LINAIR

ANNUAL REPORT 2014

TAKING SHAPE

LINAIR TECHNOLOGIES LIMITED

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Tan Chong Huat, Registered Professional, RHT Capital Pte Ltd, Six Battery Road #10-01 Singapore 049909, telephone: (65) 6381 6757.

CORPORATE PROFILE

Founded in Singapore in 1998, Linair is a multi-disciplinary group providing one-stop environmental solutions and integrated services to diverse industries including semiconductor, wastewater treatment, chemical, pharmaceutical and biotechnological industries. Linair is also a leading building services and engineering solutions provider which specialises in the design, installation, testing and commissioning of Air-Conditioning and Mechanical Ventilation (ACMV) and Electrical Systems. The Company was successfully listed in the SGX Sesdaq (now known as Catalist) on February 2005.

Linair Group has three major pillars:

Manufacturing

Linair has established a strong position in the duct manufacturing industry. Our manufacturing capability encompasses Ethylene Tetrafluoroethylene (ETFE) coated stainless steel ducts, uncoated stainless steel ducts, galvanised ducts and other specialised exhaust system components.

Linair's competitive advantage is our FM-approved status (an international commercial and industrial property insurance and risk management organisation) for production of ETFE-coated ducts. Our FM approved ETFE coated ducts, marketed under the brand name of CMT™ are highly corrosion resistant and designed to handle both flammable and non-flammable corrosive / toxic fumes in exhaust systems.

Our high quality galvanised and stainless steel ductwork and accessories are suitable for less corrosive applications such as heating, ventilation and air-conditioning systems for commercial and industrial buildings.

Our products are widely used in biotechnology, pharmaceutical and waste water treatment facilities. Besides ducts, Linair also manufactures laboratory air flow products. Our Isolation Dampers are designed for effective shut-off and isolation of one or more tiers of filters in hazardous containment exhaust systems. In bio-hazardous environments, the dampers enable air filtration systems to be shut off for decontamination, or for filter changes.

Distribution

This segment refers to the sale and distribution of products which are mainly used in industrial, biotechnology and pharmaceutical industries. These include critical airflow control systems and ductworks for laboratories.

Engineering & Environmental Solution

Fronted by our subsidiary, Air System Technology (AST), the Group provides turnkey facility construction management and specialist engineering; mechanical, electrical and plumbing (MEP) services for commercial, residential and industrial buildings. We specialise in design, installation, testing and commissioning of Air Conditioning and Mechanical Ventilation (ACMV) Systems and Electrical Systems for Indoor Ranges, Cleanrooms, Commercial Complexes, Offices, Production spaces, Condominiums and Research Laboratories. We also provide maintenance and repair services for ACMV Systems, improvement works, additions and alterations to existing mechanical and electrical systems and facilities.

Linair has a team of specialists who engages in the project management and consultancy services for the construction of semiconductor clean rooms and laboratories up to Bio-Safety Level 3. In addition we can provide installation and servicing of fume exhaust systems in the semiconductor, pharmaceutical and chemical industries.

LETTER TO SHAREHOLDERS

Dear Shareholders,

Financial Year ended 31st December 2014 (FY2014) was another challenging but yet gratifying year for us. The dampening effects of the uncertain global economic environment had brought the global economy into a new era where slower growth has become the new norm. Every business including us, has to adapt in order to survive in this new competitive business landscape.

Locally, the Group continued to operate in an increasingly competitive operating environment especially in the public construction projects sector where our business is closely linked. On the positive note, we made significant progress in our internal restructuring and cost savings efforts over the past year, and coupled with strong partnerships established as well as a healthy cash flow, we achieved better result and we believe that we are on the right track to sustainable growth.

Financial Review

During the year, the Group registered an approximately 24.81% drop in revenue from S$28.66 million in FY2013 to S$21.55 million in FY2014. This was mainly due to the decrease in revenue of approximately S$8.08 million in the Singapore engineering segment in FY2014 as compared to FY2013 which saw the completion of two previous projects. However, the revenue drop was partially offset by a 6.15% increase in revenue from the manufacturing segment, arising from an improved marketing effort and factories productivity.

Though there was a revenue fall, we managed to secure a higher gross profit in FY2014 as compared to FY2013, mainly due to the current engineering projects achieving higher gross profit margins as compared to FY2013. This was a result of our improved cost management and better project execution. Overall, the Group achieved a turnaround with a loss of S$0.42 million in FY2014 as compared to a loss of S$2.54 million in FY2013.

Other operating income decreased by S$0.18 million from S$1.09 million in FY2013 to S$0.91 million in FY2014, mainly due to lower exchange gain decreasing by S$0.24 million from FY2013. Administrative expenses decreased from S$3.77 million in FY2013 to S$3.70 million in FY2014 due to lower administrative staff costs.

Other operating expenses decreased by S$0.59 million from S$2.55 million in FY2013 to S$1.96 million in FY2014. This was mainly due to lower allowance for impairment loss, lower stock write-off and lower depreciation incurred. Finance costs decreased from S$0.05 million in FY2013 to S$0.03 million in FY2014. The higher interest expense in FY2013 was due to interest expense from Linair Suzhou's bank borrowings for its operations in FY2013.

The Group maintained a healthy liquidity position as shown by a current ratio of 2.23 as at 31 December 2014. The Group's cash position including pledged bank deposits stood at a total of S$10.56 million as at 31 December 2014. On a per share basis, loss per share was 0.12 cents in the year in review, compared to loss per share of 0.73 cents in the previous year. Net asset value per share as of 31 December 2014 was 3.62 cents, a marginal decrease from 3.79 cents as of 31 December 2013.

Business and Operations Review

FY2014 was a year of restructuring and integration where we put the right teams in place and enhanced work processes to improve efficiency and service quality. Through the implementation of these strategies, we were able to secure more projects during the year, including the contract awarded by Takenaka Corporation in October 2014 to develop and

build an air conditioning mechanical ventilation system for the Terminal of the Singapore Changi Airport. We will provide labour, equipment and material for the installation testing and commissioning works of the system. We believe that this will build up our reputation as a trustworthy and reliable partner who can deliver quality products and services in a safe and efficient way.

During the year, we also established a new joint venture company RYB Dynamics Pte Ltd as we seek to further expand our capability in the Mechanical and Electrical Engineering (M&E) sector. Through leveraging on our established track record in the mechanical and electrical engineering sector, RYB Dynamics Pte Ltd is well-poised to tap on the potential of the demand for specialised building projects such as healthcare buildings, data centre and laboratories in the near future as Singapore embarks on its journey in 2014 to realise the vision of becoming a Smart Nation.

We also saw improving orders and sales from our manufacturing segment, specifically in the production and sale of stainless steel valves. We are quietly excited about the increased activities in this segment and are looking to seize all opportunities.

Outlook

We believe that the public construction sector will continue to grow with the increase in fiscal spending. According to the Building and Construction Authority (BCA), construction contracts for the built environment sector is expected to reach between $29 billion to $36 billion in 2015, with projects from the public sector expected to account for an estimated 60% or $18 billion to $21 billion of the total construction demand. The public construction demand will come mainly from an increase in industrial projects and the sustained pipeline of institutional and civil engineering works.

Despite the optimistic outlook, we expect the operating environment to remain challenging with the present macroeconomic dynamics and intense competition within the industry. With our restructuring efforts bearing fruit, the Group will remain cautious and continue to strive to grow our businesses with a view to return to sustainable growth. We are also constantly looking out for opportunities for strategic acquisitions that can expand the scope of our business, as we seek to chart our course for future growth.

Conclusion

In closing, on behalf of the Board of Directors, we would like to extend our heartfelt appreciation to our management and staff for their hard work and commitment towards the Group. We would also like to express our utmost gratitude to our valued shareholders for your unwavering belief in us. Despite the near-term challenges of a volatile economic environment, our Group has made strides in the right strategic direction. We believe that your support will continue to drive us to achieve greater profitability and deliver higher shareholder returns in the years ahead.

Loh Yih
Executive Chairman and Executive Director

BOARD OF DIRECTORS

Mr Loh Yih
Executive Chairman
& Executive Director

Mr Loh was appointed Executive Chairman in September 2013. He is responsible for the overall management and performance of the Company, its subsidiaries and associated companies. Mr Loh is the Managing Partner of MGF Management Pte Ltd, which was an exempt fund management company that focuses primarily on China Private Equity Investment. In 2005, he invested in Netplus Communication Pte Ltd, an Internet Service Provider in Singapore. He took over as Managing Director from 2005, restructuring and turning the company around before selling the entity to Media Ring, a listed company in 2006. Mr Loh has a professional background in financial services. He has held positions in merchant banking with Standard Chartered Merchant Bank Asia Ltd and West Merchant Bank and in audit with Ernst & Young LLP. He currently holds directorships in Ban Leong Technologies Limited, International Press Softcom Limited and Weichai Power Co. Ltd.

