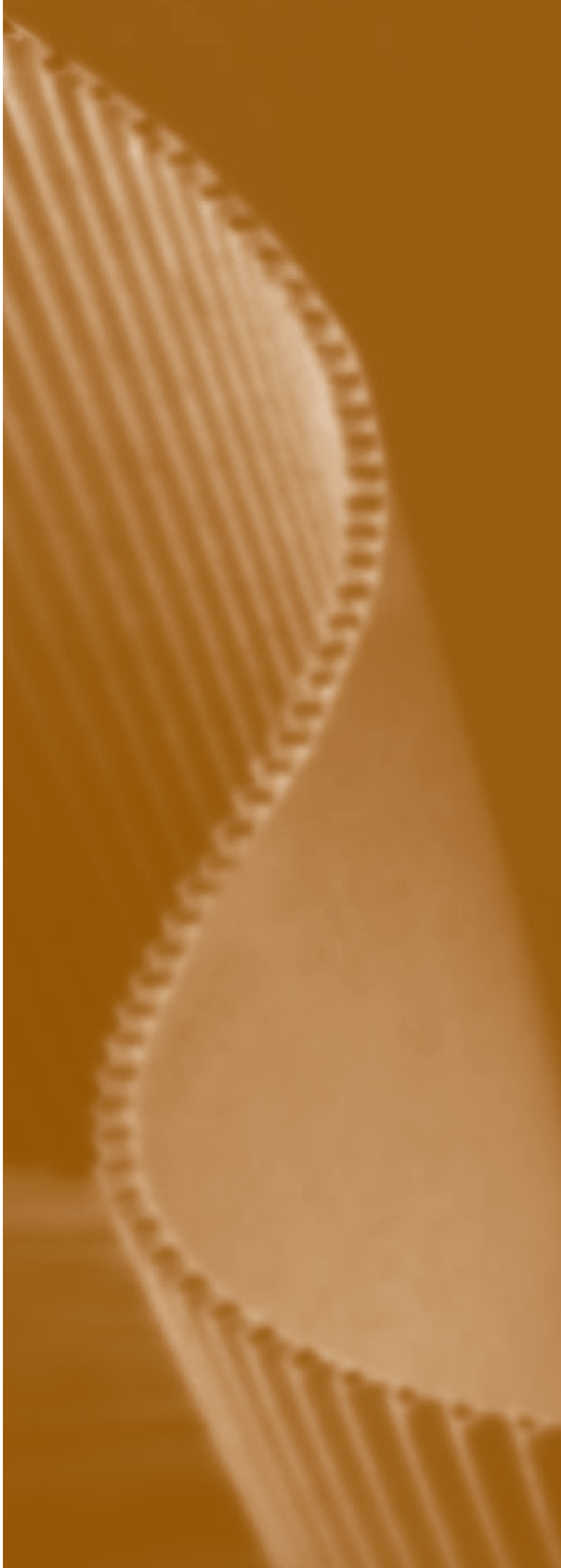
KBC Bank N.V.

Rural Commercial Bank of Zhangjiagang Co., Ltd.

Shanghai Pudong Development Bank Co., Ltd.

The Hongkong and Shanghai Banking Corporation Limited

United Overseas Bank Limited



CORPORATE REPORTS

The Board of Directors (the "**Board**") and Management of Tat Seng Packaging Group Ltd (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") place great importance on high standard of corporate conduct to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance which was revised in May 2012 (the "**Code**") can be seen from the Board and Management efforts to promote and maintain values which emphasize transparency, accountability, integrity and proper conduct at all times in the business operations and dealings of the Group so as to create value for its stakeholders and safeguard the Group's assets.

This Statement describes the practices the Company has undertaken with respect to each of the principles and guidelines and the extent of its compliance with the Code and should be read as a whole, instead of being read separately under the different principles of the Code.

1 Board Matters

The Board's Conduct of Affairs

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

1.1 Role of the Board

The Company is headed by an effective Board, comprising individuals with diversified backgrounds and who collectively brings with them a wide range of experience, to lead and control the Group. The Board is responsible for the overall management and success of the Group.

The primary role of the Board is to oversee the Group's business performance and affairs, and to protect and enhance long-term shareholder value. To fulfil this, apart from its statutory responsibilities, the Board performs the following roles and functions:

- providing entrepreneurial leadership, sets strategic directions and objectives for the Group;
- approving major funding proposals, investment and divestment proposals of the Company;
- reviewing the performance of management by establishing management's goals and monitoring the achievement of those goals;
- reviewing and endorsing the framework of remuneration for the Board and key management personnel as may be recommended by the Remuneration Committee;
- supervising executive management, ensures that the Company has the necessary resources to meet its goals and establish a framework of prudent and effective controls to assess and manage risks;
- overseeing the processes of risk management, financial reporting and compliance and evaluates the adequacy of internal controls;
- considering sustainability issues, such as environmental and social factors, as and when necessary, as part of its strategic formulation; and
- assuming the responsibilities for corporate governance.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

1.2 Board Processes

The Board has established a number of Board Committees to assist the Board in carrying out more effectively its oversight function. These Board Committees consist of Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Risk Management Committee ("**RMC**"). These Board Committees function within clear Board-approved written terms of reference. Such terms of reference will be reviewed by the Board on a regular basis to enhance the effectiveness of these Board Committees. The minutes of all Board and Board Committees meetings which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meeting, are circulated and available to the Board and Board Committees. The roles and responsibilities of these Board Committees are provided for in the latter sections of this Statement on Corporate Governance.

The yearly schedule of the Board and Board Committee meetings is usually given to all Directors well in advance. The Board meets at least two (2) times in a year. Besides the scheduled half-yearly Board meetings, the Board also meets on an ad-hoc basis as warranted by particular circumstances. Board meetings will be convened when they are deemed necessary, to review the Group's business operations, conduct strategic review of the business affairs and address other specific significant matters that arise.

The Company's Constitution provides for the convening of the Board meetings by way of telephonic, video conferencing or other similar means of communication. The Board also approves transactions through written resolutions which are circulated to the Board together with all relevant information relating to the proposed transaction.

The agenda for meetings is prepared in consultation with the Executive Chairman and the Executive Directors. The Agenda and documents are circulated in advance of the scheduled meetings to the members of the Board and Board Committees.

1.3 Directors' Meetings Held in Financial Year 2015

The Board held two (2) meetings during the financial year. The number of meetings attended by each member of the Board during the financial year is as follows:

Name of Director	Number of Board Meeting attended
Allan Yap	1
John Chen Seow Phun	2
Loh See Moon	2
Tang Cheuk Chee	1
Cheong Poh Hua	2
Lien Kait Long	2
Chee Teck Kwong Patrick	2

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committee meetings.

1.4 Matters Requiring Board Approval

The Directors have identified a few areas for which the Board has direct responsibility for decision making (which are embodied in its internal guidelines) such as the following:

- annual budgets and financial plans of the Group;
- approval of the annual and half-yearly results announcements;
- approval of the annual report and accounts;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy;
- authorisation of major transactions;
- approval of Board changes and appointments to Board Committees;
- investments and divestments decisions including the Group's capital commitment; and
- commitments to term loans and lines of credit from banks and financial institutions by the Company.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, the Management is responsible for the day to day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

1.5 Board Development

Our Directors are provided with extensive background information about our Group's history, mission, values and business operations. The NC ensures all Directors are equipped with the appropriate skills and relevant industry knowledge to perform their roles on the Board and Board Committees effectively.

The Directors also have the opportunity to visit the Group's operational facilities and meet with the Management for further explanations, briefing or informal discussions on any aspect, to gain a better understanding of the business operations.

The Company has a formal procedure for the issuance of appointment letters setting out directors' duties and obligations. Newly appointed Directors are also briefed on the business and organizational structure of the Group and its strategic directions and are encouraged to visit the sites of the Group's operating units to familiarize themselves with the Group's business practices.

The Board as a whole is updated regularly and periodically on the Code, risk management, the key changes in the relevant regulatory requirements and financial reporting standards, rules and regulations and duties and responsibilities on Directors by the Management and/or the external consultants, so as to enable the Directors to discharge their duties as Board and/or Board Committee members.

New releases or updates issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), Accounting and Corporate Regulatory Authority ("**ACRA**") and Singapore Institute of Directors which are relevant to the Directors are circulated to the Board.

The Company Secretary also regularly informs the Directors of any upcoming conferences, training and seminars relevant to their roles as Directors of the Company.

To keep pace with such laws and regulatory changes, the Company provides opportunities for continuous development programmes on Board processes and best practices as well as updates on relevant new and key changes of the laws and regulations. During the financial year, the Company has organised and funded a training session for the Directors and senior officers of the Company, to keep them abreast of the key changes to the Companies Act, Chapter 50 and financial reporting standards.

In addition, the Directors of the Company are encouraged to attend relevant training programmes, courses, conferences and seminars on new laws, regulations and updates on commercial areas conducted by relevant professional organisations. The Company will fund the appropriate training and development programmes for the Directors from time to time.

1.6 Board Composition and Guidance

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

The present Board of the Company consists of seven (7) members comprising the Executive Chairman, one (1) Managing Director/Chief Executive Officer, two (2) Executive Directors and three (3) Independent Directors. All Directors exercise independent judgement and make decisions objectively in the best interest of the Company. The assessment criteria in the Chairman's assessment of Directors include intensity of participation at meetings, quality of interventions and special contribution.

Taking into account the Board's diverse expertise and experience in business and management, accounting, finance, human resources and law, the Board considers that its Directors possess the necessary competencies to lead and guide the Group and to facilitate effective decision making.

As at the date of this report, the Board comprises seven (7) suitably qualified members:

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other principal commitments	Past directorships in other listed companies and other principal commitments over the preceding three (3) years
Allan Yap	21 Nov 2005/ 25 Apr 2014	Executive Chairman	Chairman and Executive Director of Hanny Holdings Limited, Rosedale Hotel Holdings Limited and Meike International Limited Chairman, CEO and Director of China Enterprises Limited Chairman, CEO and Director of Burcon NutraScience Corporation Executive Chairman of Hanwell Holdings Limited	Alternate Director of Television Broadcast Limited
John Chen Seow Phun	21 Nov 2005/ 24 Apr 2015	Deputy Chairman, Non- Executive and Independent Director Chairman of Nominating Committee and Member of Audit and Remuneration Committees	Executive Chairman of Pavillon Holdings Ltd Non-Executive Chairman and Independent Director of Matex International Limited and Fu Yu Corporation Limited Non-Executive Deputy Chairman of Hanwell Holdings Limited Lead Independent Director of OKP Holdings Limited Independent Director of Hiap Seng Engineering Ltd and HLH Group Limited	Independent Director of HLYNX Pte Ltd
Loh See Moon	Date of appointment as Director: 22 Dec 1977 Date of appointment as Managing Director: 21 Nov 2005	Managing Director/ Chief Executive Officer Member of Risk Management Committee	Nil	Nil
Tang Cheuk Chee	1 Oct 2011/ 24 Apr 2015	Executive Director	Executive Director of Hanwell Holdings Limited	Nil

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other principal commitments	Past directorships in other listed companies and other principal commitments over the preceding three (3) years
Cheong Poh Hua	1 Jul 2002/ 25 Apr 2014	Executive Director Member of Risk Management Committee	Nil	Nil
Lien Kait Long	24 Nov 2005/ 26 Apr 2013	Non-Executive Director and Lead Independent Director Chairman of Audit and Risk Management Committees and Member of Nominating and Remuneration Committees	Director of China Enterprises Limited Lead Independent Director of China Jishan Holdings Limited, 8Telecom International Holdings Co., Ltd, and Falcon Energy Group Limited Independent Director of Hanwell Holdings Limited, Renewable Energy Asia Group Limited, IPC Corporation Limited and Viking Offshore and Marine Limited Non-Independent Non Executive Director of Pacific Healthcare Holdings Ltd	Independent Director of Youyue International Limited
Chee Teck Kwong Patrick	24 Nov 2005/ 26 Apr 2013	Non-Executive Director and Independent Director Chairman of Remuneration Committee, Member of Audit and Nominating Committees	Independent Non-Executive Chairman of CSC Holdings Limited Independent Director of Ramba Energy Limited, Hanwell Holdings Limited, China International Holdings Limited and Hai Leck Holdings Limited	Independent Director of Singapore Windsor Holdings Limited and Hengxin Technology Ltd

Please also refer to the “Board of Directors” section of the annual report for information relating to the Directors.

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself taking into account the scope and nature of the Company’s operations. 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 to enable Management to benefit from a diverse perspective of issues that are brought before the Board. The NC is of the view that the Board comprises Directors capable of exercising objective judgment on the corporate affairs of the Company independently of Management are appropriate and that no individual or small group of individuals dominate the Board’s decision-making process.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills and knowledge, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Particulars of interests of Directors who held office at the end of the financial year in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

1.7 *Independent Members of the Board of Directors*

The Board has three (3) Independent Directors, representing at least one-third of the Board: Dr John Chen Seow Phun, Mr Lien Kait Long and Mr Chee Teck Kwong Patrick. The criteria for independence are based on the definition given in the Code, which considers an Independent Director as one who has no relationship with the Company, its related corporations, its ten percent (10%) shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view of the best interest of the Company. The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. For FY2015, the NC has determined that all the three (3) Independent Directors are independent. Although the Independent Directors of the Company do not make up half of the Board, there is a strong and independent element. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. All major decisions are based on collective decisions without any individual influencing or dominating the decision making process.

Non-Executive and Independent Directors of the Board exercise no management functions but have equal responsibility for the performance of the Group, the role of the Non-Executive and Independent Directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Independent Directors also help to evaluate proposals on strategy, various policies and review the performance of the Management and the Company in meeting agreed goals and objectives and monitor the reporting performance.

The Non-Executive and Independent Directors meet periodically without the presence of Management to discuss and facilitate a more effective check on the Management.

1.8 *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.

There is a distinct separation of responsibilities between the Chairman and the Chief Executive Officer ("**CEO**"), which ensures that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. These posts are held by Dr Allan Yap and Mr Loh See Moon respectively.

The Executive Chairman leads the Board and is responsible for the effective working of the Board including:

- with the assistance of the Company Secretary, scheduling of meetings to enable the Board to perform its duties while not interfering with the flow of the Group's operations;
- with the assistance of the Company Secretary, approving the meeting agenda of the Board and ensures adequate time is available for discussion of all agenda items;
- with the assistance of the Company Secretary, ensuring that Board meetings are held when necessary;
- facilitating effective contributions from the Non-Executive Directors and encouraging constructive relationships within the Board and between the Board and the Management;
- exercising control over the quality, quantity and timeliness of information flow from the Management to the Board, promoting effective communication with the Company's shareholders;
- ensuring, fostering constructive and effective communication with shareholders; and
- promoting high standards of corporate governance with full support of the Directors and the Management.

