

# Staying **Focused** | Remaining **Resilient**

A N N U A L R E P O R T 2 0 1 5



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## VISION

We pursue excellence and aim to be the market leader in our fields of expertise.

## MISSION

We commit to be a trusted and valued partner, delivering best value to our customers and stakeholders.

## VALUES

### INTEGRITY AND DISCIPLINE

We act with complete honesty and transparency, be responsible and accountable in all our dealings.

### TEAMWORK AND PERFORMANCE

We are self-driven, cooperative, passionate and competent in achieving common organisational goals together with open communications.

### CLIENT FOCUSED

We deliver total customer satisfaction with quality products, value added services and solutions.

### INNOVATIVE

We embrace change with innovative ideas and solutions to constantly improve productivity and efficiency in our daily work.

### LEARNING AND DEVELOPMENT

We continuously learn new skills and knowledge to develop our potential and be the leader in our fields of expertise.

# Corporate Profile

**ESTABLISHED IN 1963 AND LISTED ON THE SGX MAINBOARD SINCE SEPTEMBER 2005, BH GLOBAL CORPORATION LTD (“BH GLOBAL” OR COLLECTIVELY KNOWN AS THE “GROUP”) HAS TRANSFORMED FROM A PURE SUPPLY CHAIN MANAGEMENT COMPANY SERVICING THE MARINE AND OFFSHORE INDUSTRIES TO AN INTEGRATED GROUP TODAY PROVIDING PRODUCTS IN FOUR MAJOR BUSINESS DIVISIONS:**

- Supply Chain Management: Premium cable, lighting and electrical equipment for the marine and offshore industries
- Manufacturing: Advanced LED lighting and galvanized steel wire
- Engineering Solutions: Engineering, procurement and project management services for the oil and gas sector\*
- Security: Cyber security and Enterprise IT Operation Management products for both public and private sectors

The Group has the distinction of being the first marine concept stock to be dual-listed on the Taiwan Stock Exchange via the issuance of Taiwan Depository Receipts on 20th October 2010.

Headquartered in Singapore, BH Global has expanded its footprint together with its joint venture partners and distribution channels into various regions including Southeast Asia, East Asia, Middle East, India, Europe and North America. With over 50 years of operating experience, the Group has established itself as a trusted and reliable business partner that carries a premium product portfolio from industry-renowned brand partners and manufacturers.

Leveraging on its extensive business experience and network, BH Global has diversified its products beyond Supply Chain Management to include Manufacturing, Engineering Solutions and Security. Consequently, its customer base grew and it currently has over 1,200 local and international customers including ship owners, operators, management companies, chandlers, repair contractors and shipyards.

*\* Engineering Solutions division is classified under Discontinued Operations in the financial statements.*



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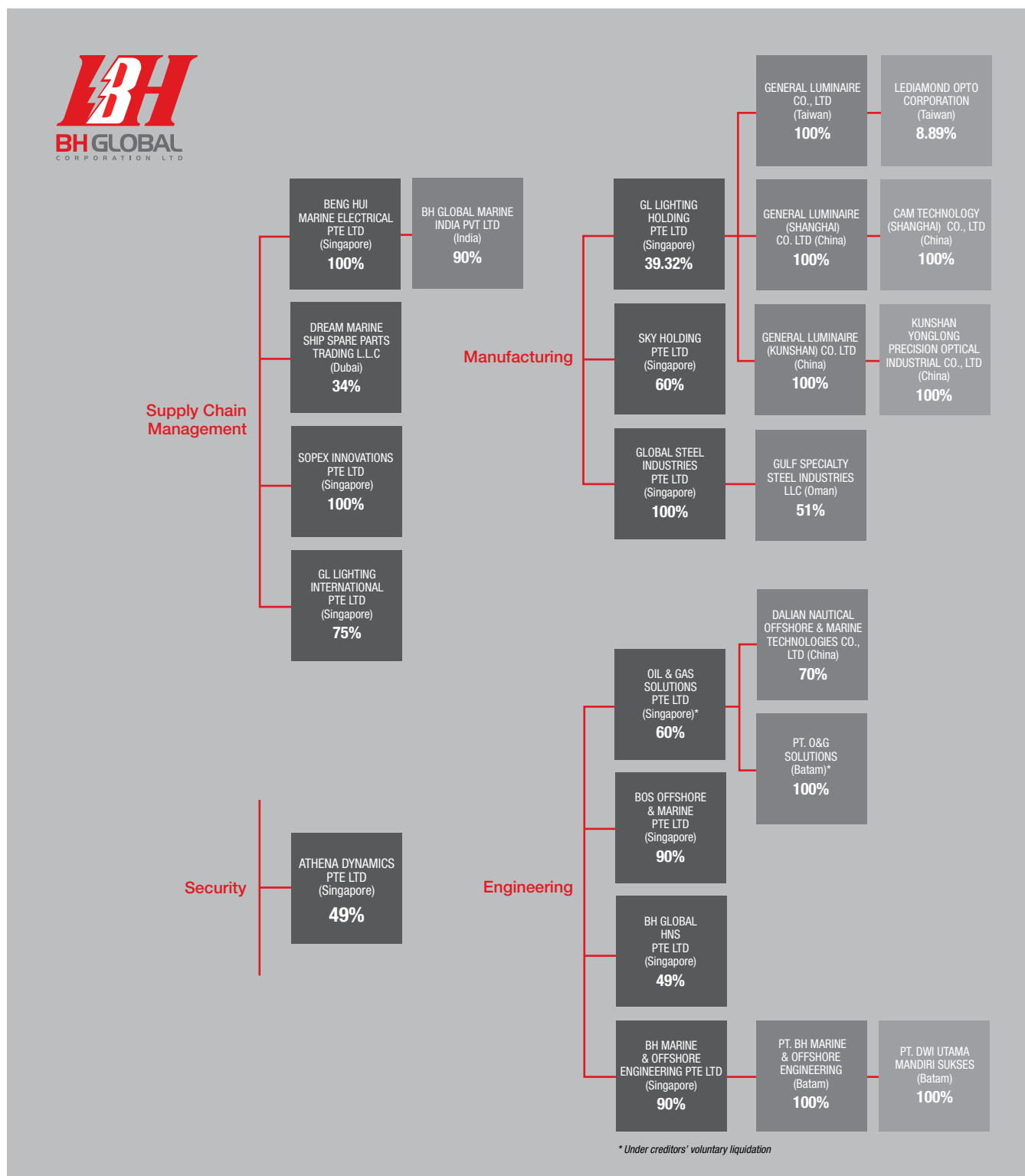
# At a Glance



## OUR GEOGRAPHICAL MARKET

Our excellent logistical infrastructure enables us to offer our products and services worldwide. For instance, we are able to service customers in Dubai within one to three days. In FY2015, 60% of our revenue contribution came from Singapore, 16% from East Asia, 15% from South-East Asia, 2% from Middle East, 1% from Europe, while the remaining 6% came from countries spanning all over the globe including Australia, India and United States of America.

# Corporate Structure



# READY TO DELIVER





business profile:

# Supply Chain Management

BH Global is a one stop marine and offshore electrical supplier to the shipbuilding, ship repair, on-and-offshore, oil and gas industries worldwide.

BH Global has approximately S\$30 million worth of inventory, consisting of more than 15,000 product line items from international premium manufacturers and suppliers. The comprehensive range of marine electrical products including marine and offshore cables, lighting systems and electrical consumables not only meet product quality and safety specifications, they are also certified to industry standards. This premium product portfolio enables the Group to support ship chandlers, ship owners, ship-management companies, shipyards and fabrication contractors in their new build, repair and retrofitting projects.

Headquartered in Singapore, BH Global's operations are strategically located in close proximity to its customers. Occupying over 200,000 square feet, its main operations include a warehouse equipped with state-of-the-art storage facilities, material handling equipment, cable cutting & reeling machines, manufacturing plants and computerized offices. BH Global owns its fleet of delivery vehicles and has developed a strong partnership with international freight forwarders to provide timely deliveries to customers in the Asia-Pacific and Middle East regions within 3 working days.

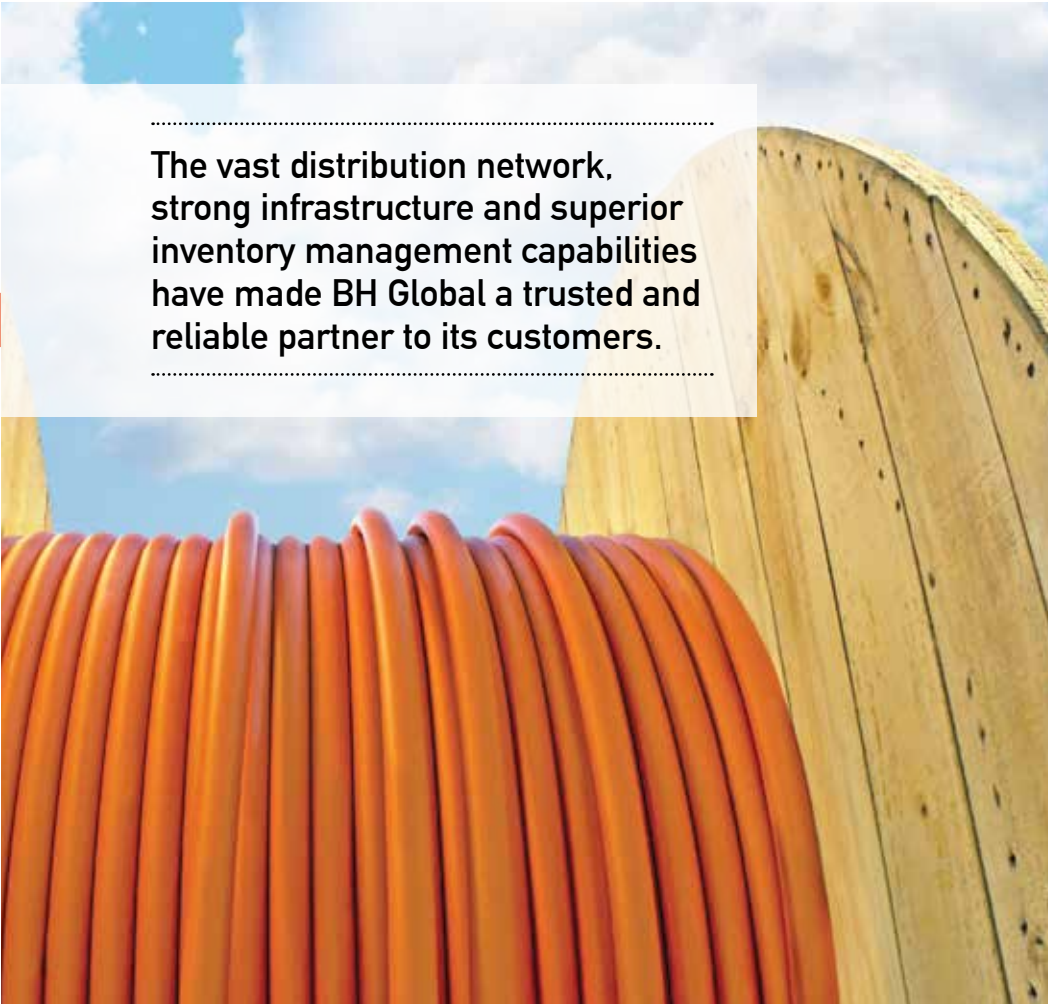
BH Global differentiates itself from other distributors with its capabilities in providing both on- and off-site support; sales and technical teams are available throughout the year to respond to customer needs. The Group also has an inventory management program whereby interim storage and just-in-

time deliveries are provided to support customers' ongoing projects, lowering their inventory costs significantly.

The vast distribution network, strong infrastructure and superior inventory management capabilities have made BH Global a trusted and reliable partner to its customers.



.....  
The vast distribution network,  
strong infrastructure and superior  
inventory management capabilities  
have made BH Global a trusted and  
reliable partner to its customers.  
.....



## business profile:

# Manufacturing

The Manufacturing division comprises two main businesses – LED lighting and galvanized steel wire.

BH Global entered into a strategic partnership in 2011 to form GL Lighting Holding Pte Ltd (“GL Holding”) and GL Lighting International Pte Ltd (“GL International”) to enhance its portfolio of LED lighting. GL Holding’s two wholly-owned subsidiaries, General Luminaire (Shanghai) Co Ltd (“GL Shanghai”) and General Luminaire Co Ltd (Taiwan) (“GL Taiwan”), collectively have more than 17 years of experience in LED lighting business and an established track record in LED modules, controls, electronic, power management, optical and luminaire design.

Besides GL Shanghai and GL Taiwan, GL Holding owns the following subsidiaries: CAM Technology (Shanghai) Ltd (“CAM Shanghai”), General Luminaire (Kunshan) Co Ltd (“GL Kunshan”), and Yeong Long (Kunshan) Co Ltd (“YL Kunshan”). Through GL Taiwan, GL Holding also has a minority investment in LeDiamond Opto Corporation (“LeDiamond”). The primary functions of GL Kunshan and YL Kunshan are the manufacturing of electrical parts and mechanical parts respectively. LeDiamond is a provider of key components internally, while CAM Shanghai is for trading purposes where it purchases from YL Kunshan and sells to GL Taiwan.

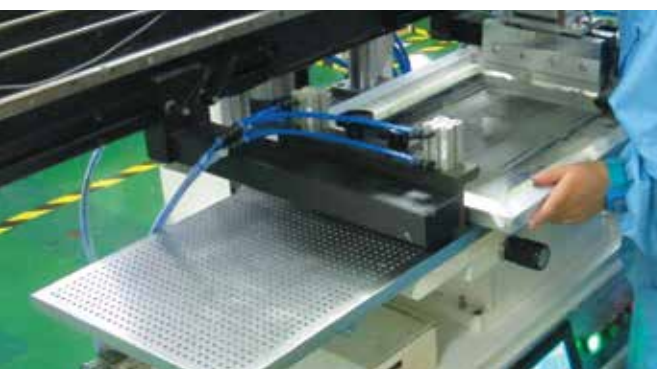
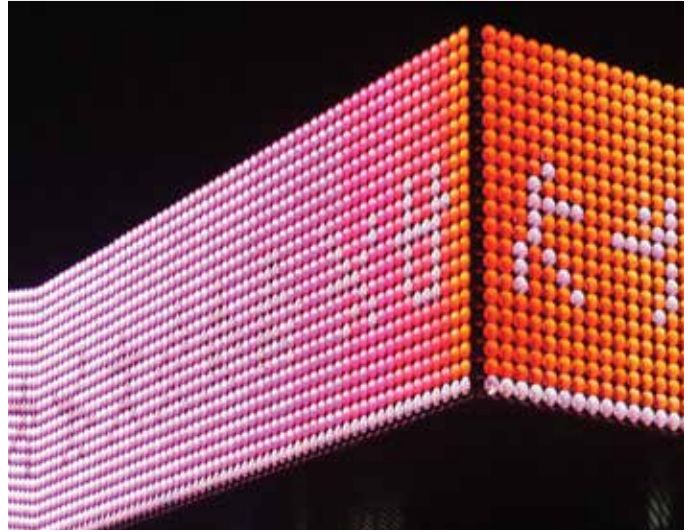
GL Shanghai houses a strong research and development team equipped with technical knowledge in optic design, thermal management, electronic and luminaire development capabilities. They place emphasis in the design and development of innovative and effective LED solutions for commercial, industrial, marine and offshore lighting industries. By incorporating scheduled management, status feedback and temperature management, these LED light control systems help to reduce energy consumption which can generate significant cost savings. The Group’s LED products comply with stringent EMC requirements and are subjected to 100% ICT, burn-in, IP, hi-pot and vibration tests before delivery to customers.

BH Global, through its 60% owned subsidiary, Sky Holding Pte Ltd (“Sky Holding”), also manufactures and supplies specialty steel wire for electric power and telecommunications cables. Sky Holding counts cable manufacturing companies based in GCC and ASEAN countries as key customers.

The Group expanded into the Sultanate of Oman in a joint venture called Gulf Specialty Steel Industries LLC (“GSSI”). GSSI was formed between BH Global and our Omani partner Takamul Investment Company SAOC, a subsidiary of Oman Oil Company, to manufacture galvanized steel wire for use in armouring cables. The modern manufacturing plant is located in the Sultanate of Oman to serve the growing demand of cable factories in the MENA region, and it was completed and inaugurated in 2013 with targeted annual capacity of 60,000 tonnes of galvanized steel wire.



The Manufacturing division  
comprises two main businesses –  
LED lighting and galvanized steel  
wire.



business profile:

# Engineering Solutions\*

Engineering Solutions was started in 2010 to provide turnkey installation services for fire and gas, safety and security systems and other marine sub-contracting businesses targeted at new build, repair and retrofitting projects. This division specializes in engineering, procurement and construction management (EPCM) and front end engineering design (FEED) for electrical, instrumentation and telecommunications (EIT) systems for onshore and offshore facilities.

This business is synergistic and complementary in nature to the BH Global's other businesses like Supply Chain Management. It enhances the Group's capabilities in cross-selling within its various business divisions and provides strategic support to customers on the most efficient solutions package.

The Group's design engineering solutions include:

- **Electrical, instrument and control system HVAC / structure engineering design**
- **Engineering and fabrication of marine, oil and gas equipment / systems**
- **Multi-disciplinary topside facilities, shipside and value engineering**
- **Floating production storage offloading (FPSO)**
- **Offshore and onshore oil and gas platforms**
- **Refineries and petrochemical gas plants**
- **Industrial Power plants**



\* The Engineering Solutions division is classified under Discontinued Operations in the financial statements.

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This business is synergistic and  
complementary in nature to the  
BH Global's other businesses like  
Supply Chain Management.  
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business profile:

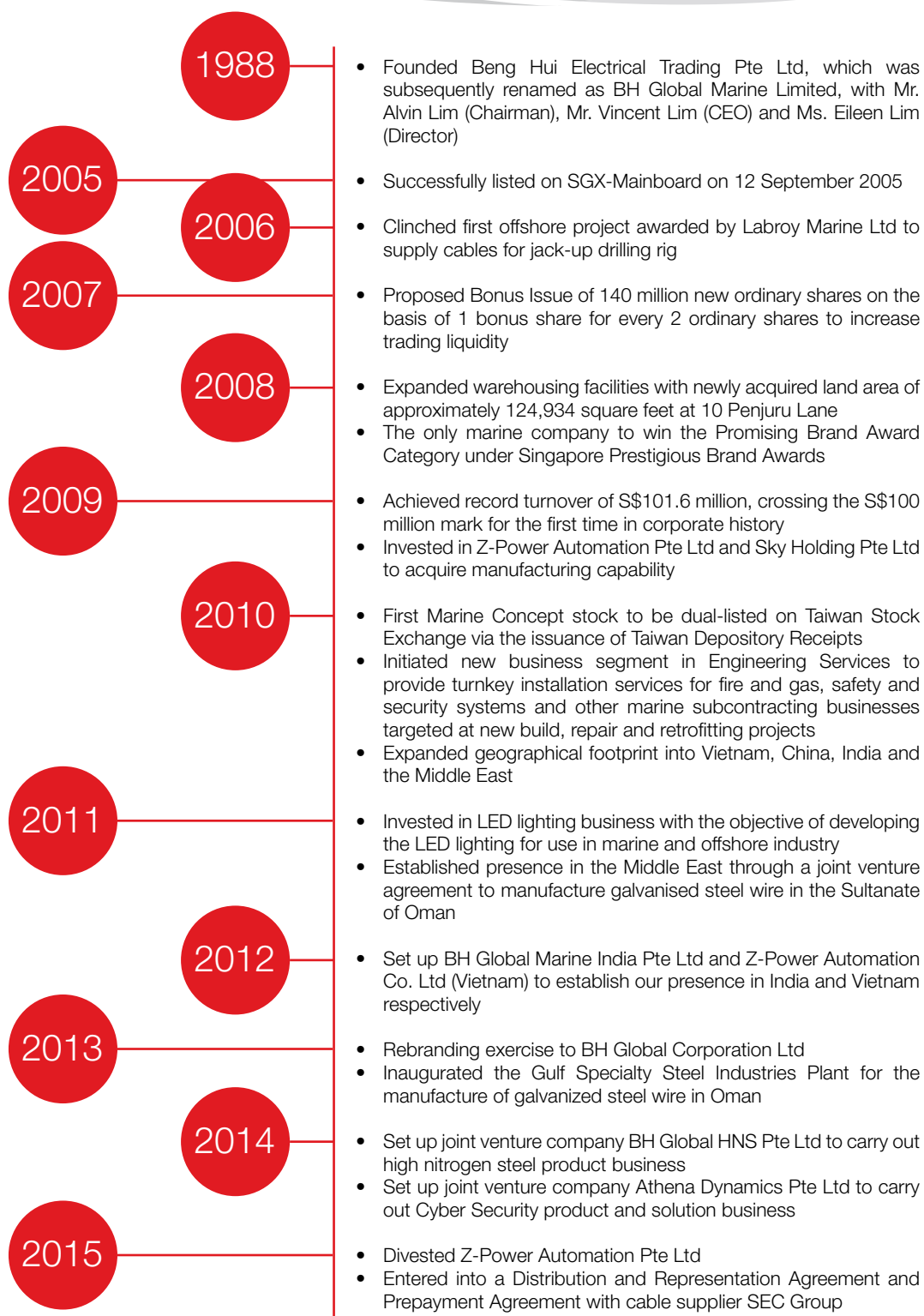
# Security

Established in 2014, Athena Dynamics Pte Ltd ("Athena") sources and bridges proven technologies to Singapore and the Asia Pacific region. The company focuses on Cyber Security and Enterprise IT Operation Management products which have already done well in their countries of origin but have yet to gain sufficient traction and branding overseas. This is achieved via its local offices in the countries of sourcing. Athena conducts a stringent due diligence process on these technologies prior to representing them as the exclusive distributor and developing the channel structures for them in Singapore and the region.

Since its inception, Athena has achieved strong traction in key areas of critical and stringent network protection. With that, and coupled with its strong credentials and experience in enterprise IT operation management, the company is well poised to introduce well-deployed products in the areas of Enterprise, Stringent and Critical Network Security and Enterprise IT Operation Management.



# Corporate Milestones

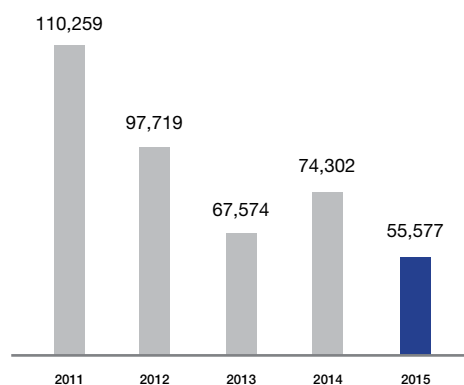


# Financial Highlights

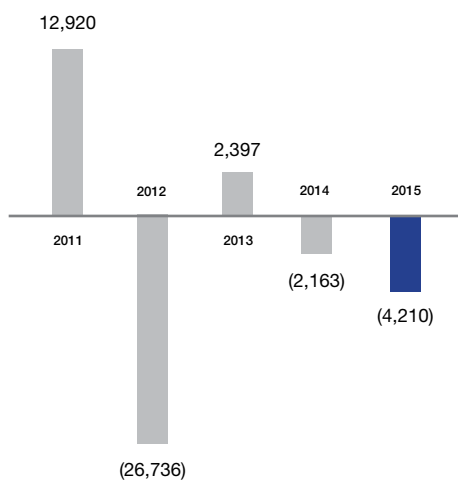
## GEOGRAPHICAL SEGMENT (\$'000) (REVENUE)

	2015	2014	2013	2012	2011
<b>SINGAPORE</b>	33,322	38,213	43,018	61,679	58,860
<b>SOUTH-EAST ASIA</b>	8,467	5,321	9,704	13,394	9,306
<b>EUROPE</b>	731	1,192	6,091	16,298	33,241
<b>EAST ASIA</b>	8,851	9,073	2,492	4,537	2,876
<b>MIDDLE EAST</b>	1,350	17,871	4,536	1,554	3,826
<b>OTHER</b>	2,856	2,632	1,733	257	2,150
<b>TOTAL</b>	<b>55,577</b>	<b>74,302</b>	<b>67,574</b>	<b>97,719</b>	<b>110,259</b>

## REVENUE (\$'000)



## NET PROFIT / (LOSS)# (\$'000)

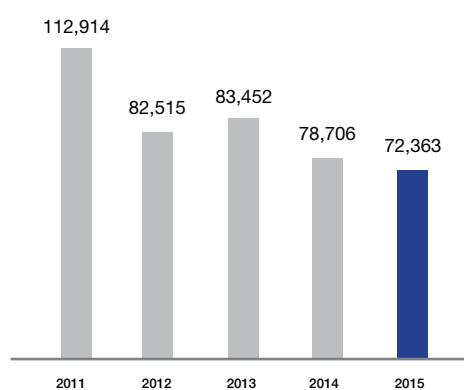


# Attributable to equity holders of the Company.

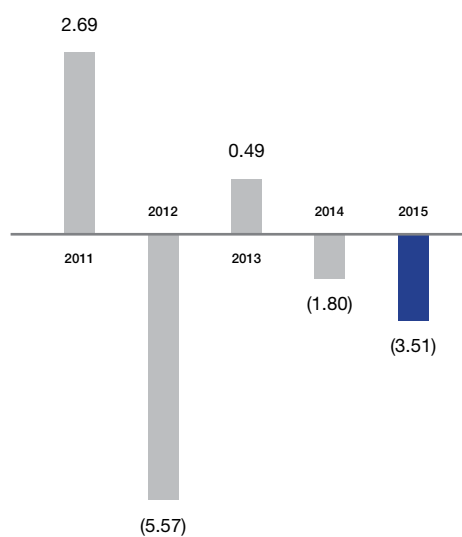
## REVENUE BREAKDOWN BY PRODUCTS (\$'000)

	2015	2014	2013	2012	2011
<b>SUPPLY CHAIN MANAGEMENT</b>	53,953	55,733	54,751	63,434	62,020
<b>MANUFACTURING</b>	1,624	18,569	5,568	19,278	17,108
<b>ENGINEERING SERVICES</b>	-	-	7,255	15,007	31,131
<b>TOTAL</b>	55,577	74,302	67,574	97,719	110,259

## SHAREHOLDER'S EQUITY# (\$'000)



## EARNINGS / (LOSS) PER SHARE\*



# Attributable to owners of the parent.

\* EPS for 2014 and 2015 have been calculated based on 119,999,995 ordinary shares in the capital of the company after a share consolidation of 4 to 1 shares effective from 29 February 2016.