Mr Loh graduated with a Bachelor's Degree in Accountancy (Honours) from National University of Singapore in 1988. He is also a Chartered Financial Analyst.

Mr Wong Kok Chye
Group Chief Executive Officer
& Executive Director

Mr Wong Kok Chye is the Group Chief Executive Officer. Mr Wong joined Linair in 2000 as Project Director and held several other senior positions within the Group before assuming his present position in January 2013. Mr Wong holds a Bachelor degree in Engineering with First Class Honours in Mechanical Engineering from Queen's University of Belfast.

Mr Ong Chin Lin
Independent
Non-Executive Director

Mr Ong Chin Lin is an Lead Independent Non-Executive Director at Linair. He is the Chairman of the Audit Committee, and a member of the Remuneration Committee and the Nominating Committee. Mr Ong had previously held senior financial and operations positions at Prima Flour Ltd, Malaysia-Beijing Travel Sdn Bhd and Nylect Technology Limited. He is currently Independent Non-Executive Director of Yi-Lai Berhad and Old Chang Kee Ltd. Mr Ong graduated with a Bachelor of Commerce (Accountancy) from the then Nanyang University in 1970.

He is a fellowship member of the Institute of Chartered Accountants in England & Wales, and also a member of the Malaysia Institute of Accountants.

Mr Yeo Meng Hin
Independent
Non-Executive Director

Mr Yeo Meng Hin was appointed an Independent Non-Executive Director in September 2013. He was also concurrently appointed the Chairman of the Remuneration Committee, Chairman of the Nominating Committee and a member of the Audit Committee. Mr Yeo is the Asia Pacific Head of Human Resources for a global logistics company. Mr Yeo has also held senior positions at SMRT Corporation Ltd and DFS Group Ltd and brings with him experience in various human resource and consultancy roles in a wide array of industries including hospitality, professional services, property, financial services and retail.

Mr Yeo holds an MBA from the University of Phoenix, USA; a Graduate Diploma in Personnel Management from the Singapore Institute of Management, and a Bachelor of Arts (Economics) from National University of Singapore. He is a Certified Compensation Professional (CCP) and a Global Remuneration Professional (GRP) with the American Compensation Association.

Mr Ho Ta-Huang
Non-Executive
& Non-Independent Director

Mr Ho Ta-Huang is the founder and Chairman of Chern Dar Enterprise Company Limited, a business partner of Linair Group, which is based in Taiwan. He is a member of the Audit Committee, the Nominating Committee and the Remuneration Committee. Mr Ho has over 30 years of experience in the business of manufacturing and installation of stainless steel and galvanised steel ductworks in Taiwan. He is the honorary Chairman of the Taiwan Hardware Association and an inspector with the Taiwan Ventilation Equipment Association.

SENIOR MANAGEMENT

Mr Ng Yui Wei

Group Chief Financial Officer

Mr Ng Yui Wei joined Linair as Group Chief Financial Officer in June 2014 and is responsible for the Group's statutory financial accounts, consolidation and financial reporting to the SGX-ST and overall financial and accounting management of the Group. Mr Ng is also the Company Secretary.

Mr Ng has 14 years of experience in finance and accounting in various industries/organisations and held several financial roles, which included overseeing the finance and accounting function of SGX listed companies.

Mr Ng holds a Bachelor Degree (Hons) in Business Economics and a Master's Degree in Professional Accounting. He is a member of Institute of Singapore Chartered Accountants, a certified practicing accountant of Certified Public Accountants (Australia) and a certified internal auditor of the Institute of Internal Auditors.

Ms Lee Wee Beng

Human Resources Manager

Ms Lee Wee Beng joined Linair as HR Manager in June 2011. She is responsible for the Group's Human Resource program development and implementation. Ms Lee also oversees the Group's administration function.

Ms Lee has more than 18 years of experience in developing people, business and operations both in Malaysia and Singapore. She has broad experience implementing service and operations excellence, process improvements and HR management programs.

Ms Lee holds a Bachelor Degree (Hons) in Business Administration from University of Bolton, United Kingdom.

CORPORATE STRUCTURE

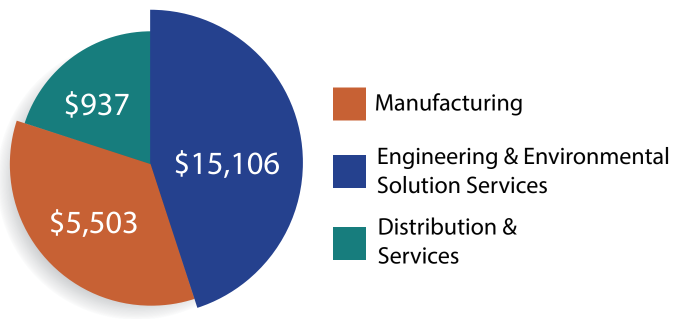
LINAIR

Linair Technologies Limited

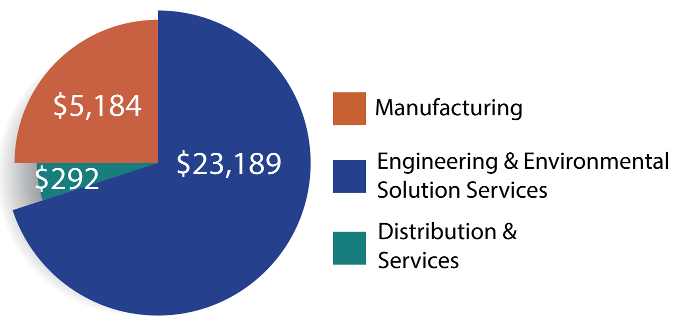
100%	Linair Technologies (M) Sdn Bhd
100%	Air System Technology (S) Pte Ltd
100%	Linair Bio-Science Pte Ltd
100%	Linair Engineering Pte Ltd
50%	RYB Dynamics Pte Ltd
70%	Shanghai Xianda Industry Equipment Installation Co., Ltd
100%	Linair Technologies (Suzhou) Co., Ltd (in liquidation)
24%	Metal Technologies LLC (in liquidation)

FINANCIAL HIGHLIGHTS

Our Segmental Revenue (S$'000)

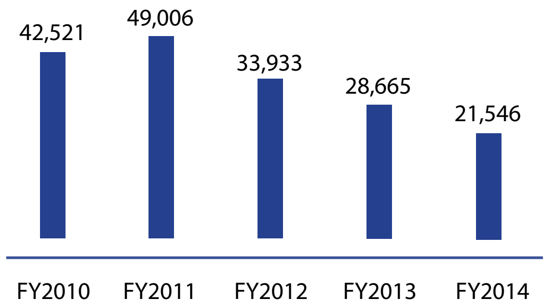


FY2014 Total Revenue: $21,546

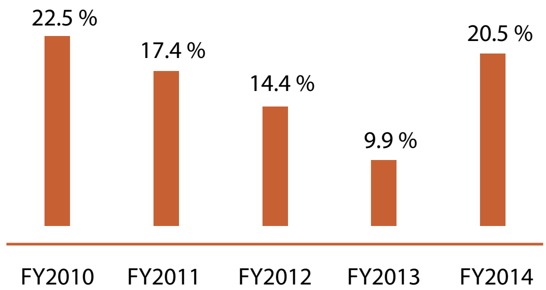


FY2013 Total Revenue: $28,665

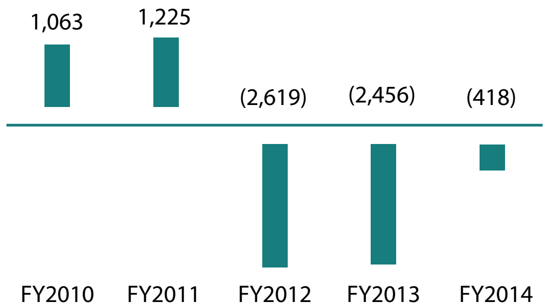
Revenue (S$'000)



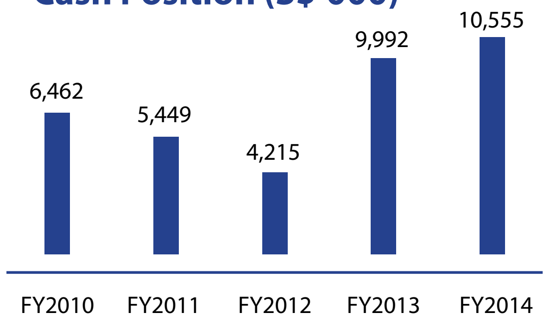
Gross Profit Margin (%)



Net Profit (Loss) (S$'000)



Cash Position (S$'000)



STATEMENT OF CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders. This report below describes the corporate governance framework & practices of the Company with reference to the Code of Corporate Governance 2012 (the "Code 2012") for the financial year ended 31 December 2014 ("FY2014"). Explanations are provided where there are deviations from the Code 2012. The Company has complied with the principles of the Code where appropriate.

