Matex®

Matex International Limited
万得国际有限公司

SEE THE WORLD
LIVING THE
CULTURE OF
COLOUR

ECO-FRIENDLY • NATURAL • BIODEGRADABLE

ANNUAL
REPORT
2015

CONTENTS

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Dr John Chen Seow Phun
Non-Executive Chairman and
Independent Director

Dr Tan Pang Kee
CEO / Managing Director

Dr Wang Kai Yuen
Independent Director

Mr Robson Lee Teck Leng
Independent Director

Mr Dro Tan Guan Liang
(Chen Guanliang)
Executive Director

COMPANY SECRETARIES

Mr Teo Chin Kee

SHARE REGISTRAR

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

REGISTERED AND BUSINESS OFFICE

47 Ayer Rajah Crescent #05-10
Singapore 139947
Tel: (65) 6861 0028
Fax: (65) 6861 0128
Website: www.matex.com.sg

AUDITORS

Ernst & Young LLP
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Mr Vincent Toong
(Appointed since FY 2015)

PRINCIPAL BANKERS

DBS Bank Ltd
6 Shenton Way
DBS Building
Singapore 068809

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 049513

Citibank N.A.
8 Marina View
#17-01 Asia Square Tower 1
Singapore 018960

Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre
Tower 1, Level 29
Singapore 018981

CORPORATE **PROFILE**

Established in September 1989 and listed on the Mainboard of Singapore Exchange since February 2004, Matex International limited is a leading manufacturer, supplier and marketer of quality dyestuffs and specialty chemicals, colour measurement and computer aided systems to various global markets such as textile, paper, leather, detergent and polymers industry. As part of its blueprint, it aims to be a world-class integrated service provider in CLEAN COLOUR SCIENCE TECHNOLOGIES the WORLD seeks, with our Center of Excellence in Singapore for PEOPLE, INNOVATIONS, PRODUCTS, SERVICES, TECHNOLOGIES and SOLUTIONS to our Markets.

Dedicated to serve, Matex has established a network of well-trained sales and marketing professionals with a strong presence in China to support its wide base of global customers. We are widely recognized for our strength in providing excellent technical support services in order to satisfy our customers' ever changing needs. Across the years we have been awarded with numerous accolades for our efforts. Matex had been constantly ranked as one of China's top chemical companies and of recent we were recognized as Singapore Specialty Chemicals Company of the Year for our contributions.

Matex makes a concerted effort to integrate environmental and social concerns into business operations, ensuring a balanced and sustainable development of our businesses. Our world famous Megafix® reactive dye series is a testimonial of our ability to constantly develop unique, innovative products and services by combining the latest technologies through continuous research and development, with our intimate knowledge and business experience. We strive to add value to our customers' products, for higher quality, better performance, price competitiveness and eco-friendliness to achieve long term 'win-win' strategic partnerships.

OUR **VISION**

To be a world-class integrated service provider in clean colour science technologies the world seeks, with our center of excellence In singapore for people, innovations, products, services, technologies and solutions to our markets.

OUR **MISSION**

To meet to excel as a global competent solutions provider with pools of innovative talents ready to explore business opportunities and to deliver credible and sustainable business growth.

OUR **VALUES**

We are customer-focused for full satisfaction and we aim to be on-target to the right needs, provide on time delivery on-demand for the highest and consistent quality at affordable prices.

OUR **PROMISE**

To meet the needs of our customers we value add through competitive and innovative viable solutions. The needs of our employees – with our corporate values. The needs of our stakeholders – with healthy returns. And the needs of our environment – by being sustainable.

GROUP **STRUCTURE**

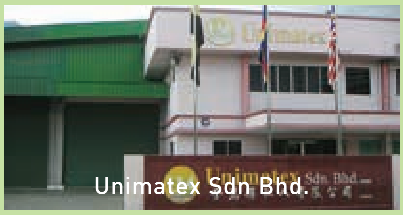
Matex
MIL
(Holding Co., Singapore)

- **MHPL 100%** (Singapore)
  - **MHK 100%** (Hong Kong)
- **DPL 100%** (Singapore)
  - **DTS 100%** (China)
- **USB 100%** (Malaysia)
- **DSB 100%** (Malaysia)
- **ACL 100%** (China, TAIXING)
- **MCT 60%** (China, TAIXING)
- **SMC 60%** (China, SHANGHAI)

Matex Chemicals (Taixing) Co., Ltd

Amly Chemicals Co., Ltd

Shanghai Matex Chemicals Co., Ltd



Unimatex Sdn Bhd.

MIL - Matex International Limited
(万得国际有限公司)

MHPL - Matex Holdings Pte Ltd
(万得控股私人有限公司)

DPL - Dedot Pte Ltd
(帝得贸易私人有限公司)

USB - Unimatex Sdn Bhd
(全万得私人有限公司)

DSB - Dedot Sdn Bhd
(帝得贸易(马来西亚)私人有限公司)

ACL - Amly Chemicals Co., Ltd
(安力化学(泰兴)有限公司)

MCT - Matex Chemicals (Taixing) Co., Ltd
(万得化工(泰兴)有限公司)

SMC - Shanghai Matex Chemicals Co., Ltd
(上海万得化工有限公司)

DTS - Dedot Trading (Shanghai) Co., Ltd
(帝得贸易(上海)有限公司)

MHK - Matex Holdings (HK) Ltd
(万得控股(香港)有限公司)

MESSAGE TO **SHAREHOLDERS**

Dear Shareholders,

2015: TAPPING OPPORTUNITIES IN A CHALLENGING YEAR!

The past financial year witnessed considerable global market uncertainty and currency volatility. The Chinese economic slowdown impacted the world economy and the group's performance was in turn affected by these wider economic conditions which saw large reductions in product selling prices and slowing demand.

Despite these unfavorable difficult conditions, Matex continues to strive hard for credible, balanced and sustainable global business growth. With team efforts, the Group has recorded pre-tax profit for its 2nd half of the financial year ended 31 December 2015.

Going forward the Group is working and responding quicker to dynamic changing buying patterns, developing stronger partnerships across the supply chain and focusing on a good sourcing portfolio that balances costs and risks.

The Group will continue to strive to use latest available technologies to improve its operational efficiencies and further diversify into complementary areas of the clean colour science business. It will pursue better sales outside its PRC market in its vision to internationalize Matex® and its brand and hope to constantly optimize its manufacturing facilities, driving down cost. The Group is currently working with a few reputable strategic partners to add new products to its current product lines so as to create additional sales revenue, to improve its profitability.

As a responsible corporate citizen, we continued to play our part to champion a growing diversity of programs and initiatives to give back to society as part of our ongoing CSR initiatives, during the course of the year.

1) The Group released its 2015 COP Communication on Progress Report on the UN Global Compact Website at the end of the year. We are constantly on the lookout for ways to reduce negative impact on the environment by lowering our carbon emissions and improving energy efficiency in our daily operations and for our stakeholders with our offered solutions.

   https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/200311

2) It continues to pledge its commitment to Fair Employment Practices under the framework of TAFEP (Tripartite Alliance for Fair & Progressive Employment Practices) organized and endorsed by Ministry of Manpower of Singapore, NTUC (National Trade Union Congress) and SNEF (Singapore National Employers Federation).

3) For the 5th year running, it helped the SDC (Society of Dyers and Colourists) organize and produce a country winner in Singapore by working closely with the Singapore's local Textile and Fashion Schools. The SDC is the world's leading independent, educational charity dedicated to advancing the science and technology of colour worldwide.

REVIEW OF OPERATIONAL RESULTS

Revenue

The Group recorded a total revenue of $92.0m for the full year ended 31 December 2015 ("FY2015"),a reduction of $12.8m or 12.2% compared to $104.8m in the year ended 31 December 2014 ("FY2014"). The reduction in sales is mainly due to the decrease in selling prices as a result of stiff competition.

GROSS PROFIT

As a result of lower revenue, the Group's FY2015 gross profit has decreased by $4.7m or 26.5% to $13.1m (FY2014: $17.9m). The decrease is mainly due to an overall decrease in selling prices with no change in the cost price of most of the products so to remain competitive in the market.

NET OPERATING EXPENSES

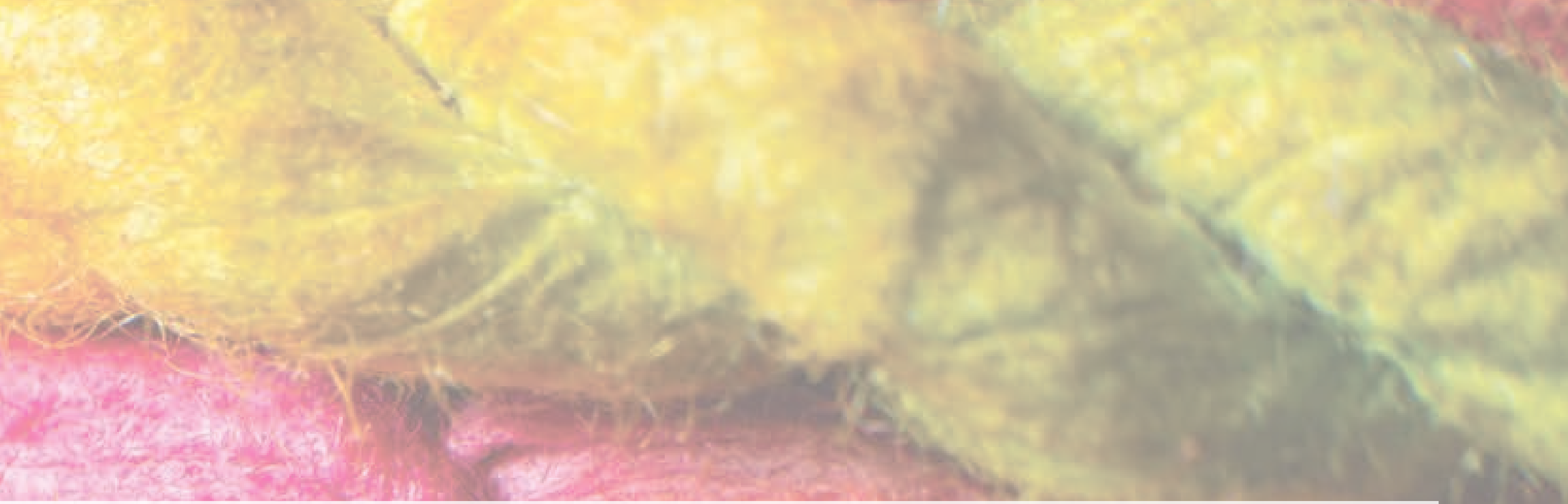
Net operating expenses have increased by $1.2m from $12.1m in FY2014 to $13.1m in FY2015. This is mainly attributed to the one-off gain from sales of a property of $3.1m in FY2014, recorded as part of other operating income. The decrease in operating income was offset by the following:

i) Selling and distribution expenses decreased by $1.4m or 24.3%;

ii) General and administrative expenses decreased by $629K or 6.6% which is partly due to decrease in depreciation expense as certain fixed assets were fully depreciated or sold.

NET FINANCIAL EXPENSE

The Group recorded a net financial expense of $0.46m in FY2015, as compared to $0.54m in FY2014. The



decrease of $80k is mainly due to an increase in financial income of $0.19m which is an interest income from bank deposits made during the year, offset by an increase in financial cost of $0.11m as a result of increased borrowings during the year.

TAX

Taxation is in line with profits made by profitable subsidiaries in China. There is no such tax charge for other entities in the Group due to their unutilized losses carried forward. The losses made by these entities cannot be used to offset the profits generated by the profitable subsidiaries, as they are not assessed by the same tax jurisdiction.

FINANCIAL POSITION

The Group's property, plant and equipment ("PPE") including land use rights are at $19.6m and $18.1m as at 31 December 2014 and 31 December 2015 respectively. Save for $2.4m of depreciation and amortisation charges, there was no significant capital expenditure in FY2015.

Trade receivables has increased from $33.1m for FY2014 to $34.3m for FY2015. This is due to a longer credit terms granted to customers so as to continue to sustain competitiveness in the industry. Cash and cash equivalents for the period increased from $8.4m as at 31 December 2014 to $13.0m as at 31 December 2015. During the period, the Group funded its working capital through short term loan and longer credit terms granted by suppliers, and utilized its working capital to fund inventories and trade receivables.