# MAINTAINING OUR FOCUS





# Chairman Statement

On behalf of the Board of Directors, I would like to present to you the annual report of BH Global Corporation Limited ("BH Global" or the "Group") for the financial year ended 31 December 2015 ("FY2015").

**Dear Shareholders,**

## 2015 REVIEW

No doubt, 2015 has been one of the most challenging years for BH Global. The marine and shipping industries remain weak with little signs of recovery, while the oil and gas industry has been hit hard by record low oil prices. This has resulted in substantial budget cuts by companies operating in the oil and gas industry where projects are either put on hold or cancelled completely. Many companies are facing serious cash flow and financing issues, and the outlook remains highly uncertain. The Group is not immune to the challenges plaguing the marine and offshore industries but I am heartened to report that we are somewhat less affected. This is a testament to the resilience of the Group and its core businesses.

## SUPPLY CHAIN MANAGEMENT ("SCM") DIVISION

Despite the downturn, the SCM division, which is our core business, performed admirably. Compared to the previous year, the sales for this division in 2015 dropped only 6%. This has helped to cushion the negative impact of the downturn on the Group's overall results.

In 2015, we focussed more of our resources on the core SCM division. As an example, in June 2015, we entered into a Distribution and Representation Agreement with our key cable supplier, the Seoul Electric Cables Group ("SEC"), whereby we are appointed by SEC as the exclusive selling representative and distributor of their cables in territories of Southeast Asia, India, Middle East and China. In addition, we entered into a complementary Prepayment Agreement with SEC for the prepayment of US\$5 million to them as payment in advance towards accounts payable owed by our Group to SEC. These two agreements will fortify our partnership with this important supplier and strengthen our core SCM division amidst the continuing industry headwinds.

Over the past year, we also embarked on various initiatives to improve the performance of the core SCM division. We are working to improve on our logistics and inventory management and exploring projects such as RFID tracking, new warehousing management system, better fleet management for deliveries. This should help to improve manpower productivity, reduce overall inventory and obsolete stock levels, and provide better service to customers. We also launched a cost management exercise throughout the company and managed to achieve cost savings in excess of \$1 million in areas such as procurement, manpower and utilities.



**In addition, we entered into a complementary Prepayment Agreement with SEC for the prepayment of US\$5 million to them as payment in advance towards accounts payable owed by our Group to SEC.**

We continue to invest in areas where there is growth potential and tangible returns. We launched our online store for the SCM division ([www.bh-estore.com](http://www.bh-estore.com)) to tap on this new sales channel with huge growth potential. Customers are able to view the comprehensive range of products we offer online. We are excited about this online store and will develop it further to make it easier and more convenient for customers to purchase online. We also continue our marketing and promotional efforts by taking part in various trade exhibitions such as Sea Asia, ISSA, IMPA, INMEX-SMM India and Marintec China in 2015.

#### MANUFACTURING DIVISION

The Manufacturing division comprises two main businesses – LED lighting with operations primarily in China, and galvanized steel wire with its factory in Oman. For LED lighting, the performance has been affected over the past year by various factors such as the relocation of the factory from Shanghai to Kunshan, implementation of a new ERP system and postponement of projects by major customers. Nevertheless, the Group remain positive on the long-term prospects of the LED lighting industry as more companies and consumers switch to LED lighting products for its higher energy efficiency and cost savings.

In 2015, we have invested further into GL Holding Pte Ltd (“GLH”) where our shareholding in this associate company has increased to 39.32%. Ultimately, our shareholding in GLH will increase to 43% as previously announced. GLH has obtained its Kunshan land title in 2015 and is currently preparing for the construction of a new factory which will significantly boost its manufacturing capacity for LED lighting products. Construction is expected to take place progressively over 2016 and the new factory is expected to be completed in 2017.

The Group’s other manufacturing operation is the galvanized steel wire plant in Oman. While the performance of this business has improved in 2015 compared to 2014, it is still below expectations and yet to achieve the targeted breakeven production and sales volumes. Hence the operation continues to incur losses and efforts to turn it around remain challenging. The Group is currently working closely with our Omani joint venture partner, Takamul Investment Company SAOC, to explore various options with regards to this galvanized steel wire business.

#### ENGINEERING SERVICES DIVISION

Despite efforts to rationalize the operations and costs of the Engineering Services division, it continued to suffer losses arising from the effects of the drastic fall in oil prices and is unable to pay its debts as they fall due. In view of the continuing uncertainty that the oil and gas industry is facing, the directors of Oil & Gas Solutions Pte Ltd (“OGS”) took the difficult decision to liquidate OGS. Key management of OGS have also stepped down.

Going forward, the activities of this division will be carried out by our subsidiary, BOS Offshore & Marine Pte Ltd. They are currently handling a major engineering and procurement project for a Japanese customer. Learning from the lessons of OGS, we will monitor closely the progress of this project to avoid future project delays and cost overruns.

In 2015, we also made progress in winding down our engineering operations in Batam; we sold all remaining equipment and stocks. It remains the Group’s intention to dispose of the remaining shipyard.

#### SECURITY DIVISION

In view of the growing security challenges facing countries, communities and corporates worldwide, we decided to form a Security division to capture these new opportunities. The activities of this division will be carried out by our joint venture company, Athena Dynamics Pte Ltd (“ADL”). ADL focuses on Cyber Security and Enterprise IT Operation Management products that have already done well in their countries of origin but have yet to establish a foothold in Singapore and neighbouring countries. Though small, the company has already won orders in 2015 and we are hopeful that it will do even better in 2016.

#### A WORD OF THANKS

2015 has been a tough year for the marine and offshore industries we operate in. But I would like to emphasize the resilience of our Group, our core businesses and our valued employees which will help us tide through this difficult period. As the saying goes, “This too will pass”. The dark clouds hanging over our markets will eventually be lifted, and we should position ourselves to capture the opportunities when the market recovers. I believe that we will emerge stronger from this storm. Lastly, I would like to thank everyone who has stood by BH Global in good times or bad, including our customers, suppliers, bankers, employees, Board of Directors and shareholders. Your support means a lot to us. Let’s all look forward to a better 2016!

**Alvin Lim Hwee Hong**  
Chairman

# CEO Operational and Financial Review

The Group's revenue decreased by 25% from S\$74.3 million in FY2014 to S\$55.6 million in FY2015. This was largely due to the reclassification of the galvanized steel wire business in Oman from a subsidiary to a joint venture from 4Q2014 and hence its revenues are not included in FY2015. The Supply Chain Management division contributed 97% to the overall revenue, while the Manufacturing division contributed the remaining 3%.

In FY2015, the Group's gross profit increased by 4% from S\$18.6 million to S\$19.4 million, while the gross profit margin increased from 25% to 35%. Both profitability measures improved in 2015 due to the reclassification of the galvanized steel wire business in Oman from a subsidiary to a joint venture and hence its gross losses are not consolidated as a subsidiary. The gross profit figures in 2015 largely reflect significantly that of the core business, the Supply Chain Management division.

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. Selling & distribution expenses decreased by 13% to S\$8.1 million which is due mainly to the reclassification of the galvanized steel wire business in Oman from a subsidiary to a joint venture and the Group's efforts in cost management. Administrative expenses increased by 16% to S\$11.0 million as a result of the provision for liabilities in relation to the corporate guarantee given by the Company to the galvanized steel wire and Engineering Services businesses. While the Group's efforts in managing expenses have paid off in areas such as manpower, purchases from suppliers, utilities and discretionary spending, it is affected by our provisions for trade receivables and stock obsolescence. The Group will work to reduce these provisions through better management of our customer credit and inventory going forward.

The Group concluded FY2015 with net losses from continuing operations and discontinued operations of S\$1.7 million and S\$4.5 million respectively. Overall net loss for FY2015 is S\$6.2 million as compared to net loss of S\$6.5 million in the previous year. Net loss attributable to equity holders of the Company is S\$4.2 million, while net loss attributable to non-controlling interests is S\$2.0 million



## SEGMENTAL OVERVIEW

### SUPPLY CHAIN MANAGEMENT ("SCM") DIVISION

The SCM division continues to be the Group's core business and contributed 97% of the Group's overall revenue. Revenue from this division decreased by 6% to S\$54.0 million due to the slowdown in activities in the marine and offshore sectors as a result of weak shipping markets and low oil prices. Breaking down by product categories, marine cables is the main contributor at 66% of SCM revenues, marine lighting contributed 20% and consumables and others contributed 13%. Sales from all product categories dropped in FY2015. Despite the difficult market conditions in 2015, the SCM division remains profitable and is the main profit contributor to the Group.

### MANUFACTURING DIVISION

The Manufacturing division consists of the galvanized steel wire business in Oman and Singapore. The business in Oman is the main operation of this division and reclassified as a joint venture from a subsidiary since 4Q2014 (and hence its results are not consolidated), while the business in Singapore is significantly smaller and classified as a subsidiary.

Manufacturing accounts for only 3% of the Group's overall revenue in FY2015. Revenue for this division dropped by 91% to S\$1.6million which is due mainly to the reclassification of the galvanized steel wire business in Oman from a subsidiary to a joint venture.

The galvanized steel wire business in Singapore reported a small profit but the business in Oman continued to suffer losses due to the difficult trading conditions. Although the production and sales volumes of the Oman plant have increased in 2015 compared to 2014, they are still below breakeven levels. While the Group is working to improve the performance of the Oman operation, it will keep its options open on the future of this business.

### DISCONTINUED OPERATIONS

The Group's discontinued operations comprise six companies: 1) Z-Power Automation Pte Ltd, 2) PT. BH Marine & Offshore Engineering, 3) PT. Dwi Utama Mandiri Sukses, 4) BH Marine & Offshore Engineering Pte Ltd, 5) Oil & Gas Solutions Pte Ltd, and 6) BOS Offshore & Marine Pte Ltd. In FY2015, discontinued operations reported a gross loss of S\$2.8 million. Other operating income was S\$3.0 million, while selling & distribution and administrative expenses were S\$2.9 million and S\$1.8 million respectively. The total loss from discontinued operations was S\$4.5 million in FY2015, compared to a loss of S\$5.1 million in the previous year.





## FINANCIAL POSITION

The Group's total assets were S\$91.7 million as at 31 December 2015, down 19% from the previous year. Non-current assets were S\$37.1 million, up 14%. The increase in non-current assets is due mainly to a purchase deposit paid to a supplier, increase in investment in associated companies and joint ventures, offset partially by a decrease in property, plant and equipment. Current assets were S\$54.6 million, down 32%. The decrease in current assets is mainly due to the decrease in disposal group assets held for sale, trade receivables and inventories.

As of 31 December 2015, the Group's total liabilities were S\$24.4 million, down 42% from the previous year. Non-current liabilities were S\$1.3 million, down 6%. The decrease in non-current liabilities is due mainly to the decrease in finance lease liabilities. Current liabilities were S\$23.1 million, down 43%. The decrease in current liabilities is due mainly to the decrease in liabilities directly associated with disposal group classified as held for sale, decrease in bank borrowings, decrease in due to customers on construction contracts, decrease in trade payables and other payables, offset partially by increase in provision for liabilities.

Total shareholders' equity as of 31 December 2015 is S\$67.3 million, 6% lower compared to the previous year. Shareholders' equity attributable to equity holders of the Company is S\$72.4 million, 8% lower. The lower shareholders' equity is a result of the Group's losses in FY2015.



## CONCLUSION

The Group's overall results in FY2015 is a reflection of both the difficult external environment and challenging internal issues of certain business divisions. However, it is heartening to note that our core business remains resilient and continues to perform profitably. The management will strive to work in the interests of all shareholders by continuing to strengthen our core business and improve those businesses that have underperformed.

**Vincent Lim Hui Eng**  
Chief Executive Officer

# Corporate Information

## BOARD OF DIRECTORS

Alvin Lim Hwee Hong  
*Executive Chairman*

Vincent Lim Hui Eng  
*Executive Director and Chief Executive Officer*

Patrick Lim Hui Peng  
*Executive Director and Chief Operating Officer*

Loh Weng Whye  
*Lead Independent Director*

David Chia Tian Bin  
*Independent Director*

Winston Kwek Choon Lin  
*Independent Director*

## COMPANY SECRETARY

Pan Mi Keay  
Toon Choi Fan

## AUDIT COMMITTEE

David Chia Tian Bin *Chairman*  
Loh Weng Whye  
Winston Kwek Choon Lin

## NOMINATING COMMITTEE

Winston Kwek Choon Lin *Chairman*  
Loh Weng Whye  
Vincent Lim Hui Eng

## REMUNERATION COMMITTEE

Loh Weng Whye *Chairman*  
David Chia Tian Bin  
Winston Kwek Choon Lin

## RISK MANAGEMENT COMMITTEE

Alvin Lim Hwee Hong *Chairman*  
Vincent Lim Hui Eng  
Keegan Chua Tze Wee

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services  
(A division of Tricor Singapore Pte. Ltd.)  
80 Robinson Road #02-00  
Singapore 068898

## INDEPENDENT AUDITOR

Baker Tilly TFW LLP  
Public Accountants and Chartered Accountants  
600 North Bridge Road #05-01 Parkview Square  
Singapore 188778  
Partner-in-charge: Ng Hock Lee  
(a member of Institute of Singapore Chartered Accountants)  
\*Appointed in financial year 2015

## REGISTERED OFFICE

8 Penjuru Lane  
Singapore 609189  
Registration Number: 200404900H

# FORGING AHEAD





# Board of Directors



**MR ALVIN LIM HWEE HONG**  
Executive Chairman

Alvin Lim Hwee Hong is our Executive Chairman and has been a Director of our Company since April 2004. He has overall responsibility for the day-to-day operations of our Group. He is also responsible for the strategic and business development of our Group. Alvin Lim Hwee Hong has more than 30 years of working experience, most of which is related to the marine electrical supply industry. He has in-depth knowledge of the supply of marine electrical products and has an extensive network of contacts in this industry. Prior to joining our Company, Alvin Lim Hwee Hong was the managing director of Beng Hui Electric Trading Pte Ltd ("BHET") from 1987 to 2003. Since 1994, he has been an executive director of SOPEX Innovations Pte Ltd ("SOPEX"), formerly known as Sanshin Marine (S.E.A.) Pte Ltd. He was a sales executive of Guan Hup Electrical & Hardware Pte Ltd from 1985 to 1987.



**MR VINCENT LIM HUI ENG**  
Chief Executive Officer

Vincent Lim Hui Eng is our Chief Executive Officer and has been a Director of our Company since April 2004. He is responsible for our Group's strategic business planning and development. Vincent Lim Hui Eng is also overseeing the sales and procurement functions within our Group. He has almost 30 years of working experience, all of which has been in the supply chain management of marine electrical industry. Prior to joining our Company, he was an executive director of BHET from 1987 to 2003. Since 1994, Vincent Lim has been an executive director of SOPEX.



**MR PATRICK LIM HUI PENG**  
Chief Operating Officer

Patrick Lim Hui Peng graduated from Ngee Ann Polytechnic with a Diploma in Electrical and Electronic Engineering in the year 1986. Prior to joining the marine business in 1992, Mr Patrick Lim served in the Navy as chief technician for Underwater Systems from 1986 to 1992. Mr Patrick Lim has over 20 years of experience in electrical business for the Marine & Offshore industries. He is the Chief Operating Officer of BH Global Corporation Ltd since 2008, and serves on the board of BH Global Corporation Ltd since April 2004. Mr Patrick Lim is in-charge of the Group's strategic operations and planning for the growth of the Group's businesses in various divisions – Supply Chain Management, Manufacturing and Engineering Services. Together, the three divisions synergized for growth by leveraging on collective expertise and market networks. This helps to create a platform for BH Global to be the market leader against competitions.



**MR LOH WENG WHYE**  
Lead Independent Director

Loh Weng Whye was appointed as an Independent Director of our Group on 3 August 2005 and further appointed as the Lead Independent Director in February 2007. He is a veteran in energy/power industry and infrastructure development in Singapore and the region, with over 40 years of experience in senior appointments with the civil service, government-linked companies and the private sector. While with the Public Utilities Board, he headed Generation Projects responsible for the development, management and commissioning of power projects worth more than S\$3 billion. He was also the founding General Manager (Projects) of Tuas Power Ltd.

Mr Loh was formerly President/CEO of ST Energy Pte Ltd and SembCorp Energy Pte Ltd. He was appointed Advisor to Green Dot Capital, an investment and holding company under Temasek Holdings. He was directors of China New Town Development Ltd, Leeden Ltd, United Envirotech Ltd and MPC Power Holdings Ltd (HK) etc, and Senior Advisor to YTL Power International (Malaysia). He also served on the Mechanical and Production Engineering Advisory/Consultative Panels of NUS and NTU for many years.

Currently, Mr Loh sits on the boards of several Singapore and overseas corporations, including SGX-listed company, XinRen Aluminum Holdings Ltd. He also holds advisory appointments in external councils and charity organizations. Holding MSc (Ind. Engg.) and BEng(Mechanical) degrees, he is a Professional Engineer (Singapore), Fellow of the Institution of Engineers, Singapore (FIES), Member of the Singapore Institute of Directors, and Fellow of Chartered Management Institute, UK (FCMI).



**MR DAVID CHIA TIAN BIN**  
Independent Director

David Chia Tian Bin was appointed as an Independent Director of our Group on 3 August 2005. He is a director of AXIA Equity Pte. Ltd. which provides corporate and business advisory services to companies in Singapore and the region. Prior to this, he was actively involved in the private equity and venture capital industry in Asia as a director engaged in direct investments in the region. David Chia Tian Bin has over 30 years of financial, corporate and advisory experience and has served as a director on the boards of private and listed companies in Singapore. He holds a Bachelor of Accountancy (Honours) from the National University of Singapore. He is a Fellow Chartered Accountant of Singapore and a member of the Singapore Institute of Directors.



**MR WINSTON KWEK CHOON LIN**  
Independent Director

Winston Kwek Choon Lin was appointed as an Independent Director of our Group on 3 August 2005. He is currently a partner in the law firm of Rajah & Tann LLP. Specialising in admiralty and shipping law, Winston Kwek Choon Lin is experienced in maritime issues. Since 2000, he has been nominated by various established legal publications as one of the leading lawyers in the region, especially in areas of shipping and maritime law. Winston Kwek Choon Lin graduated with a Bachelor of Law (Honours) from the National University of Singapore in 1990 and was called to the Singapore Bar in March 1991. Since 2003, he is also Adjunct Associate Professor in the Faculty of Law at the National University of Singapore.

# Key Management



**MR JOHNNY LIM HUAY HUA**

**Director, Logistics & Global Mobility - Import & Export Division**

Johnny Lim Huay Hua is our Director of Operations since April 2004. He is responsible for managing the logistics and distribution functions within our Group. Johnny Lim Huay Hua has about 23 years of working experience, of which about 18 years is related to the marine electrical supply industry. Prior to joining our Company, he has been an executive director of BHET from 1993 to 2003. Since 1994, he was an executive director of SOPEX. In 1991, he was an employee of BHET in-charge of logistics.



**MS EILEEN LIM CHYE HOON**

**Director, Corporate Administration & Human Resource**

Eileen Lim Chye Hoon is our Director of Human Resource and Administration since April 2004. She is responsible for overseeing human resource and administration matters. Eileen Lim Chye Hoon has more than 28 years of working experience and has been in-charge of finance, personnel and administrative functions. Prior to joining our Company, she was an executive director of BHET from 1998 to 2003. From 1988 to 1998, she was an employee of BHET in-charge of accounting matters. She held the position of an accounts clerk of Guan Hup Electrical & Hardware Pte Ltd from 1982 to 1988.



**MR KEEGAN CHUA TZE WEE**

**Chief Financial Officer**

Keegan Chua Tze Wee is our Chief Financial Officer and is responsible for all aspects of financial planning, financial budgeting and control matters. Keegan Chua has 20 years of experience in accountancy, audit and finance. Prior to joining our Group in December 2006, he had assumed auditing, finance and accounting positions in various accounting firms and an SGX mainboard-listed company. Keegan Chua obtained his Bachelor of Accountancy (Honours) degree from The Nanyang Technological University in 1994 and is a member of the Institute of Singapore Chartered Accountants. In 2011, he was awarded the Best Chief Financial Officer of the year (companies with less than \$300 million in market capitalization) at the Singapore Corporate Awards.