1. BOARD MATTERS

1.1. Board's Conduct of Affairs

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

The primary function of the Board is to protect and enhance long term value and returns for shareholders. Besides carrying out its statutory responsibilities, the Board's roles includes:

- Providing entrepreneurial leadership stewardship to the Company including charting its corporate strategies and business plans;
- Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- Authorizing and monitoring major investment and strategic commitments;
- Reviewing and assessing the performance of the Management (comprising executive directors ("**Executive Directors**") and executive officers ("**Executive Officers**")) of the Company;
- Overseeing the evaluation of the adequacy of internal controls, addressing risk management, financial reporting and compliance, and satisfying itself as to the sufficiency of such processes;
- Establishing a framework for effective control, including the safeguarding of shareholders' interests and the company's assets;
- Providing guidance and advice to Management;
- Being responsible for good corporate governance;
- Considering sustainability issues, including environmental and social factors, as part of the Company's strategic formulation;
- Identifying key stakeholder groups of the Company and recognising that their perceptions affect the Company's reputation; and
- Setting the Company's values and standards, including ethical standards, and ensuring that the obligations to its shareholders and other stakeholders are understood and met.

All directors are expected to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has also adopted strict internal guidelines and financial authority limits structure setting forth matters that require Board approval. The Board's decision or specific approval is required on matters such as commitments and payments of operating and capital expenditure exceeding S$2,000,000, major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, release of the Group's half year and full year results announcements and interested person transactions of a material nature.

The Company's Articles of Association permit the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held in FY2014				
Directors	**Number of meetings attended in FY2014**			
Loh Yih	4	4 (1)	1 (1)	1 (1)
Wong Kok Chye	4	4 (1)	1 (1)	1 (1)
Ong Chin Lin	4	4	1	1
Ho Ta-Huang	4	4	1	1
Yeo Meng Hin	3	3	1	1

Notes:

(1) Attendance by invitation.

To assist the Board in the discharge of its responsibilities, the Board has established three (3) Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee. Upon its establishment, the Board Committees operate within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

1.2. Board Composition and Guidance

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

The Board currently consists of five (5) Directors and is as follows:

Loh Yih	Executive Chairman
Wong Kok Chye	Executive Director and Group Chief Executive Officer
Ong Chin Lin	Lead Independent Non-Executive Director
Yeo Meng Hin	Independent Non-Executive Director
Ho Ta-Huang	Non-Executive and Non-Independent Director

The Company endeavours to maintain a strong and independent element on the Board. Two (2) of the Company's Directors are independent, thereby fulfilling the Code 2012's requirement that at least one-third of the Board should comprise Independent Directors. The Company is aware of Guideline 2.2 of the Code 2012 that Independent Directors should constitute at least half of the Board where the Chairman is not an Independent Director, and the Company has plans to satisfy this Guideline 2.2 by year 2016.

The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its 10% shareholders[1] or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs with a view to the best interests of the Company. The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders or its officers that would interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement, with a view to the best interests of the Company. The independence of each Director will be reviewed annually by the Nominating Committee in accordance with the definition of independence in the Code 2012. The Nominating Committee has reviewed and is of the view that the two (2) Independent Directors are independent.

Notes:

(1) The Code 2012 defines a 10% shareholder as a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that shares is not less than 10% of the total votes attached to all the voting shares in the company.

The Board notes that Mr Ong Chin Lin ("Mr Ong") has been an Independent Director of the Company for more than 9 years. The Board has undertaken a rigorous review of the independence of Mr Ong, and has concluded that Mr Ong is suitable to continue as an Independent Director of the Company. During the 10 years period, Mr Ong had no relationship with the Company, its related companies, its 10% shareholders or its officers. Neither Mr Ong nor any of his immediate family member has been employed by the Company or its related companies, has accepted any significant compensation by the Company or its related Company, has been a 10% shareholder, partner, director or executive officer of an organisation which has provided or received significant payments or material services from the Company, is a 10% shareholder of a 10% shareholder of the Company, or has been directly associated with a 10% shareholder of the Company. In addition, the Board also reviews the performance of each independent director and opine that Mr Ong having gained good understanding of the Group's business and operations will be able to continue to bring in valuable expertise, experience and knowledge to the Board. To ensure continued management and governance, the Board believes that Mr Ong can provide the necessary and required stability to work with both new and old directors to collectively drive the Group forward.

A review of the size of the Board will be undertaken by the Company, and the Nominating Committee will also determine if the current size and composition of the Board is appropriate for the scope and nature of the Group's operations, and facilitate effective decision-making. In line with Code 2012, the Nominating Committee will take into account the requirements of the Group's businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Nominating Committee considers the current Board size to be appropriate for effective decision-making, taking into account the nature and scope of the Group's operations.

The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Nominating Committee has reviewed and is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and capabilities required for the Board to be effective, and the present composition of the Board allows it to exercise objective judgement on corporate matters and that no individual or small group of individuals dominates the decisions of the Board.

The Non-Executive Directors effectively check on Management by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Non-Executive Directors may meet regularly on their own as warranted without the presence of Management.

The profiles of the Directors are set out on pages 4 and 5 of this Annual Report.

Upon appointment to the Board, each Director will be given appropriate briefings by the Management on the Business activities of the Group, its strategic direction and the Company's corporate governance policies and practices.

Directors will be updated regularly on accounting and regulatory changes, and are encouraged to attend workshops, seminars and training, to enhance their skills and knowledge, or on relevant new laws, regulations and changing commercial risks.

1.3. Chairman and CEO

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

The company adopts a dual leadership structure whereby the roles of chairman & CEO are separate. There is a clear division of responsibilities between the company's Executive Chairman & CEO, which provides a balance of power and authority.

Mr Loh Yih is the Executive Chairman of the Board, and is responsible for the workings of the Board to ensure the effectiveness and integrity of the governance process. Mr Wong Kok Chye is the Chief Executive Officer ("CEO"), who is responsible for the business and operational decisions of the Group. The Board is of the view that there is a clear division of responsibilities between the Executive Chairman and the CEO in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making. The Executive Chairman is not related to the CEO.

The CEO works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. He reports directly to the Board, and updates the Board on the performance of the Company during regular meetings and ensures that policies and strategies adopted by the Board are implemented. The CEO also works with the senior management of the Group to ensure that the senior management operates in accordance with the strategic and operational objectives of the Group.

The Executive Chairman leads the Board to ensure its effectiveness on all aspects of its role. He approves the agendas for the Board, and ensures that adequate time is available for discussion of all agenda items during the meetings, in particular strategic issues. The agendas for Board Committees are approved by the Executive Chairman together with the respective chairpersons of the Board Committees.

The Executive Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and the shareholders of the Company. He encourages interactions between the Board and the senior management, as well as between the Executive and Non-Executive Directors, and promotes a culture of openness and debate at the Board. The Executive Chairman also ensures that the Directors receive complete, adequate and timely information and ensures effective communication with shareholders. In addition, the Executive Chairman takes a leading role in ensuring the Company's compliance with corporate governance guidelines.

In order to ensure good corporate governance practice and that there is no concentration of power and authority vested in one individual, the Company has appointed Mr Ong as the Lead Independent Director. The Lead Independent Director will be available to the shareholders where they have concerns which cannot be resolved through the normal channels of the Executive Chairman, the CEO or the Chief Financial Officer, or where such contact is not possible or inappropriate. The independent Directors will also meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

1.4. Board Membership

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

The Nominating Committee

The Company has constituted a Nominating Committee to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans. The Nominating Committee comprises Mr Yeo Meng Hin (Chairman of the Nominating Commitee), Mr Ong Chin Lin, and Mr Ho Ta-Huang, of which the majority of whom, including the Chairman, are independent.

The primary function of the Nominating Committee is to determine the criteria for identifying candidates, review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows:-

(a) to make recommendations to the Board on all Board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);

(b) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

(c) to determine annually whether a Director is independent, in accordance with the guidelines contained in the Code 2012;

(d) to decide whether a Director is able to and has adequately carried out his duties as a director of the Company, in particular, where the Director has multiple board representations;

(e) to review and approve any new employment of related persons and the proposed terms of their employment;

(f) put in place and review Board succession plans for the Directors, and in particular, for the Chairman of the Board and the chief executive officer of the Company;

(g) to decide how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term shareholders' value; and

(h) to review the training and professional development programs for the Board.