Trade payables has increased from $5.0m in FY2014 to $9.6m in FY2015. This significant increase is mainly due to longer credit terms granted by suppliers.

Short term loan has increased from $7.2m in FY2014 to $11.4m in FY2015, mainly used to finance its working capital.

Overall, Group's equity as at 31 December 2015 was $63.1m, a reduction of $1.3m or 2.0% from the position as at 31 December 2014.

FUTURE OUTLOOK

Trade talks to expand duty-free opportunities such as the Trans-Pacific Partnership (TPP) could yield further opportunities in the many countries we are already in and have strategically chosen to do business with.

Driven with a clear vision to be a world-class integrated service provider for clean colour science technologies and solutions, the Group continues to develop and adopt strategies that include, inter alia:

- Reinforcing group-wide initiatives that focused on continuous sales improvements and value enhancements.
- A continuous and systematic effort that increases profitability through sustainable increase of revenue and cost- saving, as well as cash-generating and efficiency improvement measures.
- Further integration of a culture of continuous improvement into all our business units and activities based on operational, environmental, innovation and people excellence.

The enhanced capacities at our plants will allow us to further improve our competitive edge. To increase market share, we seek to continue to produce consistent quality, ecologically friendly and better products at competitive prices. This will enable us to achieve a 'win-win' strategic partnership with our esteemed customers, and help them to optimize their productivity and profitability.

SINCERE APPRECIATION

Sincere appreciation to our team of dedicated staff around the world for your continued commitment, dedicated contributions and working tirelessly to achieve excellence. We will continue to make every effort to recruit and develop our talents to their fullest potential as human capital remains our greatest asset.

On behalf of the Board, we wish once again to extend our deepest gratitude and heartfelt thanks to all our valued customers, clients, business partners, associates, suppliers and shareholders, for your unwavering trust, support and confidence.

We will continue to demonstrate adaptability and resilience, and pursue opportunities that will position the Group for sustainable growth and value creation. Matex aims to continue to strive for organizational and business excellence as we begin a new chapter in the year ahead.

Yours sincerely,

DR JOHN CHEN SEOW PHUN
Non-Executive Chairman

DR ALEX TAN PANG KEE
CEO/Managing Director

BOARD OF **DIRECTORS**

Dr Chen has been our Chairman and Independent Director since 11 July 2003. He was a Member of Parliament ("MP") from September 1988 to May 2006. He was the Minister of State for Communications from March 1997 to June 1999. From June 1999 to November 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development. Dr Chen holds a Doctor of Philosophy ("Ph.D") degree in Electrical Engineering from the University of Waterloo, Canada. He taught at the National University of Singapore from 1983 to 1991. In 1991, he became the Assistant Secretary General of the National Trades Union Congress (NTUC) until 1997. Dr Chen also served as the Deputy Chairman and Managing Director of the NTUC Healthcare Cooperative Ltd from 1992 to 1997. Dr Chen has served as a board member of the Economic Development Board (EDB), the Housing & Development Board (HDB), the then Port of Singapore Authority (PSA) and Singapore Power Ltd. He is presently the Executive Chairman of Pavillon Holdings Ltd (formerly known as Thai Village Holdings Ltd) and Chairman of SAC Capital Pte Ltd. He also sits on the board of several public listed companies as an independent director.

Dr Wang was appointed as our Independent Director on 11 July 2003. He retired as the Managing Director of Fuji Xerox Singapore Software Centre in December 2009. He served as a Member of Parliament from 1984 to 2006. Dr Wang holds a Bachelor of Engineering with First Class Honours in Electrical and Electronics from the University of Singapore, a Master of Science in Industrial Engineering, a Master of Science in Electrical Engineering, and a Ph.D in Engineering (Systems) from Stanford University, USA. He was awarded a Merit Scholarship in 1968 and a Ford Foundation Scholarship for postgraduate studies in the United States in 1973. He also received a Friends of Labour Award in 1988 for his contributions to the Singapore labour movement.

Mr Lee Teck Leng, Robson is our Non-executive and Independent Director. Mr Lee is presently a Partner in global law firm Gibson Dunn & Crutcher LLP, specializing in global mergers and acquisitions and capital markets corporate finance transactions. In addition, Mr Lee currently serves as an non-executive director on the board of Sheng Siong Group Limited (appointed in 2011), and as an independent director of Serial System Ltd (appointed in 2002) and Sim Lian Group Ltd (appointed in 2002), all of which are companies listed on the SGX-ST. Mr Lee is an Exco member of the Board of Governors of Hwa Chong Institution, and a director and Vice-Chairman of the Board of Directors of the Singapore Chinese High School, as well as legal adviser to the Hwa Chong Alumni Association and the Singapore Plastic Industry Association. He was conferred the Bronze and Silver Service to Education Awards by the Ministry of Education respectively in 2004 and 2010, and was appointed a member of the Feedback Supervisory panel for 2005/2006 by the Prime Minister of Singapore. Mr Lee graduated from the National University of Singapore in 1993 with a Bachelor's degree in Law (Hons), and was admitted as a solicitor in England and Wales in 2008. He is a member of the Singapore Academy of Law, and the Law Society of Singapore.

Dr Tan founded our Company in September 1989 and was appointed as our Managing Director since early 1990. Dr Tan has more than 30 years of related experience and is instrumental in the development of our Company since its inception. He is in charge of formulating corporate strategies and management of our growth and development. He is also involved in developing new products and identifying new markets for our Group. Dr Tan holds a Bachelor of Science degree in Chemistry from the University of London and obtained an honorary Ph.D in business administration from the Honolulu University, Hawaii, USA, in 2003. Between 1967 and 1989, Dr Tan was the Regional Technical Manager of the Sandoz Division of F.E. Zuellig (Trading) Pte Ltd (1976 to 1988), Technical Supervisor of Guthrie (M.S.) Pte Ltd (1973 to 1975) and a Chemical Analyst in the Malaysia Chemistry Department (1967 to 1972).

Mr Dro Tan was appointed as our Executive Director since 2010. He is responsible for the Group's business, projects that cater to branding of the company and product innovation and development. He helps out with the design, expansion and overseeing of the group's buildings and infrastructures. He is actively involved in the group's diversification projects that aim to complement the group's existing core businesses. He has also been appointed as Vice President of International Affairs at Textile and Fashion Federation Singapore a non-profit organisation, and an active member of its executive and management committee dedicated to help the Singapore textile and fashion industry and its members globalize. He is also appointed as Executive Council Member in the 7th Council of the China Dyestuff Industry Association. Prior to this he has worked with various architectural firms in Seoul, Korea and Singapore. Mr Tan graduated with a Masters in Architecture and Minor in Technopreneurship from the National University of Singapore in 2008; his research thesis focused on the global study and development of sustainable suburban communities.

KEY **MANAGEMENT**

Dr MA JIANG
General Manager

Dr Ma Jiang is our General Manager currently in charge of Matex business operations in China, namely, Shanghai Matex Chemicals Co. Ltd, Matex Chemicals (Taixing) Co. Ltd and Amly Chemicals Co. Ltd. Dr Ma Jiang was graduated in 1982 and holds a Bachelor of Fine Chemicals Engineering Degree from Dalian Technology University. He joined Shenyang Research Institute as a Research Chemist for 8 years specialize in organic pigments, dyestuff and Intermediates synthesis and analysis. From 1991 – 1997, he pursued and obtained his Ph.D in Molecular Engineering from Kyushu University, Japan and continued his career as Deputy Director of Shenyang Research Institute.

Dr Ma Jiang was the founder in 1998 of a successful optical brightening agent manufacturing company, Shenyang XinJi (New Era) Chemical Co. Ltd. This company is the second largest producer of OBA CF-351 in the world and was later acquired by Sinochem Group in 2009. He was then appointed as Assistant General Manager of Sinochem Dyestuff and Organic Colorant Division. Dr Ma Jiang also holds a Master of Business Administration from Central City University, USA.

Mr TAN PANG SIM
Director / General Manager of Unimatex Sdn Bhd

Mr Tan has been the General Manager of Unimatex Sdn Bhd (USB) since 2000. He is in charge of the management and development of corporate policies and procedures for USB. Mr Tan holds a diploma in commercial accounting from the Singapore Commercial Accounting Institute and is an Associate Financial Planner with the Financial Planner Association of Malaysia. Having started his career as an Accountant and Office Administrator in Pacific Food Product Sdn Bhd in 1971, Mr Tan has more than 30 years of experience in company administration and management as well as financial planning. Prior to joining us, he was the Financial Controller/Director of Macinda Sdn Bhd between 1989 and 2000.

Ms SERINE YEO NGEN HUAY
Chief Financial Officer

Ms Serine is our Chief Financial Officer, she has assumed the role since February 2013. She is in charge of finance, accounting and treasury of the Group. Ms Yeo is also quite involved in line-of-business executive and operations management. She is also assisting the Executive Directors overseeing the financial planning and management of strategic business investments. Prior to joining the Company, Ms Serine was the Financial Controller with one of the Multi-National Company. She has acquired vast amount of working experience working as Group Financial Controller with various private, local and overseas listed companies.

Ms Serine holds a Bachelor in Commerce, major in Accounting & Finance from The University of Southern Queensland and Diploma in Computer Studies from The National Centre For Information Technology of United Kingdom. She is also a Fellow Certified Public Accountant with CPA, Australia.

FINANCIAL **HIGHLIGHTS**

GROUP CONSOLIDATED STATEMENTS

	FY2015	FY2014	FY2013
Statement of Comprehensive Income ($'000)			
Revenue	91,976	104,800	69,741
Gross Profit	13,134	17,871	12,014
Net operating & financial expenses	(13,594)	(12,690)	(11,379)
(Loss)/Profit before tax	(460)	5,181	635
Income tax	(993)	(555)	(143)
(Loss)/Profit after tax	(1,453)	4,626	492
Attributable to:			
Owners of the parent	(1,631)	2,704	156
Non-controlling interests	178	1,922	336
	(1,453)	4,626	492
(Loss)/Profit earning per share (cents)*	(0.61)	1.12	0.07
Balance Sheet ($'000)			
Property, plant and equipment	17,088	18,523	19,636
Other non-current assets	3,477	3,863	5,333
Current assets	67,082	57,147	50,146
Less: current liabilities	(24,484)	(15,059)	(19,658)
Net current assets	42,598	42,088	30,488
Non current liabilities	(46)	(66)	(48)
	63,117	64,408	55,409
Owners of the parent	40,923	42,461	35,965
Non-controlling interests	22,194	21,947	19,444
	63,117	64,408	55,409
Net asset value per share (cents)**	15.30	15.88	15.82

* Earnings per share is calculated by dividing the net profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year of 267,392,320 (2014/2013: 240,433,416/210,842,332) shares.

** The net asset value per share as at 31 December 2015 are computed based on 267,392,320 (2014/2013: 267,392,320/227,392,320) ordinary shares.

REVENUE ($'000)

(LOSS)/PROFIT BEFORE TAX ($'000)

SHAREHOLDERS' EQUITY ($'000)

NET ASSET VALUE PER SHARE (CENTS)

FINANCIAL CONTENTS

DIRECTORS' **STATEMENT**

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

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Directors

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

Dr John Chen Seow Phun
Dr Tan Pang Kee
Dr Wang Kai Yuen
Mr Robson Lee Teck Leng
Mr Dro Tan Guan Liang (Chen Guanliang)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company as stated below:

	Direct interest		**Deemed interest**	
	At 1.1.2015	**At 31.12.2015**	**At 1.1.2015**	**At 31.12.2015**
The Company				
(Ordinary shares)				
Dr John Chen Seow Phun	100,000	100,000	–	–
Dr Tan Pang Kee	58,232,000	58,232,000	–	–
Dr Wang Kai Yuen	100,000	100,000	–	–
Mr Dro Tan Guan Liang (Chen Guanliang)	510,000	510,000	–	–

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 18 February 2016.