**MR KEN SOH LEE MENG**  
Chief Information Officer

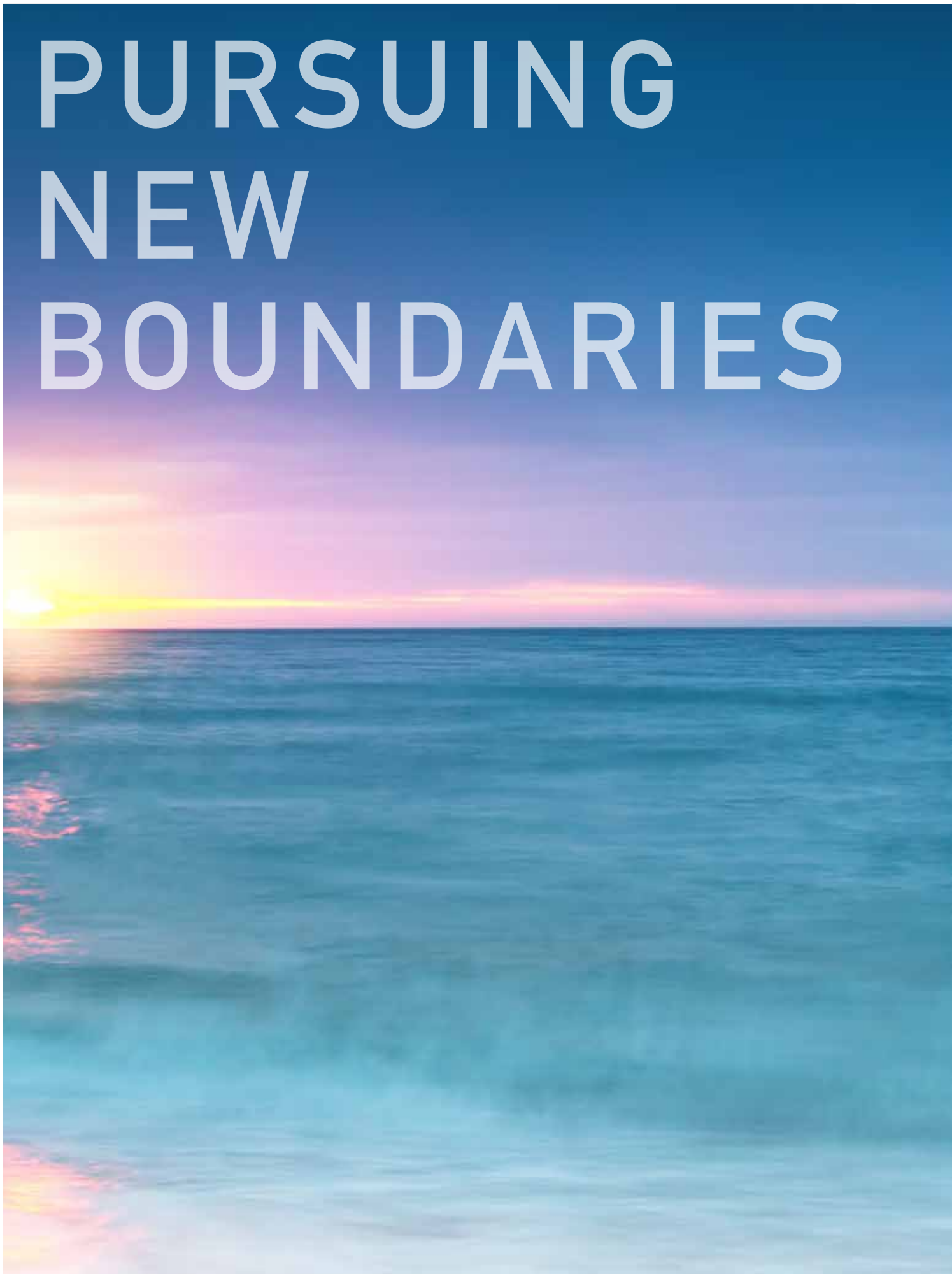
Ken Soh Lee Meng is our Chief Information Officer and was appointed in March 2014. Ken Soh is responsible for the group info-communication and technology (ICT) practices and technology based business development initiatives. Ken Soh has more than 23 years of working experiences in the ICT industry. Prior to joining BH Global, he held various senior positions including Chief Information Officer and Chief Data Officer of Temasek Polytechnic with enterprise-wide master planning and implementation responsibilities, Business Department Head and Director of Business Development in the Singapore Computer Systems Ltd and NCS Pte Ltd with P&L and operational responsibilities, Head of Corporate e-Banking Product Development (IT) in the Bank of Tokyo-Mitsubishi (Singapore), Project Lead and Consultant in IBM Singapore Pte Ltd. Ken holds a Master of Science in Computer Studies from the University of Essex, and a Master of Business Administration from the Nanyang Business School (a Nanyang Technological University and University of California, Berkeley joint program)



**MR KEVIN MANSELL**  
Chief Executive Officer  
Gulf Specialty Steel Industries LLC

Kevin Mansell joined Gulf Specialty Steel Industries LLC in February 2015 as Chief Executive Officer. He has a degree in Metallurgy and Material Science from the University of Nottingham and has more than 20 years of experience in the steel wire industry, the last 13 in senior Managing Director roles in Europe and in Asia. He has a proven track record of improving operational performance, profitability and delivering growth. A large part of his experience has been with Bekaert, the largest steel wire company in the world, first of all in the UK where he was responsible for their manufacturing operations before being promoted to Managing Director. He then spent 5 years in India where he was the Managing Director and Country Manager for Bekaert during a period of rapid growth. For the last 2 years he has been the Managing Director of Caparo Wire where he was able to restructure the business and return it to profitability. At GSSI he is focusing on growing sales to fully utilise the capacity of the new plant in Oman while improving manufacturing effectiveness to maximise profitability and deliver value to their customers.

# PURSuing NEW BOUNDARIES





# Investor Relations

Since its listing in 2005, BH Global is committed to good corporate governance and constantly strives to improve on its communications with shareholders and the investment community. The Group won the Best Investor Relations Awards at the Singapore Corporate Awards for four consecutive years from 2007 to 2010, which is a strong endorsement of the Group's commitment towards good corporate disclosure and communication.

BH Global announces its quarterly financial results within the regulatory timelines. The Group also makes timely announcements on the Singapore Exchange to keep its shareholders and other important stakeholders updated on material corporate activities and developments.

The Group organises semi-annual result briefings with analysts, fund managers and retail investors to inform them on its business model and operations, investment merits, financial highlights and business outlook. Over the past year, semi-annual results briefings were conducted which also included timely updates about the Group's activities and developments.

To enable interested investors to have a better understanding of the Group's businesses, BH Global arranges regular plant visits to its facilities at Penjuru Lane, giving visitors a full tour of the showroom, warehouse and facilities.

The management also participates in relevant media supplements and engages the investment community by speaking to the financial media. BH Global and its various companies have been featured in both the mainstream media and other online media and trade publications.

Going forward, the Board of Directors reaffirm their commitment to maintaining a high level of transparency and accountability to shareholders and the investment community.



**Since its listing in 2005, BH Global is committed to good corporate governance and constantly strives to improve on its communications with shareholders and the investment community.**

# Employees & Organisation

At BH Global, we believe that developing a strong talent pool and retaining them is one of the key factors to our success. To achieve this, the Group has invested significant resources in various programs in training and development, and welfare and teambuilding. These programs have reaped positive benefits for both employees and the company.

**TRAINING AND DEVELOPMENT:** During the year, we arranged customized training and development programs for all levels of staff which are targeted to both employee and business needs. These programs are aimed at broadening employees' knowledge and skill sets in various areas such as finance, accounting, marketing, information technology (IT), technical and operational fields. Potential future leaders of the Group also went through programs such as talent management workshops and leadership training to prepare them for management and leadership roles.

**WELFARE AND TEAMBUILDING:** The Group holds regular welfare and teambuilding events to foster team spirit, promote camaraderie and improve communication among employees and management. In 2015, we organized quarterly Happy Hour events where employees played games and enjoyed good food and drinks at the company premises, Family Day events such as amazing race at River Safari and prawn fishing at Hai Bin, and Back to School voluntary events at Popular bookstore where employees helped underprivileged children to purchase items for the coming school year. We also held a special James Bond-themed dinner and dance event at Orchid Country Club in June 2015, the first time we held it at a country club. The event gave all staff a chance to let their hair down for the evening and enjoy the sumptuous food and interesting entertainment acts which included a hair-raising pole dance act. Long service awards were also given to certain employees as appreciation for their valuable contributions to the Group over the years.



At BH Global, we believe that developing a strong talent pool and retaining them is one of the key factors to our success.

# Corporate Social Responsibility

## CONTRIBUTIONS TO COMMUNITY

BH Global strongly believes in Corporate Social Responsibility ("CSR") as we recognize the importance of building strong relationships with our stakeholders and supporting the communities that we operate in.

Our commitment to being a good corporate citizen is a collective effort by employees of all levels. We strongly encourage our staff to participate in our CSR initiatives by incorporating participation in these meaningful causes as part of our corporate culture. BH Global commits itself to making a positive difference to the wider community, focusing our CSR efforts in the areas of education and community development through staff volunteerism and monetary donations.

In 2015, BH Global continued its tradition of organizing and participating in the "Back-to-School" event, in partnership

with Kampong Kapor, Woodlands, Taman Jurong and Tanjong Pagar community centres. "Back-to-School" is a semi-annual event organised by non-profit organisations to assist students from lower-income families to purchase needed items such as stationery and assessment books in preparation for their new school term. 2015 marks the sixth year that BH Global has participated in this event. Our participation in this event allows employees to bond with fellow colleagues, and yet play their part in giving back to the society. It was truly a collaborative effort as the Group worked with local community centres to sponsor breakfast coupons, Popular Bookstore cash vouchers, snacks, transportation for the event. Over 50 employees were actively involved in helping more than 400 students with their purchases, bringing wide smiles to the faces of these underprivileged children.

The Group pledges to continue contributing to the community through such meaningful initiatives in the future.



**Our commitment to being a good corporate citizen is a collective effort by employees of all levels.**

# Corporate Governance Report

The Group is committed to achieving and maintaining high standards of corporate governance. The Group has substantively complied with the recommendations of the revised Code of Corporate Governance 2012 ("Code"), issued on 2 May 2012, through effective self-regulatory corporate practices to protect and enhance the interests of its shareholders. This report describes the Group's corporate governance processes and activities in conjunction with the Singapore Exchange Securities Trading Limited's requirements that issuers describe its corporate governance practices with specific reference to the Code in its annual reports.

## Principle 1: The Board's conduct of Affairs

### The Board's principal functions are:

1. Approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;
2. Reviewing the performance of the business and approving the release of the financial results announcement of the Group to shareholders;
3. Providing guidance in the overall management of the business and affairs of the Group;
4. Overseeing the processes for internal control, risk management, financial reporting and statutory compliance;
5. Approving the recommended framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee; and
6. Considering sustainability issues such as environmental and social factors.

*Guideline 1.1 of the Code: The Board's role*

The Board has delegated certain specific responsibilities to four (4) board committees, namely, the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). More information on these committees is set out below. The Board accepts that while these board committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

*Guideline 1.3 of the Code: Disclosure on delegation of authority by Board to Board Committees*

The Board meets at least four (4) times in a year. The frequency of meetings and the attendance of each Director at every board and board committee meeting are disclosed on page 50 in this Report. Informal meetings are regularly held to discuss and update on corporate and commercial matters. Article 110 of the Company's Constitution allows for participation in board meetings by means of telephone conference or any other similar communications equipment.

*Guideline 1.4 of the Code: Board to meet regularly*

Matters which are specifically reserved for decision by the Board include those involving business plans, material acquisitions and disposals of assets, corporate or financial structuring, corporate strategy, share issuances, dividends, communications with regulatory authorities and shareholder matters.

*Guideline 1.5 of the Code: Matters requiring Board approval*

All Directors are regularly updated by Management and the Corporate Secretary on the industry, business, operations and corporate governance practices of the Group. The Company will, from time to time, invite Directors to attend seminars and briefing sessions to keep pace with financial, corporate governance, regulatory and other changes. All Directors are members of the Singapore Institute of Directors ("SID"), and eligible to receive updates and training from SID. Directors and Senior Management are encouraged to attend relevant courses and subscribe for journal updates on matters of topical interest.

*Guideline 1.6 of the Code: Directors to receive appropriate training*

# Corporate Governance Report (cont'd)

A formal letter is provided to each Executive Director upon his appointment, setting out the Director's duties and obligations. No formal letters are issued to non-executive Directors as their duties and obligations are governed by prevailing law, codes and regulations.

*Guideline 1.7 of the Code: Formal letter to be provided to directors setting out duties and obligations*

## Principle 2: Board Composition and Guidance

The Board currently comprises six (6) Directors of whom three (3) are non-executive and independent Directors. The Board is supported by various board committees, namely, the NC, AC, RC and RMC whose functions are described below. The non-executive directors have been able to exercise objective judgement independently from Management and substantial shareholders and no individual or small group of individuals dominate the decisions of the Board.

*Guideline 2.1 and 2.2 of the Code: At least half of directors to be independent where the Chairman and CEO are immediate family members*

The Board considers an independent director as one that has no significant relationship with the Company, its related corporations, its substantial 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 to the best interests of the Company. Under this definition, half of the Board is considered independent.

*Guideline 2.3 of the Code: Definition of independent director*

All three non-executive Directors have served on the Board beyond nine years from the date of their first appointment on 3 August 2014. The Board, having reviewed the independence of these Directors and further taking into account the deliberations of the NC, is of the view that all three non-executive Directors are able to exercise independent and objective judgement considering also that there are no relationships or circumstances which may affect their judgement and ability to discharge their duties and responsibilities as independent directors.

*Guideline 2.4 of the Code: Any director who has served more than 9 years should be subject to rigorous review*

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The Board is made up of Directors who are qualified and experienced in various fields including business and management, accounting and finance, engineering and industry, and law. The profiles of each of the Directors are provided in pages 28 and 29 of this Annual Report. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and oversee the Company.

*Guideline 2.5 and 2.6 of the Code: Board to determine its appropriate size and comprise directors with core competencies*

The current Board composition provides a diversity of knowledge and experience to the Company as follows:-

Balance and Diversity of the Board		
Core Competencies	Number of Directors	Proportion of Board
Accounting or finance	2	33%
Business management	4	67%
Legal or corporate governance	3	50%
Relevant industry knowledge or experience	4	67%
Strategic planning experience	4	67%
Customer based experience or knowledge	3	50%
Gender		
Male	6	100%
Female	0	-

# Corporate Governance Report (cont'd)

The non-executive Directors are also involved in reviewing the corporate strategies, business operations and practices of the Group, as well as reviewing and monitoring the performance of Management in achieving agreed goals and objectives. The non-executive Directors do confer with the external auditors at least once a year and whenever necessary to discuss issues without the presence of Management.

*Guideline 2.7 and 2.8 of the Code: Role of NEDs and regular meetings of NEDs.*

As at 31 December 2015, the Board comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of appointment
Alvin Lim Hwee Hong	Chairman	23.04.2004	30.04.2013	Executive/ Non-independent
Vincent Lim Hui Eng	Director	23.04.2004	15.04.2014	Executive/ Non-independent
Patrick Lim Hui Peng	Director	23.04.2004	15.04.2015	Executive/ Non-independent
Loh Weng Whye	Lead Independent Director	03.08.2005	15.04.2015	Non- executive/ Independent
David Chia Tian Bin	Director	03.08.2005	30.04.2013	Non- executive/ Independent
Winston Kwek Choon Lin	Director	03.08.2005	15.04.2014	Non- executive/ Independent

## Principle 3: Chairman and Chief Executive Officer

Mr Alvin Lim Hwee Hong is the Executive Chairman of the Board and Mr Vincent Lim Hui Eng is the Chief Executive Officer of the Company, effective since January 2008. Mr Alvin Lim Hwee Hong and Mr Vincent Lim Hui Eng are siblings.

*Guideline 3.1 of the Code: Chairman and CEO should be separate persons*

The roles and responsibilities of the Executive Chairman and Chief Executive Officer are separate and defined.

The Executive Chairman will, amongst other responsibilities, lead the Board, ensure effective communication with shareholders, encourage constructive relationship between the Board and Management, as well as between Board members, and promote high standards of corporate governance. The Chief Executive Officer manages the business of the Company and implements the Board's decisions.

*Guideline 3.2 of the Code: Chairman's role*

In view of the sibling relationship between the Executive Chairman and the Chief Executive Officer, the Board has, since February 2007, appointed Mr Loh Weng Whye as the Lead Independent Director. Non-executive and independent Directors comprise half of the number of directors on the Board.

*Guideline 3.3 of the Code: Appointment of LID where Chairman and CEO are immediate family members*

# Corporate Governance Report (cont'd)

## Principle 4: Board Membership

## Principle 5: Board Performance

The NC comprises the following Directors:-

Mr Winston Kwek Choon Lin (Chairman)  
Mr Loh Weng Whye (Member)  
Mr Vincent Lim Hui Eng (Member)

Save for Mr Vincent Lim Hui Eng, the other members of the NC are non-executive and independent Directors.

The NC's key terms of reference, describing its responsibilities, include:-

- (a) Reviewing and recommending the appointment and re-appointment of the Directors having regard to the Director's contribution and performance, including attendance, preparedness and participation;
- (b) Determining on an annual basis whether or not a Director is independent in accordance to the Code;
- (c) Reviewing the training and professional development programs for the Board;
- (d) Reviewing a Director's multiple board representations on various companies and deciding whether or not such Director is able to and has been adequately carrying out his duties as Director; and
- (e) Deciding on how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval by the Board.

The independence of each Director has been reviewed annually by the NC based on the Code's definition of what constitutes an independent director. Based on this review, the NC has confirmed the independence of the Directors concerned.

The NC is of the view that the Directors are able to and have adequately carried out their duties as Directors of the Company. As Board meetings are planned and scheduled well in advance of the meeting dates, Directors have been able to attend all of the Board and Committee meetings. The NC is also of the view that Directors with multiple board representations and other substantive commitments, have ensured that sufficient time and attention are given to the affairs of the Group. As a director's ability to commit time to the Group's affair is essential for his contribution and performance, the NC has determined that the maximum number of listed company board representations which each of the Director of the Company may hold is five (5) and all Directors have complied with the set limit.

The Board does not encourage approving the appointment of alternate directors except in exceptional cases. If an alternate director is appointed, the alternate director should be familiar with the Group's affairs and be appropriately qualified.

*Guideline 4.1 of the Code: NC to comprise at least three directors, majority of whom are independent, including the Chairman. The lead independent director should be a member*

*Guideline 4.2 of the Code: NC to make recommendations to the Board*

*Guideline 4.3 of the Code: NC to determine directors' independence annually*

*Guideline 4.4 of the Code: NC to decide if a director is able to and has been adequately carrying out his duties as a director.*

*Guideline 4.5 of the Code: Appointment of alternate directors*

# Corporate Governance Report (cont'd)

Pursuant to the Constitution of the Company:-

- (a) one third of the Directors shall retire from office at the Annual General Meeting;
- (b) Directors appointed during the course of the year will submit themselves for re-election at the next Annual General Meeting of the Company; and
- (c) the Chief Executive Officer shall be subjected to retirement and re-election by shareholders.

The NC selects and recommends the appointment and re-appointment of new directors to the Board after assessing the candidates' qualifications, attributes and past experience. The candidates' independence, expertise, background and skills will also be considered before the NC interviews the shortlisted candidates and makes its recommendations to the Board. This is to ensure a balanced board and to improve its overall effectiveness.

Key information of each director is set out on pages 28 to 29.

The NC has adopted guidelines for annual assessment of the effectiveness of the Board as a whole and its Board Committees and of the contribution of each individual director to the effectiveness of the Board and has performed the necessary assessment for the financial year.

## Principle 6: Access to Information

With few exceptions, the Board is provided with adequate and timely information prior to Board meetings and on an on-going basis and Board papers are distributed in advance of each meeting to Directors. The Company circulates copies of the minutes of the meetings of all board committees to all members of the Board to keep them informed of on-going developments within the Group.

The Directors have separate and independent access to the Company's Senior Management and the Company Secretary at all times. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the approval of the Board Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

The Company Secretary attends the Company's Board, AC, RC and NC meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary's role is also to advise the Board on governance matters and to assist the Board and Senior Management in ensuring that the Company complies with rules and regulations which are applicable to the Company.

*Guideline 4.6 of the Code: Process for selection, appointment and re-appointment of new directors.*

*Guideline 4.7 of the Code: Key information regarding directors*

*Guideline 5.1 of the Code: Assessment of the Board and its board committees*

*Guideline 6.1 and 6.2 of the Code: Management obliged to provide Board with adequate and timely information and include board papers and related materials, background and explanatory information*

*Guideline 6.3 and 6.5 of the Code: Directors to have access to Company Secretary; role of Company Secretary to be clearly defined and procedure for Board to take independent professional advice at company's expense.*

# Corporate Governance Report (cont'd)

## BOARD COMMITTEES

### Principle 7: Remuneration Matters / Procedures for Developing Remuneration Policies

The RC comprises entirely of non-executive Directors, all of whom, including the Chairman, are independent:

Mr Loh Weng Whye (Chairman)  
Mr David Chia Tian Bin (Member)  
Mr Winston Kwek Choon Lin (Member)

*Guidelines 7.1, 7.2 and 7.3 of the Code: RC to consist entirely of NEDs; majority of whom, including RC Chairman, must be independent & RC to recommend remuneration of directors and CEO, and to review remuneration of key management personnel and to seek expert advice, if necessary*

The RC's key terms of reference, describing its responsibilities, include:-

- (a) To recommend to the Board all matters relating to remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind, of the Directors and key management personnel;
- (b) To review and ensure that the level and structure of remuneration of the Directors and key management personnel should be aligned with the long-term interest and risk policies of the Company;
- (c) To structure a significant and appropriate proportion of executive directors' and key management personnel's remuneration so as to link rewards to corporate and individual performances. Such remuneration should also be aligned with the interests of shareholders and promote the long-term success of the Company; and
- (d) To review and ensure that 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 and they should not be over-compensated to the extent that their independence may be compromised.

The RC is responsible for ensuring a formal and transparent procedure for developing an appropriate executive remuneration policy and a competitive framework. The RC has recommended to the Board a framework of remuneration which covers various aspects of remuneration, including but not limited to, directors' fees, salaries, allowances, bonuses, and benefits-in-kind, and the specific remuneration packages for each executive director in order to retain and motivate each of them to run the business and operations successfully. External consultants' advice will be sought, where necessary, when a major remuneration review is conducted.

# Corporate Governance Report (cont'd)

## Principle 8: Level and Mix of Remuneration

In recommending a remuneration framework, the RC takes into account the performance of the Group as well as the directors and key executives, aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The review of remuneration packages takes into consideration the longer term interests of the Group. It covers various aspects of remuneration including salaries, fees, allowances, bonuses, perks and benefits-in-kind. The Committee's recommendations are based on Management's reports and recommendations, made in consultation with the Chairman of the Board and submitted for endorsement to the entire Board.

The payment of directors' fees is subject to the approval of shareholders. Factors such as level of contribution, effort and time spent, and responsibilities of the non-executive Directors are considered when determining the level of their fees.

The RC is of the view that the variable components of remuneration (including bonus and profit sharing) of the Executive Directors and the key management personnel were commensurate with performance in FY2015. In addition, the Company is entitled to reclaim, in full or in part, any profit-sharing paid to the Executive Directors under circumstances of misstatement of financial statements or misconduct of the Executive Directors, directly or indirectly, resulting in financial losses to the Company, as may be determined by the Board.

New service contracts for the Executive Chairman, Chief Executive Officer and Chief Operating Officer for a fixed period of two years were established after a major review conducted in late 2008 by the RC with consultation from external consultants on the original executive Directors' service contracts disclosed in the IPO Prospectus. The new service agreements were put into effect from 1 January 2009. The Board extended their service contracts until 31 December 2011 while a review was being conducted by the RC. Subsequently, on 1 January 2012, after completion of the review, the Company entered into new 2-year service contracts with the Executive Chairman, Chief Executive Officer and Chief Operating Officer. The contracts have expired since 31 December 2013 and on 1 January 2014, new 2-year service contracts were entered into which expired on 31 December 2015. Subsequently, the RC, after due deliberation, entered into the current 2-year service contracts with the Executive Chairman, Chief Executive Officer and Chief Operating Officer on 1 January 2016. As stipulated in the current service contracts, the RC is responsible for reviewing the compensation commitments in the event of an early termination.

Management has briefed the RC regarding its annual assessments on the performance of members of senior management and their remuneration packages as proposed, and having reviewed the matter, the RC has recommended these to the Board for approval.

RC also reviewed the proposed bonus/incentives for the executive Directors and members of senior management. Bonuses, if any, for the executive Directors are calculated based on profit performance as stipulated in their respective service contracts.

*Guideline 8.1 of the Code: Align remuneration with corporate and individual performance and interests of shareholders and promote long term success of the Company*

*Guideline 8.3 of the Code: Remuneration of NEDs should be appropriate, taking into account their contribution, effort, time spent and responsibilities*

*Guideline 8.4 of the Code: Contractual provision to reclaim back incentives from executive directors and key management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company*

# Corporate Governance Report (cont'd)

## Principle 9: Disclosure on Remuneration

The remuneration of the Directors for the financial year 31 December 2015 are as follows:

Name of Directors	Salary	Bonus / Profit-Sharing	Fees
<b>Below S\$250,000</b>			
Mr Loh Weng Whye	-	-	100%
Mr David Chia Tian Bin	-	-	100%
Mr Winston KwekChoon Lin	-	-	100%
<b>S\$250,000 to S\$499,999</b>			
Mr Alvin Lim Hwee Hong	87%	-	13%
Mr Vincent Lim Hui Eng	87%	-	13%
Mr Patrick Lim Hui Peng	87%	-	13%

The Board has considered the guideline to fully disclose the remuneration of each individual director and the CEO on a named basis. In its deliberation, the executive Directors and CEO are concerned that such full disclosure may have probable adverse impact on existing relationships with senior management, directors of Group companies and certain suppliers. There is also concern that competitors may choose to misuse the information. For these reasons, the Company is only disclosing the bands of remuneration for each Director.