The Board has implemented a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the Nominating Committee in respect of the assessment of his performance or re-nomination as a Director.

There is a formal and transparent process for the appointment of new Directors to the Board. The Nominating Committee reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. The Nominating Committee has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

In the nomination and selection process of a new Director, the Nominating Committee identifies key attributes of an incoming Director based on the requirements of the Group and recommends to the Board the appointment of the new Director. The Nominating Committee will take into consideration the current Board size and its composition – including the mix of expertise, skills and attributes of the Directors – and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board.

Annually, the Nominating Committee will assess the independence of each Director, the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board. The Nominating Committee is also required to determine whether Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. The Code 2012 requires listed companies to fix the maximum number of board representations on other listed companies that their directors may hold. The Nominating Committee has conducted an annual review of the independence of the Independent Directors, based on guidelines stated in the Code 2012, and has ascertained that they are independent. The Nominating Committee has also fixed the maximum number of board representations on other listed companies that their Directors may hold to be nine (9).

All Directors are subject to the provisions of Article 89 of the Company's Articles of Association whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each annual general meeting, and each Director is required to subject himself for re-nomination and re-election at least once every three (3) years. In addition, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the annual general meeting following his appointment, and is eligible for re-election if he/she so desires.

The Nominating Committee has recommended to the Board that – Mr Ho Ta-Huang and Mr Wong Kok Chye be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. Mr Ho Ta- Huang will, upon re-election as a Director, remain as a member of the Audit Committee, Nominating Committee and Renumeration Committee. Mr Wong Kok Chye will, upon re-election as a Director, remain as the Executive Director and Group Chief Executive Officer of the Company. The current directorships and other principal commitments of Mr Ho Ta-Huang and Mr Wong Kok Chye are found in the table below.

Key information regarding the Directors, including the date of initial appointment and last re-election of each Director, together with their directorships in other companies, are set out on pages 4 and 5 of this Annual Report and below:

Name of Director	Date of initial Appointment	Date of last re-election	Directorships in other listed companies		Other Principal Commitments
			Current	**Past 3 Years**	
Loh Yih	30 September 2013	30 April 2014	• Ban Leong Technologies Limited • International Press Softcom Limited • Weichai Power Co. Ltd.	Nil	Nil
Wong Kok Chye	7 January 2013	29 April 2013	Nil	Nil	Nil
Ong Chin Lin	30 November 2004	30 April 2014	• Old Chang Kee Ltd • Yi-Lai Berhad	Nil	Consultant
Ho Ta-Huang	7 December 2001	27 April 2012	Nil	Nil	Chairman of Chern Dar Enterprise Co., Ltd
Yeo Meng Hin	30 September 2013	30 April 2014	Nil	Nil	Asia Pacific Head of Human Resources for a global logistics company

There are no alternate directors appointed in the Company.

1.5. Board Performance

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

Review of the Board's performance will be conducted by the Nominating Committee annually. The Nominating Committee is guided by its terms of reference which set out its responsibility for assessing the Board's effectiveness as a whole, the effectiveness of its Board Committees, and the contribution from each individual Director to the effectiveness of the Board. The Board, through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

In assessing the effectiveness of the Board, the Nominating Committee considers a number of factors, including the discharge of the Board's functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management. The Nominating Committee's focus in the assessment of the Board's effectiveness is on its ability to provide supervisory and oversight.

With regard to the performance evaluation process, each Director will complete an evaluation questionnaire to assess the performance of the Board as a whole and his individual performance, and provide the feedback to the Nominating Committee. Each member of the Audit Committee, Nominating Committee and Remuneration Committee will also complete evaluation questionnaires in respect of the Audit Committee, Nominating Committee and Remuneration Committee respectively. A summary report will be compiled by the Chairman of Nominating Committee and submitted to the Chairman of the Board for analysis and discussion with a view to implementing certain recommendations to further enhance the effectiveness of the Board. If necessary, a copy of the summary report will be extended to the individual Director for information and feedback. No external facilitator was used in the evaluation process.

In reviewing the Board's effectiveness as a whole, the Nominating Committee shall take into account feedback from Board members as well as the Director's individual skills and experience. The Nominating Committee will also consider the guidelines set out in the Code 2012 for the evaluation and assessment of the performance of the Board as a whole in achieving strategic objectives. The Nominating Committee is of the view that although some of the Directors have multiple board representations, these Directors are able and have been adequately carrying out their duties as Directors of the Company.

The Nominating Committee, having reviewed the overall performance of the Board and the respective committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the respective committees and each individual Director has been satisfactory.

1.6. Access to Information

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

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. The Management reports to the Board the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner. Prior to each Board meeting, the Board members are each provided with the relevant documents and the necessary information to allow the Board to comprehensively understand the issues to be deliberated upon and to make informed decisions thereon, including periodic financial summary reports, budgets, forecasts and other disclosure documents. In respect of budgets, any material variances between projections and actual results of the Company will be reviewed by the Directors, and will be disclosed and explained by the Company to the shareholders. Directors are also entitled to request from Management additional information required to make informed decisions, which the Management will provide in a timely manner.

In exercising their duties, the Directors have unrestricted, separate and independent access to the Company's Management, company secretary ("Company Secretary") and independent auditors. The Company Secretary attends all Board meetings of the Company, ensures a good flow of information within the Board and between the management and the Non-Executive Directors, attends to corporate secretariat administration matters, and advises the Board on governance matters, ensuring Board procedures are followed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

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

2. REMUMERATION MATTERS

2.1. Procedures for Developing Remuneration Policies

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

The Remuneration Committee comprises Mr Yeo Meng Hin (Chairman of the Remuneration Committee), Mr Ong Chin Lin and Mr Ho Ta-Huang, of which the majority of whom, including the Chairman, are independent. The Remuneration Committee is regulated by a set of written terms of reference and has access to independent professional advice, if necessary.

Pursuant to the Remuneration Committee's term of reference, the Remuneration Committee reviews and recommends to the Board a framework of remuneration for the Directors and key management personnel, including the CEO, other personnel having the authority and responsibility for planning, directing and controlling the activities of the Company, and the employees related to the Executive Directors and controlling shareholders of the Company, and determines specific remuneration packages for each Executive Director. The review will cover all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and other benefits-in-kind.

Annually, the Remuneration Committee will review the level and mix of remuneration and benefits policies and practices of the Company, including long-term incentives. When conducting such reviews, the Remuneration Committee will take into account the performance of the Company and that of individual employees. It will also review and approve the framework for salary reviews, performance bonus and incentives for key management personnel of the Group. The recommendations of the Remuneration Committee on remuneration of Directors will be submitted for endorsement by the entire Board.

Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his own remuneration. The Remuneration Committee has met to consider and review the remuneration packages of the Executive Directors and key Executive Officers, including those employees related to the Executive Directors and controlling shareholders of the Company.

The Remuneration Committee may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. Among other things, this helps the Company to stay competitive in its remuneration packages. No independent external consultants have been engaged by the Company for this purpose for FY2014.

2.2. Level and Mix of Remuneration

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

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

The Independent Directors and Non-Executive Director receive a fixed Directors' fees plus a variable component, in accordance with their contribution, taking into account factors such as effort, time spent, and responsibilities of each Director. The Remuneration Committee recognises the need to pay competitive fees to attract, motivate and retain such Independent Directors and Non-Executive Director, yet not over-compensate them to the extent that their independence (if applicable) may be compromised. Directors' fees are recommended by the Board for approval by the shareholders at the Company's annual general meeting.

The Company's Executive Directors, namely Mr Loh Yih and Mr Wong Kok Chye are remunerated based on their service agreements with the Company. The service agreements have a fixed term of three (3) years with a notice period of three (3) months. The remuneration comprises a fixed salary and performance bonuses linked to corporate and individual performances where appropriate, and is designed to align the interests of the Executive Directors with those of shareholders. Independent and Non-Executive Directors do not have service contracts with the Company.

The Group has also entered into letters of employment with all the Executive Officers. Such letters typically provide for the salaries payable to the Executive Officers, their working hours, medical benefits, grounds of termination and certain restrictive covenants.

The Company's compensation framework comprises fixed pay and short-term and long-term incentives. The Company subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating, and potential of the employees. Long-term incentive schemes are put in place to motivate and reward employees and align their interests with the interests of shareholders to promote the long-term success of the Company. The Company's Share Plan (defined below) is administered by the Remuneration Committee with such discretion, powers and duties as are conferred on it by the Board. A member of the Remuneration Committee shall not be involved in the deliberations of the Remuneration Committee in respect of the grant of awards to him. The Company has not granted any shares under its Share Plan (defined below).