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

Audit Committee

The audit committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors

- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor

- Reviewed the nature and extent of non-audit services provided by the external auditor

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

Audit Committee (cont'd)

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

The AC convened four meetings during the year with full attendance from all members, except for one where a member was absent. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Dr Tan Pang Kee
Director

Mr Dro Tan Guan Liang (Chen Guanliang)
Director

Singapore
23 March 2016

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

To the Members of Matex International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Matex International Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 18 to 71, which comprise the balance sheets of the Group and of the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

To the Members of Matex International Limited

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

23 March 2016

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Revenue	3	**91,976**	104,800
Cost of sales		**(78,842)**	(86,929)
Gross profit		**13,134**	17,871
Other income		**120**	3,142
Selling and distribution expenses		**(4,289)**	(5,669)
Administrative expenses		**(8,960)**	(9,589)
Other operating expenses		**(4)**	(30)
Financial income	4	**519**	328
Financial expenses	4	**(980)**	(872)
(Loss)/Profit before tax	5	**(460)**	5,181
Income tax expense	7	**(993)**	(555)
(Loss)/Profit after tax		**(1,453)**	4,626
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Currency translation difference		**162**	1,773
Other comprehensive income for the year, net of tax		**162**	1,773
Total comprehensive (expenses)/income for the year		**(1,291)**	6,399
(Loss)/Profit attributable to:			
Owners of the parent		**(1,631)**	2,704
Non-controlling interests		**178**	1,922
		(1,453)	4,626
Total comprehensive (loss)/profit attributable to:			
Owners of the parent		**(1,538)**	3,896
Non-controlling interests		**247**	2,503
		(1,291)	6,399
(Loss)/earnings per share - basic and diluted (cents)	26	**(0.61)**	1.01

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

BALANCE **SHEETS**

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current assets					
Property, plant and equipment	8	**17,088**	18,523	**286**	254
Land use rights	9	**1,004**	1,104	**–**	–
Intangible assets	10	**73**	122	**13**	39
Investment properties	11	**37**	42	**–**	–
Investment in subsidiaries	12	**–**	–	**12,055**	12,055
Trade and notes receivables	14	**2,363**	2,595	**2,334**	2,595
Current assets					
Inventories	13	**20,907**	16,022	**138**	859
Trade and notes receivables	14	**31,993**	30,498	**2,619**	3,323
Other receivables and deposits	15	**720**	619	**1,588**	1,069
Advances to suppliers		**232**	1,014	**–**	237
Prepayments		**226**	150	**17**	18
Tax recoverable		**–**	411	**–**	–
Fixed deposits	16	**3,077**	4,740	**3,022**	4,509
Cash and bank balances	16	**9,927**	3,693	**579**	1,482
		67,082	57,147	**7,963**	11,497
Current liabilities					
Trade payables	17	**9,591**	5,016	**97**	2,257
Bills payable to banks	18	**22**	581	**–**	44
Other payables and accruals	19	**2,790**	2,166	**703**	407
Advances from customers		**86**	111	**–**	–
Finance lease liabilities	20	**28**	31	**18**	30
Term loans	21	**11,391**	7,154	**500**	500
Tax payable		**576**	–	**–**	–
		24,484	15,059	**1,318**	3,238
Net current assets		**42,598**	42,088	**6,645**	8,259
Non-current liabilities					
Finance lease liabilities	20	**46**	66	**–**	18
Net assets		**63,117**	64,408	**21,333**	23,184
Equity					
Share capital	22	**23,406**	23,406	**23,406**	23,406
Capital reserve	23	**294**	294	**–**	–
Enterprise expansion reserve	24	**4,369**	4,369	**–**	–
General reserve	24	**4,369**	4,369	**–**	–
Translation reserve	25	**1,679**	1,586	**–**	–
Retained earnings/(accumulated losses)		**6,806**	8,437	**(2,073)**	(222)
		40,923	42,461	**21,333**	23,184
Non-controlling interests		**22,194**	21,947	**–**	–
Total equity		**63,117**	64,408	**21,333**	23,184

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

STATEMENTS OF **CHANGES IN EQUITY**

AS AT 31 DECEMBER 2015

Group	Share Capital $'000	Capital reserve $'000	Enterprise expansion reserve $'000	General reserve $'000	Translation reserve $'000	Retained Earnings $'000	Sub-total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to equity holders of the Company								
Opening balance as at 1 January 2014	20,806	294	4,369	4,369	394	5,733	35,965	19,444	55,409
Profit for the year	–	–	–	–	–	2,704	2,704	1,922	4,626
Other comprehensive income for the year	–	–	–	–	1,192	–	1,192	581	1,773
Total comprehensive income for the year	–	–	–	–	1,192	2,704	3,896	2,503	6,399
Issuance of new shares (Note 22)	2,600	–	–	–	–	–	2,600	–	2,600
Closing balance as at 31 December 2014	23,406	294	4,369	4,369	1,586	8,437	42,461	21,947	64,408
Opening balance as at 1 January 2015	**23,406**	**294**	**4,369**	**4,369**	**1,586**	**8,437**	**42,461**	**21,947**	**64,408**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(1,631)**	**(1,631)**	**178**	**(1,453)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**93**	**–**	**93**	**69**	**162**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**93**	**(1,631)**	**(1,538)**	**247**	**(1,291)**
Closing balance as at 31 December 2015	**23,406**	**294**	**4,369**	**4,369**	**1,679**	**6,806**	**40,923**	**22,194**	**63,117**

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

STATEMENTS OF
CHANGES IN EQUITY

AS AT 31 DECEMBER 2015

Company	Share capital $'000	Retained earnings/ (Accumulated losses) $'000	Total $'000
Opening balance as at 1 January 2014	20,806	242	21,048
Loss for the year	–	(464)	(464)
Issue of new ordinary shares	2,600	–	2,600
Closing balance as at 31 December 2014	23,406	(222)	23,184
Opening balance as at 1 January 2015	**23,406**	**(222)**	**23,184**
Loss for the year	**–**	**(1,851)**	**(1,851)**
Closing balance as at 31 December 2015	**23,406**	**(2,073)**	**21,333**

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

CONSOLIDATED
CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
(Loss)/profit before tax		**(460)**	5,181
Adjustments:			
Amortisation of intangible asset	10	**50**	93
Amortisation of land use rights	9	**116**	64
Depreciation of property, plant and equipment	8	**2,277**	2,160
Gain on disposal of property, plant and equipment		**(2)**	(3,018)
Impairment of trade receivables	14	**35**	1,073
Allowance of inventory obsolescence/inventories written down	13	**173**	255
Deposit written off		**–**	834
Interest expense	4	**980**	872
Interest income	4	**(519)**	(328)
Property, plant and equipment written off		**56**	39
Translation adjustments		**28**	634
Operating profit before working capital changes		**2,734**	7,859
(Increase)/decrease in inventories		**(5,058)**	3,525
Increase in trade and other receivables		**(5,396)**	(3,111)
(Increase)/decrease in prepayment		**(76)**	19
Decrease/(increase) in advances to suppliers		**782**	(854)
Increase/(decrease) in trade and other payables		**5,199**	(4,986)
Decrease in advances from customers		**(25)**	(488)
Cash (used in)/generated from operations		**(1,840)**	1,964
Interest paid		**(980)**	(872)
Interest received		**519**	327
Income tax paid		**(2)**	(1,036)
Net cash (used in)/generated from operations		**(2,303)**	383
Cash flows from investing activities			
Purchase of property, plant and equipment	8	**(599)**	(518)
Proceeds from disposal of property, plant and equipment		**11**	5,870
Net cash (used in)/generated from investing activities		**(588)**	5,352
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**–**	2,600
(Repayment of)/addition finance lease obligations		**(23)**	18
Proceeds from loans and borrowings		**4,237**	4,165
Repayment of loans and borrowings		**–**	(1,004)
Decrease/(increase) in note receivables from banks		**3,997**	(5,203)
Decrease in bills payable to banks		**(559)**	(2,219)
Net cash generated from/(used in) financing activities		**7,652**	(1,643)
Net increase in cash and cash equivalents		**4,761**	4,092
Effect of exchange rate changes on cash and cash equivalents		**(190)**	472
Cash and cash equivalents at beginning of financial year		**8,433**	3,869
Cash and cash equivalents at end of financial year	16	**13,004**	8,433

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

1. Corporate information

Matex International Limited (the "Company") is a limited liability company, which is incorporated and domiciled in the Republic of Singapore and publicly traded on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 47 Ayer Rajah Crescent #05-10, Singapore 139947.

The principal activities of the Company are the formulation, manufacturing and sale of specialty chemicals focusing on dyestuff and auxiliaries for the textile industry.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

2.3 ***Standards issued but not yet effective***

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 16 and FRS 41 *Agriculture – Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

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

<u>FRS 115 Revenue from Contracts with Customers</u>

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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

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

FRS 109 Financial Instruments

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

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investments at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

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

2.4 *Significant accounting estimates and judgements*

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

(a) Key sources of estimation uncertainty

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

- ***Impairment of property, plant and equipment***

  The Group follows the guidance of FRS 36 in assessing at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

  The carrying amount of the Group's property, plant and equipment as at 31 December 2015 was $17,088,000 (2014: $18,523,000). More details are given in Note 8.

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

2.4 *Significant accounting estimates and judgements (cont'd)*

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

- ***Income taxes***

  The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable at 31 December 2015 was $576,000 (2014 tax recoverable: $411,000).

- ***Impairment of receivables***

  The Group makes an impairment of receivables based on an assessment of the recoverability of trade and other receivables. Impairment is adopted to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. To determine whether there is objective evidence of impairment, it requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and expensed off as impairment of receivables in the period in which such estimate has been changed.

  The carrying amount of Group's receivables at the end of the reporting period is disclosed in Note 14 to the financial statements. As at 31 December 2015, the total impairment of receivables is $35,000 (2014: $1,073,000).

- ***Impairment of inventory***

  An impairment review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of Group's inventories at the end of the reporting period is disclosed in Note 13 to the financial statements. The total allowance for inventory as at 31 December 2015 is $173,000 (2014: $255,000).

(b) Judgements made in applying accounting policies

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

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

2.4 ***Significant accounting estimates and judgements (cont'd)***

(b) Judgements made in applying accounting policies (cont'd)

- ***Determination of functional currency***

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

- ***Recognition of deferred tax assets***

  Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of unrecognised tax losses of the Group is approximately $24,469,000 (2014: $22,923,000) and unabsorbed capital allowance is approximately $1,304,000 (2014: $1,001,000).

2.5 ***Foreign currency***

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

(a) Transactions and balances

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

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

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

(a) Transactions and balances (cont'd)

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

(b) Consolidated financial statements

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

2.6 ***Subsidiaries and basis of consolidation***

(a) Subsidiaries

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

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

(b) Basis of consolidation

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

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

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

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

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

2.6 ***Subsidiaries and basis of consolidation (cont'd)***

(b) Basis of consolidation (cont'd)

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

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

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

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

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

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

2.7 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

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

2.8 ***Revenue***

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

(a) Sale of goods

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

(b) Interest income

Interest income is recognised as interest accrues using the effective interest method.

(c) Dividend income

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

2.9 ***Borrowing costs***

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

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

2.10 ***Leases***

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

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

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

2.11 ***Taxes***

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

2.11 ***Taxes (cont'd)***

(b) Deferred tax (cont'd)

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

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

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

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

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

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

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

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

- Receivables and payables that are stated with the amount of sales tax included.

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

2.12 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.9. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment are depreciated using the straight-line method to write off the cost (in the case of People's Republic of China ("PRC") subsidiary companies, less estimated residual value of the fixed asset at 10% of cost), over their estimated useful lives. The estimated useful lives have been taken as follows:

Plant and equipment	3 to 10 years
Renovation, electrical and fittings	5 to 10 years
Motor vehicles	5 to 10 years
Leasehold properties	20 to 94 years

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

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

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

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

2.13 ***Land use rights***

Land use rights relate to properties in the PRC.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 20 years.

An assessment of the carrying value of land use rights is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exists.

Gains or losses arising from the retirement or disposal of land use rights are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the profit or loss.