The remuneration of the Top Eight (8) Key Executives for the financial year 31 December 2015 are as follows:

Name of Key Executives	Salary	Bonus	Fees
<b>Below S\$250,000</b>			
Mr Keegan Chua Tze Wee	86%	14%	-
Mr Ken Soh Lee Meng	85%	15%	-
Mr Dion Soh Long Ping*	100%	-	-
Mr Tommy Ho*	100%	-	-
Mr Ang Cheng Siew**	100%	-	-
<b>S\$250,000 to S\$499,999</b>			
Mr Johnny Lim Huay Hua#	78%	12%	10%
Ms Eileen Lim Chye Hoon#	78%	12%	10%
Mr Kevin Mansell***	100%	-	-

- # Mr Johnny Lim Huay Hua and Ms Eileen Lim Chye Hoon are the siblings of Mr Alvin Lim Hwee Hong, Mr Vincent Lim Hui Eng and Mr Patrick Lim Hui Peng. Apart from Mr Johnny Lim and Ms Eileen Lim, there were no other immediate family members of the Executive Directors, except Mr Ken Hing Kah Wah who is the spouse of Ms Eileen Lim Chye Hoon and Ms Jasmin Lim Rui Li who is the daughter of Mr Alvin Lim Hwee Hong, employed by the Group whose respective remuneration exceed \$50,000 per annum during the year.

*Guideline 9.1, 9.2, 9.3 and 9.4 of the Code: Disclosure of directors' remuneration, top 5 executives of the Company in bands of \$250,000 and immediate family members of a director or the CEO whose remuneration exceed \$50,000 per annum.*

# Corporate Governance Report (cont'd)

\* Mr Dion Soh Long Ping and Mr Tommy Ho have stepped down following the liquidation of Oil & Gas Solutions Pte Ltd on 4 September 2015.

\*\* Mr Ang Cheng Siew is the Managing Director of Z-Power Automation Pte Ltd, the Group's 60% owned subsidiary, which was disposed on 4 March 2015.

\*\*\* Mr Kevin Mansell was appointed CEO of Gulf Specialty Steel Industries LLC on 1 February 2015.

The aggregate amount of the total remuneration paid to the Key Executives (who are not Directors or CEO) is \$1,656,652 in FY 2015.

The Company has adopted a remuneration policy for staff comprising a fixed (basic salary) and variable (bonus) components. The variable component is linked to the performance of the Company and individual.

*Guideline 9.6 of the Code: Disclosure on link between remuneration and performance.*

## Principle 10: Accountability of the Board and Audit

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive reports.

The Board ensures by confirming with Management and the external auditors that the financial statements are prepared according to applicable accounting policies and accounting standards as well as comply with other legislative and regulatory requirements.

*Guideline 10.1, 10.2 & 10.3 of the Code: Board's responsibility to provide balanced, understandable assessment of Company's performance and position on interim basis and management accounts.*

## Principle 11: Risk Management and Internal controls

The Audit Committee (AC) and Risk Management Committee (RMC) assist the Board in the oversight of risk management responsibilities, internal controls and governance processes.

The AC, with the assistance of the Internal Auditor ("IA"), periodically reviews the effectiveness of the Group's internal controls relating to finance, operational, compliance and information technology controls.

### Risk Management

The Board has set up the RMC in 2010 which comprises:

Mr. Alvin Lim Hwee Hong	(Executive Chairman)
Mr. Vincent Lim Hui Eng	(Chief Executive Officer)
Mr. Keegan Chua Tze Wee	(Chief Financial Officer)

The RMC is chaired by the Executive Chairman Mr. Alvin Lim Hwee Hong.

# Corporate Governance Report (cont'd)

The main objective of the RMC is to assist the Board and AC to review and implement best corporate governance practices, with reference to compliance, enterprise risk management and internal controls. The primary responsibilities of the RMC include:

- Identifying, assessing, and managing the Group's risk including managing the Group's enterprise risk programme;
- Reviewing the effectiveness of internal controls and to implement changes where required;
- Ensuring compliance with statutory, regulatory requirements and the Group's policies and procedures; and
- Promoting awareness of the importance of risk management within the Group

The Group has implemented an Enterprise Risk Management System. An Enterprise Risk Assessment (ERA) has been carried out to form a "Risk Map" of the high priority business risks. Based on the Risk Map, measures were taken to address and monitor the top business risks.

Based on the Enterprise Risk Assessment, the Board is satisfied with the risk management process in place, and in its opinion, that the effectiveness and adequacy of the controls have been appropriately reviewed through the management and independent assurance provided by the Group's internal and external auditors.

## Internal Controls

During the year, IA (refer to Principle 13) worked closely with Management to align its related companies to the Group's internal control environment and compliance standards in order to strengthen the internal checks and balances.

The IA conducted periodic audits of its related companies and to review their key operations and business practices to ensure compliance with the Group's system of internal controls. Significant control issues were highlighted with recommendations provided by IA and remedial action were taken by Management. A Control Self-Assessment review was conducted to assist the Board and Management obtain assurance on the adequacy and effectiveness of the system of internal controls during the year.

Based on the results of the Enterprise Risk Assessment and findings on the risks and system of internal controls made by both external and internal auditors as well as the Control Self-Assessment review, the Board, with the concurrence of the AC, is generally satisfied that the risk management and system of internal controls and procedures are adequate and effective in achieving its objectives and addressing financial, operational and compliance and information technology control risks.

*Guideline 11.1 and 11.2 of the Code: Board to review adequacy of financial, operational and compliance controls and risk management policies and Board to comment on the adequacy of the internal controls*

# Corporate Governance Report (cont'd)

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer:-

- (a) that 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 were adequate and operating effectively.

*Guideline 11.3 of the Code:*

*Board to receive assurance from CEO and CFO*

## Principle 12: Audit Committee

The AC comprises:

Mr David Chia Tian Bin (Chairman)

Mr Loh Weng Whye (Member)

Mr Winston Kwek Choon Lin (Member)

The AC members are all non-executive and independent Directors capable of discharging their responsibilities appropriately. The members collectively have many years of experience in accounting and audit, business and financial management, law and engineering. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

*Guideline 12.1 and 12.2 of the Code: AC should comprise at least three directors, all non-executives and the majority of whom, including the chairman, are independent and Board to ensure AC members are qualified*

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

*Guideline 12.3 of the Code: AC to have explicit authority to investigate and have full access to management and reasonable resources*

The AC's scope of work is governed by written terms of reference. Specifically, the AC meets on a periodic basis to perform the following functions:

*Guideline 12.4 of the Code: Duties of AC*

- (a) Assist the Board of Directors in the identification and monitoring of areas of significant business risks with the help of internal and external auditors;
- (b) Review the effectiveness of the financial and accounting control systems and management of financial and business risks;
- (c) Review compliance with the Listing Manual and the Code of Corporate Governance;
- (d) Review with the external and internal auditors their respective audit plans, reports and their evaluation of the Group's system of risk management and internal controls;
- (e) Recommend the appointment of auditors and to review the level of audit fees;
- (f) Review the independence of the Company's auditors on an annual basis;
- (g) Review the adequacy of the internal audit function;
- (h) Review the Group's quarterly and annual reports and announcements before they are submitted to the Board for approval;
- (i) Review interested person transactions.

# Corporate Governance Report (cont'd)

The AC has reviewed and is satisfied with the level of co-operation rendered by Management to the external auditors. The AC is also of the view that the scope of audit, experience levels of staff and quality of the audits are adequate. The AC also convened a meeting with the external auditors without the presence of Management to discuss matters relating to the audits.

The AC, having reviewed all non-audit services provided by the external auditors, are satisfied that the nature and extent of such services would not affect the independence and objectivity of the external auditors.

Both the AC and Board have reviewed the appointment of different auditors for its subsidiaries and/or significant associated and joint venture companies and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company and the Group.

Accordingly, the Company has complied with Rules 712 and 716 of the Listing Rules of the Singapore Exchange Securities Trading Limited.

Management has put in place a whistle-blowing policy duly endorsed by the AC and approved by the Board where employees of the Group can access an external service provider to raise concerns about possible improprieties in matters of financial management and reporting or other matters. The policy encourages employees to identify themselves because appropriate follow-up enquiry or investigation may not be possible unless the source of information is identified. Concerns expressed anonymously will nevertheless be investigated, with due consideration given to:

- (a) The seriousness of the issue raised;
- (b) The credibility of the concern; and
- (c) The likelihood of verification against known sources.

The AC members take measures to keep abreast of changes of accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the Group's external auditors.

## Principle 13: Internal audit

The Group outsourced its internal audit function to JF Virtus Pte Ltd, an independent assurance service provider ("IA") which specialises in risk management and internal auditing. The IA reports directly to the AC Chairman on audit matters, and to the Executive Chairman or Chief Executive Officer on administrative matters. The AC is satisfied that the appointed IA meets and has carried out its function according to the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

*Guideline 12.5 of the Code: AC to meet internal and external auditors, without presence of management, annually.*

*Guideline 12.6 of the Code: AC to review independence of external auditors annually.*

*Guideline 12.7 of the Code: AC to review arrangements for staff to raise possible improprieties to AC*

*Guideline 12.8 of the Code: AC to keep abreast of changes to accounting standards and issues*

*Guideline 13.1, 13.2, 13.3 and 13.4 of the Code: IA to report to AC chairman, and CEO administratively and is adequately resourced and staffed with persons with relevant qualifications and experience. The IA should carry out its function according to the standards set by nationally or internationally recognised professional bodies.*

# Corporate Governance Report (cont'd)

The primary objective of the internal audit is to assure the AC and the Board that sound risk management processes and controls are in place and operating effectively.

The AC is satisfied that the internal audit function is adequately resourced and comprehensively covers the major activities within the Group.

## Principle 14 and 15: Shareholder Rights and Responsibilities

### (a) Shareholder rights

It is the Group's intention to ensure that all shareholders are treated fairly and equitably to ensure their ownership rights are met. Timely and transparent disclosure are made to ensure all shareholders are informed of any changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares.

Shareholders are given the opportunity to attend and vote at general meetings. The rules, including voting procedures, that govern general meetings of shareholders are also clearly communicated.

### (b) Communications with Shareholders

The Company has appointed an investor relation consultant, Financial PR Pte Ltd to support the Group in facilitating communication with shareholders and the investment community. The Company also ensures that timely and adequate disclosure of information on matters of material impact or significance relating to the Group are made to shareholders of the Company through SGXNET and other information channels, in compliance with the requirements set out in the Listing Manual of the Singapore Exchange Securities Trading Limited, with particular reference to the Corporate Disclosure Policy set out therein

All quarterly and full year results announcements, annual reports, dividend declaration and notice of book closure are announced via SGXNET or issued within the prescribed period under Listing Manual.

The Group does not presently have a prescribed dividend policy.

An interim one-tier tax exempt dividend of 0.5 Singapore cent per share was declared and paid for the financial year ended 31 December 2015.

*Guideline 14.1 of the Code: All shareholders are treated fairly and equitably*

*Guideline 14.2 of the Code: Shareholders have opportunity to participate and vote at general meetings*

*Guideline 15.1, 15.2, 15.3 and 15.4 of the Code: Company to regularly convey pertinent information on a timely basis*

*Guideline 15.5 of the Code: Company to have a dividends payment policy. Where dividends are not paid, Company should disclose its reasons.*

## Principle 16 : Conduct of Shareholder Meetings

At general meetings, shareholders of the Company will be given the opportunity to present their views and to put questions regarding the Group to Directors and Management. The Directors and Management will be present at these meetings to address any questions that shareholders may have. The external auditors will also be present to assist the Board in addressing queries by shareholders.

*Guideline 16.1 and 16.3 of the Code: Shareholders have the opportunity to participate and vote at general meetings. Committee chairman and external auditors to be present at AGMs*

# Corporate Governance Report (cont'd)

Currently, the Constitution of the Company allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. Pursuant to Section 181 of the Companies Act, Chapter 50 (the "Companies Act"), a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his stead. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

*Guideline 16.4 and 16.5 of the Code: Companies encouraged to amend Constitution to avoid imposing limit on number of proxies for nominee companies*

Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed.

## ATTENDANCE AT BOARD & COMMITTEE MEETINGS

The number of Directors' and board committees' meetings and the record of attendance of each Director during the financial year ended 31 December 2015 is set out below:

Types of Meetings	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
<b>Names of Directors</b>								
Alvin Lim Hwee Hong	4	4	-	-	-	-	-	-
Vincent Lim Hui Eng	4	4	-	-	2	2	-	-
Patrick Lim Hui Peng	4	4	-	-	-	-	-	-
Winston Kwek Choon Lin	4	4	4	4	2	2	2	2
Loh Weng Whye	4	4	4	4	2	2	2	2
David Chia Tian Bin	4	4	4	4	-	-	2	2

## ADDITIONAL INFORMATION

### Dealings in Securities

The Company has procedures in place in line with Rule 1207(19) in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares whilst they are in possession of unpublished material price sensitive information and during the period commencing two weeks before quarterly announcement and one month before the full year announcement, as the case may be, and ending on the date of announcement of such financial results. The Officers of the Company are discouraged from dealing in the Company's securities on a short-term basis.

# Corporate Governance Report (cont'd)

## Interested Person Transactions

The Company has set out the procedures for review and approval of the Company's interested person transactions.

Disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 31 December 2015 are stated in the table below:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Global Eduhub Pte Ltd <sup>(1)</sup> Rental of office premises	\$124,290 <sup>-(2)</sup>	-

<sup>(1)</sup> subsidiary of the controlling shareholder of the Company, Beng Hui Holding (S) Pte Ltd, in which the Directors, Messrs Alvin Lim Hwee Hong, Vincent Lim Hui Eng and Patrick Lim Hui Peng together with their family members hold an aggregate interest of 100%.

<sup>(2)</sup> The rental agreement is for 3 years and commenced in 2013. The total contract amount is \$378,438 and \$124,290 had been charged during FY2015.

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

## Material Contracts

Save for the service contracts entered into between the executive Directors and the Company and the rental agreement with Global Eduhub Pte Ltd as disclosed in this report, there were no other material contracts entered into by the Company or its subsidiaries, involving the interests of the CEO or any director or controlling shareholder either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

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# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of BH Global Corporation Limited (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 58 to 133 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 of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Alvin Lim Hwee Hong	(Executive Chairman)
Vincent Lim Hui Eng	(Executive Director and Chief Executive Officer)
Patrick Lim Hui Peng	(Executive Director and Chief Operating Officer)
Loh Weng Whye	(Lead Independent Non-executive)
David Chia Tian Bin	(Independent Non-executive)
Winston Kwek Choon Lin	(Independent Non-executive)

## Arrangement to enable directors to acquire benefits

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.

# DIRECTORS' STATEMENT (cont'd)

## Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 (the "Companies Act"), except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2015	At 31.12.2015	At 1.1.2015	At 31.12.2015
The Company				
Alvin Lim Hwee Hong	3,928,690	3,928,690	286,675,600	286,675,600
Vincent Lim Hui Eng	3,828,690	3,828,690	286,675,600	286,675,600
Patrick Lim Hui Peng	3,828,690	3,828,690	286,675,600	286,675,600
Loh Weng Whye	215,000	215,000	—	—
<b>Immediate and Ultimate Holding Company</b>				
<b><u>Beng Hui Holding (S) Pte Ltd</u></b>				
Alvin Lim Hwee Hong	420,000	420,000	—	—
Vincent Lim Hui Eng	420,000	420,000	—	—
Patrick Lim Hui Peng	420,000	420,000	—	—
<b>Subsidiary corporations</b>				
<b><u>Sky Holding Pte. Ltd.</u></b>				
Alvin Lim Hwee Hong	—	—	405,000	405,000
Vincent Lim Hui Eng	—	—	405,000	405,000
Patrick Lim Hui Peng	—	—	405,000	405,000
<b><u>BH Marine &amp; Offshore Engineering Pte Ltd</u></b>				
Alvin Lim Hwee Hong	—	—	300,000	300,000
Vincent Lim Hui Eng	—	—	300,000	300,000
Patrick Lim Hui Peng	—	—	300,000	300,000
<b><u>Oil &amp; Gas Solutions Pte. Ltd.</u></b>				
(In the process of liquidation)				
Alvin Lim Hwee Hong	—	—	750,000	750,000
Vincent Lim Hui Eng	—	—	750,000	750,000
Patrick Lim Hui Peng	—	—	750,000	750,000
<b><u>PT. O &amp; G Solutions</u></b>				
(In the process of liquidation)				
Alvin Lim Hwee Hong	—	—	2,000	2,000
Vincent Lim Hui Eng	—	—	2,000	2,000
Patrick Lim Hui Peng	—	—	2,000	2,000

# DIRECTORS' STATEMENT (cont'd)

## Directors' interest in shares or debentures (cont'd)

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2015	At 31.12.2015	At 1.1.2015	At 31.12.2015
<b><u>PT. BH Marine &amp; Offshore Engineering</u></b>				
Alvin Lim Hwee Hong	—	—	2,000	2,000
Vincent Lim Hui Eng	—	—	2,000	2,000
Patrick Lim Hui Peng	—	—	2,000	2,000
<b><u>GL Lighting International Pte. Ltd.</u></b>				
Alvin Lim Hwee Hong	—	—	225,000	225,000
Vincent Lim Hui Eng	—	—	225,000	225,000
Patrick Lim Hui Peng	—	—	225,000	225,000
<b><u>PT. Dwi Utama Mandiri Sukses</u></b>				
Alvin Lim Hwee Hong	—	—	250,000	250,000
Vincent Lim Hui Eng	—	—	250,000	250,000
Patrick Lim Hui Peng	—	—	250,000	250,000
<b><u>Gulf Specialty Steel Industries LLC</u></b>				
Alvin Lim Hwee Hong	—	—	2,437,800	2,437,800
Vincent Lim Hui Eng	—	—	2,437,800	2,437,800
Patrick Lim Hui Peng	—	—	2,437,800	2,437,800
<b><u>Dalian Nautical Offshore &amp; Marine Technologies Co., Ltd</u></b> (In the process of liquidation)				
Alvin Lim Hwee Hong	—	—	525,000*	525,000*
Vincent Lim Hui Eng	—	—	525,000*	525,000*
Patrick Lim Hui Peng	—	—	525,000*	525,000*
* Represents capital injected in RMB.				
<b><u>BH Global Marine India Private Limited</u></b>				
Alvin Lim Hwee Hong	—	—	50,000	50,000
Vincent Lim Hui Eng	—	—	50,000	50,000
Patrick Lim Hui Peng	—	—	50,000	50,000
<b><u>BOS Offshore &amp; Marine Pte Ltd</u></b>				
Alvin Lim Hwee Hong	—	—	100,000	450,000
Vincent Lim Hui Eng	—	—	100,000	450,000
Patrick Lim Hui Peng	—	—	100,000	450,000

# DIRECTORS' STATEMENT (cont'd)

## Directors' interest in shares or debentures (cont'd)

The deemed interests of Alvin Lim Hwee Hong, Vincent Lim Hui Eng and Patrick Lim Hui Peng in the shares of the Company are by virtue of their shareholdings in Beng Hui Holding (S) Pte Ltd. At 31 December 2015, Beng Hui Holding (S) Pte Ltd holds 286,675,600 shares in the Company.

By virtue of Section 7 of the Companies Act, the directors, Alvin Lim Hwee Hong, Vincent Lim Hui Eng and Patrick Lim Hui Peng are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

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

## Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

## Audit Committee

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

David Chia Tian Bin	(Chairman)
Loh Weng Whye	(Member)
Winston Kwek Choon Lin	(Member)

The Audit Committee carried out its functions specified in Section 201B(5) of the Companies Act. Their functions are detailed in the Report on Corporate Governance.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

## Independent auditor

The independent auditor, Baker Tilly TFW LLP has expressed its willingness to accept re-appointment.

On behalf of the directors

Alvin Lim Hwee Hong  
Director  
24 March 2016

Vincent Lim Hui Eng  
Director

# INDEPENDENT AUDITOR'S REPORT

To The Members Of BH Global Corporation Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of BH Global Corporation Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 58 to 133, which comprise the statements of financial position of the Group and Company as at 31 December 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

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

## Report on Other Legal and Regulatory Requirements

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

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

24 March 2016

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	2015 \$'000	Group 2014 \$'000 (restated)
<b>Continuing operations</b>			
Revenue	3	55,577	74,302
Cost of sales		(36,121)	(55,657)
Gross profit		19,456	18,645
Other operating income/(expense)		1,860	(696)
Selling and distribution expenses		(8,128)	(9,339)
Administrative expenses		(11,242)	(9,643)
Finance costs	4	(330)	(1,067)
Share of results of joint ventures		1,616	(2,100)
Share of results of associated companies		(2,125)	(483)
		(524)	130
Loss before tax		(1,033)	(2,453)
Tax (expense)/credit	5	(650)	1,061
Loss from continuing operations, net of tax		(1,683)	(1,392)
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax	6	(4,541)	(5,132)
<b>Loss for the financial year</b>	7	(6,224)	(6,524)
<b>Loss attributable to:</b>			
Equity holders of the Company		(4,210)	(2,163)
Non-controlling interests		(2,014)	(4,361)
		(6,224)	(6,524)
<b>(Loss)/earnings per share</b> (expressed in cents per share)	9		
<b>From continuing and discontinued operations</b>			
Basic		(3.51)	(1.80)
Diluted		(3.51)	(1.80)
<b>From continuing operations</b>			
Basic		(1.31)	1.64
Diluted		(1.31)	1.64
<b>From discontinued operations</b>			
Basic		(2.20)	(3.44)
Diluted		(2.20)	(3.44)

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	<b>Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
<b>Loss for the financial year</b>	<b>(6,224)</b>	(6,524)
<b>Other comprehensive (loss)/income:</b>		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation	<b>(184)</b>	(411)
Currency translation difference on loss of control reclassified to profit or loss	<b>145</b>	357
Share of other comprehensive income of associated companies	<b>265</b>	–
Share of other comprehensive income of joint ventures	<b>40</b>	–
Other comprehensive income/(loss) for the financial year, net of tax	<b>266</b>	(54)
<b>Total comprehensive loss for the financial year</b>	<b>(5,958)</b>	(6,578)
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the Company	<b>(3,943)</b>	(2,359)
Non-controlling interests	<b>(2,015)</b>	(4,219)
	<b>(5,958)</b>	(6,578)

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

# STATEMENTS OF FINANCIAL POSITION

At 31 December 2015

		Group		Company	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	10	16,499	19,109	2	3
Investment in subsidiaries	11	–	–	10,384	12,229
Investment in joint ventures	12	2,416	2,093	1,006	909
Investment in associated companies	13	12,149	11,085	12,005	10,682
Deferred tax assets	14	44	79	–	–
Intangible assets	15	49	49	49	49
Purchase deposit to a supplier	16	5,756	–	–	–
Non-current receivable	17	162	–	162	–
<b>Total non-current assets</b>		<b>37,075</b>	<b>32,415</b>	<b>23,608</b>	<b>23,872</b>
<b>Current assets</b>					
Inventories	18	30,123	32,761	–	–
Due from customers on construction contracts	19	129	37	–	–
Trade receivables	20	16,223	20,636	–	–
Other receivables	21	2,427	1,978	13,133	13,860
Restricted cash	23	1,369	2,050	–	–
Cash and cash equivalents	24	4,349	2,987	153	211
		<b>54,620</b>	<b>60,449</b>	<b>13,286</b>	<b>14,071</b>
Property held for sale	25	–	1,527	–	–
Disposal group assets classified as held for sale	6	–	18,714	–	–
<b>Total current assets</b>		<b>54,620</b>	<b>80,690</b>	<b>13,286</b>	<b>14,071</b>
<b>Total assets</b>		<b>91,695</b>	<b>113,105</b>	<b>36,894</b>	<b>37,943</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	14	915	836	–	–
Finance lease liabilities	26	354	521	–	–
<b>Total non-current liabilities</b>		<b>1,269</b>	<b>1,357</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Due to customers on construction contracts	19	–	3,081	–	–
Trade payables		5,873	8,406	–	–
Other payables	27	1,746	3,539	1,074	4,432
Provisions	28	4,845	172	4,161	88
Bank borrowings	29	9,310	13,255	–	–
Finance lease liabilities	26	166	166	–	–
Tax payable		1,197	1,493	51	101
		<b>23,137</b>	<b>30,112</b>	<b>5,286</b>	<b>4,621</b>
Liabilities directly associated with disposal group classified as held for sale	6	–	10,429	–	–
<b>Total current liabilities</b>		<b>23,137</b>	<b>40,541</b>	<b>5,286</b>	<b>4,621</b>
<b>Total liabilities</b>		<b>24,406</b>	<b>41,898</b>	<b>5,286</b>	<b>4,621</b>
<b>Net assets</b>		<b>67,289</b>	<b>71,207</b>	<b>31,608</b>	<b>33,322</b>