The recommendations of the Remuneration Committee will be submitted to the Board for endorsement. The Remuneration Committee will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

2.3. **Disclosure on Remuneration**

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

The breakdown of remuneration of the Directors of the Company for FY2014 is as follows:

Directors/ Chief Executive Officers	Remuneration (S$)	Fees (S$)	Fees %	Salaries %	Bonus %	Other Benefits %	Total %
S$250,000 to S$500,000							
Loh Yih	In between 250,000 to 500,000	–	–	81	10	9	100
Below S$250,000							
Wong Kok Chye	Below 250,000	–	–	80	9	11	100
Ong Chin Lin	–	34,000	100		–	–	100
Ho Ta-Huang	–	30,000	100		–	–	100
Yeo Meng Hin	–	30,000	100		–	–	100

In view of the competitive pressures in the talent market, the remuneration paid to the Executive Chairman and the Chief Executive Officer are disclosed in bands.

Details of remuneration paid to key Executive Officers of the Group for FY2014 is as follows:

Key Executive Officers	Salaries %	Bonus %	Other Benefits %	Total %
Below S$250,000				
Lee Wee Beng	90	10	–	100
Ng Yui Wei	82	11	7	100

The aggregate split of total remuneration paid to the top two key senior management personnel (who are not Directors or the CEO) for FY2014 are disclosed in bands. Save for the four Executive Officers described in the table above, the Company does not have any other key management personnel.

Linair Performance Bonus Share Plan

The Linair Performance Bonus Share Plan ("Share Plan") was approved by the shareholders of the Company on 27 November 2008, and has been renewed by the shareholders at the last annual general meeting held on 30 April 2014. The Share Plan was introduced to promote higher performance goals and recognize commendable exceptional achievement, and to encourage a sense of belonging in its employees. The Share Plan is designed to reward its participants by the issue and/or transfer of fully-paid shares in the Company according to the extent to which they achieve their performance targets over set performance periods.

As of the date of this Report, the Company has not granted any shares under its Share Plan.

The Company's staff remuneration policy is based on individual's rank and role, the individual performance, the Group's performance and industry benchmarking gathered from companies in comparable industries. The remuneration of Non-Executive Directors takes into account their level and quality of contribution and their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. Non-Executive Directors who perform services through Board Committees will be paid additional basic and attendance fees for such services. No Director decides his own fees. Directors' fees will be reviewed periodically to benchmark such fees against the amounts paid by other major listed companies.

3. ACCOUNTABILITY AND AUDIT

3.1. Accountability

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

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfillment of statutory requirements are ways to maintain shareholder's confidence and trust in the Board's capability and integrity.

Currently, the Company is required to release half year and full year results announcements pursuant to the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"). In this respect, the Board, with the assistance of the Management, strives to provide a balanced and understandable assessment of the Group's performance, position and prospects. The Board also undertakes such effort with respect to other price sensitive public reports and reports to regulators, where required. Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

The Management is responsible to the Board and the Board itself is accountable to the shareholders of the Company. The Board is provided with the management accounts of the Group's performance and position on a monthly basis.

The Board has also established written policies of the Company to ensure compliance of the Company with legislative and regulatory requirements, including requirements under the Catalist Rules.

3.2. Risk Management and Internal Controls

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

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board will review on an annual basis the adequacy and effectiveness of the Company's risk management and internal controls system, including financial, operational, compliance and information technology controls.

With the assistance of the internal audit function of the Company and through the Audit Committee, the Board reviews the adequacy and effectiveness of the Company's risk management policies and systems, and key internal controls at least on an annual basis, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report conclusions and recommendations to Management and to the Audit Committee independently.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.

The Board has also received assurances from the CEO and Chief Financial Officer of the Group whom relied upon the representation letters from senior management of key subsidiaries, that:

a) 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) the Company's risk management and internal control systems were adequate and effective as at 31 December 2014.

The Board understands that it may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. The Company currently does not have a separate board risk committee.

3.3. Audit Committee

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

The Audit Committee comprises Mr Ong Chin Lin (Chairman of Audit Committee), Mr Yeo Meng Hin, and Mr Ho Ta-Huang, of which the majority of whom, including the Chairman, are independent.

The Audit Committee members possess many years of experience in accounting, legal, business and financial management. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

It functions under a set of written terms of reference which sets out its responsibilities below. The Audit Committee also has explicit authority to investigate any matter within its terms of reference.

(a) review the scope and results of the audit and its cost effectiveness;

(b) review the independence and objectivity of the external auditors annually;

(c) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;

(d) review the half-yearly and full year financial results before submission to the Board for approval.

(e) review the adequacy of the Group's internal controls, as set out in the Code 2012;

(f) review the effectiveness of the Group's internal audit function;

(g) meet periodically with the Company's internal and external auditors to review their audit plan and discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting controls without the presence of the Company's Management;

(h) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;

(i) review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(j) review the external and internal auditors' reports;

(k) review the co-operation given by the Group's officers to the external auditors;

(l) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules;

(m) review the adequacy of the business risk management process;

(n) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to;

(o) 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 Audit Committee;

(p) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

(q) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time.

In addition to reviewing the effectiveness of the Group's internal audit function, the internal auditor's primary line of reporting is the Chairman of the Audit Committee.

Apart from the above functions, the Audit Committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the Audit Committee will abstain from any deliberations and/or voting in respect of matters in which he is interested.

The Audit Committee has full access to the Management and also full discretion to invite any Director or key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its function properly.

The Audit Committee has met with the external auditors, without the presence of Management, at least once in FY2014.

The Audit Committee has recommended to the Board the nomination of PKF-CAP LLP for their re-appointment as external auditors of the Company at the forthcoming annual general meeting. The Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed re-appointment of PKF-CAP LLP as the external auditors of the Company. The Audit Committee, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. No non-audit fee was paid to the external auditors during the financial year. The aggregate amount of audit fees paid to the external auditors for the financial year is S$ 109,000.

The Group has established a whistle-blowing policy that seeks to provide a channel for the Group's employees to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The Audit Committee will address the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and for appropriate follow-up actions. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees.

The Audit Committee takes measures to keep abreast of the changes to accounting standards and issues which have direct impact on financial statements, with training conducted by professional or external consultants.

3.4. Internal Audit

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

The Board recognises the importance of maintaining an internal audit function to maintain a sound system of internal control within the Group to safeguard shareholders' investments and the Company's assets. The Audit Committee has the responsibility to review annually the adequacy and effectiveness of the internal audit function, review the internal audit program and ensure co-ordination between internal auditor, external auditor and Management, and ensure that the internal auditor carry out its function according to the standards set by nationally or internationally recognised professional bodies, in particular, the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Audit Committee will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The internal audit function of the Group has been outsourced to an external professional Audit Firm and their primary line of reporting is to the Audit Committee. The objective of the internal audit function is to provide an independent review on the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the Audit Committee on the Group's controls and governance processes. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee. An annual internal audit plan which entails the review of the effectiveness of the Group's controls has been developed by the internal auditor. The Audit Committee is satisfied that the internal audit function has been adequately resourced and has the appropriate standing within the Group.

4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

4.1. Shareholder Rights and Communication with Shareholders

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

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

In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.

Pertinent information is communicated to shareholders on a regular and timely basis via SGXNET announcements and news releases. The Group also maintains a website at http://linair.com.sg at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group.

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The financial results for the half-year and full year are released to shareholders within 45 and 60 days of the half-year end and full year end, respectively.

The Board establishes and maintains regular dialogue with its shareholders, to gather views or inputs and to address shareholders' concerns. The annual general meeting of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders of the Company will receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Save for nominee companies, any shareholder who is unable to attend is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Nominee shareholders are allowed to appoint more than two proxies to allow for shareholders who hold shares through such nominee companies to attend and participate in the meetings of the Company as proxies.

The Company does not have a fixed policy on payment of dividends; instead the issue of the payment of dividend is deliberated seriously and at length by the Board annually having regard to various factors. Where dividends are not paid, the Company discloses the reasons. The Company did not pay any dividends in respect of FY2014 in view of the challenging operating environment.

4.2. Conduct of Shareholder Meetings

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

At the annual general meeting, the shareholders of the Company will be given the opportunity to voice their views and direct to the Directors or the Management questions regarding the Company. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions will be voted on by poll.

The Chairman of each Board Committees is required to be present to address questions at the annual general meeting. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

After the annual general meeting, the Company will make an announcement of the details results showing the number of votes cast for and against each resolution and the respective percentage, and will prepare minutes of the annual general meeting. Such minutes are available to shareholders upon their request.

Having undertaken a cost/benefit analysis, the Company has decided not to undertaking polling by means of electronic polling at this juncture.