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

2.14 ***Intangible assets***

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

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

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

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

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

Intangible assets relate to technology know-how purchased and software. Technology know-how and software are stated in the financial statements of the Group and of the Company at cost less accumulated amortisation and any impairment in value. Technology know-how and software are amortised over a period of 10 years respectively.

2.15 ***Investment properties***

Investment properties relate to an office premise that is leased out and investment in land that is not occupied substantially for use in the operations of the Group.

The office premise is stated at cost less accumulated depreciation and any impairment in value. The office premise is depreciated over an estimated useful life of 20 years. The leasehold land is stated at cost less any impairment in value.

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

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

2.16 ***Impairment of non-financial assets***

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

2.17 ***Financial assets***

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

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

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

The Group classifies the following financial assets as loans and receivables:

- Trade and notes receivables (Note 14)
- Other receivables and deposits (Note 15)
- Fixed deposits (Note 16)
- Cash and bank balances (Note 16)

De-recognition

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

Regular way purchase or sale of a financial asset

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

2.18 ***Impairment of financial assets***

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

(a) Financial assets carried at amortised cost

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

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

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

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

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

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

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

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

(b) Financial assets carried at cost

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

2.19 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and at bank and fixed deposits. Cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

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

2.20 ***Inventories***

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

(a) Raw materials: purchase costs on a weighted average basis;

(b) Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

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

2.21 ***Financial guarantee***

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

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

2.22 ***Financial liabilities***

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

De-recognition

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

2.23 ***Provisions***

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

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

2.24 ***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.

2.25 ***Employee benefits***

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. The subsidiary company in Malaysia makes contribution to the Employee Provident Fund ("EPF"). The subsidiary companies incorporated and operating in the PRC are required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary companies' PRC employees.

Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

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

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.26 ***Share capital and share issue expenses***

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

2.27 ***Segment reporting***

Management has identified the Group operating entities by geographical segment. The Group is engaged in providing products within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.28 ***Contingencies***

A contingent liability is:

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

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

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

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

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

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

3. Revenue

Revenue represents sales of goods to customers, less discounts given and excludes sales tax.

4. Financial income/(expenses)

	Group	
	2015	**2014**
	$'000	**$'000**
Interest income		
– fixed deposits and bank balances	**519**	328
Interest expenses		
– term loans	**(971)**	(585)
– letters of credit and trust receipts	**(3)**	(282)
– finance leases	**(6)**	(5)
	(980)	(872)

5. Profit before tax

This is determined after crediting/(charging) the following:

	Group	
	2015	**2014**
	$'000	**$'000**
Amortisation of intangible assets (Note 10)	**(50)**	(93)
Amortisation of land use rights (Note 9)	**(116)**	(64)
Depreciation of property, plant and equipment (Note 8)	**(2,277)**	(2,160)
Inventories recognised as an expense in cost of sales (Note 13)	**(64,894)**	(70,313)
Audit fees paid to:		
– Auditor of the Company	**(74)**	(74)
– Other auditors	**(120)**	(135)
Non-audit fees paid to:		
– Auditor of the Company	**(25)**	(8)
– Other auditors	**(2)**	(3)
Impairment of trade receivables (Note 14)	**(35)**	(1,073)
Inventories written down (Note 13)	**(173)**	(255)
Property, plant and equipment written off	**(56)**	(39)
Foreign exchange (loss)/gain, net	**(209)**	157
Gain on disposal of property, plant and equipment	**2**	3,018
Operating lease expense	**(67)**	(122)
Government grants	**96**	44

6. Personnel expenses (including directors' remuneration)

	Group	
	2015	**2014**
	$'000	**$'000**
Salaries and bonus	**4,984**	3,865
Pension contributions	**177**	165
Other personnel expenses	**152**	218
	5,313	4,248

7. Income tax expense

The major components of income tax expense for the year ended 31 December are:

	Group	
	2015	**2014**
	$'000	**$'000**
Statement of comprehensive income:		
Current income tax		
– Current income taxation	**993**	555
Income tax expense recognised in profit or loss	**993**	555

Relationship between tax expense and accounting profit

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
(Loss)/profit before tax	**(460)**	5,181
Tax at statutory tax rates of 17% (2014: 17%)	**(78)**	881
Tax effect of:		
Non-deductible expenses	**360**	149
Income not subject to taxation	**(37)**	(524)
Difference in tax rates applicable to overseas operations	**262**	395
Utilisation of deferred tax assets not previously recognised	**(18)**	(426)
Deferred tax assets not recognised	**479**	81
Others	**25**	(1)
Income tax expense recognised in profit or loss	**993**	555

The subsidiaries in the Group operating in the PRC are subject to tax rate of 25% (2014: 12.5% and 25%).

7. Income tax expense (cont'd)

The Group's subsidiaries, operating in Malaysia, are subject to statutory tax of 20% on the first Malaysian Ringgit RM500,000 (2014: RM500,000) of assessable profit for the year and 25% (2014: 25%) on all assessable profit in excess of RM500,000 (2014: RM500,000).

The corporate income tax rate applicable to the Company in Singapore is 17% (2014: 17%).

Deferred tax assets and liabilities comprise:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Deferred tax assets				
Impairment of trade receivables	**6**	1,073	**–**	1,012
Capital allowances carried forward	**221**	170	**221**	170
Tax losses carried forward	**4,214**	3,012	**3,775**	3,001
Unutilised donations carried forward	**2**	2	**2**	2
Excess of tax written down value over net book value of property, plant and equipment	**293**	–	**293**	–
Deferred tax assets not recognised	**4,736**	4,257	**4,291**	4,185

As at 31 December 2015, the Group and Company has unutilised tax losses of approximately $24,469,000 (2014: $22,923,000) and $22,204,000 (2014: $22,761,000), unabsorbed capital allowances of approximately $1,304,000 (2014: $1,001,000) and unabsorbed approved donations of approximately $12,500 (2014: $12,500) available for set off against future taxable income, subject to the agreement by the tax authorities of the countries in which the Group operates.

Deferred tax asset of $4,736,000 (2014: $4,257,000) and $4,291,000 (2014: $4,185,000) for the Group and Company is not recognised for tax losses and capital allowances due to the uncertainty of its recoverability.

8. Property, plant and equipment

Group	Leasehold properties $'000	Plant and equipment $'000	Renovation, electrical and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Cost						
As at 1 January 2014	17,060	14,846	1,670	1,674	56	35,306
Additions	–	107	195	216	–	518
Disposals	–	(760)	(826)	(202)	–	(1,788)
Exchange differences	610	472	28	37	2	1,149
As at 31 December 2014 and 1 January 2015	17,670	14,665	1,067	1,725	58	35,185
Additions	78	175	108	238	31	630
Disposals	–	(224)	(13)	(80)	–	(317)
Exchange differences	188	150	(8)	(10)	1	321
As at 31 December 2015	17,936	14,766	1,154	1,873	90	35,819
Accumulated depreciation						
As at 1 January 2014	4,795	8,208	1,318	1,349	–	15,670
Charge for the year (Note 5)	755	1,192	61	152	–	2,160
Disposals	–	(735)	(736)	(202)	–	(1,673)
Exchange differences	201	151	110	43	–	505
As at 31 December 2014 and 1 January 2015	5,751	8,816	753	1,342	–	16,662
Charge for the year (Note 5)	805	1,275	72	125	–	2,277
Disposals	–	(224)	(10)	(74)	–	(308)
Exchange differences	136	60	(30)	(66)	–	100
As at 31 December 2015	6,692	9,927	785	1,327	–	18,731
Net carrying amount						
As at 31 December 2015	11,244	4,839	369	546	90	17,088
As at 31 December 2014	11,919	5,849	314	383	58	18,523

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

Company	Leasehold properties $'000	Plant and equipment $'000	Renovation, electrical and fittings $'000	Motor vehicles $'000	Total $'000
Cost					
As at 1 January 2014	162	1,544	725	450	2,881
Additions	–	52	150	–	202
Disposals	–	(690)	(725)	(94)	(1,509)
As at 31 December 2014 and 1 January 2015	162	906	150	356	1,574
Additions	–	95	–	–	95
Disposals	–	(225)	–	–	(225)
As at 31 December 2015	162	776	150	356	1,444
Accumulated depreciation and impairment loss					
As at 1 January 2014	102	1,480	714	400	2,696
Charge for the year	8	32	17	43	100
Disposals	–	(663)	(719)	(94)	(1,476)
As at 31 December 2014 and 1 January 2015	110	849	12	349	1,320
Charge for the year	–	28	19	7	54
Disposals	8	(224)	–	–	(216)
As at 31 December 2015	118	653	31	356	1,158
Net carrying amount					
As at 31 December 2015	44	123	119	–	286
As at 31 December 2014	52	57	138	7	254

(a) Construction-in-progress as at 31 December 2015 relates to the construction of the factory building and facilities of subsidiaries in Taixing, Jiangsu Province, the PRC.

(b) During the financial year, the Group pledged the plant and equipment with net book value of $7,241,000 as collateral for the new bank loan drawn down by the subsidiaries. (Note 21)

9. Land use rights

The land use rights held by the Group relate to properties at No. 8 Zhanan South Road & No. 1 Binjiang South Road, Taixing Economic Development Zone, Jiangsu Province, the PRC and Plot 43/1 Hong Si Cun, Tang-Zhen Pudong, Shanghai, the PRC. The land use rights have a 50-year tenure commencing at various dates from 1998 to 2006. The remaining amortisation period of the land use rights in Jiangsu Province and Tang-Zhen Pudong are 8 years (2014: 9 years) and 11 years (2014: 12 years), respectively.

	Group	
	2015	**2014**
	$'000	**$'000**
Cost		
At beginning of year	**2,257**	2,178
Exchange differences	**30**	79
At end of year	**2,287**	2,257
Accumulated amortisation		
At beginning of year	**1,153**	1,004
Amortisation (Note 5)	**116**	64
Exchange differences	**14**	85
At end of year	**1,283**	1,153
Net carrying amount	**1,004**	1,104

10. Intangible assets

	Group			Company
	Technical Know-how $'000	Software $'000	Total $'000	Technical Know-how $'000
Cost				
At 1 January 2014	267	223	490	267
Exchange differences	–	18	18	–
At 31 December 2014 and 1 January 2015	267	241	508	267
Exchange differences	–	(7)	(7)	–
At 31 December 2015	267	234	501	267
Accumulated amortisation and impairment				
At 1 January 2014	201	130	331	201
Amortisation (Note 5)	27	66	93	27
Exchange differences	–	(38)	(38)	–
At 31 December 2014 and 1 January 2015	228	158	386	228
Amortisation (Note 5)	26	24	50	26
Exchange differences	–	(8)	(8)	–
At 31 December 2015	254	174	428	254
Net carrying amount				
At 31 December 2015	13	60	73	13
At 31 December 2014	39	83	122	39

Technical know-how and software

Technical know-how allows the Company to enhance the Group's product range in the pre-treatment and finishing stages of the textile dyeing.

Software pertains to an enterprise-wide information system designed to coordinate information on resources, and activities needed to enable the conduct of the business.

11. Investment properties

Group	**Leasehold Land $'000**
Cost	
As at 1 January 2014 and 31 December 2014	42
Exchange differences	(5)
As at 31 December 2015	37
Net carrying amount	
As at 31 December 2015	37
As at 31 December 2014	42
Fair value	
As at 31 December 2015	37
As at 31 December 2014	42

The investment properties held by the Group relate to long term leasehold land at Lot 198775 & 198776, R.P.T. Ulu Buntong, Mukim Hulu Kinta, Perak, Malaysia. The investment property has a 99-year tenure ending in 2090.