Mr Lien Kait Long is the Lead Independent Director of the Company. Shareholders with any concern may contact the Lead Independent Director directly, in the event contact through the normal channels of the Chairman or the Managing Director/CEO has failed to resolve or is inappropriate.

Major proposals and decisions made by the Board are subject to majority approval by the members of the Board and reviewed by the AC, whose members comprise Independent and Non-Executive Directors of the Company. Both performance and appointment to the Board are reviewed periodically by NC and their remuneration packages are reviewed periodically by the RC. Members of the AC, NC and RC are all Independent and/or Non-Executive Directors. The Board believes that there are sufficiently strong and adequate safeguards to ensure an appropriate balance of power and authority within the spirit of good corporate governance. In addition, all Directors take decisions objectively in the interests of the Company.

1.9 Board Membership

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

In appointing Directors, the Board considers the range of skills and experience required in the light of:

- geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment and re-appointment of Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independent status of each Director.

The NC comprises three (3) members, all of whom (including the Chairman) are independent – Dr John Chen Seow Phun (Deputy Chairman, Non-Executive and Independent Director), Mr Chee Teck Kwong Patrick (Non-Executive Director and Independent Director) and Mr Lien Kait Long (Non-Executive Director and Lead Independent Director). The NC Chairman is also a Director who has no relationship with the Company, its related corporation, its ten percent (10%) shareholders or its officer and is not directly associated[1] with ten percent (10%) shareholders.

The principal responsibilities of the NC are set out in the terms of reference and its key functions include:

- reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- reviewing, assessing and recommending nominees or candidates for appointment or election to the Board and the various Board Committees;
- assessing the effectiveness and contributions of the Board as a whole;
- assessing the contribution of each individual Director to the effectiveness of the Board, in particular when a Director has multiple listed company board representations and having regard to the Director's contribution and performance;
- reviewing the independence of the Directors on an annual basis;
- reviewing the performance of the Directors and recommending on the re-election and re-appointments of the Board at the AGM;
- conducting a rigorous review and determining whether an Independent Director who has served on the Board for a period exceeding nine (9) years from the date of his first appointment, can still consider as independent;
- deciding a Director is able to and has been adequately carrying out his duties as Director of the Company based on internal guidelines such as attendance, contractibility and responsiveness; and
- reviewing the training and development programmes for the Board.

The Company's Constitution provide that, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Provided that no Director holding office as Managing or Joint Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation, candour and any other factors as may be determined by the NC.

Besides that, the Board and the NC had developed a process of evaluation of performance of the Board and Board Committees and individual Directors through establishment of quantifiable performance criteria.

Despite some of the Directors having multiple Board representations, the NC had reviewed the Directorship of the Directors and is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and other principal commitments of these Directors. The NC and Board agreed that as a guide, the maximum number of the listed company Board representations which any Independent Director may hold should not exceed eleven (11), and both the NC and the Board will review and determine the maximum number of listed company Board representations as and when they deem appropriate.

Note:

[1] Under the Code, a Director would be considered to be "directly associated" with a ten percent (10%) shareholder when the Director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the ten percent (10%) shareholder in relation to the corporate affairs of the corporation. A director will not be considered "directly associated" with a ten percent (10%) shareholder by reason only of his or her appointment having been proposed by that ten percent (10%) shareholder.

The NC is also responsible to determine the independence of Directors annually by taking into account the circumstances set forth in Guidelines 2.3 and 2.4 of the Code and any other salient factors. In considering the independence of an Independent Director who has served on the Board beyond nine (9) years, the NC has taken into consideration the following factors:

(i) There was a change of the composition of the Executive Directors and the Management in 2012;

(ii) There was a change of the composition of the Board Committees in 2015;

(iii) The extensive knowledge and experience contributed by the Independent Directors to the Company;

(iv) The attendance, preparedness, participation and contribution in the meetings of the Board and Board Committees;

(v) Provision of continuity and stability to the new Management at the Board level by facilitating smooth communication between old and new Management;

(vi) Provision of reasonable checks and balances for the Management;

(vii) The Independent Directors have devoted adequate attention and sufficient time to the affairs of the Group; and

(viii) The Independent Directors provide overall guidance to the Management and act as safeguard for the protection of Company's assets and shareholders' interests.

Based on the above factors and the rigorous review performed by an independent professional engaged by the Company, the NC is satisfied that each Dr John Chen Seow Phun, Mr Chee Teck Kwong Patrick and Mr Lien Kait Long being Independent Directors having served on the Board beyond nine (9) years are considered independent. They will abstain from voting on any resolution related to their re-election.

Taking into account, among others, these Directors' participation during and outside the formal Board and Board Committees meetings as well as other contributions. The Board has accepted the NC's nomination of the retiring Directors, who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors are Mr Chee Teck Kwong Patrick and Mr Lien Kait Long who will retire pursuant to Regulation 91 of the Constitution of the Company. Mr Chee Teck Kwong Patrick has indicated his intention to retire from the Board and will not seek for re-election at the forthcoming AGM of the Company.

The NC held one (1) meeting during the financial year. The number of meeting attended by each member of the NC is as follows:

Name of Director	Appointment	Number of Meeting attended
John Chen Seow Phun (Chairman)	Non-Executive and Independent	1
Chee Teck Kwong Patrick	Non-Executive and Independent	1
Lien Kait Long	Non-Executive and Independent	1

1.10 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.

We believe that Board performance is ultimately reflected in the performance of the Group and the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interest of the Group and the shareholders. In addition to these fiduciary duties, the Board is charged with two (2) key responsibilities of setting strategic direction and ensuring that the Group is ably led. The Board, through the delegation of its authority to the NC, will review the Board's composition annually to ensure that the Board has the appropriate mix of expertise and experience to lead the Group.

The Board has an annual performance evaluation process, carried out by the NC, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director.

The NC uses an objective performance criteria to conduct Board assessments via the circulation of assessment forms to the Directors annually for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders.

In line with the Code, the NC has also implemented a process to be carried out by the NC to assess the effectiveness of the Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the NC. The results of the Board and Board Committees assessments are reviewed and discussed by the NC and, any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken.

The individual Director's assessments implemented by the NC are based on the Director's self-assessment which is evaluated annually and informally on a continual basis by the NC and the Chairman. The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and any appropriate action taken. Such assessments by the Directors are useful and constructive and this collective process has provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

Selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The financial indicators set out in the Code for the evaluation of Directors are in our opinion more of a measure of the Management's performance and hence, less applicable to Directors. Moreover, the financial indicators provide snapshots of the Group's performance and do not reflect a complete measure of long-term creation of shareholders' wealth.

1.11 Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive a regular supply of information from the Management about the Group so that they are equipped to play as full a part as possible in the meetings. As a general rule, comprehensive Board papers prepared for each meeting are normally circulated in advance to all Directors prior to the scheduled meetings. This is to give Directors sufficient time to review and consider the matters to be discussed so that discussion can be more meaningful and productive.

The Board papers provided include background or explanatory information relating to matters to be brought before the Board. A presentation is made to the Directors at the Board meeting on budgets and variances from the budget disclosed. In respect of budgets, any material variance between the projections and actual results would be disclosed and explained during the meeting. Directors are also informed of any significant development or events relating to the Group. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board. The Board and Board Committees have unfettered access to information which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.

The Directors have separate and independent access to the advice and services of the Company Secretary and the key Management personnel at all times. In addition, the Directors are entitled to request from Management such additional information as needed to make informed decisions. Management ensures that any additional information requested for is provided to the directors in a timely manner. Where necessary, the Company will, upon the request of Directors (whether as a group or individually) provide them with independent professional advice, to enable them to discharge their duties. The cost of such professional advice will be borned by the Company.

The Company Secretary or at least one of his representative attends the Board and Board Committees meetings and assists the Chairman of the Board and Board Committees meetings in ensuring that the appropriate procedures are followed and that applicable rules and regulations are complied with as well as ensuring good information flow within the Board and its committees, between the Management and the Non-Executive Directors, facilitating orientation and assisting with professional development as required. The Company Secretary and the Management also facilitate the orientation of new Directors and professional development of Directors as required. The appointment and removal of the Company Secretary is a matter which is approved by the Board.

Each Director has the right, at the Company's expense, to seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings when necessary in order to discharge their duties and responsibilities, as Directors.

2 Remuneration Matters

2.1 Procedure 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 Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and key management personnel.

The RC comprises solely of Non-Executive Directors, all of whom, including the Chairman, are independent, the three (3) members of RC are namely, Mr Chee Teck Kwong Patrick (Chairman, Non-Executive Director and Independent Director), Mr Lien Kait Long (Non-Executive and Lead Independent Director) and Dr John Chen Seow Phun (Non-Executive and Independent Director).

The principal responsibilities of the RC are set out in the terms of reference and its key functions include:

- reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel (including the CEO and other persons having authority and responsibility for planning, directing and controlling activities of the Company and Group), and the specific remuneration packages and terms of employment (where applicable) for each Director as well as key management personnel. The RC's recommendations should cover all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;
- carrying out its duties in the manner that it deem expedient. Subject always to any regulations or restriction that may be imposed upon the RC by the Board from time to time;
- ensuring that all aspects of remuneration are covered, taking into consideration Principle 8 of the Code. The remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and are commensurate with their respective job scopes and levels of responsibility; and
- reviewing and recommending to the Board, the terms of renewal of service agreements of Directors and/or key management personnel and ensuring the service agreements contain fair and reasonable termination clauses which are not overly generous in the event of termination.

The RC members are knowledgeable in the field of executive compensation and also have access to independent expert advice from external consultants, where necessary.

The RC meets at least once each year and at other times as required. During the financial year, the RC held one (1) meeting. The number of meeting attended by each member during the financial year is as follows:

Name of Director	Appointment	Number of Meeting attended
Chee Teck Kwong Patrick (Chairman)	Non-Executive and Independent	1
Lien Kait Long	Non-Executive and Independent	1
John Chen Seow Phun	Non-Executive and Independent	1

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key management personnel which is submitted to the whole Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for Directors and key management personnel in the interests of improved corporate performance.

The RC's review of remuneration packages takes into consideration the long term interests of the Group and ensures that the interests of the Directors align with that of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit sharing (where applicable) and benefits-in-kind.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of the individual Directors and key management personnel. The RC, in considering the remuneration package of Directors, may seek independent human resource consultants' advise.

The RC's recommendations are submitted to the entire Board. Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

The Directors' fees to be paid for any one (1) year are submitted for shareholders' approval at the AGM.

2.2 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.

The remuneration packages of the Executive Directors are determined based on the framework recommended by the RC. In doing so, the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company. The Executive Directors' framework of remuneration includes a fixed element as well as a variable element in the form of a bonus and a profit sharing incentive which is linked to the Company's performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

All Non-Executive Directors and Independent Directors are paid Directors' fees, with additional fees paid for serving as the Chairman or members of Board Committees as well as attendance at Board and Board Committees meetings. These fees are recommended by the RC and submitted to the Board for endorsement. Directors' fees are recommended by the Board for approval at the Company's AGM. The remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised and no Director is involved in deciding his own remuneration.

The Executive Directors do not receive Directors' fees. The remuneration packages of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is the bonuses and other benefits. The service agreements entered into with the four (4) Executive Directors, namely Dr Allan Yap, Mr Loh See Moon, Dr Tang Cheuk Chee and Madam Cheong Poh Hua are for a period of three (3) years. These service agreements are subject to review by the RC and provide for termination by either party giving to other not less than six (6) months' prior written notice.

The RC is of the view that the variable component of the remuneration packages of the Executive Directors and key management personnel, where applicable are moderate. At present, there is no necessity for the Company to institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel, where applicable in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

2.3 *Disclosure on Remuneration*

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Summary compensation table of the Directors receiving remuneration from the Company for the financial year ended 31 December 2015 is set out below:

Directors	Base Salary	Bonus	Profit Sharing	Director's Fee[2]	Allowance[1]	TOTAL
Range $250,000 and below						
John Chen Seow Phun	–	–	–	100.00%	–	100.00%
Lien Kait Long	–	–	–	100.00%	–	100.00%
Chee Teck Kwong Patrick	–	–	–	100.00%	–	100.00%
Range $250,001 to $500,000						
Tang Cheuk Chee	44.23%	3.69%	47.03%	–	5.05%	100.00%
Cheong Poh Hua	53.51%	5.69%	36.45%	–	4.35%	100.00%
Range $750,000 to $1,000,000						
Allan Yap	44.95%	3.75%	50.12%	–	1.18%	100.00%
Range $2,000,000 to $2,250,000						
Loh See Moon	30.55%	2.55%	64.87%	–	2.03%	100.00%

(1) Employer's CPF contribution and other compensation are included here.

(2) Director's Fee is subject to the approval of the shareholders at the forthcoming AGM.

The Company has decided not to disclose information on the remuneration of the Directors in dollars terms because of the confidentiality and prevention of upward pressure or remuneration due to market competition.

2.4 *Remuneration of Top Five (5) Key Management Personnel & Employees Related to Directors*

The Company has no key management personnel who is not a director or the CEO during the financial year ended 31 December 2015 and there are no employees of the Group who are immediate family members of any Director or the CEO of the Company and whose remuneration exceed S$50,000 for the financial year ended 31 December 2015.

The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is linked to the Company and each individual's performance.

3 Accountability And Audit

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

The Board aims to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

In line with the Listing Manual of SGX-ST, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Managing Director/CEO and an Executive Director have provided assurance to the Board on the integrity of the Group's financial statements.

All the Directors of the Company also signed undertakings letter pursuant to the amended Rule 720(1) of the Listing Manual of SGX-ST.

The Board reviews and approves the financial results as well as any announcements before its release. In presenting the annual financial statements and half-yearly announcements to shareholders, the Board aims to provide the shareholders with analysis and a balanced and understanding assessment of the Company's performance, position and prospects.

Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET and posted on the Company's website. The Company's Annual Report is sent to all shareholders and accessible on the Company's website.

The Board is updated with significant events that have occurred or material to the Group during the year. The Management provides the Board with financial updates on the performance and position of the Group to keep Board members informed and updated on a monthly basis in order that it may effectively discharge their duties.