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

# STATEMENTS OF FINANCIAL POSITION (cont'd)

At 31 December 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Equity</b>					
Share capital	30	43,461	43,461	43,461	43,461
Currency translation reserve		908	641	–	–
Retained earnings/(accumulated losses)		27,994	34,604	(11,853)	(10,139)
Equity attributable to equity holders of the Company, total		72,363	78,706	31,608	33,322
Non-controlling interests		(5,074)	(7,499)	–	–
<b>Total equity</b>		67,289	71,207	31,608	33,322

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

## Group

	Note	Attributable to equity holders of the Company				Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
At 1 January 2014		43,461	837	39,154	83,452	(2,388)	81,064
Loss for the financial year		–	–	(2,163)	(2,163)	(4,361)	(6,524)
<i>Other comprehensive (loss)/income</i>							
Currency translation differences arising on consolidation		–	(378)	–	(378)	(33)	(411)
Currency translation difference on loss of control reclassified to profit or loss		–	182	–	182	175	357
Other comprehensive loss for the financial year, net of tax		–	(196)	–	(196)	142	(54)
Total comprehensive loss for the financial year		–	(196)	(2,163)	(2,359)	(4,219)	(6,578)
<i>Distribution to equity holders of the Company</i>							
Dividends	31	–	–	(2,400)	(2,400)	–	(2,400)
Dividends paid to non-controlling interests of a subsidiary		–	–	–	–	(200)	(200)
Total distribution to equity holders of the Company		–	–	(2,400)	(2,400)	(200)	(2,600)
<i>Changes in ownership interest in subsidiaries</i>							
Changes in ownership interest in subsidiaries that do not result in loss of control		–	–	13	13	(13)	–
Deconsolidation of a subsidiary		–	–	–	–	(679)	(679)
Total changes in ownership interest in subsidiaries		–	–	13	13	(692)	(679)
Total transactions with equity holders of the Company		–	–	(2,387)	(2,387)	(892)	(3,279)
At 31 December 2014		43,461	641	34,604	78,706	(7,499)	71,207

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

# STATEMENTS OF CHANGES IN EQUITY (cont'd)

For the financial year ended 31 December 2015

## Group

	Note	Attributable to equity holders of the Company				Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
At 31 December 2014 (Balance brought forward)		43,461	641	34,604	78,706	(7,499)	71,207
Loss for the financial year		-	-	(4,210)	(4,210)	(2,014)	(6,224)
<i>Other comprehensive (loss)/income</i>							
Currency translation differences arising on consolidation		-	(183)	-	(183)	(1)	(184)
Currency translation difference on deconsolidation of subsidiaries reclassified to profit or loss	11(d)	-	145	-	145	-	145
Share of other comprehensive income of associated companies		-	265	-	265	-	265
Share of other comprehensive income of joint ventures		-	40	-	40	-	40
Other comprehensive income/(loss) for the financial year, net of tax		-	267	-	267	(1)	266
Total comprehensive income/(loss) for the financial year		-	267	(4,210)	(3,943)	(2,015)	(5,958)
<i>Distribution to equity holders of the Company</i>							
Dividends	31	-	-	(2,400)	(2,400)	-	(2,400)
<i>Changes in ownership interest in subsidiaries</i>							
Contribution from a non-controlling interest	11(e)	-	-	-	-	50	50
Disposal of a subsidiary	11(c)	-	-	-	-	(3,401)	(3,401)
Deconsolidation of subsidiaries	11(d)	-	-	-	-	7,791	7,791
Total changes in ownership interest in subsidiaries		-	-	-	-	4,440	4,440
Total transactions with equity holders of the Company		-	-	(2,400)	(2,400)	4,440	2,040
<b>At 31 December 2015</b>		<b>43,461</b>	<b>908</b>	<b>27,994</b>	<b>72,363</b>	<b>(5,074)</b>	<b>67,289</b>

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

# STATEMENTS OF CHANGES IN EQUITY (cont'd)

For the financial year ended 31 December 2015

## Company

	Note	Share capital \$'000	Retained earnings/ (accumulated losses) \$'000	Total \$'000
At 1 January 2014		43,461	3,478	46,939
<i>Distribution to equity holders of the Company</i>				
Dividends	31	–	(2,400)	(2,400)
Loss and total comprehensive loss for the financial year		–	(11,217)	(11,217)
At 31 December 2014		43,461	(10,139)	33,322
<i>Distribution to equity holders of the Company</i>				
Dividends	31	–	(2,400)	(2,400)
Profit and total comprehensive income for the financial year		–	686	686
<b>At 31 December 2015</b>		<b>43,461</b>	<b>(11,853)</b>	<b>31,608</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	2015 \$'000	2014 \$'000 (restated)
<b>Cash flows from operating activities</b>		
Loss before tax from continuing operations	(1,033)	(2,453)
Loss before tax from discontinued operations	(4,490)	(4,830)
Loss before tax, total	(5,523)	(7,283)
Adjustments for:		
Depreciation of property, plant and equipment	1,653	4,343
Gain on disposal of a subsidiary	(4,321)	–
Gain on disposal of property held for sale	(1,073)	–
Impairment loss on equity loan to a joint venture	184	–
Impairment loss on property, plant and equipment	249	–
Interest expense	365	1,163
Interest income	(134)	(17)
Loss on deconsolidation of subsidiaries	1,050	–
Loss on deemed disposal of a subsidiary	–	712
Loss on disposal of property, plant and equipment, net	425	138
Property, plant and equipment written off	–	220
Provision for liabilities	4,862	(184)
Share of results of associated companies	530	(108)
Share of results of joint ventures	2,125	483
Operating cash flows before working capital changes	392	(533)
Inventories	1,624	(3,361)
Due from customers on construction contracts, net	(645)	6,268
Receivables	3,568	(489)
Payables	1,633	4,392
Currency translation adjustments	(252)	(251)
Cash generated from operations	6,320	6,026
Interest paid	(365)	(1,154)
Income tax (paid)/refunded, net	(755)	565
<b>Net cash from operating activities</b>	<b>5,200</b>	<b>5,437</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For the financial year ended 31 December 2015

		<b>2015</b>	2014
		<b>\$'000</b>	<b>\$'000</b>
	Note		(restated)
<b>Cash flows from investing activities</b>			
Contribution from a non-controlling interest		50	–
Decrease in restricted cash		681	29
Dividend received from a joint venture		267	863
Interest received		134	17
Investment in associated companies		(1,323)	(4,512)
Investments in joint ventures		(2,780)	(941)
Net cash inflow on deemed disposal of a subsidiary		–	1,305
Net cash inflow on disposal of a subsidiary	11(c)	7,192	–
Net cash outflow on deconsolidation of subsidiaries	11(d)	(666)	–
Purchase deposit to a supplier		(6,772)	–
Repayment of purchase deposit from a supplier		339	–
Proceed from disposal of property held for sale		2,600	–
Proceeds from disposal of property, plant and equipment		619	1,032
Purchase of property, plant and equipment		(501)	(1,665)
<b>Net cash used in investing activities</b>		<b>(160)</b>	<b>(3,872)</b>
<b>Cash flows from financing activities</b>			
Net repayment of short term borrowings		(930)	(64)
Drawdown of bank borrowings		4,300	1,800
Repayment of bank borrowings		(6,700)	(4,919)
Repayment of finance lease liabilities		(172)	(234)
Dividends paid to shareholders of the Company	31	(2,400)	(2,400)
Dividends paid to non-controlling interests of a subsidiary		–	(200)
<b>Net cash used in financing activities</b>		<b>(5,902)</b>	<b>(6,017)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(862)</b>	<b>(4,452)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>5,160</b>	<b>9,600</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>51</b>	<b>12</b>
<b>Cash and cash equivalents at end of financial year</b>	24	<b>4,349</b>	<b>5,160</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 Corporate information

The Company (Co. Reg. No. 200404900H), is incorporated and domiciled in Singapore. The address of its registered office is at 8 Penjuru Lane, Singapore 609189.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

The Company's immediate and ultimate holding company is Beng Hui Holding (S) Pte Ltd, incorporated in Singapore. Related companies are subsidiaries of Beng Hui Holding (S) Pte Ltd.

## 2 Summary of significant accounting policies

### a) Basis of preparation

The financial statements are presented in Singapore dollar (\$), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand (\$'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2(cc) to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### a) Basis of preparation (cont'd)

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below:

#### (i) *FRS 115 Revenue from Contracts with Customers*

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess its contracts with customers in accordance with FRS 115.

#### (ii) *FRS 109 Financial Instruments*

FRS 109 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. FRS 109, when effective will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 and plans to adopt the standard on the required effective date.

### b) Revenue recognition

Revenue comprises the fair value for the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Revenue from sale of goods is recognised when a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Revenue from services is recognised during the financial year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### b) Revenue recognition (cont'd)

The accounting policy for revenue from construction contracts is disclosed in Note 2(j).

Interest income is recognised on a time proportion basis using the effective interest method.

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

Rental income from operating leases are recognised on a straight-line basis over the lease term.

### c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group 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.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### d) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and any corresponding gain or loss, if any, is recognised in profit or loss.

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

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

### e) Associated companies and joint ventures

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### e) Associated companies and joint ventures (cont'd)

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies and joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company and joint venture equals or exceeds its interest in the associated company and joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associated company or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company or joint venture.

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

If the Group's ownership interest in an associated company or a joint venture is reduced, but the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's financial statements, investments in associated companies and joint ventures are carried at cost less accumulated impairment loss, if any. On disposal of investment in associated companies or joint ventures, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### f) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the depreciable amount of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

#### Number of years

Extension, addition and alteration works	10-50
Yard facilities	10
Motor vehicles	5
Warehouse equipment and fittings	5
Computer and office equipment	3
Furniture, fittings and renovation	5
Plant and machinery	5

The leasehold properties are depreciated based on the shorter of 50 years or lease period.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### g) Intangible assets

#### Club membership

Club membership is stated at cost less impairment losses, if any. Club membership with indefinite useful life is tested for impairment annually, or more frequently if the events or circumstances indicate that the carrying value may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### h) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

### i) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises costs of purchases and those costs that have been incurred in bringing the inventories to their present condition and location.

Cost is determined on the following basis:

Marine electrical equipment, steel products	
and consumables	- first-in first-out
Armouring steel	- weighted average

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

### j) Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### j) Construction contracts (cont'd)

The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

At the end of the reporting date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts.

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received are included within "other payables".

### k) Leases

#### *Finance leases*

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding lease liabilities, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the assets or the lease term.

#### *Operating leases*

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### l) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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

Deferred tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

### m) Financial assets

#### i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### *Financial assets, at fair value through profit or loss*

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### m) Financial assets (cont'd)

#### i) Classification (cont'd)

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" (excluding prepayments and advance payment to suppliers) and "cash and cash equivalents" on the statement of financial position.

#### ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

#### iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised as expenses.

#### iv) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial year in which the changes in fair values arise.

Interest income on financial assets are recognised separately in profit or loss.

#### v) Impairment

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

##### *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### m) Financial assets (cont'd)

#### v) Impairment (cont'd)

##### *Loans and receivables (cont'd)*

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

### n) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits. Bank overdrafts are presented as current borrowings on the statement of financial position.

### o) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

### p) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees 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 expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### q) Derivative financial instruments

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

### r) Share capital

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

### s) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting date. This provision is calculated based on historical experience of the level of repairs and replacements.

### t) Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### u) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

### v) Employee benefits

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

#### *Employee leave entitlement*

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

### w) Foreign currencies

#### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates ('the functional currency'). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional currency.

#### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### w) Foreign currencies (cont'd)

#### *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header Currency Translation Reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

### x) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

### y) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### z) 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 other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### aa) Related parties

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

### bb) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held for sale. In addition, equity accounting of associates ceases once classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### cc) Critical accounting judgments and key sources of estimation uncertainty

*Critical judgment in applying the entity's accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgment that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the subsequent paragraphs).

#### Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### cc) Critical accounting judgments and key sources of estimation uncertainty (cont'd)

*Critical judgment in applying the entity's accounting policies (cont'd)*

#### Joint control over Dream Marine Ship Spare Parts LLC ("DMS")

As described in Note 12, the Company's equity interest held in DMS is 34%. However, the Company is entitled to 70% of the net profit of DMS based on the shareholders agreement between the Company and other joint venturers.

The Company has joint control over this investee as under the contractual arrangement, unanimous consent is required from all parties to the agreements for all relevant activities.

Management considered that the joint arrangement is structured as a limited company and provides the Company and the parties to the agreement with rights to the net assets of the limited company under the arrangement. Accordingly, this arrangement is classified as a joint venture.

#### Discontinued operations

In 2012, the Group discontinued the operations of a subsidiary group in Batam which were reported under the Engineering Services Segment. The subsidiary group consists of BH Marine & Offshore Engineering Pte Ltd, PT. BH Marine & Offshore Engineering and PT. Dwi Utama Mandiri Sukses (collectively "the Batam Subsidiary Group"). Despite ongoing negotiations with potential buyers, the Group has not been able to conclude the sale of all assets (primarily property, plant and equipment) of the Batam Subsidiary Group.

In compliance with FRS 105 - Non-current assets held for sale and discontinued operations, the Group has reclassified all property, plant and equipment of the Batam Subsidiary Group to Continuing Operations since financial year 2014. Nevertheless, all income and expenses relating to the Batam Subsidiary Group are accounted for as Discontinued Operations in view that Batam Subsidiary Group has completely ceased business operations.

No change to the above classification is required for the financial year ended 31 December 2015 as it remains the Group's intention to dispose of the assets of the Batam Subsidiary Group.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax assets and liabilities at 31 December 2015 are \$1,197,000, \$44,000 and \$915,000 (2014: \$1,493,000, \$79,000 and \$836,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### cc) Critical accounting judgments and key sources of estimation uncertainty (cont'd)

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

##### Impairment of trade and other receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's trade and other receivables at 31 December 2015 are disclosed in Notes 20 and 21. If the present value of estimated future cash flows differ from management's estimates, the Group's allowance for impairment for trade and other receivables balance at the end of the reporting period will be affected accordingly.

##### Write down for slow-moving inventories

Management reviews the inventory ageing listing on a periodic basis. This review involves comparison of the carrying amount of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether a write down is required to be made in the financial statements for slow-moving items. The carrying amount of inventories at 31 December 2015 as disclosed in Note 18 is \$30,123,000 (2014: \$32,761,000) after write-down of \$445,000 (2014: \$810,000) during the financial year.

##### Impairment of investments in subsidiaries, joint ventures and associated companies

The Group assesses whether there are any indicators of impairment for its investments in subsidiaries, joint ventures and associated companies at each reporting date. These investments are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of the investments exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows generated by the investments and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of the investments in subsidiaries, joint ventures and associated companies and disclosed in Notes 11, 12 and 13.

During the financial year, the Group performed an impairment testing on its investment in associated companies using value in use calculations. Based on the impairment test performed, the management is satisfied that the estimated recoverable amount of investment in associated companies is higher than its carrying value and no impairment is required.

The management has considered that a reasonably possible change in two key assumptions, discount rate and terminal year growth rate, will not result in any impairment charge to be recorded.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

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

### cc) Critical accounting judgments and key sources of estimation uncertainty (cont'd)

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

#### Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2(f). The estimation of the useful lives and residual amount involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage.

During the financial year, the management determined that the estimated residual amount for the leasehold land in Batam, Indonesia should be revised as the current market condition suggested that the estimated residual amount for the leasehold land at the end of lease period should be higher than previously estimated. The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, resulted in the decrease in depreciation expense in the current financial year and annual depreciation charge in future periods by \$32,000 and \$128,000 respectively.

The net carrying amount of property, plant and equipment at 31 December 2015 and annual depreciation charge for the financial year ended 31 December 2015 are disclosed in Note 10 and Note 7 respectively.

#### Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date compared to the estimated total costs for the contract.

Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making these estimates, the Group relied on past experience and knowledge of the project managers/engineers. The carrying amounts of assets and liabilities arising from construction contracts at 31 December 2015 are disclosed in Note 19.

## 3 Revenue

	<b>Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
		Restated
Sales of goods	<b>55,577</b>	74,302

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 4 Finance costs

	Group	
	2015 \$'000	2014 \$'000 Restated
Interests on borrowings		
- finance leases	23	22
- loans	224	767
- overdraft	4	134
- trust receipts	79	135
- unwinding of discount	-	9
	<b>330</b>	<b>1,067</b>

## 5 Tax expense/(credit)

Tax expense/(credit) attributable to losses is made up of:

	Group	
	2015 \$'000	2014 \$'000 Restated
<u>From continuing operations</u>		
- Current income tax	910	1,101
- Deferred tax (Note 14)	201	(131)
	<b>1,111</b>	<b>970</b>
Over provision of income tax in prior year	<b>(461)</b>	<b>(2,031)</b>
	<b>650</b>	<b>(1,061)</b>
<u>From discontinued operations (Note 6)</u>		
- Income tax	81	349
- Deferred tax (Note 14)	(30)	3
- Over provision of income tax in prior year	-	(61)
- Under provision of deferred tax in prior year (Note 14)	-	11
	<b>51</b>	<b>302</b>
	<b>701</b>	<b>(759)</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 5 Tax expense/(credit) (cont'd)

The income tax expense/(credit) on the results of the financial year differs from the amount of income tax determined by applying the Singapore standard rate of income tax due to the following factors:

	Group	
	2015	2014
	\$'000	\$'000
		Restated
Loss before tax from:		
- Continuing operations	(1,033)	(2,453)
- Discontinued operations	(4,490)	(4,830)
	<b>(5,523)</b>	<b>(7,283)</b>
Tax calculated at a tax rate of 17% (2014: 17%)	(939)	(1,238)
Singapore statutory stepped income exemption	(26)	(78)
Income not subject to tax	(914)	(80)
Over provision of taxes in prior year	(461)	(2,081)
Expenses not deductible for tax purposes	844	168
Effect of different tax rates in other countries	(378)	132
Deferred tax assets not recognised	2,119	2,708
Tax incentive	(142)	(444)
Utilisation of deferred tax benefits not previously recognised	(19)	(24)
Tax effect of share of results of associated companies and joint ventures	616	150
Others	1	28
	<b>701</b>	<b>(759)</b>

## 6 Discontinued operations and Disposal group classified as held for sale

- (a) In 2012, the Group discontinued the operations of a subsidiary group in Batam which were reported under the Engineering Services Segment. The subsidiary group consists of BH Marine & Offshore Engineering Pte Ltd, PT. BH Marine & Offshore Engineering and PT. Dwi Utama Mandiri Sukses (collectively "the Batam Subsidiary Group"). Despite ongoing negotiations with potential buyers, the Group has not been able to conclude the sale of the property, plant and equipment of the Batam Subsidiary Group.

In compliance with FRS 105 - Non-current assets held for sale and discontinued operations, the Group has reclassified all property, plant and equipment to Continuing Operations since financial year 2014. Nevertheless, all income and expenses relating to the Batam Subsidiary Group are accounted for as Discontinued Operations in view that Batam Subsidiary Group has completely ceased business operations.

- (b) In November 2014, the Company entered into a sale and purchase agreement to dispose the Group's entire 60% equity interest in a subsidiary, Z-Power Automation Pte Ltd ("ZPA"). The disposal was completed in March 2015 and the gain on disposal of ZPA was \$4.32 million. As ZPA represented an operating segment of the Group (i.e. marine switchboards within Manufacturing segment), the post-tax results of ZPA were presented under discontinued operations in the consolidated income statement.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 6 Discontinued operations and Disposal group classified as held for sale (cont'd)

- (c) In September 2015, a subsidiary of the Group, Oil & Gas Solutions Pte Ltd ("OGS") initiated creditors' voluntary liquidation and liquidators were appointed. In accordance with FRS 110, the Group has assessed that it has lost control of OGS upon the appointment of the liquidators. Accordingly, OGS and its subsidiaries ("OGS Group") were deconsolidated with effect from September 2015.

OGS has novated its remaining project to a fellow subsidiary, BOS Offshore and Marine Pte Ltd ("BOS") prior to September 2015. It is the management's intention to complete the project. The management does not expect to continue this business segment after the completion of the project.

As OGS represented an operating segment of the Group (i.e. engineering and installation services within Engineering Services Segment), the post-tax results of OGS Group and BOS were presented under discontinued operations (collectively, Engineering and Installation services) in the consolidated income statement. Comparative figures have been restated.

An analysis of the results of discontinued operations, and the results recognised on the remeasurement of disposal group is as follows:

	Batam Subsidiary Group		ZPA		Engineering and installation services		Total Restated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue	1,524	2,584	3,754	22,439	1,582	10,685	6,860	35,708
Cost of sales	(2,140)	(3,005)	(2,631)	(17,282)	(4,935)	(12,349)	(9,706)	(32,636)
Gross (loss)/profit	(616)	(421)	1,123	5,157	(3,353)	(1,664)	(2,846)	3,072
Other operating (expenses)/ income	(81)	671	4,285	–	(1,149)	(98)	3,055	573
Selling and distribution expense	(2,085)	(2,972)	(400)	(1,807)	(379)	(1,098)	(2,864)	(5,877)
Administrative expense	(425)	(768)	(167)	(694)	(1,202)	(1,018)	(1,794)	(2,480)
Finance costs	(9)	(55)	(1)	(5)	(25)	(36)	(35)	(96)
	(3,216)	(3,545)	4,840	2,651	(6,108)	(3,914)	(4,484)	(4,808)
Share of results of associated company	–	–	(6)	(22)	–	–	(6)	(22)
(Loss)/profit before tax	(3,216)	(3,545)	4,834	2,629	(6,108)	(3,914)	(4,490)	(4,830)
Tax credit/(expense) (Note 5)	30	61	(81)	(372)	–	9	(51)	(302)
Total (loss)/profit from discontinued operations	(3,186)	(3,484)	4,753	2,257	(6,108)	(3,905)	(4,541)	(5,132)

	2015 \$'000	2014 \$'000
Total expenses recognised in profit or loss from continuing operations arising from remeasurement of disposal group classified as held for sale to continuing operations	–	1,244

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 6 Discontinued operations and Disposal group classified as held for sale (cont'd)

(d) The impact of the discontinued operations on the cash flows of the Group are as follows:

	Batam Subsidiary Group		ZPA		Engineering and installation services		Total Restated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Operating cash flows	(1,716)	(1,350)	(342)	2,238	1,363	(4,357)	(695)	(3,469)
Investing cash flows	–	–	(34)	(828)	(18)	(155)	(52)	(983)
Financing cash flows	(2,117)	(505)	(5)	(532)	(1,786)	944	(3,908)	(93)
Net cash (outflow)/inflow	(3,833)	(1,855)	(381)	878	(441)	(3,568)	(4,655)	(4,545)

Details of disposal group classified as held for sale are as follows:

	ZPA	
	2015 \$'000	2014 \$'000
Property, plant and equipment	–	1,038
Goodwill arising on business combination	–	178
Investment in an associated company	–	147
Inventories	–	6,667
Trade and other receivables	–	7,896
Cash and cash equivalents	–	2,788
	–	18,714

Liabilities directly associated with disposal group classified as held for sale:

	ZPA	
	2015 \$'000	2014 \$'000
Trade and other payables	–	3,922
Finance lease liabilities	–	149
Other current liabilities	–	5,969
Income and deferred tax liabilities	–	389
	–	10,429

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 7 Loss for the financial year

	Group					
	Continuing operations		Discontinued operations		Total	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000	2015 \$'000	2014 \$'000
Loss for the year is arrived at after charging:						
Allowance for impairment of trade receivables (Note 20)	73	—	2,382	1,938	2,455	1,938
Audit fees paid to:						
- auditors of the Company	146	162	42	85	188	247
- other auditors*	—	27	14	19	14	46
Non-audit fees paid to:						
- auditors of the Company	16	31	11	15	27	46
- other auditors*	286	—	35	—	321	—
Cost of inventories included in cost of sales	36,950	38,523	6,137	20,548	43,087	59,071
Depreciation of property, plant and equipment (Note 10)	1,501	3,727	152	616	1,653	4,343
Foreign exchange loss	—	16	258	141	258	157
Inventories written down	445	124	—	686	445	810
Impairment loss on equity loan to a joint venture	184	—	—	—	184	—
Impairment loss on property, plant and equipment	249	—	—	—	249	—
Loss on deemed disposal of a subsidiary	—	712	—	—	—	712
Loss on disposal of property, plant and equipment	425	—	—	186	425	186
Loss on deconsolidation of subsidiaries (Note 11(d))	—	—	1,050	—	1,050	—
Provision for liabilities (Note 28(b))	4,073	88	—	—	4,073	88
Provision for warranty (Note 28(a))	—	—	13	100	13	100
Provision for foreseeable loss on project (Note 28)	—	—	684	—	684	—
Property, plant and equipment written off	—	—	—	220	—	220
Rental expenses						
- Land and warehouse	670	684	—	551	670	1,235
- Other	24	7	97	270	121	277
Staff costs (Note 8)	7,933	10,605	2,471	10,277	10,404	20,882

\* Includes independent member firms of the Baker Tilly International Network.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 7 Loss for the financial year (cont'd)

	Group					
	Continuing operations		Discontinued operations		Total	
	Restated		Restated			
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
and crediting:						
Allowance for impairment on trade receivables written back (Note 20)	–	97	–	10	–	107
Foreign exchange gain	403	242	–	277	403	519
Gain on disposal of property held for sale	1,073	–	–	–	1,073	–
Gain on disposal of a subsidiary (Note 11(c))	–	–	4,321	–	4,321	–
Gain on disposal of property, plant and equipment	–	48	–	–	–	48
Interest income	127	10	7	7	134	17
Management fee income	86	12	–	–	86	12
Rental income	124	122	–	–	124	122
Reversal of inventories written down (Note 18)	–	–	–	400	–	400
Contingent consideration income (Note 17)	300	–	–	–	300	–

## 8 Staff costs

	Group					
	Continuing operations		Discontinued operations		Total	
	Restated		Restated			
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Key management personnel</i>						
- Directors' fees	420	420	(37)	20	383	440
- Salaries and related costs	2,073	2,565	425	1,426	2,498	3,991
- CPF	90	91	10	53	100	144
<i>Close family members of key management personnel</i>						
- Salaries and related costs	141	158	–	–	141	158
- CPF	23	21	–	–	23	21
<i>Other staff</i>						
- Salaries and related costs	4,417	6,016	1,795	7,793	6,212	13,809
- CPF	459	507	160	704	619	1,211
<i>Staff training and welfare</i>	310	827	118	281	428	1,108
	7,933	10,605	2,471	10,277	10,404	20,882

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 9 (Loss)/earnings per share

### From continuing and discontinued operations

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

	<b>Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
		Restated
Net loss for the financial year attributable to equity holders of the Company	<b>(4,210)</b>	(2,163)
Weighted average number of ordinary shares for basic and diluted (loss)/earnings per share *	<b>120,000</b>	120,000

\* The Company undertook a share consolidation exercise to consolidate every four (4) existing ordinary shares in the capital of the Company into one (1) ordinary share. The share consolidation has been completed and became effective on 29 February 2016. The weighted average number of ordinary shares for the purpose of calculation of basic and diluted (loss)/earnings per share for the financial years 2015 and 2014 have been restated.