12. Investment in subsidiaries

	Company	
	2015 $'000	2014 $'000
Unquoted equity shares, at cost	**12,090**	12,090
Less: Impairment loss	**(35)**	(35)
	12,055	12,055

12. Investment in subsidiaries (cont'd)

(a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of subsidiaries	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2015 %	2014 %
Held by the Company				
Matex Holdings Pte Ltd ("MHPL")[4]	General wholesale trading & dyestuffs manufacturing	Singapore	**100**	–
Shanghai Matex Chemicals Co., Ltd ("SMC")[2]	Manufacturing and sale of dyestuffs	PRC	**60**	60
Unimatex Sdn Bhd ("USB")[1]	Formulating, manufacturing and sale of dyestuffs, auxiliaries and optical brighteners	Malaysia	**100**	100
Amly Chemicals Co., Ltd ("Amly")[2]	Manufacturing and sale of dyestuffs, auxiliaries and textile chemicals	PRC	**100**	100
Matex Chemicals (Taixing) Co., Ltd ("MCT")[1]	Manufacturing and sale of dyestuffs	PRC	**60**	60
Dedot Sdn Bhd ("DSB")[3]	Manufacturing and wholesale of all kinds of garments, textile products and chemical products (currently dormant)	Malaysia	**100**	100
Dedot Pte Ltd ("DPL")[4]	General wholesale trading	Singapore	**100**	100
Held through a subsidiary				
Dedot Trading (Shanghai) Co., Ltd ("DTS")[2]	Import, export and wholesale of all kinds of garments, textile products and chemical products	PRC	**100**	100
Matex Holdings (HK) Ltd ("MHK")[5]	Investment Holding (currently dormant)	Hong Kong	**100**	–

12. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Impairment on the investment in subsidiary

Dedot Sdn Bhd ("DSB") is currently dormant and is in a net tangible liabilities position. The Company fully impaired the cost of investment in DSB of $35,000 in prior years.

[1] Audited by member firms of Ernst & Young Global;

[2] Audited by Shanghai ZhongHui, Certified Public Accountants in the PRC;

[3] Audited by Ling Kam Hoong & Co., Certified Public Accountants in Malaysia;

[4] Audited by AccAssurance LLP, Chartered Accountants in Singapore;

[5] Not required for audit for its first financial year.

(b) Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
31 December 2015:				
Matex Chemicals (Taixing) Co., Ltd	PRC	40%	961	4,972
Shanghai Matex Chemicals Co., Ltd	PRC	40%	(783)	565
31 December 2014:				
Matex Chemicals (Taixing) Co., Ltd	PRC	40%	557	4,011
Shanghai Matex Chemicals Co., Ltd	PRC	40%	1,365	1,348

12. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Shanghai Matex Chemicals Co., Ltd		Matex Chemicals (Taixing) Co., Ltd.	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Current				
Assets	**40,602**	37,893	**30,929**	27,395
Liabilities	**(19,909)**	(15,397)	**(25,268)**	(25,900)
Net current assets	**20,693**	22,496	**5,661**	1,495
Non-current				
Assets	**1,128**	953	**14,460**	16,020
Liabilities	**–**	–	**–**	–
Net non-current assets	**1,128**	953	**14,460**	16,020
Net assets	**21,821**	23,449	**20,121**	17,515

Summarised statement of comprehensive income

	Shanghai Matex Chemicals Co., Ltd		Matex Chemicals (Taixing) Co., Ltd.	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Revenue	**38,640**	42,400	**69,027**	77,138
(Loss)/Profit before income tax	**(1,957)**	3,413	**3,232**	1,903
Income tax expense	**–**	–	**(830)**	(511)
(Loss)/profit after tax	**(1,957)**	3,413	**2,402**	1,392
Other comprehensive income/(expense)	**21**	331	**(26)**	250
Total comprehensive (loss)/income	**(1,936)**	1,696	**2,376**	807

13. Inventories

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balance sheet:				
Raw materials	**3,512**	3,034	**–**	–
Work in progress	**3,576**	2,100	**–**	–
Finished goods	**13,819**	10,888	**138**	859
Total inventories at lower of cost and net realisable value	**20,907**	16,022	**138**	859
Income statement:				
Inventories recognised as an expense in cost of sales	**64,894**	70,313	**7,476**	9,904
Inclusive of the following charge:				
– Inventories written-down	**173**	255	**211**	–

14. Trade and notes receivables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables				
– Third parties	**31,692**	26,326	**4,376**	5,951
– Amount due from related companies	**–**	–	**1,739**	1,136
Less: Impairment of trade receivables (third parties)	**(4,318)**	(4,212)	**(1,162)**	(1,169)
	27,374	22,114	**4,953**	5,918
Notes receivables	**6,982**	10,979	**–**	–
	34,356	33,093	**4,953**	5,918

Presented as:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current assets	**2,363**	2,595	**2,334**	2,595
Current assets	**31,993**	30,498	**2,619**	3,323
	34,356	33,093	**4,953**	5,918

14. Trade and notes receivables (cont'd)

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

The Company has granted extended credit terms to a key customer and its balances are reflected under non-current trade receivables.

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	**5,091**	4,494	**4,953**	5,830
Chinese Renminbi	**21,566**	16,741	**–**	–
Euro Dollar	**82**	85	**–**	85
Malaysia Ringgit	**606**	590	**–**	–

The notes receivable are with financial institutions in the PRC are non-interest bearing and have repayment terms ranging from 1 to 12 months (2014: 1 to 12 months). All note receivables are denominated in Chinese Renminbi and the nature of note receivables are trade related.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to $9,740,000 (2014: $15,324,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables past due but not impaired:		
– Lesser than 3 months	**2,652**	8,925
– 3 months to 6 months	**3,933**	2,418
– 6 months to 12 months	**240**	573
– More than 12 months	**2,915**	3,408
	9,740	15,324

14. Trade and notes receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Movement in allowance accounts:				
At beginning of year	**4,212**	3,321	**1,169**	157
Impairment for the year (Note 5)	**–**	1,073	**–**	1,012
Write off against provision	**–**	(182)	**–**	–
Exchange differences	**71**	–	**(7)**	–
	4,318	4,212	**1,162**	1,169

Concentration of credit risk relating to trade receivables is mitigated due to well managed dispersion of customers. Therefore, the Group believes that no additional credit risk beyond amounts provided for collection loss is inherent in the Group's trade receivables.

15. Other receivables and deposits

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables	**695**	602	**4**	3
Deposits	**25**	17	**12**	13
Amount due from subsidiaries	**–**	–	**1,572**	1,053
	720	619	**1,588**	1,069

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Chinese Renminbi	**666**	1,343	**804**	890
United States Dollar	**–**	–	**111**	162
Malaysia Ringgit	**–**	34	**–**	–
Hong Kong Dollar	**–**	–	**34**	–

15. Other receivables and deposits (cont'd)

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and repayable on demand and are to be settled in cash.

Other receivables comprise mainly advances granted to third party and sales offices located at the PRC for operational purposes. The amount is non-interest bearing and repayable on demand.

In 2014, commitment fee of $830,000 for a research and development project on dye development was written off and not recognised in the accounts.

16. Cash and cash equivalents

Cash and cash equivalents as at 31 December were as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and on hand	**9,927**	3,693	**579**	1,482
Fixed deposits	**3,077**	4,740	**3,022**	4,509
	13,004	8,433	**3,601**	5,991

Cash at bank earns interest at rates based on daily bank deposit rates ranging from 0.03% to 0.35% (2014: 0.03% to 0.15%) per annum.

Fixed deposits are placed with financial institutions for varying periods of between seven days and one year depending on the immediate cash requirements of the Group. The fixed deposits earn interest at fixed deposit rates ranging from 0.12 % to 3.50% (2014: 0.12% to 3.50%) per annum.

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	**347**	819	**112**	819
Chinese Renminbi	**9,041**	2,168	**373**	15
Malaysia Ringgit	**282**	213	**–**	3
Hong Kong Dollar	**27**	–	**–**	–

17. Trade payables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables				
– Third parties	**9,591**	5,016	**–**	71
– Amount due to related companies	**–**	–	**97**	2,186
	9,591	5,016	**97**	2,257

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

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
United States Dollar	**685**	85	**97**	87
Chinese Renminbi	**8,904**	4,859	**–**	2,309
Malaysia Ringgit	**2**	87	**–**	–

18. Bills payable to banks

	Interest rates (per annum)		Group		Company	
	2015 %	2014 %	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Interest bearing	3.00 – 3.50	2.50-3.00	22	44	–	44
Non-interest bearing	–	–	–	537	–	–
			22	581	–	44

The bills payable are unsecured and have repayment terms of less than 12 months.

Bills payable denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
United States Dollar	**–**	44	**–**	44
Chinese Renminbi	**22**	537	**–**	–

19. Other payables and accruals

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Other payables	**1,236**	891	**318**	24
Accrued operating expenses	**806**	774	**155**	383
Accrued payroll related expenses	**748**	501	**230**	–
	2,790	2,166	**703**	407

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

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

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Chinese Renminbi	**1,760**	1,647	**–**	–
Malaysia Ringgit	**111**	112	**–**	–
United States Dollar	**–**	65	**–**	–

20. Finance lease liabilities

	Group			
	Minimum payments 2015 $'000	**Present value of payments 2015 $'000**	**Minimum payments 2014 $'000**	**Present value of payments 2014 $'000**
Not later than one year	**32**	28	**7**	31
Later than one year but not later than five years	**52**	46	**105**	66
Total minimum lease payments	**84**	74	**112**	97
Less: amounts representing finance charges	**(10)**	–	**(15)**	–
Present value of minimum lease payments	**74**	74	**97**	97

20. Finance lease liabilities (cont'd)

	Company			
	Minimum payments 2015 $'000	Present value of payments 2015 $'000	Minimum payments 2014 $'000	Present value of payments 2014 $'000
Not later than one year	20	18	6	30
Later than one year but not later than five years	–	–	49	18
Total minimum lease payments	20	18	55	48
Less: amounts representing finance charges	(2)	–	(7)	–
Present value of minimum lease payments	18	18	48	48

The Group and the Company has finance leases for certain items of plant and equipment and motor vehicles (Note 8) ranging from 1 to 5 years (2014: 1 to 4 years). Lease terms do not contain restrictions concerning dividends, additional debt or further leasing.

Lease obligations bear interest at rates ranging from 3.20% to 3.25% (2014: 3.20% to 3.25%) per annum.

21. Term loans

		Group		Company	
	Weighted average effective interest rate (per annum)	2015 $'000	2014 $'000	2015 $'000	2014 $'000
SGD loan	3.10 %	500	500	500	500
Chinese Renminbi ("RMB") loan	6.50 %	10,891	6,654	–	–
		11,391	7,154	500	500

SGD loan: This bank loan is unsecured and is repayable within 1 month to 12 months from date of draw down but can be rolled over at the bank's discretion. Interest is charged at 1.25% (2014: 1.25%) per annum over SIBOR.

RMB loan: These bank loans are drawn down by two subsidiaries and are secured by a corporate guarantee from the holding company. It is repayable within 6 months from date of draw down but can be rolled over at the bank's discretion. Interest is charged at 5.60% to 7.28% (2014: 6.94% – 7.63%) per annum.

22. Share capital

	Group and Company			
	2015		2014	
	Number of shares '000	$'000	Number of shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning of year	**267,392**	**23,406**	227,392	20,806
Issue of new ordinary shares	**–**	**–**	40,000	2,600
At end of year	**267,392**	**23,406**	267,392	23,406

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

23. Capital reserve

This pertains to a non-distributable capital income arising from the restructuring of subsidiary companies in prior years.

24. Enterprise expansion and general reserve

This pertains to a general reserve fund and an enterprise expansion reserve fund set up by the Group's subsidiaries in the PRC, in accordance with local laws and regulations, by way of appropriation from their net profit at a rate determined by the companies. The respective board of directors of the subsidiaries have decided that 20% of the profit after tax be appropriated each year, of which 10% be appropriated to the general reserve fund and 10% be appropriated to the enterprise expansion reserve fund.

The general reserve and the enterprise expansion reserve may be used to offset accumulated losses or increase the registered capital of the subsidiaries, subject to approval from the authorities of the PRC. The reserves are not available for dividend distribution to the shareholders.

In prior financial years, the board of directors of a subsidiary has decided to suspend the appropriation to the fund after reviewing the accumulated amount of the fund as at 31 December 2006 which has already exceeded 50% of the subsidiary's paid up share capital.