ADDITIONAL INFORMATION

5. DEALING IN SECURITIES

In line with Rule 1204 (19) of the Catalist Rules on Dealing in Securities, the Company issues circulars to its directors and employees, to remind them that (i) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) they are required to report on their dealings in shares of the Company. The Directors and employees are also reminded of the prohibition in dealing in shares of the Company one month before the release of the half-year and year-end financial results and ending on the date of the announcement of the relevant results. The Company has complied with the said Rule during the financial year.

Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

6. MATERIAL CONTRACTS

Save as disclosed above, there was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

7. INTERESTED PERSONS TRANSACTIONS ("IPTs")

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board. Besides the information disclosed below, there is no other IPTs conducted during the year, which exceeds S$100,000 in value.

Name of Interested Person	**Aggregate value of all IPTs conducted during FY2014 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all IPTs conducted during FY2014 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
	$'000	$'000
Chern Dar Enterprise Co., Ltd		
Purchases	283	N/A

The Group does not have a general mandate obtained from shareholders for IPTs.

8. RISK MANAGEMENT

The Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the Audit Committee.

9. NON-SPONSORS FEES

The Company has appointed RHT Capital Pte. Ltd. ("**RHT Capital**") as the Company's Continuing Sponsor with effect from 23 May 2014.

The Directors and Management of the Company would consult RHT Capital on all material matters relating to compliance with the Catalist Rules, its listing and quotation of its securities, documents to be released to shareholders and to ensure that such documents are in compliance with the Catalist Rules and proper disclosure will be made.

There is no non-sponsor fee paid by the Company to RHT Capital during its financial year.

FINANCIAL CONTENTS

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Linair Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position of the Company for the financial year ended 31 December 2014.

Directors

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

Loh Yih
Wong Kok Chye
Ong Chin Lin
Yeo Meng Hin
Ho Ta-Huang

Arrangements to acquire shares or debentures

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

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares of the Company and its related corporations except as follows:

	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
	Number of ordinary shares fully paid			
Name of corporation: Linair Technologies Limited	At 1.1.2014	At 31.12.2014	At 1.1.2014	At 31.12.2014
Ho Ta-Huang	–	–	45,583,000	45,583,000
Ong Chin Lin	402,000	402,000	–	–
Wong Kok Chye	6,822,000	6,822,000	579,000	579,000
Loh Yih	2,900,000	2,900,000	63,380,000	63,380,000

The directors' interest in shares of the Company at 21 January 2015 were the same as at 31 December 2014.

Directors' contractual benefits

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

Share options

No options to take up unissued shares of the Company or of its subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Ong Chin Lin (Chairman)
Yeo Meng Hin
Ho Ta-Huang

The Audit Committee carried out its functions in accordance with Section 201B of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited, Section B: Rules of Catalist and the Code of Corporate Governance.

In performing its functions, the Audit Committee reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's and the Group's system of internal accounting controls. The Audit Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 as well as the auditor's report thereon. The Audit Committee has full access to and co-operation of the Management and has been given the resources required for it to discharge its functions properly. It also has discretion to invite any Director and executive officer to attend its meetings.

The Audit Committee has also conducted a review of the fees paid or payable to the auditors for non-audit services for financial year ended 31 December 2014. In pursuance with Section 206(1A) of the Companies Act, Cap. 50, and based on the review by the Audit Committee and its recommendation, the Board is also satisfied that the level of non-audit fees paid or payable to the auditors did not affect the independence of the auditors.

The Audit Committee has recommended to the Board the nomination of PKF-CAP LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, Audit Committee and the Board, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks are adequate.

Auditor

The auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the board of directors,

Loh Yih

Wong Kok Chye

27 March 2015

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, statement of changes in equity and the consolidated statement of cash flows, together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

On behalf of the board of directors,

Loh Yih

Wong Kok Chye

27 March 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Linair Technologies Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Linair Technologies Limited ("the Company") and its subsidiaries (collectively, "the Group"), set out on pages 28 to 70, which comprise the statements of financial position of the Company and the Group as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards ("FRSs"), 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 profit and loss accounts and balance sheets 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 whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and FRSs so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	2014 $	2013 $
Revenue	3	**21,546,084**	28,665,437
Cost of sales		**(17,129,001)**	(25,819,458)
Gross profit		**4,417,083**	2,845,979
Other operating income	4	**909,972**	1,088,443
Administrative expenses		**(3,697,238)**	(3,772,430)
Other operating expenses		**(1,955,619)**	(2,550,757)
Finance costs	5(a)	**(31,326)**	(47,214)
Loss before tax	5(b)	**(357,128)**	(2,435,979)
Income tax expense	7	**(60,950)**	(20,320)
Loss for the year		**(418,078)**	(2,456,299)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		**(219,989)**	(483,918)
Total comprehensive loss for the year, net of tax		**(638,067)**	(2,940,217)
Loss attributable to:			
Owners of the Company		**(421,972)**	(2,540,139)
Non-controlling interests		**3,894**	83,840
		(418,078)	(2,456,299)
Total comprehensive loss attributable to:			
Owners of the Company		**(658,774)**	(3,008,812)
Non-controlling interests		**20,707**	68,595
		(638,067)	(2,940,217)
Loss per share attributable to owners of the Company (cents):			
Basic and diluted	8	**(0.12)**	(0.73)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

		The Group		The Company	
		2014	2013	**2014**	2013
	Note	**$**	$	**$**	$
Assets					
Non-current assets					
Goodwill	9	**–**	–	**–**	–
Plant and equipment	10	**1,172,951**	659,963	**76,843**	87,064
Other intangible assets	11	**805,250**	1,207,875	**–**	–
Investment in subsidiaries	12	**–**	–	**7,732,921**	7,682,921
Deferred tax asset	13	**135,000**	–	**–**	–
		2,113,201	1,867,838	**7,809,764**	7,769,985
Current assets					
Inventories	14	**1,564,871**	1,610,703	**681,594**	160,816
Gross amount due from customers for contract work-in-progress	15	**895,267**	865,777	**27,241**	47,361
Trade and other receivables	16	**6,872,728**	7,053,101	**15,158,321**	14,576,430
Prepaid operating expenses		**135,703**	667,031	**18,560**	30,087
Financial asset at fair value through profit or loss	17	**43,833**	40,098	**–**	–
Fixed deposits pledged	18	**1,171,156**	1,170,490	**109,885**	109,885
Cash and cash equivalents	19	**9,383,564**	8,822,189	**1,120,543**	1,133,611
		20,067,122	20,229,389	**17,116,144**	16,058,190
Total assets		**22,180,323**	22,097,227	**24,925,908**	23,828,175
Equity and liabilities					
Current liabilities					
Gross amount due to customers for contract work-in-progress	15	**356,508**	652,074	**–**	–
Trade and other payables	20	**8,055,061**	7,460,300	**17,655,842**	16,488,269
Income tax payable		**305,891**	13,960	**–**	–
Bank borrowings	21(a)	**202,289**	191,965	**–**	–
Obligation under finance lease	21(b)	**99,382**	–	**–**	–
		9,019,131	8,318,299	**17,655,842**	16,488,269
Non-current liabilities					
Deferred tax liabilities	13	**22,296**	77,583	**–**	–
Bank borrowings	21(a)	**268,229**	470,518	**–**	–
Obligation under finance lease	21(b)	**227,907**	–	**–**	–
		518,432	548,101	**–**	–
Total liabilities		**9,537,563**	8,866,400	**17,655,842**	16,488,269

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

		The Group		The Company	
		2014	2013	**2014**	2013
	Note	**$**	$	**$**	$
Capital and reserves					
Share capital	22	**17,580,594**	17,580,594	**17,580,594**	17,580,594
Accumulated losses		**(4,354,795)**	(3,932,823)	**(10,310,528)**	(10,240,688)
Foreign currency translation reserve	23	**(722,341)**	(485,539)	**–**	–
Attributable to owners of the Company		**12,503,458**	13,162,232	**7,270,066**	7,339,906
Non-controlling interests		**139,302**	68,595	**–**	–
Total equity		**12,642,760**	13,230,827	**7,270,066**	7,339,906
Total equity and liabilities		**22,180,323**	22,097,227	**24,925,908**	23,828,175