### From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to the ordinary shareholders of the Company is based on the following data.

(Loss)/earnings figures are calculated as follows:

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
		Restated
Loss for the financial year attributable to equity holders of the Company	<b>(4,210)</b>	(2,163)
Add: Loss for the financial year from discontinued operations	<b>2,637</b>	4,129
(Loss)/earnings for the purpose of basic (loss)/earnings per share from continuing operations	<b>(1,573)</b>	1,966

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

### From discontinued operations

Basic and diluted loss per share for the discontinued operation is based on the loss for the financial year from the discontinued operations of \$2,637,000 (2014: \$4,129,000) and the denominators detailed above for both basic and diluted (loss)/earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 10 Property, plant and equipment

Group	Leasehold properties \$'000	Extension, addition & alteration works \$'000	Yard facilities \$'000	Motor vehicles \$'000	Warehouse equipment & fittings \$'000	Computer & office equipment \$'000	Furniture, fittings & renovation \$'000	Plant and machinery \$'000	Total \$'000
<b>2015</b>									
<b>Cost</b>									
At 1.1.2015	9,207	11,082	5,475	1,371	689	3,268	1,666	2,130	34,888
Additions	-	-	-	5	-	141	322	-	468
Disposals	-	-	(761)	(23)	(2)	(213)	(299)	(2,077)	(3,375)
Deconsolidation of subsidiaries	-	-	-	-	(48)	(982)	(210)	-	(1,240)
Currency translation differences	(80)	-	(159)	(2)	1	(7)	(1)	(53)	(301)
<b>At 31.12.2015</b>	<b>9,127</b>	<b>11,082</b>	<b>4,555</b>	<b>1,351</b>	<b>640</b>	<b>2,207</b>	<b>1,478</b>	<b>-</b>	<b>30,440</b>
<b>Accumulated depreciation and impairment loss</b>									
At 1.1.2015	1,773	3,200	4,956	598	488	2,448	1,074	1,242	15,779
Depreciation charge	197	376	66	261	89	376	133	99	1,597
Disposals	-	-	(761)	(22)	(2)	(161)	(64)	(1,321)	(2,331)
Impairment loss	-	-	249	-	-	-	-	-	249
Deconsolidation of subsidiaries	-	-	-	-	(46)	(878)	(190)	-	(1,114)
Currency translation differences	(69)	-	(141)	(1)	-	(8)	-	(20)	(239)
<b>At 31.12.2015</b>	<b>1,901</b>	<b>3,576</b>	<b>4,369</b>	<b>836</b>	<b>529</b>	<b>1,777</b>	<b>953</b>	<b>-</b>	<b>13,941</b>
<b>Net carrying value</b>									
<b>At 31.12.2015</b>	<b>7,226</b>	<b>7,506</b>	<b>186</b>	<b>515</b>	<b>111</b>	<b>430</b>	<b>525</b>	<b>-</b>	<b>16,499</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 10 Property, plant and equipment (cont'd)

Group	Leasehold properties \$'000	Extension, addition & alteration works \$'000	Yard facilities \$'000	Motor vehicles \$'000	Warehouse equipment & fittings \$'000	Computer & office equipment \$'000	Furniture, fittings & renovation \$'000	Plant and machinery \$'000	Total \$'000
<b>2014</b>									
<b>Cost</b>									
At 1.1.2014	17,580	11,002	–	1,668	3,930	3,332	2,637	18,176	58,325
Additions	14	80	–	141	149	558	439	345	1,726
Disposals and write-offs	–	–	–	(139)	(3)	(46)	(634)	–	(822)
Reclassified to disposal group classified as held for sale	–	–	–	(236)	(150)	(535)	(397)	(569)	(1,887)
Reclassified to property held for sale	(1,707)	–	–	–	–	–	–	–	(1,707)
Reclassified from disposal group classified as held for sale	3,227	–	5,475	73	2	338	45	2,270	11,430
Deconsolidation of a subsidiary	(9,951)	–	–	(138)	(3,253)	(381)	(426)	(18,173)	(32,322)
Currency translation differences	44	–	–	2	14	2	2	81	145
<b>At 31.12.2014</b>	<b>9,207</b>	<b>11,082</b>	<b>5,475</b>	<b>1,371</b>	<b>689</b>	<b>3,268</b>	<b>1,666</b>	<b>2,130</b>	<b>34,888</b>
<b>Accumulated depreciation and impairment loss</b>									
At 1.1.2014	1,330	2,759	–	531	447	2,155	1,527	275	9,024
Depreciation charge	849	441	162	354	299	703	388	1,147	4,343
Disposals and write-offs	–	–	–	(132)	(1)	(41)	(541)	–	(715)
Reclassified to disposal group classified as held for sale	–	–	–	(92)	(51)	(357)	(149)	(200)	(849)
Reclassified to property held for sale	(180)	–	–	–	–	–	–	–	(180)
Reclassified from disposal group classified as held for sale	172	–	4,794	23	1	204	18	736	5,948
Deconsolidation of a subsidiary	(402)	–	–	(87)	(209)	(218)	(171)	(724)	(1,811)
Currency translation differences	4	–	–	1	2	2	2	8	19
<b>At 31.12.2014</b>	<b>1,773</b>	<b>3,200</b>	<b>4,956</b>	<b>598</b>	<b>488</b>	<b>2,448</b>	<b>1,074</b>	<b>1,242</b>	<b>15,779</b>
<b>Net carrying value</b>									
<b>At 31.12.2014</b>	<b>7,434</b>	<b>7,882</b>	<b>519</b>	<b>773</b>	<b>201</b>	<b>820</b>	<b>592</b>	<b>888</b>	<b>19,109</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 10 Property, plant and equipment (cont'd)

	Computer \$'000
<b>Company</b>	
<b>2015</b>	
<b>Cost</b>	
At 1.1.2015 and 31.12.2015	<u>4</u>
<b>Accumulated depreciation</b>	
At 1.1.2015	1
Depreciation charge	<u>1</u>
At 31.12.2015	<u>2</u>
<b>Net carrying value</b>	
At 31.12.2015	<u>2</u>
<b>2014</b>	
<b>Cost</b>	
At 1.1.2014	–
Additions	<u>4</u>
At 31.12.2014	<u>4</u>
<b>Accumulated depreciation</b>	
At 1.1.2014	–
Depreciation charge	<u>1</u>
At 31.12.2014	<u>1</u>
<b>Net carrying value</b>	
At 31.12.2014	<u>3</u>

The net carrying amounts of property, plant and equipment relating to the Batam Subsidiary Group (Note 6) are as follows:

	2015 \$'000	2014 \$'000
Leasehold properties	2,523	2,710
Yard facilities	186	519
Plant and machinery	–	888
Others	16	171
	<u>2,725</u>	<u>4,288</u>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 10 Property, plant and equipment - Group (cont'd)

During the financial year, the Group carried out a review of the recoverable amount of the above property, plant and equipment because of cessation of business operations of the Batam Subsidiary Group. The fair value of the property, plant and equipment was determined by an independent professional valuer on the following basis:

Leasehold properties – sales comparison method taking into consideration of similar properties that have been transacted in the open market at the end of the reporting period; and

Yard facilities – replacement cost method.

As a result of the review, an impairment loss of \$249,000 on the yard facilities was recognised in profit or loss under administrative expenses from continuing operations to write down the carrying amount to its estimated fair value less cost to sell of \$186,000. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

The net carrying amounts of property, plant and equipment mortgaged to secure banking facilities granted to the Group (Note 29) are as follows:

	2015 \$'000	2014 \$'000
Leasehold property	1,906	1,991
Extension, addition and alteration works	5,730	5,979
	<b>7,636</b>	<b>7,970</b>

At the end of the reporting period, the net carrying values of property, plant and equipment of the Group under finance lease arrangements amounted to \$520,000 (2014: \$720,000) (Note 26).

In the previous financial year, the Group acquired property, plant and equipment of which \$141,000 was acquired by means of finance leases (Note 26).

## 11 Investment in subsidiaries

	Company	
	2015 \$'000	2014 \$'000
<u>Unquoted equity shares, at cost</u>		
At 1 January	18,475	18,475
Additional investment in a subsidiary	350	–
Disposal during the financial year	(1,745)	–
Deconsolidated during the financial year	(3,046)	–
<b>At 31 December</b>	<b>14,034</b>	<b>18,475</b>
 Movement of allowance for impairment:		
At 1 January	6,246	4,595
Impairment charge	450	1,651
Deconsolidated during the financial year	(3,046)	–
<b>At 31 December</b>	<b>3,650</b>	<b>6,246</b>
 <b>Net carrying amount</b>	<b>10,384</b>	<b>12,229</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 11 Investment in subsidiaries (cont'd)

(a) Details of subsidiaries:

Name of subsidiary (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2015 %	2014 %
Beng Hui Marine Electrical Pte Ltd * ("BHM") (Singapore)	Wholesalers and retailers of electrical goods, appliances and other related products in marine supply and servicing	100	100
SOPEX Innovations Pte Ltd * (Singapore)	Wholesale trade in marine equipment and accessories	100	100
BOS Offshore and Marine Pte Ltd (formerly known as Yorkshire Marine & Offshore (S) Pte Ltd) * (Note 11(e)) (Singapore)	Providing marine and offshore related services and products	90	100
BH Marine & Offshore Engineering Pte Ltd ("BHE") * (Singapore)	System integration contractor providing turnkey electrical and instrumentation installation services	90	90
Z-Power Automation Pte Ltd @@@ (Note 11(c)) (Singapore)	Assembler, manufacturer and repairer of switchboards and switchgears for vessels	–	60
Sky Holding Pte Ltd * (Singapore)	Manufacturer and supplier of specialty steel wire and other types of wire	60	60
Oil & Gas Solutions Pte Ltd ("OGS") @ (Note 11(d)) (Singapore)	Providing marine and offshore related services and products	60	60
GL Lighting International Pte Ltd * (Singapore)	Wholesale of lighting related products and facilities	75	75
Global Steel Industries Pte Ltd * (Singapore)	Investment holding	100	100
Long Life Holding Pte. Ltd. @@ (Singapore)	Securing engineering and installation facilities for the marine and offshore sectors	–	80

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 11 Investment in subsidiaries (cont'd)

(a) Details of subsidiaries: (cont'd):

Name of subsidiary (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2015 %	2014 %
<b><u>Subsidiary held by BHE</u></b>			
PT. BH Marine & Offshore Engineering ("PTE")** (Indonesia)	Provision of engineering and installation services in the marine and offshore sector	90	90
<b><u>Subsidiary held by PTE</u></b>			
PT. Dwi Utama Mandiri Sukses** (Indonesia)	Investment holding	90	90
<b><u>Subsidiary held by BHM</u></b>			
BH Global Marine India Private Limited# (India)	Wholesale trade in marine equipment and accessories	90	90
<b><u>Subsidiaries held by OGS</u></b>			
Dalian Nautical Offshore & Marine Technologies Co., Ltd @ (Note 11(d)) (People's Republic of China)	Provision of marine and offshore related services and products	42	42
PT O & G Solutions @ (Note 11(d)) (Indonesia)	Provision of marine and offshore related services and products	60	60

\* Audited by Baker Tilly TFW LLP

\*\* Audited by Baker Tilly TFW LLP for the purpose of consolidation

# Audited by other firms of certified public accountants

@ In the process of liquidation

@@ Liquidated during the financial year

@@@ Disposed during the financial year

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 11 Investment in subsidiaries (cont'd)

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interest held by NCI	
		2015 %	2014 %
BH Marine & Offshore Engineering Pte Ltd and its subsidiaries ("BHE Group")	Singapore	9.9	9.9

The following is the summarised financial information of BHE Group. These financial information include consolidation adjustments but before inter-company eliminations.

### Summarised statements of financial position

	BHE Group	
	2015 \$'000	2014 \$'000
Non-current assets	2,758	4,323
Current assets	1,135	12,743
Non-current liabilities	(557)	(599)
Current liabilities	(50,623)	(59,446)
<b>Net liabilities</b>	<b>(47,287)</b>	<b>(42,979)</b>
<b>Net liabilities attributable to NCI</b>	<b>(4,681)</b>	<b>(4,255)</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 11 Investment in subsidiaries (cont'd)

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (cont'd)

### Summarised statement of comprehensive income

	<b>BHE Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Revenue	<b>1,524</b>	2,584
Expenses	<b>(5,768)</b>	(7,866)
Loss before tax	<b>(4,244)</b>	(5,282)
Income tax credit	<b>30</b>	140
	<b>(4,214)</b>	(5,142)
Post-tax loss from continuing operations	<b>(1,028)</b>	(1,473)
Post-tax loss from discontinued operations	<b>(3,186)</b>	(3,669)
Other comprehensive loss	<b>(270)</b>	(185)
Total comprehensive loss	<b>(4,484)</b>	(5,327)
<b>Loss allocated to NCI</b>	<b>(444)</b>	(527)

### Summarised statement of cash flows

	<b>BHE Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Cash flows from operating activities	<b>(2,156)</b>	(1,069)
Cash flows from investing activities	<b>452</b>	766
Cash flows from financing activities	<b>(4,254)</b>	(505)
<b>Net decrease in cash and cash equivalents</b>	<b>(5,958)</b>	(808)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 11 Investment in subsidiaries (cont'd)

### c) Disposal of a subsidiary

As disclosed in Note 6(b), the Company completed the disposal of its 60% equity interest in a subsidiary, Z-Power Automation Pte Ltd ("ZPA") and its associated company in March 2015. Details of the disposal are as follows:

#### (i) Carrying amounts of assets and liabilities disposed of:

	<b>Group 2015 \$'000</b>
Property, plant and equipment	1,015
Goodwill arising on business combination	178
Investment in an associated company	141
Inventories	7,681
Trade and other receivables	7,785
Cash and cash equivalents	2,408
	<hr/>
Total assets	19,208
	<hr/>
Trade and other payables	4,801
Finance lease liabilities	144
Other current liabilities	5,113
Deferred tax liabilities	20
Tax payable	450
	<hr/>
Total liabilities	10,528
	<hr/>
Net assets derecognised	8,680
Less: Non-controlling interests	(3,401)
	<hr/>
Net assets disposed of	5,279
Gain on disposal of a subsidiary (Note 7)	4,321
	<hr/>
Proceeds from disposal	9,600
	<hr/>

The gain on disposal was included in other operating income from discontinued operations.

#### (ii) Net cash inflow arising on disposal:

	<b>Group 2015 \$'000</b>
Proceed from disposal (as above)	9,600
Less: cash and cash equivalents in subsidiary disposed of	(2,408)
	<hr/>
Net cash inflow on disposal of a subsidiary	7,192
	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 11 Investment in subsidiaries (cont'd)

### d) Liquidation of a subsidiary

As disclosed in Note 6(c), a subsidiary, Oil & Gas Solutions Pte Ltd ("OGS") initiated creditors' voluntary liquidation proceedings in September 2015 and liquidators were appointed. The Group has assessed that it has lost control on OGS upon the appointment of the liquidators. Accordingly, OGS and its subsidiaries ("OGS Group") are deconsolidated with effect from September 2015. Details of the disposal are as follows:

#### (i) Carrying amounts of assets and liabilities deconsolidated:

	<b>Group 2015 \$'000</b>
Property, plant and equipment	126
Trade and other receivables	1,023
Cash and cash equivalents	666
<b>Total assets</b>	<b>1,815</b>
Due to customers on contracts	2,528
Trade and other payables	6,029
Provision for liabilities	97
Deferred tax liabilities	47
<b>Total liabilities</b>	<b>8,701</b>
Net assets derecognised	(6,886)
Less: Non-controlling interests	7,791
Net assets deconsolidated	905
Reclassification of currency translation reserve	145
Loss on deconsolidation of subsidiaries (Note 7)	(1,050)
<b>Proceeds from deconsolidation</b>	<b>—</b>

The loss on deconsolidation was included in other operating expenses from discontinued operations.

#### (ii) Net cash outflow arising on deconsolidation:

	<b>Group 2015 \$'000</b>
Cash and cash equivalents in subsidiaries deconsolidated	(666)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 11 Investment in subsidiaries (cont'd)

### e) Changes in ownership interest in a subsidiary

During the financial year, a wholly-owned subsidiary, BOS Offshore and Marine Pte Ltd ("BOS") issued 50,000 ordinary shares to a third party at consideration of \$50,000. The effective equity interest in BOS is diluted to 90%.

The dilution of equity interest does not have material impact to the Group.

### f) Company level - impairment review of investment in subsidiaries

During the financial year, the management performed an impairment review for its investment in BOS because of significant losses incurred by this subsidiary. Full impairment loss of \$450,000 has been recognised for the financial year ended 31 December 2015 to write down the cost of investment in this subsidiary.

## 12 Investment in joint ventures

### a) The Group's investment in joint ventures are summarised below:

	<b>Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
<u>Carrying amount</u>		
Dream Marine Ship Spare Parts Trading LLC ("DMS")	<b>2,380</b>	2,061
Gulf Specialty Steel Industries LLC ("GSSI")	<b>–</b>	–
Other joint ventures	<b>36</b>	32
	<b>2,416</b>	2,093

### b) Included in investment in joint ventures of the Company and the Group is amounts of \$824,000 (2014: \$776,000) being equity loans due from joint ventures. These amounts are unsecured, interest-free and have no fixed repayment term.

### c) The following information relates to the joint ventures at the end of the financial year:

<b>Name of joint venture (Country of incorporation)</b>	<b>Principal activities</b>	<b>Group's effective equity interest held</b>	
		<b>2015</b>	2014
		<b>%</b>	%
Dream Marine Ship Spare Parts Trading LLC# (Dubai, UAE)	Trading in electrical components and spare parts of ships and boats	<b>34</b>	34
Gulf Specialty Steel Industries LLC # (Sultanate of Oman)	Manufacturer and supplier of specialty steel wire and other types of wire	<b>51</b>	51

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 12 Investment in joint ventures (cont'd)

c) The following information relates to the joint ventures at the end of the financial year: (cont'd)

Name of joint venture (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2015 %	2014 %
Athena Dynamics Pte Ltd* (Singapore)	Provision of IT electronic products and solutions	49	49
BH Global HNS Pte Ltd* (Singapore)	Design, development, marketing and sales of nitrogen steel products	49	49

In accordance with the shareholders' agreements between the Company and other joint venturers of DMS, the Company is entitled to 70% of the net profit of DMS. However, the Company's equity interest held in DMS is 34%.

\* Audited by Baker Tilly TFW LLP

# Audited by other firms of certified public accountants

All of the above joint ventures are accounted for using the equity method in these consolidated financial statements. The activities of DMS and GSSI provide the Group access to markets in the Middle East.

d) Summarised financial information for material joint ventures based on their FRS financial statements (adjusted by the Group for equity accounting purpose) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

	DMS		GSSI	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Income Statement items:</i>				
Revenue	3,435	3,654	36,506	4,839
Profit/(loss) after tax from continuing operations	886	902	(4,965)	(2,146)
Other comprehensive income	82	142	(33)	107
Total comprehensive income	968	1,044	(4,998)	(2,039)
Dividend received from joint ventures	267	863	—	—

The above profit/(loss) for the financial year include the following:

	\$'000	\$'000	\$'000	\$'000
Depreciation and amortisation	25	25	1,718	410
Impairment of property, plant and equipment	—	—	6,863	—
Interest expense	—	—	1,233	301

GSSI was a subsidiary of the Group prior to 1 October 2014. The Group assessed that the Group had lost control in GSSI in the previous financial year. Accordingly, GSSI was deconsolidated with effect from 1 October 2014 and reclassified as a joint venture. The income statement items for GSSI in the comparatives disclosed above were for the period from 1 October 2014 to 31 December 2014.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 12 Investment in joint ventures (cont'd)

- d) Summarised financial information for material joint ventures based on their FRS financial statements (adjusted by the Group for equity accounting purpose) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows (cont'd):

	DMS		GSSI	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>Statement of financial position items:</i>				
Non-current assets	61	78	23,764	30,211
Current assets	3,728	3,222	12,498	7,324
Non-current liabilities	–	–	(20,352)	(21,095)
Current liabilities	(1,540)	(1,436)	(22,841)	(16,567)
Net assets	2,249	1,864	(6,931)	(127)

The above amounts of assets and liabilities include the following:

	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	782	597	755	1
Current financial liabilities (excluding trade and other payables and provisions)	–	–	13,515	11,659
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	21,377	20,716

Reconciliation of the above summarised financial information to the carrying amount of the interest in joint ventures recognised in the consolidated financial statements:

	DMS		GSSI	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Net assets of the joint ventures	2,249	1,864	(6,931)	(127)
Group's share of net assets/(liabilities) based on proportion of ownership interest	1,574	1,305	(3,535)	(65)
Equity loan to a joint venture	806	756	–	–
Provision for liabilities (Note 28(b)(i))	–	–	3,500	88
Others	–	–	35	(23)
Carrying amount of investment	2,380	2,061	–	–

Aggregate information about the Group's investment in joint ventures that are not individually material are as follows:

	2015	2014
	\$'000	\$'000
Loss after tax from continuing operations and total comprehensive loss for the financial year	127	35

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 12 Investment in joint ventures (cont'd)

- e) In March 2016, the Group acquired additional 102,000 ordinary shares, representing 51% equity interest in Athena Dynamics Pte Ltd ("ADPL") from a third party at cash consideration of \$200,000. Subsequent to the acquisition, ADPL became a wholly-owned subsidiary of the Group.

The acquisition is not expected to have any material impact on the financial position and performance of the Group for the financial year ending 31 December 2016.