3.1 Risk Management and Internal Controls

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

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

The AC will:

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating and compliance controls, information technology controls and risk management is conducted at least annually. Such reviews can be carried out by internal auditors/external auditors;
- ensure that the internal control recommendations made by internal and external auditors have been implemented by the Management; and
- ensure the Board is in a position to comment on the adequacy of the risk management and internal controls of the Group.

Risk assessment and evaluation has become an essential part of business planning and monitoring process. The Management having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigation actions in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the organization.

The Group has in place a RMC which is chaired by Mr Lien Kait Long (Lead Independent Director) and members comprising two (2) directors namely, Mr Loh See Moon (Managing Director/CEO) and Madam Cheong Poh Hua (Executive Director) to assist the Board in its oversight of risk governance, risk management framework and policies of the Group. The Group has Investment Management Policies and Procedures in place and these policies are essential part of the business planning and monitoring process.

The RMC is regulated by its terms of reference. The meetings of the RMC are attended by Management of the Group's business divisions, and serve as a forum to review and discuss material risks and exposures of the Group's business and the strategy to mitigate risks in general.

The risk management process in place covers, *inter alia*, financial, operational, compliance and information technology risks faced by the Group. The key risks identified are deliberated by Management, and reported to the RMC on an annual basis or such other period as may be determined by RMC.

The Group has in place a system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. The Group has engaged Ernst & Young Advisory Pte. Ltd. to assess annually the effectiveness of internal controls and review the identified key process risks for the areas of review.

The AC and Board recognise the need for a robust and effective system of internal control. To ensure that the risk management and internal controls and risk management processes are adequate and effective, the AC has access to independent professional consultants. With the assistance of the RMC, internal and external auditors, AC has carried out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were regularly reported to AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

For FY2015, the Board has received assurances from Mr Loh See Moon (Managing Director/CEO) and Madam Cheong Poh Hua (Executive Director), that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are effective and sufficient. As the Company does not appoint Chief Financial Officer, Madam Cheong Poh Hua, an Executive Director of the Company oversees the finance function of the Group.

Based on the internal control weaknesses noted during the course of audit by the internal and external auditors and their recommendation, the various management controls put in place and the reports from the internal and external auditors, the Board, with the concurrence of the AC is of the opinion that the Group's system of internal controls and risk management procedures in addressing financial, operational, compliance and information technology controls and risk management systems maintained by the Group during the year are adequate and effective as at 31 December 2015.

The Board will also continue to enhance and improve the existing internal control framework to identify and mitigate these risks from time to time.

3.2 Audit Committee

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

The AC comprises three (3) members, all of whom are Independent Directors. The AC's members are namely, Mr Lien Kait Long (Chairman and Lead Independent Director), Mr Chee Teck Kwong Patrick (Non-Executive and Independent Director) and Dr John Chen Seow Phun (Non-Executive and Independent Director). At least two (2) members have the relevant accounting or financial management expertise and/or experience.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

The principal responsibilities of the AC are set out in the terms of reference and its key functions include:

(a) reviewing the audit plans of the external and internal auditors;

(b) reviewing the external and internal auditors' reports;

(c) reviewing the co-operation given by the Company's officers to the external and internal auditors;

(d) reviewing the adequacy of the internal audit function;

(e) evaluating the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, information technology controls, and risk management by reviewing written reports from internal and external auditors, and Management responses and actions to correct any deficiencies;

(f) reviewing the financial statements of the Company and the Group before their submission to the Board;

(g) reviewing non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;

(h) nominating external auditors for appointment or re-appointment and approve the remuneration and terms of engagement of the external auditor;

(i) reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual of SGX-ST, and by such other amendments made thereto from time to time;

(j) reviewing interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way; and

(k) reviewing whistle-blowing policy and arrangements.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC meets from time to time with the Group's external and internal auditors and the management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group.

The AC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the AC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports. Based on the information provided to the AC, nothing has come to the AC's attention indicating that the system of internal controls and risk management is inadequate.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets annually with the internal auditors and the external auditors, without the presence of the Company's Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors. The AC has recommended the re-appointment of KPMG LLP as external auditors at the forthcoming AGM of the Company.

The AC had reviewed all the non-audit services carried out by the external auditors to the Group and confirmed that such services would not, in its opinion prejudice the independence and objectivity of the external auditors. The fees that are charged to the Group by the external auditors for audit and non-audit services were approximately S$228,000 and S$10,000 respectively for the financial year ended 31 December 2015.

The AC is satisfied that KPMG LLP is able to meet the audit requirements and statutory obligation of the Company. In view of their requisite qualification and independence status, the AC is satisfied that the Company is complied with Rule 712 of the Listing Manual of SGX-ST in relation to the appointment of its external auditors. Accordingly, KPMG LLP is recommended for re-appointment at the forthcoming AGM.

The AC has also noted that in appointing the audit firms for the Company, its subsidiaries and significant associates, the AC is satisfied that the appointment of auditors did not compromise the standard and effectiveness of the audit of the Group. Therefore, the Company has complied with the Rule 715 of the Listing Manual of the SGX-ST.

In October 2008, the Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore. SGX-ST has distributed the said Guidebook to all members of the Board. Where appropriate, the AC will adopt relevant best practices set out in the said Guidebook including any of its amendments thereto from time to time, which will be used as references to assist the AC in performing its functions.

In July 2010, SGX-ST and ACRA launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their meetings with the AC. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

During the financial year, the AC held two (2) meetings. The number of meetings attended by each member during the financial year are as follows:

Name of Director	Appointment	Number of Meeting attended
Lien Kait Long (Chairman)	Non-Executive and Independent	2
Chee Teck Kwong Patrick	Non-Executive and Independent	2
John Chen Seow Phun	Non-Executive and Independent	2

3.3 Whistle-Blowing Policy

The Group has adopted a constructive whistle-blowing policy and guideline in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statements, financial reports and records of the Group.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to raise their concerns to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the AC or any other committees established by the AC for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors.

There were no reported incidents pertaining to whistle-blowing for FY2015.

3.4 Internal Audit

Principle 13: The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

The Group has outsourced its internal audit function to Ernst & Young Advisory Pte. Ltd. (the "**Internal Audit**"). The Internal Audit serves to provide the Board and the Management with an independent appraisal of the reliability, adequacy and effectiveness of the internal controls established by the Management. Its aim is to promote internal control in the Group and to monitor the performance and the effective application of internal audit procedures. It supports the Directors in assessing key internal controls through a structured review programmed. The Internal Audit has unfettered access to the Board, the AC and Management, where necessary, and has the right to seek information and explanations. The internal audit function is aligned with the standard set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Internal Audit reports functionally to the Chairman of the AC. The AC ensures that the Internal Audit has adequate resources and has appropriate standing within the Group. The AC, on an annual basis, assesses the effectiveness of the internal auditors by examining:

- the scope of the internal auditors' work;
- the quality of the reports;
- the relationship with the external auditors; and
- the independence of the areas reviewed.

During the year, the Internal Audit's summary of key audit findings, recommendations and Management's related responses were discussed in the AC meetings. The AC ensures that procedures are in place to follow up on the recommendations by Internal Audit in a timely manner and to monitor any outstanding issues. The AC has reviewed the annual internal audit plan FY2015 and is satisfied that the Internal Audit has been adequately carried out.

4 Shareholder Rights And Responsibilities

Shareholder Rights

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

In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of SGX-ST, the Company is committed that all shareholders should be equally informed of all major developments of the Group which would be likely to materially affect the price or value of the Company's shares.

The Company does not practice selective disclosure as all material and price-sensitive information is released through SGXNET and the Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company.

The information is disseminated to shareholders of the Company on a timely basis through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- half-yearly announcements containing a summary of the financial information and affairs of the Group for that period;
- notices of and explanatory memoranda for AGMs and Extraordinary General Meetings;
- disclosure to the SGX-ST; and
- the Company's website at http://www.tspg.sg at which our shareholders can access information on the Group.

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

The Company recognizes the important of actively engaging with stakeholders to promote effective and fair communication.

The Board also acknowledges its obligation to furnish timely information to shareholders and ensure that full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST is made. Any price sensitive information will be publicly released on SGXNET first before being announced to any group of investors or analysts.

To keep all stakeholders of the Company informed on various announcements of the Company, and the stakeholders can also access the Company's annual report through the Company's website (http://www.tspg.sg).

The Company does not have a fixed policy on payment of dividends at present. The frequency, form and amount of dividends to be declared depend on the Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate.

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.

Our shareholders are encouraged to attend the general meetings of the shareholders to ensure a high level of accountability and for them to be updated on the Company's strategies and goals.

The notice of the AGM is sent to our shareholders, together with explanatory notes, appendices or a circular on items of special business, at least fourteen (14) days before the meeting. The Chairmen of the AC, NC, and RC and RMC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are also invited to attend the AGM and are available to assist the Board in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary[(2)] may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Every matter requiring shareholders' approval is proposed as a separate resolution at the general meeting to address each distinct issue and all the resolutions to vote by poll. The Company has implemented the system of voting by poll at its upcoming AGM. Results of each resolution put to vote at the AGM will be announced with the detailed voting results, including the total number and/or percentage of votes cast for or against each resolution tabled in the AGM, were announced immediately at the AGMs and via SGXNET.

Note:

(2) A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

5 Dealings In Securities

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Company has adopted its own internal Code of Conduct to provide guidance to all officers of the Company and its subsidiaries with regard to dealings in the Company's securities.

The Directors and key management personnel of the Company and of the Group are advised, and periodically reminded, not to deal in the Company's shares for the period commencing one (1) month before the announcement of the Company's half-yearly and full year results during the year ("**close window period**"). The Company will notify Directors and employees of the commencement date for each close window period.

The Company has also issued a policy on Insider Trading to all employees which sets out the principles of relevant laws relating to insider trading which are applicable at all times.

Directors, key management personnel and connected persons are expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period and they are not to deal in the Company's securities on short-term considerations.

6 Interested Person Transactions

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST for interested person transactions. To ensure compliance with Chapter 9, the AC meets half-yearly to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders. There were no interested person transactions entered into by the Group during the year under review.

When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

7 Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholders subsisting at the end of the FY2015.

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 34 to 81 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 for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Allan Yap
John Chen Seow Phun
Loh See Moon
Tang Cheuk Chee
Cheong Poh Hua
Lien Kait Long
Chee Teck Kwong Patrick

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants or share options in the Company and in related corporations are as follows:

	Direct Interest		Deemed Interest	
Name of director	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Ordinary shares of the Company				
Loh See Moon	23,580,000	23,580,000	–	–
Cheong Poh Hua	516,000	516,000	260,000	260,000
Ordinary shares of the ultimate holding company (Hanwell Holdings Limited)				
Allan Yap #	1,000,000	1,000,000	97,947,500	97,947,500
Loh See Moon	403,000	403,000	–	–
Tang Cheuk Chee *	49,449,500	49,449,500	49,498,000	49,498,000
Lien Kait Long	5,530	5,530	–	–

Allan Yap has a direct and deemed interest of 1,000,000 and 97,947,500 shares held by his spouse, Tang Cheuk Chee in the capital of Hanwell Holdings Limited respectively.

* Tang Cheuk Chee has a direct and deemed interest of 49,449,500 and 48,498,000 shares collectively held by Sino Diamond International Co., Ltd and Widelead International Limited and 1,000,000 shares held by her spouse, Allan Yap in the capital of Hanwell Holdings Limited respectively.

Directors' interests (Continued)

	Direct Interest		Deemed Interest	
Name of director	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Share options of the ultimate holding company (Hanwell Holdings Limited)				
Allan Yap	10,000,000	10,000,000	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

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 in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

- Lien Kait Long (Chairman), Non-Executive Director and Lead Independent Director
- John Chen Seow Phun, Non-Executive Director and Independent Director
- Chee Teck Kwong Patrick, Non-Executive Director and Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

Audit Committee (Continued)

The Audit Committee has held two (2) meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Loh See Moon
Director

Cheong Poh Hua
Director

28 March 2016

Members of the Company
Tat Seng Packaging Group Ltd and its Subsidiaries

Report on the financial statements

We have audited the accompanying financial statements of Tat Seng Packaging Group Ltd ("**the Company**") and its subsidiaries ("**the Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 81.

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.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 the financial performance, changes in equity and cash flows of the Group 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 the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Assets					
Property, plant and equipment	4	**57,363,031**	56,300,818	**489,083**	556,723
Intangible assets	5	**1,218,406**	1,196,116	**21,000**	24,000
Investment in subsidiaries	6	**–**	–	**29,320,868**	29,320,868
Investment securities	7	**–**	832,000	**–**	832,000
Deferred tax assets	8	**1,565,275**	1,638,716	**795,779**	451,887
Non-current assets		**60,146,712**	59,967,650	**30,626,730**	31,185,478
Inventories	9	**15,655,562**	14,750,048	**–**	–
Trade and other receivables, including derivatives	10	**97,035,343**	103,054,862	**4,573,828**	3,460,106
Cash and cash equivalents	11	**37,359,540**	18,812,221	**4,733,830**	3,852,556
Current assets		**150,050,445**	136,617,131	**9,307,658**	7,312,662
Total assets		**210,197,157**	196,584,781	**39,934,388**	38,498,140
Equity					
Share capital	12	**31,440,000**	31,440,000	**31,440,000**	31,440,000
Retained earnings		**50,851,255**	42,843,453	**3,923,105**	2,337,370
Other reserves	13	**16,318,327**	13,935,954	**–**	457,600
Equity attributable to owners of the Company		**98,609,582**	88,219,407	**35,363,105**	34,234,970
Non-controlling interests		**6,153,843**	5,410,075	**–**	–
Total equity		**104,763,425**	93,629,482	**35,363,105**	34,234,970
Liabilities					
Deferred income	14	**1,197,736**	1,153,119	**–**	68,072
Loans and borrowings	15	**1,413,371**	1,217,952	**45,270**	61,278
Non-current liabilities		**2,611,107**	2,371,071	**45,270**	129,350
Deferred income	14	**107,144**	120,660	**–**	37,130
Current tax payable		**937,242**	172,010	**–**	–
Loans and borrowings	15	**14,274,744**	20,198,426	**16,008**	16,008
Bills payable	16	**18,268,599**	11,535,975	**–**	–
Trade and other payables	17	**69,234,896**	68,557,157	**4,510,005**	4,080,682
Current liabilities		**102,822,625**	100,584,228	**4,526,013**	4,133,820
Total liabilities		**105,433,732**	102,955,299	**4,571,283**	4,263,170
Total equity and liabilities		**210,197,157**	196,584,781	**39,934,388**	38,498,140

The accompanying notes form an integral part of these financial statements.