25. Translation reserve

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

	Group	
	2015	**2014**
	$'000	**$'000**
At beginning of year	**1,586**	394
Translation of financial statements of foreign operations	**93**	1,192
At end of year	**1,679**	1,586

26. Earnings per share

Earnings per share is calculated by dividing the net loss attributable to owners of the parent of $1,631,000 (2014: profit of $2,704,000) by the weighted average number of ordinary shares outstanding during the year of 267,392,320 (2014: 240,433,416) shares.

Based on fully diluted basis, the loss per share is 0.61 cents (2014: gain per share is 1.01 cents).

27. Related party disclosures

(a) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the group and related parties who are not members of the group took place during the year at terms agreed between the parties:

	Group	
	2015	**2014**
	$'000	**$'000**
Fees incurred or paid to a law firm, where a director is a partner	**–**	317

27. Related party disclosures (cont'd)

(b) Compensation of key management personnel

	Group	
	2015 $'000	2014 $'000
Short-term employee benefits	**1,378**	1,078
Defined contribution plans	**60**	67
Other short-term benefits	**62**	32
	1,500	1,177
Comprise amounts paid to:		
• Directors of the Company	**1,049**	672
• Other key management personnel	**451**	505
	1,500	1,177

28. Commitments

Operating lease commitments

The Group has various operating lease agreements for office and residential premises. These leases have an average term of between 3 and 5 years with no renewal option or escalation clauses included in the contracts. There are no restrictions placed upon the Group or the Company by entering into these leases. Operating lease payments recognised in the consolidated income statement during the year amount to $121,000 (2014: $112,000).

Future minimum lease payments under non-cancellable leases are as follows as of 31 December:

	Group and Company	
	2015 $'000	2014 $'000
Not later than one year	**59**	58
Later than one year but not later than five years	**180**	308
	239	366

29. Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's geographical segments only as it is not meaningful to present segmental reporting by business segments since revenue of the Group is primarily derived from the manufacture and sale of dyestuffs and auxiliaries.

Inter-segment pricing is determined on an arm's length basis. The Group's operating businesses are organised and managed separately by geographical segments based on location of assets. Revenue, assets and additions to property, plant and equipment are based on the location of those assets.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total costs incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

29. Segment information (cont'd)

	PRC		Other Asia Pacific Countries		Elimination		Note	Group	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000		2015 $'000	2014 $'000
Revenue									
External customers	76,260	91,139	15,716	13,661	–	–		91,976	104,800
Inter-segment	46,625	36,671	1,226	1,748	(47,851)	(38,419)	A	–	–
Total revenue	122,885	127,810	16,942	15,409				91,976	104,800
Results									
Interest income	489	311	30	17	–	–		519	328
Depreciation and amortisation	2,359	2,181	84	136	–	–		2,443	2,317
Interest expense	956	835	24	37	–	–		980	872
Other non-cash expenses/ (income)	1	(22)	(3)	3,320	–	(156)	B	(2)	3,142
Segment (loss)/profit	(2,236)	5,575	1,734	(268)	42	(126)	C	(460)	5,181
Assets									
Additions to non-current assets	460	258	139	260	–	–	D	599	518
Segment assets	99,472	92,111	27,139	28,832	(38,964)	(41,820)	E	87,647	79,123
Segment liabilities	51,000	44,660	5,028	4,795	(31,498)	(34,741)	F	24,530	14,714

29. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses/(income) consist of gain on disposal of plant and equipment, impairment of trade receivables, impairment of legal claim recoverable, inventories written down and gain on disposal of investments properties as presented in the respective notes to the financial statements.

C The following items are added to/(deducted from) segment profit/(loss) to arrive at "profit/(loss) before tax" presented in the consolidated statement of comprehensive income:

	2015 $'000	2014 $'000
Profit/(Loss) from inter-segment sales	**58**	(22)
General and administrative expenses	**392**	51
Other operating income	**(408)**	(155)
	42	(126)

D Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2015 $'000	2014 $'000
Inter-segment assets	**(12,584)**	(12,587)
Interco balance	**(26,380)**	(29,233)
	(38,964)	(41,820)

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2015 $'000	2014 $'000
Inter-segment liabilities	**(5,517)**	(5,660)
Interco balance	**(25,981)**	(29,081)
	(31,498)	(34,741)

30. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, hire purchase contracts, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The carrying amount of cash and cash equivalents, trade and other receivables (including subsidiaries balances) represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk. It is the Group's policy to provide credit terms to creditworthy customers and debts are continually monitored. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. During the financial year, the Group has adopted stricter credit policy for new customers who wish to trade on credit terms in order to mitigate heightened credit risks arising from revenue growth strategies. The Group does not expect to incur material credit losses except as provided for in the financial statements.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

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

(a) Credit risk (cont'd)

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the balance sheets with positive fair value; and

– a nominal amount of Nil (2014: $2,580,000) relating to a corporate guarantee provided by the Company to a bank on a subsidiary's bank loan.

Information regarding credit enhancements for trade and other receivables is disclosed in Notes 14.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the geographical profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2015		2014	
	$'000	% of total	$'000	% of total
By geographical:				
PRC	**22,147**	**81**	16,741	76
Other Asia Pacific countries	**5,198**	**19**	5,373	24
	27,345	**100**	22,114	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 14.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the balance sheet.

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

(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 and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance lease and stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that to maintain sufficient liquid financial assets and stand-by credit facilities with few different banks.

The Group monitors its liquidity risk and maintains adequate level of cash and cash equivalents to finance the Group's operations.

Analysis of financial instruments by remaining contractual maturities

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

Group 2015	**One year or less $'000**	**One to five years $'000**	**Total $'000**
Financial assets:			
Trade and other receivables	**32,713**	**2,363**	**35,076**
Cash and short-term deposits	**13,004**	**–**	**13,004**
Total undiscounted financial assets	**45,717**	**2,363**	**48,080**
Financial liabilities:			
Trade and other payables	**12,403**	**–**	**12,403**
Other liabilities	**28**	**46**	**74**
Loans and borrowings	**11,391**	**–**	**11,391**
Total undiscounted financial liabilities	**23,822**	**46**	**23,868**
Total net undiscounted financial assets	**21,895**	**2,317**	**24,212**
Group 2014			
Financial assets:			
Trade and other receivables	31,117	2,595	33,712
Cash and short-term deposits	8,433	–	8,433
Total undiscounted financial assets	39,550	2,595	42,145
Financial liabilities:			
Trade and other payables	7,763	–	7,763
Other liabilities	31	66	97
Loans and borrowings	7,154	–	7,154
Total undiscounted financial liabilities	14,948	66	15,014
Total net undiscounted financial assets	24,602	2,529	27,131

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

(b) Liquidity risk (cont'd)

Company 2015	One year or less $'000	One to five years $'000	Total $'000
Financial assets:			
Trade and other receivables	**4,207**	**2,334**	**6,541**
Cash and short-term deposits	**3,601**	**–**	**3,601**
Total undiscounted financial assets	**7,808**	**2,334**	**10,142**
Financial liabilities:			
Trade and other payables	**800**	**–**	**800**
Other liabilities	**18**	**–**	**18**
Loans and borrowings	**500**	**–**	**500**
Total undiscounted financial liabilities	**1,318**	**–**	**1,318**
Total net undiscounted financial liabilities	**6,490**	**2,334**	**8,824**
Company			
2014			
Financial assets:			
Trade and other receivables	4,392	2,595	6,987
Cash and short-term deposits	5,991	–	5,991
Total undiscounted financial assets	10,383	2,595	12,978
Financial liabilities:			
Trade and other payables	2,708	–	2,708
Other liabilities	30	18	48
Loans and borrowings	500	–	500
Total undiscounted financial liabilities	3,238	18	3,256
Total net undiscounted financial assets	7,145	2,577	9,722

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. Information relating to the Group's interest rate exposure is disclosed in the notes on term loans and leasing obligations.

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

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2014: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been $57,000 lower/higher in 2015 (the Group's profit before tax would have been $36,000 lower/higher in 2014), arising mainly as a result of lower/higher interest expense on floating rates loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the market environment where Singapore interest rate is influenced by the funds liquidity in Singapore and also the interest rate trend in the U.S. and the PRC.

Surplus funds are placed with reputable banks.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, Malaysian Ringgit (MYR) and Renminbi (RMB). These give rise to foreign currency risk. However, the Group tries to match the timing of its receipts and payments in the same foreign currency in an effort to reduce foreign currency risk.

Sensitivity analysis for foreign currency risk

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

		Group	
		2015 $'000 Loss before tax	**2014 $'000 Profit before tax**
USD/SGD	– strengthened 3% (2014: 3%)	**-184**	+165
	– weakened 3% (2014: 3%)	**+184**	-165
RMB/SGD	– strengthened 3% (2014: 3%)	**-1,585**	+1,018
	– weakened 3% (2014: 3%)	**+1,585**	-1,018
MYR/SGD	– strengthened 3% (2014: 3%)	**-30**	+31
	– weakened 3% (2014: 3%)	**+30**	-31

31. Fair value of financial instruments

(a) Fair value hierarchy

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

– Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

– Level 3 – Unobservable inputs for the asset or liability.

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

The Group has not classified any financial instrument under Level 1, Level 2 and Level 3.

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

The fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value include cash and short-term deposits, current trade and other receivables, current trade and other payables, bills payables and term loans.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

32. Financial guarantees

As of 31 December 2015, the Company does not have any corporate guarantees held with external parties. The corporate guarantees provided by the Company in the prior year for short term bank loan facilities have ceased with the repayment of those loans during the year.

33. Capital management

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

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

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

33. Capital management (cont'd)

As disclosed in Note 24, subsidiaries in the PRC are required to contribute and maintain non-distributable general and enterprise expansion reserve fund, whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 70%. The Group includes within net debts, loans and borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less the abovementioned statutory reserve fund.

	Group	
	2015	**2014**
	$'000	**$'000**
Term loans (Note 21)	**11,391**	7,154
Trade payables (Note 17)	**9,591**	5,016
Bills payable to banks (Note 18)	**22**	581
Other payables and accruals (Note 19)	**2,790**	2,166
Finance lease liabilities (Note 20)	**74**	97
Less: Cash and cash equivalents (Note 16)	**(13,004)**	(8,433)
Net debt	**10,864**	6,581
Equity attributable to the owners of the parent	**40,923**	42,461
Less: General reserve (Note 24)	**(4,369)**	(4,369)
Less: Enterprise expansion reserve (Note 24)	**(4,369)**	(4,369)
Total capital	**32,185**	33,723
Capital and net debt	**43,049**	40,304
Gearing ratio	**25.2%**	16.3%

34. Dividends

No dividend was declared during the financial year (2014: Nil).

35. Events occurring after the reporting period

On 3 March 2016, the SGX-ST granted the Company an extension of time of up to 30 June 2016 to meet the requirements of Rule 1314 of the Listing Manual and apply for removal from the Watch-list, subject to conditions given by SGX-ST.

36. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors dated 23 March 2016.

REPORT ON
CORPORATE GOVERNANCE

Matex International Limited ("the Company") is committed to uphold good corporate governance practices and to comply with the Principles of the Singapore Corporate Governance Code 2012 ("the Code"). Good corporate governance establishes and maintains an ethical environment, which strives to enhance the interests of all shareholders. This report outlines the Company's corporate governance processes that have been adopted by the Company with specific reference to the principles of the Code.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The board of directors ("the board") supervises the management of the business and affairs of the Company and its subsidiaries ("the Group"). The primary role of the board is to set broad corporate and strategic direction, approves the appointment of directors and major funding and investment proposals, and reviews the financial performance of the Group.

The board meets to consider the following:

1. Approval of nomination of Directors;
2. Approval of half year and full year results announcements;
3. Approval of annual audited results and accounts;
4. Declaration of interim dividends and proposal of final dividends;
5. Convening of shareholders' meetings;
6. Approval of corporate direction and strategy;
7. Review the framework for prudent and effective controls which enable risks to be properly assessed and managed;
8. Authorisation of merger and acquisition transactions;
9. Authorisation of major transactions; and
10. Assume responsibility for corporate governance.

Delegation of Authority on certain Board Matters

To facilitate effective management, certain functions have been delegated to various board committees, each of which has its own written terms of reference and whose actions are reported to and monitored by the board.