## 13 Investment in associated companies

- a) The Group's investment in associated companies are summarised below:

	<b>Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
<u>Carrying amount:</u>		
GL Lighting Holding Pte Ltd ("GLH") and its subsidiaries ("GLH Group")	<b>12,149</b>	11,085

- b) The following information relates to the associated companies:

<b>Name of associates (Country of incorporation)</b>	<b>Principal activities</b>	<b>Group's effective equity interest held</b>	
		<b>2015</b>	2014
		<b>%</b>	%
GL Lighting Holding Pte Ltd* (Singapore)	Investment holding	<b>39</b>	37
Z-Power Automation (Vietnam) Co., Ltd ® (Vietnam)	Manufacturing of industrial electrical equipment	—	30
<b><u>Subsidiaries held by GLH</u></b>			
General Luminaire (Shanghai) Co., Ltd ("SGL")** (People's Republic of China)	Research and development, manufacturing and selling LED lighting modules and fixtures	<b>39</b>	37
General Luminaire (Kunshan) Co., Ltd ("KGL")** (People's Republic of China)	Design, manufacturing and trading LED lighting modules and fixtures	<b>39</b>	37

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 13 Investment in associated companies (cont'd)

- b) The following information relates to the associated companies (cont'd):

Name of associates (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2015 %	2014 %
<b><u>Subsidiaries held by GLH (cont'd)</u></b>			
General Luminaire Co., Ltd# (Taiwan)	Trading business of LED lighting modules and fixtures	39	37
<b><u>Subsidiary held by SGL</u></b>			
CAM Technology (Shanghai) Ltd** (People's Republic of China)	Trading of LED lighting modules and fixtures	39	37
<b><u>Subsidiary held by KGL</u></b>			
Yeong Long (Kunshan) Co., Ltd ** (People's Republic of China)	Trading of LED lighting modules and fixtures	39	37

\* Audited by Baker Tilly TFW LLP

\*\* Audited by independent overseas member firms of Baker Tilly International

# Audited by other firms of certified public accountants

@ Disposed during the financial year

All of the above associated companies are accounted for using the equity method in these consolidated financial statements. The activities of GLH and its subsidiaries are strategic to the Group in the LED lighting industry.

- c) The associated companies in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on the amount of currency that can be remitted out of the country.
- d) Summarised financial information for GLH Group based on its FRS financial statements (adjusted by the Group for equity accounting purpose) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

	GLH Group	
	2015 \$'000	2014 \$'000
<i>Income Statement items:</i>		
Revenue	17,237	22,863
(Loss)/profit after tax from continuing operations	(1,341)	577
Other comprehensive income	673	—
Total comprehensive income	(668)	577

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 13 Investment in associated companies (cont'd)

- d) Summarised financial information for GLH Group based on its FRS financial statements (adjusted by the Group for equity accounting purpose) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows (cont'd):

	GLH Group	
	2015	2014
	\$'000	\$'000
<i>Statement of financial position items:</i>		
Non-current assets	5,259	1,690
Current assets	8,505	12,048
Current liabilities	(4,346)	(4,930)
Net assets	9,418	8,808
Group's share on net assets based on proportion of ownership interest	3,701	3,285
Goodwill on acquisition	8,448	7,800
Carrying amount of investment	12,149	11,085

## 14 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

	Group	
	2015	2014
	\$'000	\$'000
At 1 January	(757)	(581)
Tax charged to profit or loss (Note 5)	(171)	117
Exchange difference	10	(35)
Reclassified to liabilities directly associated with disposal group classified as held for sale	–	20
Reclassified from liabilities directly associated with disposal group classified as held for sale	–	(643)
Deconsolidation of subsidiaries (Note 11(d))	47	365
At 31 December	(871)	(757)

Presented on the statement of financial position:

<i>Non-current</i>		
Deferred tax assets	44	79
Deferred tax liabilities	(915)	(836)
	(871)	(757)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 14 Deferred tax (cont'd)

The following are the major deferred tax (liabilities)/assets recognised by the Group and the movements thereon, during the financial year.

	Accelerated tax depreciation \$'000	Provisions \$'000	Fair value adjustment on business combination \$'000	Others \$'000	Total \$'000
<b>2015</b>					
At 1 January 2015	(26)	18	(599)	(150)	(757)
Credited/(charged) to profit or loss	–	–	30	(201)	(171)
Exchange difference	–	–	10	–	10
Deconsolidation of subsidiaries	26	(18)	–	39	47
<b>At 31 December 2015</b>	<b>–</b>	<b>–</b>	<b>(559)</b>	<b>(312)</b>	<b>(871)</b>
<b>2014</b>					
At 1 January 2014	(432)	53	–	(202)	(581)
(Charged)/credited to profit or loss	(18)	4	79	52	117
Exchange difference	–	–	(35)	–	(35)
Reclassified to liabilities directly associated with disposal group classified as held for sale	59	(39)	–	–	20
Reclassified from liabilities directly associated with disposal group classified as held for sale	–	–	(643)	–	(643)
Deconsolidation of a subsidiary	365	–	–	–	365
<b>At 31 December 2014</b>	<b>(26)</b>	<b>18</b>	<b>(599)</b>	<b>(150)</b>	<b>(757)</b>

	<b>Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	<b>\$'000</b>
<u>Unrecorded deferred tax assets:</u>		
Unabsorbed capital allowances	<b>119</b>	35
Unutilised tax losses	<b>30,774</b>	45,040
Other deductible temporary differences	<b>11,212</b>	10,428
	<b>42,105</b>	55,503

No deferred tax assets have been recognised in respect of the above deductible temporary differences as future profit streams are not probable. The income tax benefits from tax losses carried forward is available for an unlimited period subject to the conditions imposed by law, except for unrecognised tax losses of \$30,077,000 (2014: \$27,257,000) which will expire progressively over the next 5 years up till 2020, subject to the conditions imposed by the Indonesian tax authorities.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 15 Intangible assets

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Goodwill arising on business combination (a)	–	–	–	–
Club membership	49	49	49	49
	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>

a) Goodwill arising on business combination

	Group	
	2015 \$'000	2014 \$'000
<b>Cost:</b>		
At 1 January	3,312	3,490
Reclassified to disposal group classified as held for sale	–	(178)
<b>At 31 December</b>	<b>3,312</b>	<b>3,312</b>
<b>Accumulated impairment</b>		
At 1 January and 31 December	3,312	3,312
<b>Net carrying amount</b>	<b>–</b>	<b>–</b>

## 16 Purchase deposit to a supplier

	Group	
	2015 \$'000	2014 \$'000
Purchase deposit to a supplier	6,433	–
Less: presented as current (Note 21)	(677)	–
Non-current	<b>5,756</b>	<b>–</b>

During the financial year, a subsidiary, Beng Hui Marine Electrical Pte Ltd (“BHME”) entered into a Distribution and Representation Agreement (the “Agreement”) with a supplier for the appointment of BHME as the supplier’s sole selling representative and distributor for the sale and promotion of all products and/or designed by the supplier.

In conjunction with the Agreement, BHME also entered into a prepayment agreement for the payment of US\$5 million to the supplier as payment in advance to the supplier and its related companies for future purchases including but not limited to the purchase of the products at the price and on the payment terms under the Agreement. The prepayment sum shall be utilised over a period of 5 years from year 2015 until year 2019 based on contracted utilisation schedule. BHME is entitled to an interest of 3% per annum, calculated on a day to day basis on the outstanding amount of the prepayment sum from time to time.

Notwithstanding this, BHME shall also be entitled to require repayment of all or any part of the outstanding sum in cash at any time by serving one month notice to the supplier upon the occurrence of certain trigger events in accordance with the Agreement.

The fair value of the purchase deposit approximates its carrying value computed based on cash flows discounted at market borrowing rate for similar financial assets at the end of the reporting period. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 17 Non-current receivable

	<b>Group and Company</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Contingent consideration receivable	<b>228</b>	—
Less: Presented as current (Note 21)	<b>(66)</b>	—
	<hr/>	<hr/>
Non-current	<b>162</b>	—

This represents contingent consideration receivable from a non-controlling shareholder of a subsidiary for shortfall in profits target in relation to the Company's acquisition of 60% equity interest in a subsidiary, Sky Holding Pte Ltd in year 2009.

During the financial year, the Company recognised contingent consideration income of \$300,000 in profit or loss from continuing operations. This amount will be collected in 37 instalments from year 2015 to 2018.

The fair value of the contingent consideration receivable approximates its carrying value computed based on cash flows discounted at market borrowing rate for similar financial assets at the end of the reporting period. This fair value measurement is categorised within Level 2 of the fair value hierarchy.

## 18 Inventories

	<b>Group</b>	
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Raw material	—	2,294
Work-in-progress	—	417
Finished goods	<b>30,123</b>	30,050
	<hr/>	<hr/>
	<b>30,123</b>	32,761

Raw materials, consumables and changes in finished goods and work in progress included as cost of sales amounted to \$43,087,000 (2014: \$59,071,000).

In the previous financial year, the Group recognised a reversal of \$400,000 being part of the inventory write down made in previous years, as the inventories were sold above the carrying amounts subsequent to year end. The reversal was included in selling and distribution expenses.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 19 Due from/(to) customers on construction contracts

	Group	
	2015 \$'000	2014 \$'000
Aggregate costs incurred and profits recognised (less losses recognised) to-date on uncompleted construction contracts	263	8,825
Less : Progress billing	(134)	(11,869)
	<b>129</b>	<b>(3,044)</b>
Presented as:		
Due from customers on construction contracts	129	37
Due to customers on construction contracts	–	(3,081)
	<b>129</b>	<b>(3,044)</b>

## 20 Trade receivables

	Group	
	2015 \$'000	2014 \$'000
Trade receivables	19,607	22,606
Less: allowance for impairment	(3,384)	(1,970)
	<b>16,223</b>	<b>20,636</b>

Trade receivables are non-interest bearing and are generally on 30 to 90 day's terms.

Movements of allowance for impairment of trade receivables are as follows:

	2015 \$'000	2014 \$'000
At 1 January	1,970	316
Allowance made during the financial year (Note 7)	2,455	1,938
Allowance written back during the financial year (Note 7)	–	(107)
Bad debt written off	(25)	(163)
Reclassified to disposal group classified as held for sale (Note 6)	–	(14)
Deconsolidated during the financial year	(866)	–
Currency translation differences	(150)	–
At 31 December	<b>3,384</b>	<b>1,970</b>

Included in trade receivables is an amount of \$257,000 (2014: \$41,000) due from a joint venture company.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 21 Other receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Amount due from a joint venture	3	—	3	—
Amount due from an associated company	155	135	155	135
Amount due from related companies	119	—	—	—
Dividend receivable from a joint venture	267	506	267	506
Purchase deposit to a supplier (Note 16)	677	—	—	—
Sundry deposits	2,926	2,984	—	—
Prepayments	149	250	15	7
Amounts due from subsidiaries (Note 22)	—	—	81,741	73,780
Advance payment to suppliers	89	89	—	—
Sundry receivables	470	538	274	34
Contingent consideration receivable (Note 17)	66	—	66	—
	<b>4,921</b>	4,502	<b>82,521</b>	74,462
Less: allowance for impairment				
- Sundry deposits	(2,494)	(2,494)	—	—
- Amounts due from subsidiaries (Note 22)	—	—	(69,388)	(60,602)
- Sundry receivable	—	(30)	—	—
	<b>(2,494)</b>	(2,524)	<b>(69,388)</b>	(60,602)
	<b>2,427</b>	1,978	<b>13,133</b>	13,860

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 21 Other receivables (cont'd)

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Movement in allowance for impairment:				
At 1 January	2,524	2,524	60,602	50,387
Allowance made during the financial year	–	–	8,786	10,355
Allowance written back during the financial year	–	–	–	(140)
Allowance written off during the financial year	(30)	–	–	–
At 31 December	2,494	2,524	69,388	60,602

The amount due from an associated company is non-trade in nature, unsecured, interest-free and repayable on demand.

## 22 Amounts due from subsidiaries

	Company	
	2015 \$'000	2014 \$'000
Interest-free advances	30,842	22,881
Loans at variable interest rates	50,899	50,899
	81,741	73,780
Less: allowance for impairment	(69,388)	(60,602)
	12,353	13,178

The amounts due from subsidiaries are non-trade in nature, unsecured and repayable on demand. Loan to subsidiaries are at variable interest rates ranging from 2.231% to 2.669% (2014: 2.216% to 2.329%) per annum based on the average cost of funds incurred by the Group. During the financial year, the Company has waived interest charges on principal loans amount of \$46,011,000 (2014: \$46,011,000).

During the financial year ended 31 December 2015, a net impairment loss of \$8,786,000 (2014: \$10,215,000) was recognised to write down the amounts due from subsidiaries to their recoverable amounts.

## 23 Restricted cash

	Group	
	2015 \$'000	2014 \$'000
Cash at bank (restricted in use)	853	–
Fixed deposit (pledged)	516	2,050
	1,369	2,050

Fixed deposits of \$516,000 (2014: \$2,050,000) are pledged to banks to cover bankers' letter of guarantees, credit facilities and bank overdraft. The interest rates of fixed deposits at 31 December 2015 range from 0.10% to 0.47% (2014: 0.23% to 0.75%) per annum.

The cash at bank is restricted in use for performance bond of a former subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 24 Cash and cash equivalents

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and on hand	4,336	2,507	153	211
Fixed deposits – unpledged	13	480	–	–
	<b>4,349</b>	<b>2,987</b>	<b>153</b>	<b>211</b>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period.

	Group	
	2015 \$'000	2014 \$'000
Cash and short-term deposits:		
- continuing operations	4,349	2,987
- discontinued operations (Note 6)	–	2,788
	<b>4,349</b>	<b>5,775</b>
Bank overdraft (Note 29)	–	(615)
	<b>4,349</b>	<b>5,160</b>

## 25 Property held for sale

	Group	
	2015 \$'000	2014 \$'000
Leasehold property	–	1,527

The leasehold property was disposed during the financial year. The gain on disposal of \$1,073,000 is included in other income from continuing operations.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 26 Finance lease liabilities

The minimum lease payment under the finance lease liabilities are payable as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one financial year	189	209
Later than one financial year but not later than five financial years	411	553
More than five financial years	–	27
Total minimum lease payments	600	789
Less: Future finance charges	(80)	(102)
Present value of finance lease liabilities	520	687
Representing finance lease liabilities:		
- Current	166	166
- Non-current	354	521
	520	687

The weighted average effective interest rate of the finance lease liabilities at the end of the reporting period is 4.76% (2014: 4.41%) per annum. The net carrying values of motor vehicles acquired under finance lease agreements are disclosed in Note 10.

Based on the discounted cash flow analysis using market interest rates for similar finance lease agreements at the end of the reporting period, the fair values of finance lease liabilities at the end of the reporting period approximate their carrying amounts as the market interest rate at the end of the reporting period is close to the effective interest rates of the Group's existing finance lease liabilities. This fair value measurement for disclosures purposes is categorised in Level 2 of the fair value hierarchy.

## 27 Other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Accrued operating expenses	1,145	2,353	283	338
Provision for directors' fees				
- directors of the Company	360	360	360	360
- directors of subsidiaries	60	60	–	–
Amounts due to subsidiaries	–	–	294	3,663
Advance payment from customers	4	203	–	–
Other creditors	177	563	137	71
	1,746	3,539	1,074	4,432

The amounts due to directors and a subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 28 Provisions

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Warranty (a)	–	84	–	–
Foreseeable loss on contract (Note 7)	684	–	–	–
Liabilities (b)	4,161	88	4,161	88
	<b>4,845</b>	172	<b>4,161</b>	88

### (a) Provision for warranty

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the end of the financial year for expected warranty claims based on the management's estimation of the level of repairs and returns.

Movements in provision for warranty are as follows:

	Group	
	2015 \$'000	2014 \$'000
At 1 January	84	186
Provision made during the financial year (Note 7)	13	100
Provision utilised	–	(14)
Reclassified to liabilities associated with disposal group classified as held for sale (Note 6)	–	(188)
Deconsolidated during the financial year (Note 11(d))	(97)	–
At 31 December	–	84

### (b) Provision for liabilities

- (i) The Company has provided corporate guarantee of \$15,717,000 (Omani Rial 4,290,000) (2014: \$14,372,000 (Omani Rial 4,182,000)) to a joint venture, Gulf Specialty Steel Industries LLC ("GSSI") for banking facilities taken by GSSI. In addition, the Company has also undertaken to provide continuing financial support to GSSI so as to enable it to meet its liabilities as and when they fall due. As at 31 December 2015, the Group and Company have assessed and provided an amount of \$3,500,000 (2014: \$88,000) relating to its interest in GSSI based on its proportionate share of the net liabilities of GSSI.
- (ii) The Company has provided corporate guarantees to certain subsidiaries for banking facilities taken by these subsidiaries. As at 31 December 2015, the Group and Company have assessed and provide an amount of \$661,000 in relation to the banking facilities taken by a former subsidiary that had been deconsolidated from the Group's consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 28 Provisions (Cont'd)

(b) Provision for liabilities (Cont'd)

Movements in provision for liabilities are as follows:

	Group	
	2015 \$'000	2014 \$'000
At 1 January	88	—
Provision made during the financial year (Note 7)	4,073	88
At 31 December	4,161	88

## 29 Bank borrowings

	Group	
	2015 \$'000	2014 \$'000
Term loan 1 (unsecured)	—	718
Term loan 2 (unsecured)	1,283	1,700
Working capital loans (secured)	3,300	4,330
Working capital loans (unsecured)	2,500	1,500
Trust receipts	2,227	4,392
Bank overdraft (Note 24)	—	615
Total borrowings	9,310	13,255

Term loan 1 was repayable over 48 monthly instalments of \$46,667 each commencing in May 2012 and a final instalment of \$46,666. The loan was repaid fully during the year. Term loan 2 is repayable over 48 monthly instalments of \$42,000 each commencing in October 2014. Notwithstanding to the above, these term loans are subjected to review, recall, alter or cancel from time to time at the lender's discretion. Accordingly, these loans are classified under current liabilities.

The working capital loans (secured) and trust receipts are secured by legal mortgage of the Group's leasehold property and extension, addition and alteration works (Note 10) and covered by corporate guarantee from the Company.

Bank overdraft was secured by fixed deposits of the Group in the previous financial year (Note 23).

Interest rates at the end of the reporting period were as follows:

Term loan 2	-	Fixed rate at 3.00% per annum.
Working capital loans	-	Variable rates ranging from 2.23% to 2.66% (2014: 2.216% to 2.329%) per annum.
Trust receipts	-	Variable rate range from 2.70% to 3.42% (2014: 1.63% to 3.00%) per annum above SIBOR.

Based on the discounted cash flow analysis using a discount rate based upon market lending rates for similar borrowings which the directors expect would be available to the Group at the end of the reporting period, the fair value of the fixed rate term loans at the end of the reporting period approximate their carrying values as there are no significant changes in the interest rates available to the Group. The working capital loans and trust receipts are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of these floating rates borrowings approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosures purposes is categorised in Level 2 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 30 Share capital

	Group and Company			
	2015		2014	
	Number of issued shares '000	Total share capital \$'000	Number of issued shares '000	Total share capital \$'000
<u>Issued and fully paid up</u>				
- Ordinary shares with no par value				
Balance at 1 January/31 December	<b>480,000</b>	<b>43,461</b>	480,000	43,461

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

Subsequent to the end of the reporting period, the Company undertook a share consolidation exercise to consolidate every four (4) existing ordinary shares in the capital of the Company into one (1) ordinary share. The share consolidation has been completed and became effective on 29 February 2016.

## 31 Dividends

	Group	
	2015 \$'000	2014 \$'000
First interim (one-tier) tax exempt dividend paid of 0.5 cents per share for the financial year ended 31 December 2015 (2014: nil)	<b>2,400</b>	–
First and final (one-tier) tax exempt dividend of nil cents for the financial year ended 31 December 2014 (2014: 0.5 cents per share for the financial year ended 31 December 2013)	–	2,400

## 32 Contingent liabilities

### a) Corporate guarantees

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Corporate guarantees for financing facilities granted by financial institutions to:				
- Subsidiaries	–	–	<b>38,800</b>	54,300
- Joint venture	<b>15,717</b>	14,372	<b>15,717</b>	14,372
	<b>15,717</b>	14,372	<b>54,517</b>	68,672

Except as disclosed in Note 28(b), the financial effects of FRS39 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 32 Contingent liabilities (cont'd)

### b) Litigation

- (i) In 2013, a customer (the "Customer") claimed against a subsidiary in Indonesia, PT. BH Marine & Offshore Engineering ("PTE") for alleged non-delivery of three vessels that are currently in the possession of PTE.

The Customer is seeking to recover losses amounting to the sum of S\$12.4 million (Rp 117,148,000,000) based on the assertion that payments for these vessels have already been made and registration certificates have been issued in its name in Indonesia.

PTE has defended the claim on the basis that it has not received payment for these vessels. In addition, PTE is also taking the stand that there was fraud involved in the registration of these vessels. Thus, PTE has made a counter-claim against the Customer and another party for total sum of S\$27.4 million (Rp 258,757,600,000) for total losses suffered by PTE.

Judgment was awarded in favour of PTE in April 2014. The customer and PTE have subsequently appealed to the High Court of Batam and the outcome of the appeal is still pending as at 31 December 2015.

The Group has not made any provisions in respect of the Customer's claim because of the reason in the preceding paragraphs. Nevertheless, the Group has made allowance for impairment of \$1,515,000 (2014: \$1,904,000) in respect of amount receivable from the Customer.

- (ii) In 2014, PTE commenced legal proceeding in Singapore High Court against several customers for unpaid works and services in amount of \$642,990. In the Court's proceedings, these defendants also counter-claimed against PTE for alleged defects in the works carried out in relation to the vessels, loss of use of the vessels and other alleged dues and charges amounting to \$3,415,998. The outcome of the cases are still pending as at 31 December 2015.

Based on the information available, the management is of the view that the defendants allegations and counter-claims are without merits. Thus, the Group has not made any provisions in respect of the above counter-claims.

- (iii) During the financial year, a writ of summons has been filed against Oil & Gas Solutions Pte Ltd ("OGS"), a former subsidiary that had been deconsolidated during the financial year. The Plaintiffs claim against OGS for the sum of \$663,811 as well as warehousing charges, interest, cost and other disbursements pursuant to a contract between the Plaintiffs and OGS. The outcome of the claim is still pending as at 31 December 2015.

As OGS had been deconsolidated from the Group's financial statements, the management is of the opinion that the claim is not expected to have any material impact to the Group.

- (iv) A customer has also submitted its claims to OGS for total compensation sums that amounted to \$6.37 million in relation to a project. The management has assessed and considered that the claims was still preliminary and no provision is required. As OGS had been deconsolidated during the financial year, the management is of the opinion that the claim is not expected to have any material impact to the Group.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 33 Commitments

### a) Lease commitments

The Group leases various warehouses and land from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 3 to 39 years. Renewals of leases are subject to approval by lessor. No restrictions are imposed on dividends or further leasing.

Commitments in relation to non-cancellable operating leases contracted for but not recognised as liabilities, are payable as follows:

	Group	
	2015 \$'000	2014 \$'000
Within 1 financial year	635	651
Between 2 to 5 financial years	2,536	2,452
Over 5 financial years	9,776	13,680
	<b>12,947</b>	<b>16,783</b>

### b) Capital commitments

Capital commitments not provided for in the financial statements:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Investment in associated companies	2,800	4,123	2,800	4,123
Share of associated company's capital commitment in relation to property, plant and equipment				
- Approved and contracted	-	1,368	-	-
- Approved but not contracted	7,613	-	-	-

### c) Forward foreign exchange contracts

In the previous financial year, the Group entered forward foreign exchange contracts at notional amounts of \$1,986,000.

The fair values of outstanding forward foreign exchange contracts (which are not accounted as hedging instruments) at the end of the reporting period is not material.