	Note	2015 $	2014 $
Revenue	18	**231,441,105**	224,545,010
Cost of sales		**(182,524,033)**	(179,105,371)
Gross profit		**48,917,072**	45,439,639
Other income	19	**1,863,721**	939,038
Distribution and selling expenses		**(13,732,574)**	(13,263,524)
General and administrative expenses		**(16,756,586)**	(15,910,743)
Other expenses	20	**(1,354,979)**	(1,330,313)
Results from operating activities		**18,936,654**	15,874,097
Finance costs	21	**(1,709,440)**	(2,443,173)
Profit before tax	22	**17,227,214**	13,430,924
Tax expense	23	**(4,029,847)**	(3,874,525)
Profit for the year		**13,197,367**	9,556,399
Profit attributable to			
Owners of the Company		**12,442,243**	9,489,943
Non-controlling interests		**755,124**	66,456
Profit for the year		**13,197,367**	9,556,399
Earnings per share attributable to owners of the Company (cents per share)	24	**7.92**	6.04

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 $	2014 $
Profit for the year	**13,197,367**	9,556,399
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	**1,651,435**	1,582,132
Effective portion of changes in fair value of cash flow hedges	**6,087**	–
Net change in fair value of available-for-sale financial assets	**190,142**	96,000
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	**(647,742)**	–
Other comprehensive income for the year, net of tax	**1,199,922**	1,678,132
Total comprehensive income for the year	**14,397,289**	11,234,531
Total comprehensive income attributable to:		
Owners of the Company	**13,533,837**	11,178,857
Non-controlling interests	**863,452**	55,674
Total comprehensive income for the year	**14,397,289**	11,234,531

The accompanying notes form an integral part of these financial statements.

	Note	Attributable to owners of the Company					
		Share capital $	Retained earnings $	Other reserves $	Total $	Non-controlling interests $	Total equity $
At 1 January 2014		31,440,000	37,318,766	11,422,916	80,181,682	5,354,401	85,536,083
Total comprehensive income for the year							
Profit for the year		–	9,489,943	–	9,489,943	66,456	9,556,399
Other comprehensive income							
Foreign currency translation differences		–	–	1,592,914	1,592,914	(10,782)	1,582,132
Net change in fair value of available-for-sale financial assets		–	–	96,000	96,000	–	96,000
Total other comprehensive income		–	–	1,688,914	1,688,914	(10,782)	1,678,132
Total comprehensive income for the year		–	9,489,943	1,688,914	11,178,857	55,674	11,234,531
Transaction with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Unclaimed dividend reversed		–	2,868	–	2,868	–	2,868
Dividends to owners of the Company	25	–	(3,144,000)	–	(3,144,000)	–	(3,144,000)
Total distributions to owners of the Company		–	(3,141,132)	–	(3,141,132)	–	(3,141,132)
Transfers between reserves							
Appropriation of retained earnings to statutory reserve fund		–	(824,124)	824,124	–	–	–
At 31 December 2014		31,440,000	42,843,453	13,935,954	88,219,407	5,410,075	93,629,482

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Retained earnings	Other reserves	Total		
		$	$	$	$	$	$
At 1 January 2015		31,440,000	42,843,453	13,935,954	88,219,407	5,410,075	93,629,482
Total comprehensive income for the year							
Profit for the year		–	12,442,243	–	12,442,243	755,124	13,197,367
Other comprehensive income							
Foreign currency translation differences		–	–	1,543,107	1,543,107	108,328	1,651,435
Effective portion of changes in fair value of cash flow hedges		–	–	6,087	6,087	–	6,087
Net change in fair value of available-for-sale financial assets		–	–	190,142	190,142	–	190,142
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		–	–	(647,742)	(647,742)	–	(647,742)
Total other comprehensive income		–	–	1,091,594	1,091,594	108,328	1,199,922
Total comprehensive income for the year		–	12,442,243	1,091,594	13,533,837	863,452	14,397,289
Transaction with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Unclaimed dividend reversed		–	338	–	338	–	338
Dividends to owners of the Company	25	–	(3,144,000)	–	(3,144,000)	(119,684)	(3,263,684)
Total distributions to owners of the Company		–	(3,143,662)	–	(3,143,662)	(119,684)	(3,263,346)
Transfers between reserves							
Appropriation of retained earnings to statutory reserve fund		–	(1,290,779)	1,290,779	–	–	–
At 31 December 2015		31,440,000	50,851,255	16,318,327	98,609,582	6,153,843	104,763,425

The accompanying notes form an integral part of these financial statements.

	Note	2015 $	2014 $
Cash flows from operating activities			
Profit before tax		**17,227,214**	13,430,924
Adjustments for:			
Amortisation of deferred income		**(213,476)**	(112,039)
Depreciation of property, plant and equipment	4	**6,484,576**	5,912,259
Gain on disposal of available-for-sale financial assets	19	**(647,742)**	–
Finance costs	21	**1,578,759**	2,310,083
Interest income	19	**(371,717)**	(238,072)
Net loss/(gain) on disposal of property, plant and equipment		**48,529**	(169,508)
Net effect of exchange differences		**(54,609)**	(58,039)
Property, plant and equipment written off		**25,764**	81,727
Allowances for/(reversal of) impairment loss for inventories		**33,136**	(32,715)
Amortisation of intangible assets	5	**3,000**	3,000
Allowances made for doubtful trade receivables (net)		**1,109,611**	512,415
		25,223,045	21,640,035
Changes in:			
– inventories		**(686,206)**	2,571,349
– trade and other receivables		**7,099,969**	817,844
– trade and other payables and bills payable		**6,286,877**	(6,737,338)
Cash generated from operations		**37,923,685**	18,291,890
Interest paid		**(1,683,015)**	(2,260,395)
Tax paid		**(3,167,844)**	(4,996,533)
Net cash from operating activities		**33,072,826**	11,034,962
Cash flows from investing activities			
Proceeds from sale of available-for-sale financial assets		**1,022,142**	–
Proceeds from disposal of property, plant and equipment		**238,052**	796,059
Acquisition of property, plant and equipment		**(6,769,077)**	(9,061,408)
Interest received		**369,608**	239,113
Net cash used in investing activities		**(5,139,275)**	(8,026,236)
Cash flows from financing activities			
Dividends paid		**(3,144,000)**	(3,144,000)
Dividends paid to non-controlling interests		**(119,684)**	–
Proceeds from loans and borrowings		**21,848,951**	30,669,949
Repayment of loans and borrowings		**(28,069,212)**	(31,538,901)
Repayment of loans with holding company		**–**	(6,500,000)
Increase in pledged deposits		**(702,618)**	(111,505)
Net cash used in financing activities		**(10,186,563)**	(10,624,457)
Net increase/(decrease) in cash and cash equivalents		**17,746,988**	(7,615,731)
Cash and cash equivalents at 1 January		**15,636,080**	23,124,848
Effect of exchange rate fluctuations on cash held		**35,466**	126,963
Cash and cash equivalents at 31 December	11	**33,418,534**	15,636,080

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2016.

1 Domicile and activities

Tat Seng Packaging Group Ltd (the "**Company**") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 28 Senoko Drive, Singapore 758214.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "**Group**" and individually as "**Group entities**").

The Group is primarily involved in the manufacture and sales of corrugated paper products and other packaging products. The principal activities of the subsidiaries are set out in note 6 to the financial statements.

The immediate and ultimate holding company is Hanwell Holdings Limited, incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for those disclosed in the significant accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 4 – measurement of recoverable amounts relating to impairment losses of property, plant and equipment
- Note 29 – measurement of impairment loss relating to financial assets

In the process of applying the Group's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as described above.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

The Group has an established control framework with respect to the measurement of fair values. The Corporate Finance Manager has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable.

The Corporate Finance Manager regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in 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 the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 29 – Financial risk management.

2.5 Accounting policy for new transactions and event

From 1 January 2015, the Group has applied hedge accounting under FRS 39 Financial Instruments: Recognition and Measurement to account for its derivative financial instrument held to hedge its foreign currency risk exposures. The new accounting policy (see note 3.7) has been applied prospectively.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which address the adoption of accounting policy for new transactions and event.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

Business combinations **(Continued)**

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income (OCI) arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss); or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2015 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in OCI, and presented in the translation reserve in equity.

3 Significant accounting policies (Continued)

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Construction and installation in progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	50 years
Leasehold buildings	20 years
Plant and machinery	5 – 10 years
Furniture and fittings	3 – $13^1/_3$ years
Motor vehicles	5 – 8 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 Significant accounting policies (Continued)

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have a finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimate useful lives for the current and comparative years are as follows:

Club membership	–	29 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment properties, the leased assets are not recognised in the Group's statement of financial position.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured on a specific identification basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.7 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3 Significant accounting policies (Continued)

3.7 Financial instruments (Continued)

Non-derivative financial assets (Continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3 Significant accounting policies (Continued)

3.7 Financial instruments (Continued)

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3 Significant accounting policies (Continued)

3.8 Impairment

Non-derivative financial assets

A financial asset is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

3 Significant accounting policies (Continued)

3.8 Impairment (Continued)

Non-financial assets (Continued)

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Government grants

Government grants are recognised initially as deferred income at their fair value where there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grants. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3 Significant accounting policies (Continued)

3.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Retirement benefits

In accordance with the regulations of the People's Republic of China (the "PRC") Government, the subsidiaries are required to contribute employee retirement benefits to the relevant authority. The contributions are calculated based on directives issued by the relevant authority and are charged to profit or loss when incurred.

Employee leave entitlement

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.13 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3.14 Finance income and finance costs

Finance income comprises interest income earned from loans extended to related corporations. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3 Significant accounting policies (Continued)

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivables on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3 Significant accounting policies (Continued)

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

3.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

3.19 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

These new standards include, among others, IFRS 1 *First-time adoption of IFRS*, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group is currently assessing the potential impact on its financial statements and to implement the standards. The Group does not plan to adopt these standards early.

4 Property, plant and equipment

	Leasehold land and buildings $	Plant and machinery $	Furniture and fittings $	Motor vehicles $	Construction in progress $	Installation in progress $	Total $
Group							
Cost							
At 1 January 2014	36,543,373	52,203,173	2,443,209	1,841,322	1,088,642	974,141	95,093,860
Additions	168,029	4,658,967	549,456	1,075,978	199,338	1,298,820	7,950,588
Disposals/write-off	–	(2,513,508)	(106,128)	(800,260)	–	–	(3,419,896)
Reclassification	187,163	1,516,713	1,028,166	–	(1,286,583)	(1,445,459)	–
Effect of movements in exchange rates	737,719	794,955	36,460	35,034	(1,397)	93,058	1,695,829
At 31 December 2014	37,636,284	56,660,300	3,951,163	2,152,074	–	920,560	101,320,381
At 1 January 2015	**37,636,284**	**56,660,300**	**3,951,163**	**2,152,074**	**–**	**920,560**	**101,320,381**
Additions	**41,828**	**2,315,184**	**377,056**	**186,716**	**120,074**	**3,694,917**	**6,735,775**
Disposals/write-off	**–**	**(904,243)**	**(15,519)**	**(93,703)**	**–**	**–**	**(1,013,465)**
Reclassification	**120,074**	**3,973,596**	**–**	**35,157**	**(120,074)**	**(4,008,753)**	**–**
Effect of movements in exchange rates	**822,805**	**883,216**	**35,872**	**35,791**	**–**	**23,440**	**1,801,124**
At 31 December 2015	**38,620,991**	**62,928,053**	**4,348,572**	**2,316,035**	**–**	**630,164**	**108,843,815**
Accumulated depreciation and impairment losses							
At 1 January 2014	8,186,947	30,916,394	1,092,997	919,137	–	–	41,115,475
Depreciation charge for the year	1,517,264	3,674,524	442,736	277,735	–	–	5,912,259
Disposals/write-off	–	(2,025,139)	(97,891)	(588,588)	–	–	(2,711,618)
Effect of movements in exchange rates	215,963	457,165	18,739	11,580	–	–	703,447
At 31 December 2014	9,920,174	33,022,944	1,456,581	619,864	–	–	45,019,563
At 1 January 2015	**9,920,174**	**33,022,944**	**1,456,581**	**619,864**	**–**	**–**	**45,019,563**
Depreciation charge for the year	**1,633,826**	**3,954,282**	**538,003**	**358,465**	**–**	**–**	**6,484,576**
Disposals/write-off	**–**	**(613,766)**	**(14,063)**	**(73,291)**	**–**	**–**	**(701,120)**
Effect of movements in exchange rates	**200,272**	**451,215**	**15,174**	**11,104**	**–**	**–**	**677,765**
At 31 December 2015	**11,754,272**	**36,814,675**	**1,995,695**	**916,142**	**–**	**–**	**51,480,784**
Carrying amounts							
At 1 January 2014	28,356,426	21,286,779	1,350,212	922,185	1,088,642	974,141	53,978,385
At 31 December 2014	27,716,110	23,637,356	2,494,582	1,532,210	–	920,560	56,300,818
At 31 December 2015	**26,866,719**	**26,113,378**	**2,352,877**	**1,399,893**	**–**	**630,164**	**57,363,031**

4 Property, plant and equipment (Continued)

Company	Plant and machinery $	Furniture and fittings $	Motor vehicles $	Total $
Cost				
At 1 January 2014	9,863,141	892,297	320,988	11,076,426
Additions	–	–	454,988	454,988
Disposals/write-off	(9,863,141)	(746,141)	(320,988)	(10,930,270)
At 31 December 2014	–	146,156	454,988	601,144
At 1 January 2015	**–**	**146,156**	**454,988**	**601,144**
Additions	**14,800**	**32,010**	**–**	**46,810**
Disposals/write-off	**–**	**–**	**–**	**–**
At 31 December 2015	**14,800**	**178,166**	**454,988**	**647,954**
Accumulated depreciation				
At 1 January 2014	9,505,832	390,124	320,987	10,216,943
Depreciation charge for the year	–	15,823	15,166	30,989
Disposals/write-off	(9,505,832)	(376,692)	(320,987)	(10,203,511)
At 31 December 2014	–	29,255	15,166	44,421
At 1 January 2015	**–**	**29,255**	**15,166**	**44,421**
Depreciation charge for the year	**1,110**	**22,342**	**90,998**	**114,450**
Disposals/write-off	**–**	**–**	**–**	**–**
At 31 December 2015	**1,110**	**51,597**	**106,164**	**158,871**
Carrying amounts				
At 1 January 2014	357,309	502,173	1	859,483
At 31 December 2014	–	116,901	439,822	556,723
At 31 December 2015	**13,690**	**126,569**	**348,824**	**489,083**

During the year, the Group acquired property, plant and equipment with an aggregate cost of $6,735,775 (2014: $7,950,588), of which $Nil (2014: $78,800) was acquired through finance leases and $872,446 (2014: $1,197,132) remained unsettled as of year end.