Meetings of the Board and Board Committees

The board meets regularly and as warranted. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's Articles of Association. The details of the number of board meetings held for 2015 as well as the attendance of each board member at the meetings of the board committees are disclosed below.

Name of Director	Board Meetings		Nominating Committee Meeting		Remuneration Committee Meeting		Audit Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Dr John Chen Seow Phun	2	2	1	1	1	1	2	2
Dr Tan Pang Kee	2	2	1	1	1	1	2	2
Dr Wang Kai Yuen	2	2	1	1	1	1	2	2
Mr Robson Lee Teck Leng	2	2	1	1	1	1	2	2
Mr Dro Tan Guan Liang	2	2	1	1	1	1	2	2

The directors have separate and independent access to the Company's senior management and together with the Company Secretary, are responsible for ensuring that the board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary attends all board and specialised committee meetings and is responsible to ensure that board procedures are followed.

The board takes independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, directors, whether as a group or individual, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company. Apart from keeping the board informed of all relevant new laws and regulations, the Company will consider appropriate training and orientation session for newly appointed directors.

Principle 2: Board Composition and Balance

The board comprises five directors, three of whom namely, Dr John Chen Seow Phun, Dr Wang Kai Yuen and Mr Robson Lee Teck Leng are independent and non-executive. The independence of each director is reviewed annually by the Nominating Committee ("NC"), which confirms that the independent directors made up at least one-third of the board. The NC is also of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations. The board consists of high calibre members with a wealth of knowledge, expertise and experience. They contribute valuable direction and insight, drawing from their vast experience in matters relating to accounting, finance, legal, business and general corporate matters.

Dr John Chen and Dr Wang have served on board for more than nine years since their appointments in year 2003. In the opinion of the NC, they are persons of integrity and possess relevant expertise and experience, who exercise independent judgment & demonstrate objectivity in their deliberations in the Company's interest.

The Board has determined and decided that the number of listed company board representations which a director may hold, should not be more than nine. This is to ensure sufficient time and attention to Company's affairs, are given by the directors.

Principle 3: Chairman and Chief Executive Officer ("CEO")

Different individuals assume the Chairman and CEO's functions in the Company. The Chairman, Dr John Chen Seow Phun is an independent non-executive director, while the CEO, Dr Tan Pang Kee, is an executive director. There is a clear division of responsibilities between the Chairman and CEO, which ensures a balance of power and authority at top of the Company. The Chairman and the CEO are not related to each other.

The CEO has the executive responsibility for the day-to-day operations of the Group while the Chairman bears responsibility for the workings of the board and ensures that procedures are introduced to comply with the Code.

Principle 4: Board Membership

Nominating Committee ("NC")

The NC comprises three independent non-executive directors, namely, Dr Wang Kai Yuen (Chairman of the Committee), Dr John Chen Seow Phun and Mr Robson Lee Teck Leng. The NC, which has written terms of reference, is responsible for making recommendations to the board on all board appointments and re-appointments. The NC's responsibilities include the following:

a) make recommendations to the board on new appointments to the board;
b) make recommendations to the board on the re-nomination of retiring directors standing for re-election at the Company's Annual General Meeting, having regard to the directors' contribution and performance (e.g. attendance, preparedness, participation and candour);
c) ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;
d) review the size and composition of the board with the objective of achieving a balanced board in terms of the mix of experience and expertise;
e) determine annually whether or not a director is independent;
f) ensure complete disclosure of key information of directors in the Company's annual reports as required under the Code;
g) decide on how the board's performance may be evaluated and recommend objective performance criteria to the board;
h) report to the board on its activities and proposals; and
i) carry out such other duties as may be agreed to by the NC and the board.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 89 of the Company's Articles of Association, one-third of the directors retire from office at the Company's Annual General Meeting. Article 90 of the Company's Articles of Association provides that directors to retire by rotation shall include (so far as necessary to obtain the number required) any director who is due to retire at the meeting by reason of age.

The NC is conscious of the competing time commitments that are faced when directors serve on multiple boards. Directors should not serve on more principal boards than they can handle.

Key information regarding Directors

Key Information on the directors is set out below:

Name of director	**Academic & professional qualifications**	**Board committee as chairman or member**	**Directorship: Date of first appointment/ Date of last re-election**	**Board appointment whether executive or non-executive**	**Due for re-election at next AGM**
Dr John Chen Seow Phun	Doctor of Philosophy degree in Electrical Engineering	Chairman: Audit Committee Member: Nominating Committee & Remuneration Committee	11 July 2003/ 28 April 2015	Non-executive/ Independent	N/A
Dr Tan Pang Kee	Doctor of Philosophy in Business Administration	N/A	23 March 1990/ 20 May 2002	Executive	N/A
Dr Wang Kai Yuen	Doctor of Philosophy in Engineering	Chairman: Nominating Committee Member: Remuneration Committee & Audit Committee	11 July 2003/ 23 April 2013	Non-executive/ Independent	Retirement pursuant to Article 89
Mr Robson Lee Teck Leng	LLB (2nd Class Upper Hons)	Chairman: Remuneration Committee Member: Nominating Committee & Audit Committee	25 April 2006/ 28 April 2015	Non-executive/ Independent	N/A
Mr Dro Tan Guan Liang	Master in Architecture	N/A	01 March 2010/ 22 April 2014	Executive	Retirement pursuant to Article 89

Review of Directors Independence

The board is guided by the definition of independence given in the Code of Corporate Governance issued by the Corporate Governance Committee in determining if a director is independent.

NC has annually, and as and when circumstances required, determined if a director is independent bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 and any other salient factors of the Code. Any director who has served on the Board beyond nine years from the date of his first appointment is subject to particularly review by the NC.

Directors are also required to provide their independency confirmation, on annual basis.

Principle 5: Board Performance

Based on the recommendations by the NC, the board has established processes and objective performance criteria for evaluating the effectiveness of the board as a whole and the effectiveness of the individual directors, aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role.

In evaluating the board's performance, the NC considers a set of quantitative and qualitative performance criteria. The performance criteria for the board evaluation are in respect of board size and composition, board process, board information and accountability, board performance in relation to discharging its principal functions and responsibilities and financial targets. The individual directors' performance criteria were in relation to their industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the board and committee meetings.

The NC evaluated the performance of the Board as a whole taking into consideration the board's discharge of its principal responsibilities, the earnings of the Group and the economic environment for 2015. The NC considered the board's performance to be good.

Principle 6: Access to information

Management provides quarterly management accounts which present a balanced and understandable assessment of the Group's performance and position. Directors are also entitled to request from Management and are provided any additional information that they may need for decisions and approval.

Directors have separate and independent access to the company secretary. During the AC meetings, AC has a separate meeting with the Company's auditor without the presence of Management.

Principle 7: Policy for Developing Remuneration Policies

Annual Remuneration Reports

Remuneration Committee ("RC")

Executive Directors are not involved in deciding their own remuneration. The RC comprises three independent non-executive directors, namely, Mr Robson Lee Teck Leng (Chairman of the Committee), Dr John Chen Seow Phun and Dr Wang Kai Yuen. The Committee has access to expert advice in the field of executive compensation outside the Company where required.

The members of the RC carried out their duties in accordance with the term of references, which include the following:

a) make recommendations to the board on the framework of remuneration for the directors;
b) make recommendations to the board on the specific remuneration packages for each executive director and managing director (or executive of equivalent rank) of the Company;
c) review all benefits (including share schemes) and compensation packages for directors of the Company;
d) report to the board on its activities and proposals; and
e) carry out such other duties as may be agreed to by the RC and the board.

The Company adopts a formal procedure for the fixing of the remuneration packages of individual directors. No director is involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration

In making its recommendations to the Board on the level and mix of remuneration, the Remuneration Committee seeks to be competitive in order to attract, motivate and retain high-performing executive to drive the Group's businesses whilst operating within the Group's risk parameters.

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

Executive directors do not receive directors' fees. The remuneration policy for executive directors and senior management staff consists of two key components, that is, fixed cash and annual variable components. The fixed components include salary and other allowances. The variable component comprises a performance based bonus which forms a significant proportion of the total remuneration package of executive directors and is payable on the achievement of individual and corporate performance targets.

The service contracts for two executive directors have fixed appointment period and clauses relating to early termination. None of the service contracts has any onerous removal clauses.

Non-executive directors, including the Chairman, have no service contract with the Company and their terms are specified in the Articles of Association. Non-executive directors are paid a basic fee and additional fee for serving on any of the committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of directors are taken into account. Such fees are subject to the approval of the shareholders as lump sum payment at the Annual General Meeting.

Principle 9: Disclosure on Remuneration

Remuneration of Directors and Top 5 Executives

A breakdown of the gross remuneration of the Directors of the Company for the year ended 31 December 2015 is set out below:

	Salary	Bonus/Profit sharing	Other benefits[2]	Fees[1]	Total
Name of director	$	$	$	$	$
Dr Tan Pang Kee	468,375	153,254	10,340	–	631,969
Mr Dro Tan Guan Liang	160,099	57,949	3,170	–	221,218
Dr John Chen Seow Phun	–	–	–	63,000	63,000
Dr Wang Kai Yuen	–	–	–	42,000	42,000
Mr Robson Lee Teck Leng	–	–	–	42,000	42,000
	628,474	211,203	13,510	147,000	1,000,187

(1) Subject to approval by shareholders as a lump sum at Annual General Meeting for the financial year ended 31 December 2015.
(2) Other benefits refer to benefits-in-kind such as car etc made available to directors as appropriate.

Top 5 Executives

The gross remuneration paid to top 5 executives of the group (who are not directors) for the year ended 31 December 2015 are set out below in bands of $250,000. This is to impede solicitation of key executives by the Group's competitors.

Remuneration band^	No. of executives
Below $250,000	5

.
^ Remuneration amounts are inclusive of salary, bonus, allowances and Central Provident Fund contributions.

Immediate Family Member of Directors and CEO

Besides Mr Dro Tan Guan Liang, who is the son of Dr Tan Pang Kee, the Chief Executive Director/Managing Director ("**CEO/MD**") of the Company, whose remuneration is disclosed above, Mr Tan Pang Sim, the brother of the CEO/MD, was also earning in excess of $50,000 for the year ended 31 December 2015.

Approved by Shareholders

Directors' fees are approved by shareholders at the Annual General Meeting. The remuneration framework for executives and executive directors has been approved by the RC and endorsed by the board. The board considers that the remuneration framework does not need to be approved by the shareholders.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("**SFRS**"), the Company disseminates half-year and full-year financial results and other related material information of the Group to Shareholders via announcements to the SGX-ST.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of SGX.

Principle 11: Risk Management and Internal Controls

Risk Management

The Company has devised a framework for prudent and effective controls which enable risks to be properly assessed and managed.

Internal Controls

Our board is cognizant of its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets and business. The board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Company's management throughout the financial year and up to the date of this report, provide reasonable, but not absolute, assurance in the safeguarding of assets, compliance with relevant legislations, identification and containment of business risks, and against material financial misstatements or loss. Therefore, with the concurrence of the AC, the board is of the opinion that current internal controls are adequate in addressing financial, operational, compliance and IT risks, while noting that no system of internal control could provide absolute assurance against the occurrence of errors, fraud or other irregularities.

The board also confirms it has received assurance from the CEO and CFO:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
(b) regarding the effectiveness of the company's risk management and internal control systems.

The AC and Management will continually assess the adequacy and effectiveness of the risk management framework and processes, and focus on improving the standard of internal controls as well as corporate governance. It has engaged an external consultant to review its risk management framework and help the Board to assess the rating of each risk after considering the control procedures that are in place to mitigate those risks.

Principle 12: Audit Committee ("AC")

The AC comprises three independent non-executive directors, namely, Dr John Chen Seow Phun (Chairman of the Committee), Dr Wang Kai Yuen and Mr Robson Lee Teck Leng.