Forward currency contracts were valued using a valuation technique (primarily forward pricing model) with market observable inputs such as foreign exchange spot and forward rates.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 34 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2015 \$'000	2014 \$'000
<b><u>With jointly controlled entities</u></b>		
Management fee income	67	–
Sales of goods	556	1,048
	<hr/>	<hr/>
<b><u>With associated companies</u></b>		
Management fee income	19	–
Purchase of goods	1,915	2,139
	<hr/>	<hr/>
<b><u>Other related parties</u></b>		
Rental charged to a related company	124	124
Upkeep of motor vehicles charged by a related company	–	4
	<hr/>	<hr/>

## 35 Financial risk instruments

Categories of financial instruments

Financial instruments at the end of the reporting period are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Financial assets</i>				
Trade and other receivables	25,266	23,069	14,086	14,609
Restricted cash	1,369	2,050	–	–
Cash and cash equivalents	4,349	2,987	153	211
	<hr/>	<hr/>	<hr/>	<hr/>
Loans and receivables	30,984	28,106	14,239	14,820
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Financial liabilities</i>				
Trade and other payables	7,426	11,542	1,021	4,432
Borrowings	9,310	13,255	–	–
Finance lease liabilities	520	687	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At amortised cost	17,256	25,484	1,021	4,432
	<hr/>	<hr/>	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 35 Financial risk instruments (cont'd)

### Financial risk management

The Group's activities expose it to market risk (including foreign exchange risk, interest rate risk and commodity price risk), liquidity risk and credit risk. The Group's overall financial risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors provides written principles for overall financial risk management and written policies covering the specific areas above. Such written policies are reviewed periodically by the Board of Directors.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures financial risk. Market risk and credit risk exposures are measured using sensitivity analysis indicated below.

#### a) **Market risk**

##### *Foreign exchange risk*

Foreign currency risk arises on certain sales and purchases transactions that are denominated in currencies other than the respective functional currencies of entities in the Group. The currencies that give rise to this risk are primarily United States dollar, Euro and United Arab Emirates dirham.

The Group's financial risk management policy is to hedge any exposure exceeding US\$100,000 or EUR70,000 based on the weekly foreign exchange requirement report and cash flow of the Group. The use of financial derivatives primarily foreign currency forward contracts is governed by the Group's policies approved by the Board of Directors. The Group does not use derivative financial instruments for speculative purposes.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 35 Financial risk instruments (cont'd)

Financial risk management (cont'd)

### a) Market risk (cont'd)

*Foreign exchange risk (cont'd)*

The Group's foreign currency exposure is as follows:

	USD S\$'000	Euro S\$'000	AED S\$'000	SGD S\$'000	Others S\$'000
<b>At 31 December 2015</b>					
<u>Financial assets</u>					
Cash and cash equivalents	885	143	–	20	–
Trade and other receivables	8,693	216	806	–	3
Due from contract customers	129	–	–	–	–
	<b>9,707</b>	<b>359</b>	<b>806</b>	<b>20</b>	<b>3</b>
<u>Financial liabilities</u>					
Trade payables	(2,314)	(383)	–	–	(128)
Net exposure	<b>7,393</b>	<b>(24)</b>	<b>806</b>	<b>20</b>	<b>(125)</b>
<b>At 31 December 2014</b>					
<u>Financial assets</u>					
Cash and cash equivalents	1,404	207	–	318	–
Trade and other receivables	6,375	45	756	1,948	5
	<b>7,779</b>	<b>252</b>	<b>756</b>	<b>2,266</b>	<b>5</b>
<u>Financial liabilities</u>					
Trade payables	(4,013)	(1,281)	–	(370)	(225)
Bank borrowings	(431)	–	–	–	–
	<b>(4,444)</b>	<b>(1,281)</b>	<b>–</b>	<b>(370)</b>	<b>(225)</b>
Gross statement of financial position exposure	3,335	(1,029)	756	1,896	(220)
Foreign currency forwards	1,986	–	–	–	–
Net exposure	<b>5,321</b>	<b>(1,029)</b>	<b>756</b>	<b>1,896</b>	<b>(220)</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 35 Financial risk instruments (cont'd)

### Financial risk management (cont'd)

#### a) **Market risk** (cont'd)

##### *Foreign exchange risk (cont'd)*

The Company's foreign currency exposure based on the information provided by key management is \$806,000 (2014: \$756,000) included in other receivables and amount due from joint venture companies which is denominated in United Arab Emirates dirham.

Sensitivity analysis of the Group's and Company's foreign exchange risk exposure are not presented as a reasonably possible change of 5% in the foreign currencies exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant will have no significant impact on the Group's and Company's net loss.

##### *Interest rate risk*

The Group's exposure to the risk of changes in interest rates arise mainly from the Group's fixed deposits placed with financial institutions and bank borrowings. For interest income from the fixed deposits, the Group manages the interest rate risks by placing fixed deposits with reputable financial institutions on varying maturities and interest rate terms. Interest expense from bank borrowings arises from term loans, working capital loans, trust receipts and bank overdrafts (Note 29).

The Company's exposure to interest rate risk is minimal as the impact of interest rate fluctuations on loans to subsidiaries (Note 22) are insignificant, and the Company has no other interest-bearing liabilities.

Sensitivity analysis of the Group's and Company's interest rate risk exposures are not presented as the impact of an increase/decrease of 50 basis points in interest rates are not expected to be significant.

##### *Commodity price risk*

The Group has commodity price risk as copper and steel are its main raw materials. Copper and steel are traded commodities and their prices are subject to the fluctuations of the world commodity markets. Any significant increases in the prices for copper and steel will have a material adverse impact on the financial position and results of operation. The Group's profitability will be adversely affected if the Group is unable to pass on any increase in raw material prices to its customers on a timely basis or find cheaper alternative sources of supply.

#### b) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 29).

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 35 Financial risk instruments (cont'd)

Financial risk management (cont'd)

### b) Liquidity risk (cont'd)

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

	1 year or less \$'000	1 to 5 year \$'000	More than 5 years \$'000	Total \$'000
<b>Group</b>				
<b>2015</b>				
Trade and other payables	7,426	–	–	7,426
Bank borrowings	9,413	–	–	9,413
Finance lease obligations	189	411	–	600
Financial guarantee contracts	15,717	–	–	15,717
	<b>32,745</b>	<b>411</b>	<b>–</b>	<b>33,156</b>

<b>2014</b>				
Trade and other payables	11,542	–	–	11,542
Bank borrowings	13,350	159	–	13,509
Finance lease obligations	209	553	27	789
Financial guarantee contracts	14,372	–	–	14,372
	<b>39,473</b>	<b>712</b>	<b>27</b>	<b>40,212</b>

				<b>1 year or less \$'000</b>
<b>Company</b>				
<b>2015</b>				
Trade and other payables				1,021
Financial guarantee contracts				54,517
				<b>55,538</b>

<b>2014</b>				
Trade and other payables				479
Financial guarantee contracts				68,672
				<b>69,151</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 35 Financial risk instruments (cont'd)

Financial risk management (cont'd)

### b) Liquidity risk (cont'd)

The table below analyses the Group's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groups based on the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Group Less than 1 year	
	2015 \$'000	2014 \$'000
Gross - settled currency forwards		
- Receipts	-	1,986
- Payments	-	(1,935)

### c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place to ensure that sale of products are made to customers with appropriate credit histories and the exposure to credit risk is monitored on an ongoing basis by the directors. Credit evaluations are performed on all customers requiring credit extension or credit limit. The maximum exposure to credit risk is represented by the carrying amount of loans and receivables in the statement of financial position and the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Corporate guarantees provided to banks for financing facilities granted to (Note 29):				
- Subsidiaries	-	-	38,800	54,300
- Joint venture	15,717	14,372	15,717	14,372
	15,717	14,372	54,517	68,672

At the end of the reporting period, there were significant concentrations of credit risks primarily on trade receivables.

The Group's 3 (2014: 4) largest trade receivables amounted to \$3,349,000 (2014: \$11,589,000) and this represented 21% (2014: 50%) of total trade receivables and of which one major corporate customer represented 9% (2014: 22%) of total trade receivables.

The Company has significant credit risk exposures arising on amount due from subsidiaries of \$12,353,000 (2014: \$13,178,000) which represented 88% (2014: 90%) of total receivables.

Non-trade balances due from subsidiaries, associated companies and joint ventures are generally repayable on demand and are not past due as at the end of the reporting period.

Except as disclosed in Note 28(b), no additional material adjustment was required in the separate financial statements of the Company to recognise the financial guarantee liability.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 35 Financial risk instruments (cont'd)

Financial risk management (cont'd)

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

The Group's trade receivables comprise the following:

	Group	
	2015 \$'000	2014 \$'000
Not past due	9,669	8,463
Past due but not impaired	6,554	12,173
Past due and impaired	3,384	1,970
	<b>19,607</b>	<b>22,606</b>

*Financial assets that are past due but not impaired*

Past due 0 to 3 months	4,967	8,231
Past due 3 to 6 months	1,017	1,391
Past due over 6 months	570	2,551
	<b>6,554</b>	<b>12,173</b>

Included in trade receivables is an amount due from a customer of \$3,269,000 (Rp31,884,758,000) (2014: \$3,450,000 (Rp32,508,541,000)) of which the customer is currently claiming against a subsidiary in Indonesia, PT. BH Marine & Offshore Engineering ("PTE") for alleged non-delivery of three vessels (Note 32(b)(i)). During the financial year, the Group has made an allowance for impairment amounted to \$1,515,000 (2014: \$1,904,000) in view of the uncertainty of collection.

*Financial assets that are past due and impaired*

Full allowance for impairment of trade receivables had been provided for debts which are past due and impaired.

## 36 Fair value of assets and liabilities

### a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 36 Fair value of assets and liabilities (cont'd)

### b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position at the end of the reporting period:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2014				
Group				
<i>Recurring fair value measurements</i>				
Financial assets				
Derivatives				
- Forward currency contracts	—	—*	—	—

\* Forward currency contracts are included in Level 2 of the fair value hierarchy. The fair value of these contracts is insignificant at the end of the reporting date.

### c) Fair value of other assets and liabilities

The carrying amounts of other financial assets and financial liabilities recorded in the consolidated financial statements of the Group and the statement of financial position of the Company approximate their respective fair values due to the relatively short-term maturity of these financial instruments or that there are no significant changes in the interest borrowing rates available to the Group at the end of the reporting period.

### d) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Derivatives

The fair values of forward exchange contracts (Level 2 fair values) are based on broker quotes for equivalent instruments valued at the market forward rates applicable to the remaining period to maturity of the contracts.

Purchase deposit to a supplier, contingent consideration receivable, finance lease liabilities and bank borrowings

The basis of determining fair value for disclosure at the end of the reporting period is disclosed in Notes 16, 17, 26 and 29.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 7 Segment information

For management purpose, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products/services. The Group has two main business segments, Supply Chain Management and Manufacturing segments.

Supply Chain Management is further sub-divided into:

- Marine cables and accessories;
- Marine lighting equipment and accessories; and
- Others

During the financial year, the Group discontinued the operations of a subsidiary, Oil & Gas Solutions Pte Ltd, which was previously reported under the Engineering Services Segment (Note 6).

The following tables present revenue, segment results, assets and liabilities, depreciation, other significant non-cash expenses and capital expenditure information for the Group.

	<b>Group</b>	
	<b>2015</b>	Restated
	<b>\$'000</b>	2014
		<b>\$'000</b>
<b><u>Segment revenue</u></b>		
<b>Supply Chain Management</b>		
<i>Sales to external customers</i>		
Marine cables and accessories	<b>35,796</b>	36,370
Marine lighting equipment and accessories	<b>10,953</b>	12,077
Others	<b>7,204</b>	7,286
	<b>53,953</b>	55,733
<i>Intersegment sales</i>	<b>–</b>	1,793
<b>Subtotal</b>	<b>53,953</b>	57,526
<b>Manufacturing</b>		
<i>Sales to external customers</i>		
Galvanised steel wire	<b>1,624</b>	18,569
<i>Intersegment sales</i>	<b>–</b>	10
<b>Subtotal</b>	<b>1,624</b>	18,579
Less: Eliminations	<b>–</b>	(1,803)
<b>Total revenue from continuing operations</b>	<b>55,577</b>	74,302

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 37 Segment information (cont'd)

	Group	
	2015	Restated
	\$'000	2014
		\$'000
<b>Segment results</b>		
<b>Supply Chain Management</b>		
Marine cables and accessories	812	712
Marine lighting equipment and accessories	2,078	1,810
Others	1,344	1,197
	<b>4,234</b>	<b>3,719</b>
<b>Manufacturing</b>		
Galvanised steel wire	(2,618)	(5,819)
	<b>1,616</b>	<b>(2,100)</b>
Share of results of joint ventures	(2,125)	(483)
Share of results of associated companies	(524)	130
	<b>(1,033)</b>	<b>(2,453)</b>
Net loss before tax	(650)	1,061
Tax (expense)/credit		
	<b>(1,683)</b>	<b>(1,392)</b>
Net loss from continuing operations, net of tax	(4,541)	(5,132)
Loss from discontinued operations, net of tax		
	<b>(6,224)</b>	<b>(6,524)</b>
Net loss for the financial year	2,014	4,361
Non-controlling interests		
	<b>(4,210)</b>	<b>(2,163)</b>
<b>Net loss attributable to equity holders of the Company</b>		
<b>Group Assets and Liabilities</b>		
<b>Assets</b>		
<b>Supply Chain Management</b>		
Marine cables and accessories	63,621	51,947
Marine lighting equipment and accessories	16,819	13,219
Others	9,938	7,536
<b>Manufacturing</b>		
Galvanised steel wire	1,273	3,456
<b>Engineering Services</b>		
Engineering and installation	–	16,627
<b>Unallocated corporate assets</b>	44	79
<b>Disposal group assets classified as held for sale</b>	–	18,714
<b>Property held for sale</b>	–	1,527
	<b>91,695</b>	<b>113,105</b>
<b>Total assets</b>		

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 37 Segment information (cont'd)

	Group	
	2015 \$'000	2014 \$'000
<b>Group Assets and Liabilities (cont'd)</b>		
<i>Segment assets includes:</i>		
<i>Investment in joint ventures and associated companies</i>		
<b>Supply Chain Management</b>		
Marine cables and accessories	1,579	1,345
Marine lighting equipment and accessories	483	447
Others	354	301
<b>Manufacturing</b>	12,149	11,085
	<b>14,565</b>	13,178
<i>Additions to non-current assets</i>		
<b>Supply Chain Management</b>		
Marine cables and accessories	299	430
Marine lighting equipment and accessories	91	143
Others	60	86
<b>Manufacturing</b>		
Marine switchboards	–	800
Galvanised steel wire	–	110
<b>Engineering Services</b>		
Engineering and installation	18	157
	<b>468</b>	1,726
<i>Liabilities</i>		
<b>Supply Chain Management</b>		
Marine cables and accessories	14,765	11,450
Marine lighting equipment and accessories	4,518	3,802
Others	2,971	2,294
<b>Manufacturing</b>		
Galvanised steel wire	40	137
<b>Engineering Services</b>		
Engineering and installation	–	11,457
<b>Unallocated corporate liabilities</b>	2,112	2,329
<b>Liabilities directly associated with disposal group classified as held for sale</b>	–	10,429
<b>Total liabilities</b>	<b>24,406</b>	41,898
<b>Other segment information</b>		
<i>Depreciation</i>		Restated
<b>Supply Chain Management</b>		
Marine cables and accessories	993	1,667
Marine lighting equipment and accessories	304	554
Others	200	334
<b>Manufacturing</b>		
Galvanised steel wire	4	1,172
	<b>1,501</b>	3,727

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 37 Segment information (cont'd)

	Group	
	2015	2014
	\$'000	\$'000
<u>Impairment loss</u>		
<b>Supply Chain Management</b>		
Marine cables and accessories	165	—
Marine lighting equipment and accessories	51	—
Others	33	—
<b>Manufacturing</b>		
Galvanised steel wire	184	—
	<b>433</b>	—

Restated

<u>Other significant non-cash expenses</u>		
<b>Supply Chain Management</b>		
Marine cables and accessories	3,046	75
Marine lighting equipment and accessories	932	25
Others	613	15
<b>Manufacturing</b>		
Galvanised steel wire	—	712
	<b>4,591</b>	827

Significant non-cash expenses (other than depreciation) consist of the following:

Allowance for impairment of receivable	73	—
Allowance for impairment of receivable written back	—	(97)
Inventories written down	445	124
Loss on deemed disposal of a subsidiary	—	712
Provision for liabilities	4,073	88
	<b>4,591</b>	827

### Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements.

### Segment assets

The amounts provided to the Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred income tax assets which are classified as unallocated assets.

### Segment liabilities

The amounts provided to the Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than current and deferred tax liabilities which are classified as unallocated liabilities.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2015

## 37 Segment information (cont'd)

### Geographical Information

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

	Revenue		Non-current assets	
		(Restated)		
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Singapore	33,322	38,213	13,837	14,880
China	4,811	4,789	12,149	11,085
Japan	3,754	3,672	–	–
Vietnam	3,530	1,203	–	–
India	2,509	1,135	24	25
Sultanate of Oman	8	12,627	–	–
United Arab Emirates	1,312	4,479	2,380	2,061
Indonesia	2,335	1,075	2,723	4,285
Malaysia	2,243	2,229	–	–
Other countries	1,753	4,880	–	–
	<b>55,577</b>	<b>74,302</b>	<b>31,113</b>	<b>32,336</b>

Other countries comprise Australia, Korea, Maldives, Philippines, Sri Lanka, Saudi Arabia; Thailand, United Kingdom, United States of America and etc.

Non-current assets information presented above are non-current assets as presented on the consolidated statement of financial position excluding deferred tax assets and other financial assets.

### Information about major customer

Revenue of approximately \$5,722,000 (2014: \$7,499,000) are derived from one external customer that contributes more than 10% of the Group revenue and are attributable to the Supply Chain Management Segment.

## 38 Capital management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from 2014.

## 39 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors dated 24 March 2016.

# STATISTICS OF SHAREHOLDINGS

Public Shareholdings of the Company's shares as at 17 March 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.09	30	0.00
100 - 1,000	209	9.40	103,428	0.09
1,001 - 10,000	1,486	66.82	6,366,105	5.31
10,001 - 1000,000	522	23.47	29,068,632	24.22
1,000,001 AND ABOVE	5	0.22	84,461,800	70.38
<b>TOTAL</b>	<b>2,224</b>	<b>100.00</b>	<b>119,999,995</b>	<b>100.00</b>

	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	BENG HUI HOLDING (S) PTE LTD	71,668,900	59.72
2	CITIBANK NOMINEES SINGAPORE PTE LTD	5,561,250	4.63
3	POH CHOO BIN	3,146,150	2.62
4	MAYBANK NOMINEES (SINGAPORE) PTE LTD	2,871,625	2.39
5	CIMB SECURITIES (SINGAPORE) PTE LTD	1,213,875	1.01
6	LIM HWEE HONG	982,172	0.82
7	HSBC (SINGAPORE) NOMINEES PTE LTD	958,672	0.80
8	LIM HUAY HUA	957,172	0.80
9	LIM HUI ENG	957,172	0.80
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	864,875	0.72
11	DBS NOMINEES PTE LTD	814,975	0.68
12	LEE MUI HIANG	794,900	0.66
13	HONG LEONG FINANCE NOMINEES PTE LTD	757,625	0.63
14	LIM CHYE HOON	729,285	0.61
15	MAYBANK KIM ENG SECURITIES PTE LTD	691,000	0.58
16	SEE YONG HAI	537,500	0.45
17	PHILLIP SECURITIES PTE LTD	507,625	0.42
18	GINA GOH LAY SUAN	478,000	0.40
19	RAFFLES NOMINEES (PTE) LTD	447,300	0.37
20	WEE BOH HUAT	444,750	0.37
	<b>TOTAL</b>	<b>95,384,823</b>	<b>79.48</b>

# SUBSTANTIAL SHAREHOLDERS

AS AT 17 MARCH 2016

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST	%	DEEMED INTEREST	%
BENG HUI HOLDING (S) PTE. LTD.	71,668,900	59.72	—	—
ALVIN LIM HWEE HONG	982,172	0.82	71,668,900	59.72
VINCENT LIM HUI ENG	957,172	0.80	71,668,900	59.72
PATRICK LIM HUI PENG	957,172	0.80	71,668,900	59.72
JOHNNY LIM HUAY HUA	957,172	0.80	71,668,900	59.72
EILEEN LIM CHYE HOON	729,285	0.61	71,688,900	59.74
POH CHOO BIN	7,959,025	6.63	—	—

## Rule 723 of the SGX Listing Manual - Fre Float

Based on the information available to the Company as at 17 March 2016, approximately 29.76% of the issued Share Capital of the Company is being held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST has been Complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of BH GLOBAL CORPORATION LIMITED (the “Company”) will be held at the Boardroom, 8 Penjuru Lane, Singapore 609189 on Monday, 18 April 2016 at 10.00 a.m. to transact the following business:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the Directors’ Fees of S\$360,000 for the financial year ended 31 December 2015 (2014: S\$360,000). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 104 of the Company’s Constitution:-
  - (a) Mr Alvin Lim Hwee Hong; and **(Resolution 3)**
  - (b) Mr David Chia Tian Bin. **(Resolution 4)**

*(See Explanatory Note 1)*
4. To re-appoint Messrs Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:-

### 5. Share Issue Mandate

“That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares (“Shares”) whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the share capital of the Company;
- (b) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (a) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:
  - (i) new Shares arising from the conversion or exercise of convertible securities;
  - (ii) new Shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until:
- (i) the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or
  - (ii) in the case of Shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of such convertible securities."

*(See Explanatory Note 2)*

**(Resolution 6)**

6. **Authority to allot and issue shares under the BH Global Performance Share Plan**

"That authority be and is hereby given to the Directors to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the BH Global Performance Share Plan, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to BH Global Performance Share Plan shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time."

*(See Explanatory Note 3)*

**(Resolution 7)**

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

On behalf of the Board

Alvin Lim Hwee Hong  
Executive Chairman  
1 April 2016

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)

## Explanatory Notes:-

1. Mr Alvin Lim Hwee Hong (Executive Chairman) is the sibling of the Executive Directors, Mr Vincent Lim Hui Eng and Mr Patrick Lim Hui Peng.

Mr David Chia Tian Bin (Independent Non-executive) will, upon re-election as Director of the Company, continue to serve as the Chairman of the Audit Committee as well as a member of the Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Detailed information on Mr Alvin Lim Hwee Hong and Mr David Chia Tian Bin can be found under the "Directors' Profile" section in the Company's Annual Report 2015.

2. The proposed Ordinary Resolution 6, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis. For the purpose of this resolution, the total number of issued Shares (excluding treasury shares) is based on the Company's total number of issued Shares (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.
3. The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company, to allot and issue Shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time pursuant to the grant of share awards under the BH Global Performance Share Plan.

## Notes:-

- (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

- (2) A proxy need not be a member of the Company.
- (3) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.
- (4) The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time appointed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a 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, 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.



**BH GLOBAL CORPORATION LIMITED**  
(Company Registration Number: 200404900H)  
(Incorporated in the Republic of Singapore)

# PROXY FORM

## IMPORTANT

- 1 For investors who have used their CPF monies ("CPF Investors") and/or their SRS monies ("SRS Investors") to buy the Company's shares, this Annual Report 2015 is sent to them at the request of their CPF and/or SRS Approved Nominees (as the case may be) solely FOR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the AGM.

## 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 1 April 2016.

I/We \_\_\_\_\_ (Name)  
\_\_\_\_\_ (NRIC No./Passport No./Company Registration No.) of  
\_\_\_\_\_ (Address)

being a member/ members of BH GLOBAL CORPORATION LIMITED (the "Company"), hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

\*and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

or failing \*him/her/them, the Chairman of the Annual General Meeting ("AGM") of the Company as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll, at the AGM of the Company to be held at the Boardroom, 8 Penjuru Lane, Singapore 609189 on Monday, 18 April 2016 at 10.00 a.m., and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion.

\* Please delete accordingly.

Resolution No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015.		
2.	To approve the Directors' Fees of S\$360,000 for the financial year ended 31 December 2015.		
3.	To re-elect Mr Alvin Lim Hwee Hong as Director.		
4.	To re-elect Mr David Chia Tian Bin as Director.		
5.	To re-appoint Messrs Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To approve the Share Issue Mandate.		
7.	To authorise the allotment and issuance of shares under the BH Global Performance Share Plan.		

Note:

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Member	

**IMPORTANT: PLEASE READ FOLLOWING NOTES BEFORE COMPLETING THIS PROXY FORM**

**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 (Cap 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
  - 2
    - (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
    - (b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
- 3 The instrument appointing a proxy or proxies must be deposited at the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time appointed for the meeting.
  - 4 Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
  - 5 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
  - 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  - 7 A corporation that is a member may authorise 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.
  - 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.





**BH GLOBAL CORPORATION LTD**

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