The carrying amount of motor vehicles held under finance leases at the reporting date was $348,824 (2014: $439,822). Leased assets are pledged as security for the related finance leases liabilities (note 15).

The following property, plant and equipment are pledged to banks to secure banking facilities granted to subsidiaries (notes 15 and 16).

	Group 2015 $	Group 2014 $
Leasehold land and buildings	**13,054,424**	24,988,342
Plant and machinery	**6,191,521**	5,318,133
	19,245,945	30,306,475

4 Property, plant and equipment (Continued)

Impairment losses of property, plant and equipment

In 2015, the Group carried out a review of the recoverable amounts of property, plant and equipment. The review results in no additional impairment made or reversal of impairment losses.

The recoverable amounts of the property, plant and equipment is the greater of its value-in-use and its fair value less costs of disposal. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period.

The approach to determine the recoverable amounts of the CGUs is categorised as follows:

- CGUs that are loss making but are expected to be able to generate economic benefits. The recoverable amounts of the CGUs have been determined based on fair value less costs of disposal of the assets. The fair value less costs of disposal is based on market valuation performed by independent valuers with experience in the location and category of the land and building being valued.
- The recoverable amount of all other CGUs have been determined based on the calculation of their value-in-use derived from management's cash flows projections for these CGUs.

Key assumptions used in the estimation of value-in-use were as follows:

	2015 %	2014 %
Revenue growth rate		
Singapore	**3**	3
People's Republic of China	**6**	7
Pre-tax discount rate		
Singapore	**16**	16
People's Republic of China	**18 - 22**	15 - 19

The Group considers its asset impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management.

The forecasted revenue growth rate is estimated based on past performance and the expectations of market developments. Discount rates reflect the current market assessment of the risks specific to the asset. In determining appropriate discount rates for the asset, regard has been given to the weighted average cost of capital. Gross margins are based on average values achieved in the year preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements. The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

The fair value measurement is categorised as level 3 under the fair value hierarchy (see note 2.4). Details of valuation techniques and key inputs used for the estimation of the recoverable amounts of CGU based on fair value less costs of disposal:

Type	Valuation technique	Significant unobservable inputs
Long term leasehold land	Comparison Method of Valuation	Comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land.
Long term leasehold building	Depreciated Replacement Cost Method	Aggregated amount of gross replacement cost of the building and other site works from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.

5 Intangible assets

	Group			Company
	Goodwill $	Club membership $	Total $	Club membership $
Cost				
At 1 January 2014	1,149,652	95,000	1,244,652	95,000
Effect of movements in exchange rates	22,464	–	22,464	–
At 31 December 2014	1,172,116	95,000	1,267,116	95,000
At 1 January 2015	**1,172,116**	**95,000**	**1,267,116**	**95,000**
Effect of movements in exchange rates	**25,290**	**–**	**25,290**	**–**
At 31 December 2015	**1,197,406**	**95,000**	**1,292,406**	**95,000**
Accumulated amortisation				
At 1 January 2014	–	68,000	68,000	68,000
Amortisation charge for the year	–	3,000	3,000	3,000
At 31 December 2014	–	71,000	71,000	71,000
At 1 January 2015	**–**	**71,000**	**71,000**	**71,000**
Amortisation charge for the year	**–**	**3,000**	**3,000**	**3,000**
At 31 December 2015	**–**	**74,000**	**74,000**	**74,000**
Carrying amounts				
At 1 January 2014	1,149,652	27,000	1,176,652	27,000
At 31 December 2014	1,172,116	24,000	1,196,116	24,000
At 31 December 2015	**1,197,406**	**21,000**	**1,218,406**	**21,000**

Annual impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's CGU identified as included in the following reportable segment:

	Group	
	2015 $	**2014 $**
Singapore	**17,684**	17,684
People's Republic of China		
– Hefei Dansun Packaging Co., Ltd	**670,395**	656,024
– Nantong group of entities	**509,327**	498,408
	1,197,406	1,172,116

The recoverable amount of a CGU is determined annually based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of five years.

5 Intangible assets (Continued)

Annual impairment tests for cash-generating units containing goodwill (Continued)

For the purpose of analysing each CGU, management used the following key assumptions:

	2015 %	2014 %
Revenue growth rate		
Singapore	**3**	3
People's Republic of China	**6**	7
Pre-tax discount rate		
Singapore	**16**	16
People's Republic of China	**21**	19

The forecasted revenue growth rate is estimated based on past performance and the expectations of market developments relevant to each of the CGU. Discount rates reflect the current market assessment of the risks specific to each CGU. In determining appropriate discount rates for each CGU, regard has been given to the weighted average cost of capital. Gross margins are based on average values achieved in the year preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements. The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

6 Investment in subsidiaries

	Company	
	2015 $	2014 $
Equity investments at cost	**29,320,868**	29,320,868

Name	Country of incorporation	Principal activities	Ownership interest 2015 %	Ownership interest 2014 %
Held by the Company:				
United Packaging Industries Pte. Ltd. (i)	Singapore	Manufacture and sales of corrugated boards, corrugated cartons and other packaging products	**100**	100
Tat Seng Packaging (Suzhou) Co., Ltd (ii)	People's Republic of China	Manufacture and sales of corrugated boards, corrugated cartons and other packaging products	**100**	100
Hefei Dansun Packaging Co., Ltd (ii)	People's Republic of China	Manufacture and sales of corrugated cartons and other packaging products	**94.4**	94.4
Tianjin Dansun Packaging Co., Ltd (iii)	People's Republic of China	Manufacture and sales of corrugated cartons and other packaging products	**67**	67
Held through Tat Seng Packaging (Suzhou) Co., Ltd:				
Nantong Hengcheng Paper Industry Co., Ltd (iii)	People's Republic of China	Manufacture and sales of corrugated boards	**70**	70
Held through Nantong Hengcheng Paper Industry Co., Ltd:				
Nantong Tat Seng Packaging Co., Ltd (ii)	People's Republic of China	Manufacture and sales of corrugated boards	**100**	100

6 Investment in subsidiaries (Continued)

(i) Audited by KPMG LLP, Singapore
(ii) Audited by KPMG Huazhen for group consolidation purposes
(iii) The subsidiaries are not considered significant subsidiaries of the Group. For this purpose, a subsidiary is considered significant, as defined under the Singapore Exchange Limited Listing Manual, if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profit accounts for 20% or more of the Group's consolidated pre-tax profit.

7 Investment securities

	Group and Company	
	2015	**2014**
	$	**$**
Available-for-sale financial assets		
Quoted equity instruments	**–**	832,000

Quoted equity instruments and their dividends receivable are denominated in Singapore dollar. Quoted equity instruments are stated at their quoted closing bid price at the reporting date.

8 Deferred tax assets

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Group				
Property, plant and equipment	**(430,114)**	(98,868)	**341,663**	664,182
Provisions	**(965,258)**	(940,756)	**3,225**	–
Investment in subsidiaries	**–**	–	**653,324**	102,959
Trade and other receivables	**(368,263)**	(238,003)	**107,614**	–
Tax loss carry-forwards	**(907,466)**	(1,128,230)	**–**	–
Deferred tax (assets)/liabilities	**(2,671,101)**	(2,405,857)	**1,105,826**	767,141
Set-off of tax	**1,105,826**	767,141	**(1,105,826)**	(767,141)
Net deferred tax assets	**(1,565,275)**	(1,638,716)	**–**	–
Company				
Property, plant and equipment	**(10,415)**	–	**–**	11,633
Provisions	**(212,416)**	(209,356)	**–**	–
Tax loss carry-forwards	**(572,948)**	(254,164)	**–**	–
Deferred tax (assets)/liabilities	**(795,779)**	(463,520)	**–**	11,633
Set-off of tax	**–**	11,633	**–**	(11,633)
Net deferred tax assets	**(795,779)**	(451,887)	**–**	–

8 Deferred tax assets and liabilities (Continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2015 $	2014 $
Unutilised tax losses	**6,707,717**	4,647,631

The unutilised tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries concerned can utilise the benefit. Tax losses of the subsidiaries concerned amounting to $6,707,717 (2014: $4,647,631) will expire between 2017 and 2020 (2014: 2017 and 2019).

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2015, a deferred tax liability of $1,771,753 (2014: $1,996,831) for temporary differences of $35,435,066 (2014: $39,936,617) related to undistributed earnings of certain subsidiaries of the Group were not recognised as the Group has determined that the undistributed profits of its overseas subsidiaries will not be remitted to Singapore in the foreseeable future, but be retained for organic growth and acquisitions.

Movements in deferred tax assets and liabilities during the year:

	At 1 January 2014 $	Recognised in profit or loss (note 23) $	Exchange differences $	At 31 December 2014 $	Recognised in profit or loss (note 23) $	Exchange differences $	At 31 December 2015 $
Group							
Property, plant and equipment	376,477	181,446	7,391	565,314	(659,650)	5,885	**(88,451)**
Provisions	(858,791)	(67,375)	(14,590)	(940,756)	(6,523)	(14,754)	**(962,033)**
Investment in subsidiaries	–	102,959	–	102,959	550,365	–	**653,324**
Trade and other receivables	(144,642)	(87,409)	(5,952)	(238,003)	(17,616)	(5,030)	**(260,649)**
Tax loss carry-forwards	(1,027,762)	(107,746)	7,278	(1,128,230)	225,935	(5,171)	**(907,466)**
Total	(1,654,718)	21,875	(5,873)	(1,638,716)	92,511	(19,070)	**(1,565,275)**

	At 1 January 2014 $	Recognised in profit or loss $	At 31 December 2014 $	Recognised in profit or loss $	At 31 December 2015 $
Company					
Property, plant and equipment	86,441	(74,808)	11,633	(22,048)	**(10,415)**
Provisions	(219,242)	9,886	(209,356)	(3,060)	**(212,416)**
Tax loss carry-forwards	(85,488)	(168,676)	(254,164)	(318,784)	**(572,948)**
Total	(218,289)	(233,598)	(451,887)	(343,892)	**(795,779)**

9 Inventories

	Group	
	2015	2014
	$	$
Raw materials	**13,642,575**	12,382,363
Work-in-progress	**339,340**	374,509
Finished goods	**1,159,571**	1,711,407
Goods-in-transit	**129,341**	43,413
Machinery parts	**384,735**	238,356
	15,655,562	14,750,048
Inventories recognised in cost of sales	**180,846,229**	177,728,872
Allowances for/(reversal of) impairment loss for inventories	**33,136**	(32,715)

10 Trade and other receivables, including derivatives

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade receivables	**44,906,314**	47,992,232	**3,040,331**	3,427,702
Bills receivables	**47,040,455**	51,323,610	**–**	–
Amounts due from subsidiary (non-trade)	**–**	–	**1,068,968**	–
Other receivables	**794,297**	804,399	**2,193**	7,077
Deposits	**489,634**	263,344	**5,801**	3,614
Loans and receivables	**93,230,700**	100,383,585	**4,117,293**	3,438,393
Financial derivatives assets	**6,087**	–	**–**	–
Prepayments	**840,398**	1,250,530	**14,260**	19,041
Advances to suppliers	**2,958,158**	1,420,747	**442,275**	2,672
	97,035,343	103,054,862	**4,573,828**	3,460,106

Non-trade balances with subsidiary are unsecured, non-interest bearing and repayable on demand.

11 Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Fixed deposits	**3,000,000**	1,000,000	**3,000,000**	1,000,000
Cash at banks and in hand	**34,359,540**	17,812,221	**1,733,830**	2,852,556
	37,359,540	18,812,221	**4,733,830**	3,852,556

11 Cash and cash equivalents (Continued)

Cash and bank balances totalling $29,979,036 (2014: $12,662,330) are held in a country which operates foreign exchange controls. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following as at 31 December:

	Group	
	2015 $	2014 $
Fixed deposits	**3,000,000**	1,000,000
Cash at banks and in hand	**34,359,540**	17,812,221
	37,359,540	18,812,221
Cash and bank balances pledged as security for bills payable granted to the Group	**(3,941,006)**	(3,176,141)
Cash and cash equivalents	**33,418,534**	15,636,080

12 Share capital

	Group and Company	
	2015 No. of shares	2014 No. of shares
Fully paid ordinary shares, with no par value		
At 1 January and 31 December	**157,200,000**	157,200,000

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 restrictions.

13 Other reserves

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Fair value reserve	**–**	457,600	**–**	457,600
Foreign currency translation reserve	**6,517,560**	4,974,453	**–**	–
Statutory reserve fund	**6,228,986**	4,938,207	**–**	–
Capital reserve	**3,565,694**	3,565,694	**–**	–
Hedging reserve	**6,087**	–	**–**	–
	16,318,327	13,935,954	**–**	457,600

(i) Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

(ii) The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

13 Other reserves (Continued)

(iii) The statutory reserve for certain subsidiaries. In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, wholly-owned subsidiaries are required to make appropriation to statutory reserve fund (SRF). At least 10% of the statutory after tax profits 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 subsidiaries' 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 subsidiaries. The SRF is not available for dividend distribution to shareholders. Appropriation to SRF for subsidiaries that are not wholly-owned are at the discretion of the Board of Directors.

(iv) The capital reserve comprises:

- the capitalisation of retained earnings of a subsidiary of the Group. The subsidiary capitalised its retained earnings in 2002 and 2005 in view of its expansion plans.
- the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid arising from acquisition of non-controlling interests in a subsidiary.

(v) The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flows hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

14 Deferred income

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Cost				
At 1 January	**1,579,604**	1,473,318	**185,650**	185,650
Movement during the year	**220,146**	77,982	**–**	–
Exchange differences	**28,238**	28,304	**–**	–
At 31 December	**1,827,988**	1,579,604	**185,650**	185,650
Accumulated amortisation				
At 1 January	**305,825**	188,269	**80,448**	43,318
Amortisation charge for the year	**213,476**	112,039	**105,202**	37,130
Exchange differences	**3,807**	5,517	**–**	–
At 31 December	**523,108**	305,825	**185,650**	80,448
Current	**107,144**	120,660	**–**	37,130
Non-current	**1,197,736**	1,153,119	**–**	68,072
	1,304,880	1,273,779	**–**	105,202

Included in deferred income are deferred capital grants relating to subsidies received for the acquisition of factory building and plant and machinery by its subsidiaries. The grant is amortised to match the depreciation of the related property, plant and equipment acquired and is presented in other income. There are no unfulfilled conditions or contingencies attached to this grant.