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Group	Attributable to owners of the Company					
	Share capital	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total
	$	$	$	$	$	$
Balance at 1 January 2013	17,580,594	(16,866)	(1,392,684)	16,171,044	–	16,171,044
Loss for the year	–	–	(2,540,139)	(2,540,139)	83,840	(2,456,299)
Other comprehensive loss						
Exchange difference on translation of foreign operations, net of tax	–	(468,673)	–	(468,673)	(15,245)	(483,918)
Total comprehensive loss for the year	–	(468,673)	(2,540,139)	(3,008,812)	68,595	(2,940,217)
Balance at 31 December 2013	17,580,594	(485,539)	(3,932,823)	13,162,232	68,595	13,230,827
Balance at 1 January 2014	17,580,594	(485,539)	(3,932,823)	13,162,232	68,595	13,230,827
Loss for the year	**–**	**–**	**(421,972)**	**(421,972)**	**3,894**	**(418,078)**
Other comprehensive loss						
Exchange difference on translation of foreign operations, net of tax	**–**	**(236,802)**	**–**	**(236,802)**	**16,813**	**(219,989)**
Total comprehensive loss for the year	**–**	**(236,802)**	**(421,972)**	**(658,774)**	**20,707**	**(638,067)**
Incorporation of subsidiary	**–**	**–**	**–**	**–**	**50,000**	**50,000**
Balance at 31 December 2014	**17,580,594**	**(722,341)**	**(4,354,795)**	**(12,503,458)**	**139,302**	**12,642,760**

Company	Share capital	Accumulated losses	Total
	$	$	$
Balance at 1 January 2013	17,580,594	(8,549,817)	9,030,777
Loss for the year	–	(1,690,871)	(1,690,871)
Other comprehensive loss	–	–	–
Total comprehensive loss for the year	–	(1,690,871)	(1,690,871)
Balance at 31 December 2013	17,580,594	(10,240,688)	7,339,906
Balance at 1 January 2014	17,580,594	(10,240,688)	7,339,906
Loss for the year	**–**	**(69,840)**	**(69,840)**
Other comprehensive loss	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**(69,840)**	**(69,840)**
Balance at 31 December 2014	**17,580,594**	**(10,310,528)**	**7,270,066**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	2014 $	2013 $
Cash Flows from Operating Activities		
Loss before tax	**(357,128)**	(2,435,979)
Adjustments for:		
Allowance for impairment loss on trade receivables	**110,970**	352,480
Amortisation of intangible assets	**402,625**	402,625
Bad debt recovered	**(38,123)**	(292,145)
Bad debt written off	**1,241**	52,830
Depreciation of plant and equipment	**349,064**	500,858
Fair value adjustment on financial asset at fair value through profit or loss	**(3,735)**	(10,614)
Loss/(gain) on disposal of plant and equipment	**48,716**	(197,660)
Impairment of goodwill	**–**	708,184
Interest expense	**31,326**	47,214
Interest income	**(13,494)**	(14,450)
Write down of slow-moving inventories	**–**	124,371
Provision for warranty costs	**109,162**	–
Write-back for warranty costs	**(506,043)**	(201,801)
Write-back of impairment loss on trade receivables	**(43,780)**	(336,428)
Write-back for slow-moving inventories	**(21,027)**	(16,307)
Write off of plant and equipment	**710**	–
Operating cash flows before changes in working capital	**70,484**	(1,316,822)
Decrease/(increase) in inventories	**66,859**	(210,868)
(Increase)/decrease in amount due from customers for contract work-in-progress	**(325,056)**	266,846
Decrease in trade and other receivables	**870,358**	3,601,323
Increase/(decrease) in trade and other payables	**991,642**	(428,372)
Currency translation adjustments	**(199,599)**	(465,377)
Cash flows generated from operations	**1,474,688**	1,446,730
Interest received	**13,494**	3,317
Tax paid	**(98,271)**	(92,551)
Net cash generated from operating activities	**1,389,911**	1,357,496
Cash Flows from Investing Activities		
Proceeds from disposal of plant and equipment	**50,233**	169,827
Purchase of plant and equipment	**(982,101)**	(127,940)
Net cash (used in)/generated from investing activities	**(931,868)**	41,887
Cash Flows from Financing Activities		
(Increase)/decrease in fixed deposits pledged	**(666)**	3,785,739
Bank borrowings repaid	**(191,965)**	(1,330,269)
Bank loan drawn down	**–**	800,000
Finance lease drawn down	**326,356**	–
Interest paid	**(30,393)**	(47,214)
Net cash generated from financing activities	**103,332**	3,208,256
Net increase in cash and cash equivalents	**561,375**	4,607,639
Cash and cash equivalents at the beginning of the year	**8,822,189**	4,214,550
Cash and cash equivalents at the end of the year (Note 19)	**9,383,564**	8,822,189

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

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

1 General information

The Company is a limited liability company and incorporated in the Republic of Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (''SGX-ST'').

The registered office and principal place of business of the Company is located at 33 Mactaggart Road, #04-00, Singapore 368082.

The principal activities of the Company are that of business of supply and installation of environment-control exhaust systems from its component parts and investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRSs"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

In the process of applying the Group's accounting policies, which are described in Note 2(c), management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

<u>Impairment of goodwill</u>

The Group determines whether goodwill is impaired at least once on an annual basis. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows. Further details on the key assumptions applied in the impairment assessment of goodwill are described in Note 9 to the financial statements.

<u>Amortisation and impairment of other intangible assets</u>

The other intangible asset related to the BCA L6 licence with finite useful lives is amortised over the estimated useful lives of 9 years when it is first acquired. Disclosures on the remaining amortisation period are made in Note 11 to the financial statements.

The Group assesses whether there are any indicators of impairment of intangible assets at each reporting date and they are tested for impairment when such indicator exists. When the value-in-use calculations are undertaken, the management must estimate the expected future cash flows from the asset and choose a suitable discount rate to calculate the net present value of those cash flows. There is no indicator of impairment in the current and previous years.

<u>Depreciation of plant and equipment</u>

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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

Significant accounting estimates and judgements (cont'd)

Impairment of plant and equipment

The Group assesses whether there are any indicators of impairment of plant and equipment at each reporting date and they are tested for impairment when such indicator exists. When the value-in-use calculations are undertaken, the management must estimate the expected future cash flows from the asset and choose a suitable discount rate to calculate the net present value of those cash flows.

The carrying amounts of the Group's and the Company's plant and equipment as at 31 December 2014 are disclosed in Note 10 to the financial statements.

Impairment of investments in subsidiaries

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the carrying amounts of the investments are determined on the basis of the net recoverable amounts to determine the extent of the impairment loss.

During the financial year, the Company provided an impairment loss of $Nil (2013: $707,648) to write-down the carrying amount of investment in a subsidiary as the subsidiary is undergoing voluntary liquidation.

Revenue and cost of sales recognition

The Group has recognised revenue generated from installation contracts and relevant cost of sales incurred by using the percentage of completion method. The assessment of the percentage of completion requires the examination of the circumstances of the transactions. The Group believes that its recognition basis of sales and cost of sales as set out in Note 2(c) is appropriate.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. An expected loss on the construction contract should be recognised as an expense immediately. There is no expected loss on the construction contract recognised in current and previous year.

Income tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. When 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.

Allowance for impairment loss on trade and other receivables

The Group provides for allowance for impairment on trade and other receivables mainly based on the collectibility of the individual receivables at the end of the year. The balance of allowance for impairment loss on trade and other receivables as at 31 December 2014 amounted to $2,018,894 (2013: $1,924,855) (Note 16).

Write down for slow-moving inventories

The Group assesses the write down for slow-moving inventories when the related inventories are not saleable above their carrying amounts. A write down of $Nil (2013: $124,371) is made and is recognised in "other operating expenses". The Group have recognised a reversal of write down of $21,027 (2013: $16,307) as the inventories were sold above the carrying amount.

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

Significant accounting estimates and judgements (cont'd)

Provision for warranty costs

A provision is recognised for expected warranty claims on construction projects completed during the year, based on past experience of the level of claims made by the customer.

The provision for warranty costs represents management's best estimate of the Group's liability for additional costs to be incurred for the completed projects within warranty periods granted and the amount recognised as at 31 December 2014 is $190,619 (2013: $587,500) (Note 20).

2(b) Adoption of new and revised financial reporting standards

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 and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any material impact on the financial performance or position of the Group and the Company.

FRS and INT FRS not yet effective

The Group has not applied the following FRS and INT FRS that are relevant to the Group that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions		1 July 2014
Improvements to FRSs (January 2014)		
(a)	Amendments to FRS 102 Share Based Payment	1 July 2014
(b)	Amendments to FRS 103 Business Combinations	1 July 2014
(c)	Amendments to FRS 108 Operating Segments	1 July 2014
(d)	Amendments to FRS 113 Fair Value Measurement	1 July 2014
(e)	Amendments to FRS 16 Property, Plant and Equipment andFRS 38 Intangible Assets	1 July 2014
(f)	Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)		
(a)	Amendments to FRS 103 Business Combinations	1 July 2014
(b)	Amendments to FRS 113 Fair Value Measurement	1 July 2014

The directors anticipate that the adoption of the above FRS and amendments to FRS in future period will not have a material impact on the financial position or financial performance of the Group in the period of their initial adoption.