The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC, which has written terms of reference, performs delegated functions:

Internal Controls

a) (i) ensure that arrangement is made for the review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management, in particular to the compliance of SGX listing rule 1207(10), at least annually;
(ii) review of internal audit report;

External Audit

b) review the audit plans of the external auditors;
c) review the external auditors' consideration of the system of internal accounting controls relevant to the entity's preparation of financial statements;
d) review the external auditors' management letter and response from the Company's management;
e) review the scope and results of the external audits and their cost effectiveness;
f) nominate external auditors for re-appointment;

The Company confirms its compliance with Listing Rule 712, 715 or 716 in relation to its auditing firms.

Financial Statements

g) review the financial statements of the Company and the Group before submission to the board;

Compliance with the Laws and Regulations

h) review transactions falling within the scope of the listing manual of the SGX-ST ("listing manual"), in particular matters pertaining to interested person transactions and acquisitions and realisations as laid down in the listing manual;

i) generally undertake such other functions and duties as may be required by statute, the listing manual or the Code, and by such amendments made thereto from time to time; and

Others

j) undertake such other reviews and projects as may be requested by the board and report to the board its findings from time to time on matters arising and requiring the attention of the AC.

The AC is authorised by the board to:

a) review half-yearly and annual financial statements and auditors' report of the Group before submitting to the Board of Directors;
b) review the audit plans of external auditors of the Company and ensure the adequacy of the Group's system of accounting and the co-operation given by the Company's Management to the external auditors;
c) review all non-audit services provided by the external auditors to the Group to ensure that the nature and extent of such services would not affect the independence of the external auditors;
d) investigate any matter within its terms of reference;
e) seek information it requires from any employee and all employees are directed to co-operate with any requests made by the AC;
f) if it deems appropriate, seek the professional advice of external consultants;
g) invite such persons (e.g. director, executive officer) to attend its meeting;
h) make recommendation to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor; and
i) review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange.

The AC also meets with external auditors without the presence of the Management at least once a year to obtain feedback on the competency and adequacy of the finance function and to ascertain if there is any material weakness in control effectiveness in the Group's financial reporting and operation systems.

INDEPENDENCE OF AUDITORS

Noted that besides performing the statutory audit of the Company's annual accounts, Ernst & Young LLP has been engaged to provide tax services (non-audit services) to the Company.

The Audit Committee has reviewed the said fees and in view that Ernst & Young LLP's fee in relation to the non-audit services is less than 50% of the total audit fee, the Audit Committee forms the opinion that Ernst & Young LLP's independence as auditors would not be affected by their provision of the non-audit services.

INTERESTED PARTY TRANSACTIONS

The Group does not have material interested person transactions for the financial year ended 31 December 2015.

CODE OF CONDUCT

The Directors and employees of the Company are required to observe, uphold and maintain high standards of integrity and properly in carrying out their roles and responsibilities, and to comply with applicable laws and regulations.

The Company has put in place a whistle-blowing framework, endorsed by the Audit Committee, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. To ensure proper investigation of such matters and for appropriate follow up action, once the investigation has been concluded, the Investigation Officer must report the outcome of the investigation (including any recommendations for improvement) to the Monitoring Officer who will keep a central register of all complaints.

Principle 13: Internal Audit

The Board recognizes that it is its responsibility to maintain a system of internal control processes. Periodic review and testing of the system of internal controls is an important exercise to ensure that the control mechanism in place and is working in the intended manner for which it is designed for.

The board is of the opinion that current internal controls and risk management system are adequate and effective in addressing financial, operational, compliance and IT risks, while noting that no system of internal control could provide absolute assurance against the occurrence of errors, fraud or other irregularities.

SHAREHOLDER RIGHTS

Principle 14: Shareholder Rights

The Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis so as to facilitate Shareholders' ownership rights. The Company reckons that the release of timely and relevant information would enable Shareholders to make informed decisions in respect of their investments in the Company.

All shareholders are entitled to attend the Annual General Meeting ("**AGM**") and are accorded the opportunity to participate effectively in the AGM. The Company's Articles of Association allow a member of the Company to appoint not more than two proxies to attend and vote in the Shareholders' place at the AGM. The Company is not implementing absentia-voting methods such as by mails, e-mails or fax until security, integrity; legislative recognition of electronic voting and other pertinent issues are satisfactory resolved.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Communication with Shareholders

The board is mindful of the obligation to provide regular, effective and fair communication to shareholders. Information is communicated to the shareholders on a timely basis. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all others as soon as possible. The board provides shareholders with an assessment of the Company's performance, position and prospect on a half-yearly basis via half-yearly announcement of results and other ad hoc announcement as required by the SGX-ST. The Company's Annual Report is sent to all shareholders and other information is accessible at the Company website.

Principle 16: Conduct of Shareholder Meetings

The Board encourages active Shareholders participation in general Shareholder meetings, including Annual General Meetings and Extraordinary General Meetings. The board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspaper and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. The Chairmen of the AC, RC and NC are normally available at the meeting to answer those questions relating to the work of these committees. The external auditors are also present to assist the directors in addressing any relevant queries by shareholders.

The Company holds its Shareholders' meetings onsite at its premises in order to provide Shareholders with greater opportunity to understand the Company's business operations.

MATERIAL CONTRACTS

The Group does not have material contracts involving the interest of the CEO, each director or substantial shareholders as at 31 December 2015.

DEALING IN SECURITIES

The Company has adopted and implemented an internal code of conduct which prohibits the directors, key executives and their connected persons from dealing in the Company's shares during the "black-out" period – being one month immediately preceding the announcement of the Company's half-year and full-year results. Further, an officer of the Company should not deal in the Company's securities on short-term considerations. This has been made known to directors, officers and staff of the Company. It has been highlighted that to deal in the Company's securities as well as securities of other listed companies when the officers (directors and employees) are in possession of unpublished material price sensitive information in relation to those securities is an offence and the law on insider trading is applicable at all times.

STATISTIC OF **SHAREHOLDERS**

AS AT 15 MARCH 2016

SHARE CAPITAL

Paid-Up Capital : 23,406,449.99
Class of Shares : Ordinary Shares
Voting Rights : On the poll: one vote per share

BREAKDOWN OF SHAREHOLDINGS BY RANGE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 – 99	37	3.67	287	0.00
100 – 1,000	99	9.81	97,310	0.04
1,001 – 10,000	301	29.83	1,800,000	0.67
10,001 – 1,000,000	543	53.82	73,411,062	27.45
1,000,001 AND ABOVE	29	2.87	192,083,661	71.84
TOTAL	**1,009**	**100.00**	**267,392,320**	**100.00**

SUBSTANTIAL SHAREHOLDINGS AS AT 15 MARCH 2016

Name of substantial shareholder	Number of shares registered in the name of the substantial shareholder	Number of shares in which substantial shareholder is deemed to have an interest	Total	Percentage (%)
Dr Tan Pang Kee	58,232,000	–	58,232,000	21.78
Tan Geok Bee	40,000,000	–	40,000,000	14.96

STATISTIC OF **SHAREHOLDERS**

AS AT 15 MARCH 2016

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	TAN PANG KEE	58,232,000	21.78
2	TAN GEOK BEE	40,000,000	14.96
3	UOB KAY HIAN PTE LTD	9,670,000	3.62
4	CHUA GEOK KOON	9,170,000	3.43
5	TAN EE SOON	8,337,582	3.12
6	PHILLIP SECURITIES PTE LTD	7,874,000	2.94
7	PAUL GO KIAN LEE	6,893,000	2.58
8	WINMARK INVESTMENTS PTE LTD	4,100,000	1.53
9	MAYBANK KIM ENG SECURITIES PTE LTD	3,489,000	1.30
10	TAN HOCK SOON	3,386,332	1.27
11	TAN SOON HENG	3,386,332	1.27
12	TAN SOON LAI	3,386,332	1.27
13	TAN YAM SOON	3,386,332	1.27
14	TAN CHAI CHIN	3,370,688	1.26
15	LEE KANG HUAT	3,000,000	1.12
16	LOW KOK SOON	2,919,000	1.09
17	OCBC SECURITIES PRIVATE LTD	2,449,163	0.91
18	CHUA WEE SIM	2,060,000	0.77
19	SIM TECK HUAT	2,040,000	0.76
20	LIM KIM HUAT	2,000,000	0.75
	TOTAL	**179,149,761**	**67.00**

PERCENTAGE OF SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the company as at 15 March 2016, approximately 63.00% of the issue ordinary share of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by Stock Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF TWENTY-SIXTH
ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Sixth Annual General Meeting of the Company will be held at 47 Ayer Rajah Crescent, #05-10 Singapore 139947 on Friday, 29 April 2016 at 10.30 a.m. to transact the following business:

Ordinary Business

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

2 To re-elect Mr Tan Guan Liang (Chen Guanliang) who is retiring in accordance with Article 89 of the Company's Articles of Association, as Director of the Company. **[Resolution 2]**

Note: Mr Tan Guan Liang (Chen Guanliang), if re-elected, will remain an executive director of the Company and will not be considered as an independent director.

Dr Wang Kai Yuen, a Director who is retiring in accordance with Article 89 of the Company's Articles of Association, has decided not to seek re-appointment.

3 To approve the sum of S$147,000 as directors' fees for the year ended 31 December 2015.
(2014: S$147,000) **[Resolution 3]**

4 To approve a sum of up to S$147,000 as directors' fees for the year ending 31 December 2016, to be paid quarterly in arrears. (2015: S$147,000) **[Resolution 4]**

5 To re-appoint Ernst & Young LLP as auditors and to authorise the Directors to fix their remuneration.
[Resolution 5]

Special Business

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

That, pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

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

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

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

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as at the time of passing of this Resolution);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above on a pro-rata basis, the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Articles; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier."

[See Explanatory Note] **[Resolution 6]**

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

[Resolution 7]

By Order of the Board

Alex Tan Pang Kee
Chief Executive Officer/Managing Director

Singapore
13 April 2016

Explanatory Notes:

Resolution 6 if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time Resolution 6 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time when Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of Shares. In determining the 20% which may be issued other than on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time Resolution 6 is passed.

Proxies:

1 (a) A member who is not a relevant intermediary is not entitled to appoint more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which the nomination shall be deemed to be alternative.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap 50.

2 A proxy need not be a member of the Company.

3 The instrument appointing a proxy must be deposited at the registered office of the Company at 47 Ayer Rajah Crescent, #05-10 Singapore 139947, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

MATEX INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore
under the Companies Act, Cap. 50)
Company Registration No. 198904222M

IMPORTANT
1 Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the annual general meeting.
2 For CPF/SRS investors who have used their CPF monies to buy shares in Matex International Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3 By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 13 April 2016.

PROXY FORM
– ANNUAL GENERAL MEETING

I/We ____ NRIC/Passport/Co. Reg. No. ______________________

of ____

being a member/members of MATEX INTERNATIONAL LIMITED hereby appoint

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the Annual General Meeting of MATEX INTERNATIONAL LIMITED to be held at 47 Ayer Rajah Crescent, #05-10 Singapore 139947 on Friday, 29 April 2016 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	**Ordinary Resolutions**	***No. of Votes For**	***No. of Votes Against**
	Ordinary Business:		
1.	Adoption of Reports and Financial Statements		
2.	Re-election of Mr Tan Guan Liang (Chen Guanliang)		
3.	Approval of Directors' fees for FY2015		
4.	Approval of Director' fees for FY2016 to be paid quarterly in arrears		
5.	Re-appointment of Auditors		
	Special Business:		
6.	Authority for Directors to issue shares and convertible securities pursuant to Section 161 of the Companies Act, Cap. 50		
7.	Any other ordinary business		

*Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this __________ day of ____________ 2016.

Total Number of Shares Held:

____

Signature(s) of Member(s) or Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

MATEX INTERNATIONAL LIMITED
PROXY FORM

Continuation Sheet 1

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is not entitled to appoint more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3 A proxy need not be a member of the Company.

4 The instrument appointing a proxy must be deposited at the registered office of the Company at 47 Ayer Rajah Crescent, #05-10 Singapore 139947, not less than forty-eight (48) hours before the time appointed for the holding of the Annual General Meeting.

5 The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is given by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney duly authorized in writing or a duly authorised officer of the corporation.

6 Where an instrument appointing a proxy 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 which is a member may by a resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

General:

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

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OUR GLOBAL **PRESENCE**

Matex®

Matex International Limited

万得国际有限公司

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Website: www.matex.com.sg