15 Loans and borrowings

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Non-current				
Secured loans *	**1,368,101**	1,156,674	**–**	–
Secured obligations under finance lease *	**45,270**	61,278	**45,270**	61,278
	1,413,371	1,217,952	**45,270**	61,278
Current				
Unsecured loan from non-controlling interests	**653,546**	639,535	**–**	–
Unsecured loans	**4,972,604**	8,795,420	**–**	–
Secured loans *	**8,632,586**	10,747,463	**–**	–
Secured obligations under finance lease *	**16,008**	16,008	**16,008**	16,008
	14,274,744	20,198,426	**16,008**	16,008
Total loans and borrowings	**15,688,115**	21,416,378	**61,278**	77,286

* See note 4 for securities pledged.

Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment. These leases have options to purchase the property, plant and equipment at an agreed price which is stated in the agreement.

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

	Minimum lease payment 2015 $	Present value of payment 2015 $	Minimum lease payment 2014 $	Present value of payment 2014 $
Group and Company				
Within 1 year	**17,832**	**16,008**	17,832	16,008
After 1 year but within 5 years	**50,696**	**45,270**	68,270	61,278
Total minimum lease payments	**68,528**	**61,278**	86,102	77,286
Less: Amounts representing finance charges	**(7,250)**	**–**	(8,816)	–
Present value of minimum lease payments	**61,278**	**61,278**	77,286	77,286

15 Loans and borrowings (Continued)

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate per annum	Maturity	2015 Face value $	2015 Carrying amount $	2014 Face value $	2014 Carrying amount $
Group						
Obligation under finance leases (secured)	4.48%	2019	**68,528**	**61,278**	86,102	77,286
Renminbi ("RMB") loan A (secured)	6.16 - 7.80%	2015	**–**	**–**	7,744,245	7,744,245
RMB loan B (secured)	4.79%	2016	**3,485,581**	**3,485,581**	–	–
RMB loan C (secured)	7.20%	2015	**–**	**–**	2,543,222	2,543,222
SGD loan D (secured)	3.40 - 3.62%	2018	**1,156,674**	**1,156,674**	1,616,670	1,616,670
Loan with non-controlling interests (unsecured)	4.79%	2016	**653,546**	**653,546**	–	–
Loan with non-controlling interests (unsecured)	6.44%	2015	**–**	**–**	639,535	639,535
RMB loan E (secured)	4.79 - 4.83%	2016	**4,207,742**	**4,207,742**	–	–
RMB loan F (secured)	7.50%	2018	**1,150,690**	**1,150,690**	–	–
RMB loan G (unsecured)	5.60 - 6.60%	2015	**–**	**–**	8,795,420	8,795,420
RMB loan H (unsecured)	4.79 - 6.16%	2016	**4,972,604**	**4,972,604**	–	–
			15,695,365	**15,688,115**	21,425,194	21,416,378
Company						
Obligation under finance leases (secured)	4.48%	2019	**68,528**	**61,278**	86,102	77,286

16 Bills payable

The bills payable of the Group are secured by the leasehold land, certain leasehold buildings, certain plant and machinery, cash and bank balances of the Group, and are non-interest bearing and mature within 6 months from the financial year end.

17 Trade and other payables

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Trade payables	**52,930,978**	53,488,493	**47,337**	62,134
Other payables	**3,850,945**	3,712,978	**257,222**	284,286
Accrued operating expenses	**5,076,061**	5,272,675	**1,409,493**	1,439,063
Accrued staff remuneration	**7,231,985**	5,867,148	**2,339,789**	1,729,166
Amounts due to subsidiaries				
– trade	**–**	–	**–**	345,620
– non-trade	**–**	–	**311,237**	4,550
Amounts due to holding company (non-trade)	**144,927**	215,863	**144,927**	215,863
	69,234,896	68,557,157	**4,510,005**	4,080,682

Non-trade balances with subsidiaries and holding company are unsecured, non-interest bearing and repayable on demand.

18 Revenue

	Group 2015 $	Group 2014 $
Sale of goods	**231,441,105**	224,545,010

19 Other income

	Group 2015 $	Group 2014 $
Gain on disposal of available-for-sale financial assets	**647,742**	–
Interest income from fixed deposit and others	**371,717**	238,072
Government grants	**315,603**	245,430
Net foreign exchange gain	**150,233**	–
Gain on disposal of property, plant and equipment	**–**	169,508
Reversal of impairment loss for inventories	**–**	32,715
Others	**378,426**	253,313
	1,863,721	939,038

20 Other expenses

	Group 2015 $	Group 2014 $
Net foreign exchange loss	**–**	122,630
Property, plant and equipment written off	**25,764**	81,727
Loss on disposal of property, plant and equipment	**48,529**	–
Allowances made for doubtful trade receivables	**1,109,611**	512,415
Bad debts write-off	**13,071**	185,057
Allowances for impairment loss for inventories	**33,136**	–
Amortisation of intangible assets	**3,000**	3,000
Others	**121,868**	425,484
	1,354,979	1,330,313

21 Finance costs

	Group 2015 $	Group 2014 $
Interest expense on loans and borrowings	**1,578,759**	2,310,083
Bank charges	**130,681**	133,090
	1,709,440	2,443,173

22 Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2015 $	2014 $
Audit fees paid to:		
– auditors of the Company	**112,000**	113,160
– other auditors	**153,133**	125,848
Non-audit fees paid to:		
– auditors of the Company	**10,000**	7,000
– other auditors	**40,000**	75,500
Directors' fees	**175,000**	214,000
Staff costs	**31,811,757**	29,985,276
Contributions to defined contribution plans, included in staff costs	**1,750,639**	1,574,724
Depreciation of property, plant and equipment	**6,484,576**	5,912,259
Operating lease expenses	**2,542,500**	3,056,829

23 Tax expense

	Note	Group	
		2015 $	2014 $
Current tax expense			
Current year		**4,245,607**	3,759,862
Adjustments for prior years		**(308,271)**	92,788
		3,937,336	3,852,650
Deferred tax expense			
Origination and reversal of temporary differences		**67,874**	(812,675)
Change in tax rate		**–**	146,488
Write-down of deferred tax asset		**–**	688,062
Adjustments for prior years		**24,637**	–
	8	**92,511**	21,875
Total tax expenses		**4,029,847**	3,874,525

23 Tax expense (Continued)

	Group	
Reconciliation of effective tax rate	**2015** **$**	**2014** **$**
Profit before tax	**17,227,214**	13,430,924
Tax at applicable rate of 17% (2014: 17%)	**2,928,626**	2,283,257
Non deductible expenses	**36,355**	181,616
Income not subject to tax	**(118,325)**	(10,544)
Change in tax rate	**–**	146,488
Effect of tax rates in foreign jurisdiction	**622,171**	610,866
(Over)/underprovided in prior years	**(283,634)**	92,788
Write-down of deferred tax asset	**–**	688,062
Tax incentives	**(592,068)**	(682,096)
Deferred tax assets not recognised	**404,262**	474,571
Withholding tax	**835,192**	–
Others	**197,268**	89,517
	4,029,847	3,874,525

A foreign subsidiary was accredited as a "High and New Technology Enterprise" ("HNTE") and was entitled to a preferential income tax rate of 15% for a period of three years from 2011 to 2013. The subsidiary renewed its HNTE qualification in 2014, and will be entitled to the preferential tax rate of 15% for another three years retrospectively from 2014 to 2016 upon approval by the tax authority and subject to the subsidiary's compliance with the conditions imposed by the tax authority.

24 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2015 **$**	**2014** **$**
Profit, net of tax, attributable to owners of the Company	**12,442,243**	9,489,943

	No. of shares	
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**157,200,000**	157,200,000

As there are no share options and warrants in issue as at the financial year end, the basic and fully diluted earnings per share are the same.

25 Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December

	Group and Company	
	2015 $	2014 $
Paid by the Company to owner of the Company		
Final exempt (one-tier) dividend at $0.01 (2014: $0.01) per ordinary share in respect of the previous financial year	**1,572,000**	1,572,000
Interim exempt (one-tier) dividend at $0.01 (2014: $0.01) per ordinary share in respect of the current financial year	**1,572,000**	1,572,000
	3,144,000	3,144,000

	Group	
	2015 $	2014 $
Paid by subsidiary to NCI		
Final dividend in respect of the current financial year	**119,684**	–

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2015 $	2014 $
Final exempt (one-tier) dividend at $0.01 (2014: $0.01) per ordinary share in respect of current financial year	**1,572,000**	1,572,000
Special exempt (one-tier) dividend at $0.01 (2014: $Nil) per ordinary share in respect of current financial year	**1,572,000**	–
	3,144,000	1,572,000

26 Banking facilities

The amounts of credit facilities granted by the bank to the Group and the Company at the reporting date were as follows:

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Loan and trade financing facilities	**90,765,158**	97,997,050	**6,100,000**	6,100,000
Overdraft facilities	**2,100,000**	2,100,000	**–**	–
Foreign exchange contracts	**11,750,000**	12,750,000	**1,000,000**	4,000,000

The banking facilities of its subsidiaries are secured by the leasehold land, certain leasehold buildings and certain plant and machinery of its subsidiaries (note 4).

27 Related parties

During the year, other than disclosed elsewhere in the financial statements, there were the following significant transactions with related parties:

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Holding company:				
Interest expense	–	156,877	–	156,877
Corporate service fee	**48,000**	48,000	**48,000**	48,000
Subsidiaries:				
Sale of assets	–	–	–	2,140,145
Management fee income	–	–	**464,126**	475,316
Dividend income	–	–	**5,696,539**	4,424,557
Purchases	–	–	**15,190,830**	14,028,210
Related parties:				
Sales	**25,913**	20,539	**25,913**	20,539

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2015 $	2014 $
Short-term employee benefits	**3,458,124**	2,882,849
Defined contributions plan	**43,750**	38,776
Other short-term benefits	**21,426**	20,394
Total compensation paid to Executive Directors of the Company, included in staff costs	**3,523,300**	2,942,019

The management considers that there were no key management personnel other than the Executive Directors.

28 Commitments

Lease commitments

The Group has entered into commercial leases on certain factory equipment, office equipment and leasehold land and properties. These non-cancellable leases have remaining lease terms of between 1 to 31 years. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. One of the leasehold properties contains a clause to enable upward revisions of rental charge by 7% in June 2010 and 7% every 3 years thereafter.

28 Commitments (Continued)

Lease commitments (Continued)

At the reporting date, commitments of the Group and the Company for minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Within 1 year	**2,248,072**	1,900,994	**1,660,831**	1,674,860
After 1 year but within 5 years	**9,523,126**	8,541,289	**7,042,323**	6,994,040
More than 5 years	**3,701,232**	6,372,787	**2,722,087**	4,557,201
	15,472,430	16,815,070	**11,425,241**	13,226,101

Capital commitments

Capital expenditure contracted for as at the reporting date but not recognised in the financial statements are as follows:

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Capital commitments in respect of purchase of property, plant and equipment	**2,578,103**	1,290,327	**1,748,040**	–

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $28,775,986 (2014: $22,559,468) to banks for banking facilities of $33,945,986 (2014: $25,729,468) made available to its subsidiaries, of which the subsidiaries has utilised $13,058,739 (2014: $6,119,307).

29 Financial risk management

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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 maximum exposure to credit risk arises primarily from trade and other receivables.

Credit risk is managed through the application of credit approvals, credit limits, credit insurance and monitoring procedures. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing with reputable counterparties. As at 31 December 2015, the Group's concentration of credit risk by geographical locations is in Singapore and the PRC.

29 Financial risk management (Continued)

Credit risk (Continued)

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

	2015		2014	
	$	% of total	$	% of total
Singapore	**6,157,884**	**7%**	6,641,547	7%
PRC	**85,788,885**	**93%**	92,674,295	93%
	91,946,769	**100%**	99,315,842	100%

Impairment losses

The ageing of trade and other receivables* that are not impaired at the reporting date is:

	2015 $	2014 $
Group		
Not past due	**86,790,525**	93,628,767
Past due 1 – 90 days	**5,106,640**	4,334,902
Past due 91 – 180 days	**33,802**	129,570
More than 180 days	**15,802**	1,222,603
No credit term	**1,283,931**	1,067,743
	93,230,700	100,383,585
Company		
Not past due	**2,416,355**	2,699,239
Past due 1 – 90 days	**623,976**	717,027
Past due 91 – 180 days	**–**	11,436
More than 180 days	**–**	–
No credit term	**1,076,962**	10,691
	4,117,293	3,438,393

* excludes financial derivatives assets, prepayments and advance to suppliers

The movements in impairment losses in respect of trade and other receivables during the year are as follows:

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
At 1 January	**1,121,440**	581,454	**10,058**	1,200
Allowance for impairment losses recognised	**1,223,781**	577,200	**–**	8,858
Reversal of allowance for impairment losses recognised	**(114,170)**	(64,785)	**(3,953)**	–
Exchange differences	**11,137**	27,571	**–**	–
At 31 December	**2,242,188**	1,121,440	**6,105**	10,058

29 Financial risk management (Continued)

Credit risk (Continued)

Trade and other receivables that are individually determined to be impaired at the reporting date 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.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and investment securities 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.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. Liquidity risk arises in the general funding of the Group's operating activities. It includes the risk of not being able to fund operating activities at settlement dates and liquidate positions in a timely manner at a reasonable price.

The Group manages its liquidity risk by ensuring the availability of funding through diverse sources of committed and uncommitted credit facilities from various banks and maintaining adequate cash and cash equivalents.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount $	Contractual cash flows $	Within 1 year $	More than 1 year $
Group				
2015				
Non-derivative financial liabilities				
Trade and other payables	**69,234,896**	**(69,234,896)**	**(69,234,896)**	**–**
Bills payable	**18,268,599**	**(18,268,599)**	**(18,268,599)**	**–**
Loans and borrowings	**15,688,115**	**(16,162,891)**	**(14,695,809)**	**(1,467,082)**
	103,191,610	**(103,666,386)**	**(102,199,304)**	**(1,467,082)**
Derivative financial instruments				
Forward exchange contracts used for hedging (gross-settled)	**(6,087)**			
– outflow		**(708,501)**	**(708,501)**	**–**
– inflow		**714,588**	**714,588**	**–**
	(6,087)	**6,087**	**6,087**	**–**
Total	**103,185,523**	**(103,660,299)**	**(102,193,217)**	**(1,467,082)**
2014				
Non-derivative financial liabilities				
Trade and other payables	68,557,157	(68,557,157)	(68,557,157)	–
Bills payable	11,535,975	(11,535,975)	(11,535,975)	–
Loans and borrowings	21,416,378	(22,311,552)	(21,032,102)	(1,279,450)
Total	101,509,510	(102,404,684)	(101,125,234)	(1,279,450)

29 Financial risk management (Continued)

Liquidity risk (Continued)

	Carrying amount $	Contractual cash flows $	Within 1 year $	More than 1 year $
Company				
2015				
Non-derivative financial liabilities				
Trade and other payables	**4,510,005**	**(4,510,005)**	**(4,510,005)**	**–**
Loans and borrowings	**61,278**	**(68,528)**	**(17,832)**	**(50,696)**
Recognised financial liabilities	**4,571,283**	**(4,578,533)**	**(4,527,837)**	**(50,696)**
Intra-group financial guarantee	**–**	**(28,775,986)**	**(28,775,986)**	**–**
Total	**4,571,283**	**(33,354,519)**	**(33,303,823)**	**(50,696)**
2014				
Non-derivative financial liabilities				
Trade and other payables	4,080,682	(4,080,682)	(4,080,682)	–
Loans and borrowings	77,286	(86,102)	(17,832)	(68,270)
Recognised financial liabilities	4,157,968	(4,166,784)	(4,098,514)	(68,270)
Intra-group financial guarantee	–	(22,559,468)	(22,559,468)	–
Total	4,157,968	(26,726,252)	(26,657,982)	(68,270)

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks arise primarily from their loans and borrowings. The Group's policy is to maintain the bank borrowings to the minimum, and to obtain the most favourable interest rates available without increasing its foreign exchange exposure.

Surplus funds in the Group are placed in deposits with banks and are subject to interest rate risk.

29 Financial risk management (Continued)

Interest rate risk (Continued)

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying amount		Company Carrying amount	
	2015 $	2014 $	2015 $	2014 $
Fixed rate instruments				
Financial assets	**3,000,000**	1,000,000	**3,000,000**	1,000,000
Financial liabilities	**(3,546,859)**	(16,616,950)	**(61,278)**	(77,286)
	(546,859)	(15,616,950)	**2,938,722**	922,714
Variable rate instruments				
Financial assets	**30,200,365**	12,714,927	**7,763**	11,759
Financial liabilities	**(12,141,256)**	(4,799,428)	**–**	–
	18,059,109	7,915,499	**7,763**	11,759

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit or loss			
	Group		Company	
	100 bp increase $	100 bp decrease $	100 bp increase $	100 bp decrease $
2015				
Variable rate instruments	**180,591**	**(180,591)**	**78**	**(78)**
2014				
Variable rate instruments	79,155	(79,155)	118	(118)

Currency risk

The Group is exposed to foreign exchange risk on sales, purchases and investments, including inter-company sales and purchases and inter-company balances that are denominated in a currency other than the functional currency of the respective companies in the Group. The currency giving rise to this risk is primarily the United States dollar.

Foreign currencies received are kept in foreign currency bank accounts and are used to make foreign currency payments so as to minimise the foreign exchange exposure. The Group is also exposed to currency translation risk arising from its net investments in PRC. The Group's net investments in PRC are not hedged as currency positions in RMB is considered long-term in nature.

29 Financial risk management (Continued)

Currency risk (Continued)

The Group's exposures to foreign currencies (before inter-company elimination) are as follows:

	2015			2014		
	US Dollars ("USD") $	Singapore dollars ("SGD") $	Others $	US Dollars ("USD") $	Singapore dollars ("SGD") $	Others $
Group						
Trade and other receivables	**629,521**	**–**	**–**	894,296	–	–
Cash and cash equivalents	**302,520**	**39,900**	**556,740**	237,193	39,900	–
Trade and other payables	**(453,963)**	**–**	**(55,648)**	(2,289,400)	(89,903)	(55,694)
Net statement of financial position exposure	**478,078**	**39,900**	**501,092**	(1,157,911)	(50,003)	(55,694)
Forward foreign exchange contracts	**714,588**	**–**	**–**	–	–	–
Net exposure	**1,192,666**	**39,900**	**501,092**	(1,157,911)	(50,003)	(55,694)

	2015		2014	
	US Dollars ("USD") $	Others $	US Dollars ("USD") $	Others $
Company				
Trade and other receivables	**29,850**	**–**	36,520	–
Cash and cash equivalents	**7,764**	**–**	34,255	–
Trade and other payables	**–**	**–**	(157,394)	(7,399)
Net exposure	**37,614**	**–**	(86,619)	(7,399)

The contractual amounts of the derivative financial instruments and their corresponding gross positive and negative fair values at statement of financial position date are analysed below:

	Contract/ notional amount $	Positive fair values $	Negative fair values $
Group			
2015			
Forward exchange contracts used for hedging	**714,588**	**6,087**	**–**

Sensitivity analysis

A 5% (2014: 5%) strengthening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Group		Company	
	Profit or loss $	Equity $	Profit or loss $	Equity $
31 December 2015				
USD	**23,904**	**35,729**	**1,881**	**–**
SGD	**1,995**	**–**	**–**	**–**
Others	**25,055**	**–**	**–**	**–**
31 December 2014				
USD	(57,896)	–	(4,331)	–
SGD	(2,500)	–	–	–
Others	(2,785)	–	(370)	–

29 Financial risk management (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

A 5% (2014: 5%) weakening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. The analysis is performed on the same basis for 2014.

Sensitivity analysis-equity price risk

A 2% (2014: 2%) increase/(decrease) in the underlying prices of quoted equity security available-for-sale at the reporting date would increase/(decrease) equity of the Group and the Company by $ Nil (2014: $16,640). This analysis assumes that all other variables remain constant.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value		
	Note	Loans and receivables $	Available-for-sale $	Fair value – hedging instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Group									
2015									
Financial assets measured at fair value									
Financial derivatives assets	10	–	–	6,087	–	6,087	–	6,087	–
Financial assets not measured at fair value									
Trade and other receivables *	10	93,230,700	–	–	–	93,230,700			
Cash and cash equivalents	11	37,359,540	–	–	–	37,359,540			
		130,590,240	–	–	–	130,590,240			
Financial liabilities not measured at fair value									
Loans and borrowings	15	–	–	–	(15,688,115)	(15,688,115)			
Bills payable	16	–	–	–	(18,268,599)	(18,268,599)			
Trade and other payables	17	–	–	–	(69,234,896)	(69,234,896)			
		–	–	–	(103,191,610)	(103,191,610)			

* Excludes financial derivatives assets, prepayments and advances to supplier

29 Financial risk management (Continued)

Accounting classifications and fair values (Continued)

		Carrying amount					Fair value		
	Note	Loans and receivables $	Available-for-sale $	Fair value – hedging instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Group									
2014									
Financial assets measured at fair value									
Investment securities	7	–	832,000	–	–	832,000	832,000	–	–
Financial assets not measured at fair value									
Trade and other receivables *	10	100,383,585	–	–	–	100,383,585			
Cash and cash equivalents	11	18,812,221	–	–	–	18,812,221			
		119,195,806	–	–	–	119,195,806			
Financial liabilities not measured at fair value									
Loans and borrowings	15	–	–	–	(21,416,378)	(21,416,378)			
Bills payable	16	–	–	–	(11,535,975)	(11,535,975)			
Trade and other payables	17	–	–	–	(68,557,157)	(68,557,157)			
		–	–	–	(101,509,510)	(101,509,510)			
Company									
2015									
Financial assets not measured at fair value									
Trade and other receivables *	**10**	**4,117,293**	**–**	**–**	**–**	**4,117,293**			
Cash and cash equivalents	**11**	**4,733,830**	**–**	**–**	**–**	**4,733,830**			
		8,851,123	**–**	**–**	**–**	**8,851,123**			
Financial liabilities not measured at fair value									
Loans and borrowings	**15**	**–**	**–**	**–**	**(61,278)**	**(61,278)**			
Trade and other payables	**17**	**–**	**–**	**–**	**(4,510,005)**	**(4,510,005)**			
		–	**–**	**–**	**(4,571,283)**	**(4,571,283)**			
Company									
2014									
Financial assets measured at fair value									
Investment securities	7	–	832,000	–	–	832,000	832,000	–	–
Financial assets not measured at fair value									
Trade and other receivables*	10	3,438,393	–	–	–	3,438,393			
Cash and cash equivalents	11	3,852,556	–	–	–	3,852,556			
		7,290,949	–	–	–	7,290,949			
Financial liabilities not measured at fair value									
Loans and borrowings	15	–	–	–	(77,286)	(77,286)			
Trade and other payables	17				(4,080,682)	(4,080,682)			
		–	–	–	(4,157,968)	(4,157,968)			

* Excludes financial derivatives assets, prepayments and advances to supplier

29 Financial risk management (Continued)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used, where applicable.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Forward exchange contracts	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.

During the financial years ended 31 December 2015 and 31 December 2014, there were no transfers between Level 1 and Level 2.

30 Capital management

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 shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments 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 2014.

As disclosed in note 13, subsidiaries of the Group are required by the Foreign Enterprise Law 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 Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve and the above mentioned restricted statutory reserve funds.

	Group	
	2015 **$**	**2014** **$**
Trade and other payables	**69,234,896**	68,557,157
Bills payable	**18,268,599**	11,535,975
Loans and borrowings	**15,688,115**	21,416,378
Less: Cash and cash equivalents	**(37,359,540)**	(18,812,221)
Net debt	**65,832,070**	82,697,289
Equity attributable to owners of the Company	**98,609,582**	88,219,407
Less: Fair value adjustment reserve	**–**	(457,600)
Less: Statutory reserve fund	**(6,228,986)**	(4,938,207)
Less: Hedging reserve	**(6,087)**	–
Total capital	**92,374,509**	82,823,600
Capital and net debt	**158,206,579**	165,520,889
Gearing ratio	**42%**	50%

31 Non-controlling interests in subsidiaries

The following table summarises the information relating to the Group's subsidiaries with material non-controlling interest ("NCI"), based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

	Material NCI in PRC $	Other individually immaterial NCI in PRC $	Intra-group elimination $	Total $
2015				
Revenue	47,180,784			
Profit	3,257,289			
Other comprehensive income	143,059			
Total comprehensive income	3,400,348			
Attributable to NCI:				
– Profit	977,187	(222,063)	–	755,124
– Other comprehensive income	42,918	65,410	–	108,328
– Total comprehensive income	1,020,105	(156,653)	–	863,452
Non-current assets	12,437,738			
Current assets	33,120,014			
Non-current liabilities	(671,423)			
Current liabilities	(33,404,078)			
Net assets	11,482,251			
Net assets attributable to NCI	3,444,675	2,709,168	–	6,153,843
Cash flows from operating activities	5,720,047			
Cash flows used in investing activities	(2,381,902)			
Cash flows used in financing activities (dividend to NCI: note 25)	(2,082,029)			
Net increase in cash and cash equivalents	1,256,116			

31 Non-controlling interests in subsidiaries (Continued)

	Material NCI in PRC $	Other individually immaterial NCI in PRC $	Intra-group elimination $	Total $
2014				
Revenue	43,596,165			
Profit	2,103,054			
Other comprehensive income	189,019			
Total comprehensive income	2,292,073			
Attributable to NCI:				
– Profit	630,916	(563,928)	(532)	66,456
– Other comprehensive income	56,706	(67,488)	–	(10,782)
– Total comprehensive income	687,622	(631,416)	(532)	55,674
Non-current assets	10,802,486			
Current assets	28,552,580			
Non-current liabilities	–			
Current liabilities	(31,356,055)			
Net assets	7,999,011			
Net assets attributable to NCI	2,399,703	2,985,505	24,867	5,410,075
Cash flows from operating activities	673,826			
Cash flows used in investing activities	(1,355,606)			
Cash flows used in financing activities (dividend to NCI: nil)	(496,948)			
Net decrease in cash and cash equivalents	(1,178,728)			

32 Segment information

The Group has two reportable segments which are geographical segments namely Singapore and PRC. These geographical segments are managed separately because they require different marketing strategies and bear different financial and business risks.

Geographical segments are defined based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. These operating businesses are organised and managed separately with each segment representing a strategic business unit that serves different markets.

32 Segment information (Continued)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax and deferred tax liabilities. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

	Singapore $	PRC $	Group $
2015			
Revenue:			
Sales to external customers	**37,186,311**	**194,254,794**	**231,441,105**
Results from operating activities	**638,962**	**18,297,692**	**18,936,654**
Finance costs			**(1,709,440)**
Tax expense			**(4,029,847)**
Net profit for the year			**13,197,367**
Segment assets	**23,161,652**	**185,470,230**	**208,631,882**
Unallocated assets			**1,565,275**
Total assets			**210,197,157**
Segment liabilities	**8,925,190**	**95,571,300**	**104,496,490**
Unallocated liabilities			**937,242**
Total liabilities			**105,433,732**
Capital expenditure	**1,350,456**	**5,385,319**	**6,735,775**
Depreciation of property, plant and equipment	**948,096**	**5,536,480**	**6,484,576**
Amortisation of intangible assets	**3,000**	**–**	**3,000**
2014			
Revenue:			
Sales to external customers	36,809,881	187,735,129	224,545,010
Results from operating activities	(1,395,169)	17,269,266	15,874,097
Finance costs			(2,443,173)
Tax expense			(3,874,525)
Net profit for the year			9,556,399
Segment assets	22,300,868	172,645,197	194,946,065
Unallocated assets			1,638,716
Total assets			196,584,781
Segment liabilities	10,629,813	92,153,476	102,783,289
Unallocated liabilities			172,010
Total liabilities			102,955,299
Capital expenditure	2,386,966	5,563,622	7,950,588
Depreciation of property, plant and equipment	784,624	5,127,635	5,912,259
Amortisation of intangible assets	3,000	–	3,000

CHINA, SUZHOU OPERATIONS

- Location : Jiangsu Province, Suzhou City, Xiangcheng District, Wanting Town, Wendu Road, No. 88 , The People's Republic of China 215155
- Usage : Factory premises, office building, dormitory, development
- Land area : 58,798.6 square metres
- Tenure : Leasehold
  – 50 years lease of 58,798.6 square metres expiring on 4 September 2047
- Ownership : 100% owned by Tat Seng Packaging (Suzhou) Co., Ltd.
- Net carrying amount : RMB23.3 million (approximately S$5.1 million) as at 31 December 2015

CHINA, HEFEI OPERATIONS

- Location : Anhui Province, Hefei Eco-Tech Development Zone, Zipeng Road, No. 105, The People's Republic of China 230601
- Usage : Factory premises, office building
- Land area : 49,400 square metres
- Tenure : Leasehold
  – 48 years lease of 35,800 square metres expiring in August 2053
  – 49 years 8 months lease of 13,600 square metres expiring on 8 December 2056
- Ownership : 100% owned by Hefei Dansun Packaging Co., Ltd.
- Net carrying amount : RMB27.5 million (approximately to S$6.0 million) as at 31 December 2015

CHINA, NANTONG TAT SENG OPERATIONS

- Location : Jiangsu Province, Nantong City, Tongzhou District, Xiting Town, Ting Nan Heng Road, The People's Republic of China 226301
- Usage : Factory premises, office building
- Land area : 26,586 square metres
- Tenure : Leasehold
  – 50 years lease of 26,586 square metres expiring on 18 March 2060
- Ownership : 100% owned by Nantong Tat Seng Packaging Co., Ltd.
- Net carrying amount : RMB21.3 million (approximately to S$4.6 million) as at 31 December 2015

CHINA, TIANJIN DANSUN OPERATIONS

- Location : Tianjin City, Airport Economic Zone, Jingyi Road, No. 257, The People's Republic of China 300308
- Usage : Factory premises, office building
- Land area : 33,233.3 square metres
- Tenure : Leasehold
  – 50 years lease of 33,233.3 square metres expiring on 3 April 2062
- Ownership : 100% owned by Tianjin Dansun Packaging Co., Ltd.
- Net carrying amount : RMB50.7 million (approximately to S$11.0 million) as at 31 December 2015

	附注	集团		公司	
		2015	2014	2015	2014
		$	$	$	$
非流动资产					
固定资产	4	**57,363,031**	56,300,818	**489,083**	556,723
无形资产	5	**1,218,406**	1,196,116	**21,000**	24,000
投资子公司	6	**–**	–	**29,320,868**	29,320,868
投资性金融资产	7	**–**	832,000	**–**	832,000
递延所得税资产	8	**1,565,275**	1,638,716	**795,779**	451,887
		60,146,712	59,967,650	**30,626,730**	31,185,478
流动资产					
存货	9	**15,655,562**	14,750,048	**–**	–
应收账款及其他应收款	10	**97,035,343**	103,054,862	**4,573,828**	3,460,106
现金和现金等同物	11	**37,359,540**	18,812,221	**4,733,830**	3,852,556
		150,050,445	136,617,131	**9,307,658**	7,312,662
资产总计		**210,197,157**	196,584,781	**39,934,388**	38,498,140
股东权益					
股本	12	**31,440,000**	31,440,000	**31,440,000**	31,440,000
未分配利润		**50,851,255**	42,843,453	**3,923,105**	2,337,370
储备金	13	**16,318,327**	13,935,954	**–**	457,600
		98,609,582	88,219,407	**35,363,105**	34,234,970
少数股东权益		**6,153,843**	5,410,075	**–**	–
股东权益合计		**104,763,425**	93,629,482	**35,363,105**	34,234,970
非流动负债					
递延收入	14	**1,197,736**	1,153,119	**–**	68,072
长期借款	15	**1,413,371**	1,217,952	**45,270**	61,278
		2,611,107	2,371,071	**45,270**	129,350
流动负债					
递延收入	14	**107,144**	120,660	**–**	37,130
应交所得税		**937,242**	172,010	**–**	–
短期借款	15	**14,274,744**	20,198,426	**16,008**	16,008
应付票据	16	**18,268,599**	11,535,975	**–**	–
应付账款及其他应付款	17	**69,234,896**	68,557,157	**4,510,005**	4,080,682
		102,822,625	100,584,228	**4,526,013**	4,133,820
负债合计		**105,433,732**	102,955,299	**4,571,283**	4,263,170
负债及股东权益总计		**210,197,157**	196,584,781	**39,934,388**	38,498,140

附注内容是财务报表的组成部分之一。

合并损益表

至2015年12月31日止年度

	附注	2015 $	2014 $
销售收入	18	**231,441,105**	224,545,010
销售成本		**(182,524,033)**	(179,105,371)
毛利		**48,917,072**	45,439,639
其他营业收入	19	**1,863,721**	939,038
销售费用		**(13,732,574)**	(13,263,524)
管理费用		**(16,756,586)**	(15,910,743)
其他营业费用	20	**(1,354,979)**	(1,330,313)
营业活动之盈利		**18,936,654**	15,874,097
财务费用	21	**(1,709,440)**	(2,443,173)
税前盈利	22	**17,227,214**	13,430,924
所得税费用	23	**(4,029,847)**	(3,874,525)
本期盈利		**13,197,367**	9,556,399
可归属			
母公司股东		**12,442,243**	9,489,943
少数股东权益		**755,124**	66,456
本期盈利		**13,197,367**	9,556,399
每股收益			
每股基本与稀释收益（分）	24	**7.92**	6.04

附注内容是财务报表的组成部分之一。

Number of Issued and Fully Paid Shares	:	157,200,000
Class of Shares	:	Ordinary Share with equal voting rights
Issued and Fully Paid Share Capital	:	S$31,440,000

SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2016

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD DIRECT INTEREST	DEEMED INTEREST	SHAREHOLDING PERCENTAGE %
Hanwell Holdings Limited	100,529,000	—	63.95
Loh See Moon	23,580,000	—	15.00
Violet Profit Holdings Limited[(1)]	—	100,529,000	63.95
Ku Yun-Sen[(1)]	—	100,529,000	63.95

Note:

[(1)] Violet Profit Holdings Limited and Ku Yun-Sen are deemed to be interested in 100,529,000 shares held by Hanwell Holdings Limited in the capital of the Company, by virtue of Section 7(4A) of the Companies Act, Cap. 50.

DIRECTORS' SHAREHOLDING AS AT 21 JANUARY 2016

DIRECTORS	HOLDINGS IN THE NAME OF DIRECTOR OR IN WHICH DIRECTOR HAS A DIRECT INTEREST	HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST
Loh See Moon	23,580,000	—
Cheong Poh Hua	516,000	260,000*

* Cheong Poh Hua is deemed to be interested in 260,000 shares held by her spouse in the capital of the Company.

ANALYSIS OF SHAREHOLDERS AS AT 10 MARCH 2016

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDINGS	%	NO. OF SHARES	%
1 – 99	2	0.21	4	0.00
100 – 1,000	351	36.75	345,595	0.22
1,001 – 10,000	292	30.58	1,611,000	1.02
10,001 – 1,000,000	306	32.04	25,271,701	16.08
1,000,001 and above	4	0.42	129,971,700	82.68
	955	100.00	157,200,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 10 March 2016, 20.56% of the issued ordinary shares of the Company is held by the public. Rule 723 of the Listing Manual issued by the SGX-ST is therefore complied with.

MAJOR SHAREHOLDERS LIST – TOP 20 AS AT 10 MARCH 2016

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	Hanwell Holdings Limited	100,529,000	63.95
2.	Loh See Moon	23,580,000	15.00
3.	DBS Nominees Pte Ltd	3,077,700	1.96
4.	Phillip Securities Pte Ltd	2,785,000	1.77
5.	Kong Kok Choy	935,000	0.59
6.	Hong Leong Finance Nominees Pte Ltd	829,000	0.53
7.	SKMC Private Ltd	800,000	0.51
8.	FSK Investment Holding Pte. Ltd.	785,400	0.50
9.	ABN AMRO Clearing Bank N.V.	747,500	0.48
10.	Tang Kay Heng	670,100	0.43
11.	Maybank Kim Eng Securities Pte Ltd	622,500	0.40
12.	Loo Wai Hoong Mrs Ang Wai Hoong	570,000	0.36
13.	Ang Hao Yao (Hong HaoYao)	569,000	0.36
14.	CIMB Securities (Singapore) Pte Ltd	555,101	0.35
15.	Cheong Poh Hua	516,000	0.33
16.	Sophia Ang Bee Leng	501,000	0.32
17.	Bank of Singapore Nominees Pte Ltd	446,500	0.28
18.	United Overseas Bank Nominees Private Limited	407,100	0.26
19.	OCBC Securities Private Ltd	396,100	0.25
20.	Seah Teng Teng	350,000	0.22
		139,672,001	88.85

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tat Seng Packaging Group Ltd (the "**Company**") will be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 22 April 2016 at 2.00 p.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **[Resolution 1]**

2. To declare a final dividend (tax exempt one-tier) of S$0.01 per ordinary share ("**Final Ordinary Dividend**") and a special final dividend (tax exempt one-tier) of S$0.01 per ordinary share ("**Special Final Ordinary Dividend**") for the financial year ended 31 December 2015 (2014: Final Ordinary Dividend of S$0.01 per ordinary share (tax exempt one-tier)) **[Resolution 2]**

3. To re-elect Mr Lien Kait Long, a Director who is retiring pursuant to Regulation 91 of the Company's Constitution. **[Resolution 3]**

   [See Explanatory Note (1)(a)]

4. To note the retirement of Mr Chee Teck Kwong Patrick, a Director who is retiring pursuant to Regulation 91 of the Constitution of the Company.

   [See Explanatory Note (1)(b)]

5. To approve the payment of Directors' Fees of S$175,000 for the financial year ended 31 December 2015. (2014: S$214,000) **[Resolution 4]**

6. To re-appoint KPMG LLP as Auditors and to authorise the Directors of the Company to fix their remuneration. **[Resolution 5]**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution with or without amendments as Ordinary Resolution:

8. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

   (the "***Share Issue Mandate***")

   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 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 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 total number 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;

(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 Share Issue Mandate 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, the Share Issued Mandate 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 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, whichever is earlier. **[Resolution 6]**

[See Explanatory Note (2)]

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE FOR FINAL ORDINARY DIVIDEND AND SPECIAL FINAL ORDINARY DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Tat Seng Packaging Group Ltd (the "**Company**") will be closed on 6 May 2016 for the purpose of determining the entitlements to the Final Ordinary Dividend and Special Final Ordinary Dividend to be proposed at the Annual General Meeting ("**AGM**") of the Company to be held on 22 April 2016.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, of 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 5 May 2016 will be registered to determine members' entitlements to the said Final Ordinary Dividend and Special Final Ordinary Dividend. Members whose Securities Account with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 5 May 2016 will be entitled to the proposed Final Ordinary Dividend and Special Final Ordinary Dividend.

The proposed payment of the Final Ordinary Dividend and Special Final Ordinary Dividend, if approved by the members at the AGM to be held on 22 April 2016, will be made on 16 May 2016.

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary
Singapore

7 April 2016

NOTES:–

1) A Member of the Company (other than a Relevant Intermediary*) is entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2) A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)

3) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, **M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 not less than forty-eight (48) hours** before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

EXPLANATORY NOTES ON THE ORDINARY AND SPECIAL BUSINESS TO BE TRANSACTED:-

(1) (a) Mr Lien Kait Long will, upon re-election as Director of the Company, remain as Lead Independent Director, Chairman of Audit and Risk Management Committees and as a member of Nominating and Remuneration Committees and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(b) Upon the retirement of Mr Chee Teck Kwong Patrick, he will be relinquishing his position as Independent Director, Chairman of the Remuneration Committee and as a member of the Audit and Nominating Committees at the conclusion of the Meeting.

(2) The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of 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 or such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, 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.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, 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 or service providers) 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 or service providers), 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 or service providers) 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.

Intended to Leave Blank

TAT SENG PACKAGING GROUP LTD
Company Registration No. 197702806M
(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____________________________________NRIC/Passport No.: ____________________________

of ____

being a member/members of Tat Seng Packaging Group Ltd (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 22 April 2016 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote "for" or "against" the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Voting will be conducted by poll. Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business:		
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2.	Declaration of a Final Ordinary Dividend and a Special Final Ordinary Dividend for the financial year ended 31 December 2015		
3.	Re-election of Mr Lien Kait Long as Director pursuant to Regulation 91		
4.	Approval of Directors' fees amounting to S$175,000 for the financial year ended 31 December 2015		
5.	Re-appointment of KPMG LLP as Auditors of the Company		
	Special Business:		
6.	Authority to issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual		

Dated this day of 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, **M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 not less than forty-eight (48) hours** before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2016.

GENERAL

The Company shall be entitled to reject the instrument of proxy or proxies if it is incomplete, improperly completed, illegible, or where the true intentions of the appointor are not ascertainable from the instructions contained in the instrument. The Company may also reject any instrument of proxy or proxies where the appointor is not shown to have shares in the Company entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by the Central Depository (Pte) Limited to the Company.

TAT SENG PACKAGING GROUP LTD

达成包装集团

Company Registration Number : 197702806M

Website: www.tspg.sg

SINGAPORE

Tat Seng Packaging Group Ltd
28 Senoko Drive, Singapore 758214
Tel : (65) 6861 0018
Fax : (65) 6861 3318
E-mail : sales@ts.sg

United Packaging Industries Pte. Ltd.
28 Senoko Drive, Singapore 758214
Tel : (65) 6862 0123
Fax : (65) 6861 3318
E-mail : sales@upi.sg

CHINA

Tianjin Dansun Packaging Co., Ltd.
天津丹盛包装有限公司
地址：天津市空港经济区经一路257号，邮编 300308
电话：(86) 022-5809 7035
传真：(86) 022-5809 7048
电邮：dansun@tjdspg.com

Nantong Hengcheng Paper Industry Co., Ltd.
南通恒成纸业有限公司
地址：江苏省如皋市石庄镇新生港综合工业园区，邮编 226531
电话：(86) 0513-6816 3610
传真：(86) 0513-8756 3777-00
电邮：nantongdacheng2011@163.com

Nantong Tat Seng Packaging Co., Ltd.
南通达成包装制品有限公司
地址：江苏省南通市通州区西亭镇亭南横路，邮编 226301
电话：(86) 0513-8653 8888
传真：(86) 0513-8624 7068
电邮：nantongdacheng2011@163.com

Tat Seng Packaging (Suzhou) Co., Ltd.
达成包装制品（苏州）有限公司
地址：江苏省苏州市相城区望亭镇问渡路88号，邮编215155
电话：(86) 0512-6759 0800
传真：(86) 0512-6538 9342
电邮：salesa@tspg.com.cn

Hefei Dansun Packaging Co., Ltd.
合肥丹盛包装有限公司
地址：安徽省合肥市经济技术开发区紫蓬路105号，邮编230601
电话：(86) 0551-6381 9166
传真：(86) 0551-6381 0123
电邮：lily@hfds.com.cn