2(c) Summary of significant accounting policies

Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Details of its subsidiaries are given in Note 12. All inter-company balances and significant inter-company transactions and resulting unrealised profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

The financial statements of the subsidiaries used in the presentation 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.

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

Basis of consolidation (cont'd)

The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from consolidated financial statements from the effective dates of acquisition or disposal i.e. when the power to govern the financial and operating policies of the subsidiary is ceded. Where accounting policies of the subsidiary do not conform to those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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 accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) 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.

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

Changes in the Company owners' 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.

Goodwill

Goodwill on consolidation arises when purchase price exceeds the fair values attributed to net assets at the date of acquisition.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated statement of comprehensive income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

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

Other intangible assets

Intangible assets acquired are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of intangible assets is recognised in profit or loss.

Intangible assets with finite useful lives are amortised over the estimated useful lives of 4 years using straight-line method 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.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Furniture and fittings	3 - 10 years
Plant and machinery	3 - 10 years
Renovation	10 years
Motor vehicles	5 years
Computers and office equipment	3 - 10 years

The cost of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration costs is also included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

The carrying amounts of plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and fair value less cost to sell.

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

An item of 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 profit or loss in the year the asset is derecognised.

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has right, 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. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is controlled or jointly controlled by a person identified in (a);
(vi) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the entity are considered key management personnel.

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:

- Raw materials: purchase costs on a first-in first-out basis.

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

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Amount due from/(to) customers for contract work-in-progress

Contract revenue and contract costs from engineering services are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers.

The stage of completion is determined by surveys of work performed.

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

Amount due from/(to) customers for contract work-in-progress (cont'd)

At the end of the reporting period, the aggregated costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as gross amount due from customers on contract work-in-progress on the face of statements of financial position. Where progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is presented as gross amount due to customers on contract work-in-progress on the face of the statements of financial position.

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is defined as the higher of value in use and its fair value less costs to sell. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, where applicable. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents.

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

Financial assets (cont'd)

(a) Classification (cont'd)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the profit or loss. Any amount in the fair value reserve relating to that asset is also taken to the profit or loss.

(c) Initial measurement

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

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' investment category are included in the profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the profit or loss.

(e) Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

Financial assets (cont'd)

(f) Impairment

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

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the 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 Company and the Group consider 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 the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

(ii) 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Company's and the Group's financial liabilities include trade and other payables (excluding provision for warranty costs) and bank borrowings. Financial liabilities are recognised when the Company and the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance costs" in profit or loss.

Payables

Payables are initially recognised at cost, which is the fair value of the consideration to be paid in the future less transaction cost, for goods and services received, whether or not billed to the Company and the Group. These are subsequently measured at amortised cost using the effective interest method.

Payables include trade and non-trade balances with third parties and related companies.

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

Borrowings

Interest-bearing loans are recognised initially at fair value, less attributable transaction costs, if any. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost which is the initial fair value less any principal repayments. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Leases

(a) Finance leases

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

(b) Operating leases

Rental expenses on operating leases are charged to the profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the total lease rentals. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary companies. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiary companies fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the profit or loss over the period of the subsidiary companies' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Provisions

Provisions are recognised when the Company and the Group have 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 a reliable estimate can be made of the amount of the obligation.

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

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

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.

Financial instruments

Financial instruments carried on the statements of financial position include cash and cash equivalents, fixed deposits, trade and other receivables, financial asset at fair value through profit or loss, trade and other payables, and bank borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Disclosures on financial risk management are provided in Note 27.

Employee benefits

Defined contribution plans

The Company and the Group contribute to the Central Provident Fund ("CPF") or equivalent fund, a defined contribution plan regulated and managed by the Government of Singapore or other authorities, which applies to the majority of the employees. The Company's and the Group's contributions to CPF or equivalent are recognised to the profit or loss in the period to which the contributions relate.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax in respect of the current financial year.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's and the Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

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.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax shall be recognised outside profit or loss if the tax relates to items that are recognised, in the same or different period, outside profit or loss. In these cases, deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts. 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. The following specific recognition criteria must also be met before revenue is recognised:

(a) Manufacturing revenue relates to revenue generated from the manufacture, supply, installation and maintenance of Ethylene Tetrafluoroethylene (''ETFE") coated ducts, uncoated stainless steel ducts and galvanised ducts which will be integrated with third-party equipment such as fume-hoods, scrubbers and fans for a complete environment-control system.

Manufacturing revenue is recognised in the period in which the services are rendered. Such services are normally short in duration.

(b) Engineering services revenue is recognised in the period in which the services are rendered.

Engineering services revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to survey of work performed.

(c) Distribution & services revenue relates to distribution of the air-flow systems and Individual Ventilated Cages. Distribution & services revenue is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

(d) Interest income is recognised using the effective interest method.

(e) Other service income is recognised as revenue in the period in which the services are rendered which are normally within short duration.

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. When the grant relates to an expense item, it is recognised in the profit or loss over the period necessary to match it on a systematic basis to the costs that it is intended to compensate. Grants related to income are deducted in reporting the related expenses.

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("the functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars ("$"), which is also the functional currency of the Company.

Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into functional currency at rates of exchange closely approximating those ruling at reporting date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit or loss in the period in which they arise.

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 as the date when the fair value was determined.

Assets and liabilities of the foreign subsidiaries are translated at the rates of exchange ruling at reporting date. The statement of comprehensive income of the foreign subsidiaries that include foreign operation are translated at the average monthly rates. Foreign translation adjustments arising are recognised initially in other comprehensive income and accumulated in the foreign exchange translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

3 Revenue

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

	The Group	
	2014	2013
	$	$
Engineering services	**15,105,337**	23,189,476
Manufacturing	**5,503,282**	5,183,915
Distribution & services	**937,465**	292,046
	21,546,084	28,665,437

4 Other operating income

	The Group	
	2014	2013
	$	$
Foreign exchange gain	**134,227**	373,610
Gain on disposal of plant and equipment	**–**	197,660
Grant received from government	**94,818**	46,544
Interest income	**13,494**	14,450
Other service income	**111,945**	170,162
Write-back of provision for warranty	**505,743**	201,801
Other income	**49,745**	84,216
	909,972	1,088,443

5(a) Finance costs

	The Group	
	2014	2013
	$	$
Interest expense on:		
Bank borrowings	**30,393**	47,214
Finance lease	**933**	–
	31,326	47,214

5(b) Loss before tax

	The Group	
	2014	2013
	$	$
Loss before tax has been arrived at after (crediting)/charging:		
Audit fees paid to the auditors of the Company	**109,000**	119,000
Audit fees paid to other auditors	**10,539**	7,946
Non-audit fees paid to the auditors of the Company	**–**	3,000
Allowance for impairment on trade receivables	**292,286**	352,480
Amortisation of intangible assets	**402,625**	402,625
Bad debt recovered	**(38,123)**	(292,145)
Bad debt written off	**1,241**	52,830
Loss on disposal of fixed assets	**48,716**	–
Depreciation of plant and equipment included in other operating expenses	**154,398**	300,713
Depreciation of plant and equipment included in cost of sales	**194,666**	200,145
Directors' fees	**72,000**	204,000
Employee benefits expense (Note 6)	**3,997,990**	3,570,054
Fair value adjustment on financial asset at fair value through profit or loss	**(3,735)**	(10,614)
Impairment loss on goodwill	**–**	708,184
Operating lease rentals included in other operating expenses	**516,975**	608,181
Operating lease rentals included in cost of sales	**126,144**	129,201
Provision for warranty costs	**109,162**	–
Write-back of allowance for slow-moving inventories	**(21,027)**	(16,307)
Write-back of impairment loss on trade receivables	**(43,780)**	(336,428)
Write-back of provision for warranty	**(505,743)**	(201,801)
Write down of slow-moving inventories	**–**	124,371
Write-off of plant and equipment	**710**	–

6 Employee benefits expense

	The Group	
	2014	2013
	$	$
Salary and related costs	**3,781,609**	3,102,844
Contributions to defined contribution plans	**216,381**	256,362
Termination benefits	**–**	210,848
	3,997,990	3,570,054

The above amounts include employee benefits paid to directors of the Company (Note 24(b)).

7 Income tax expense

	The Group	
	2014	2013
	$	$
Current tax	**326,099**	113,914
Deferred tax (Note 13)	**(193,655)**	(43,842)
	132,444	70,072
Overprovision in respect of prior years:		
Current tax	**(74,990)**	(48,709)
Deferred tax (Note 13)	**3,496**	(1,043)
	60,950	20,320

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's loss as a result of the following:

Loss before tax	**(357,128)**	(2,435,979)
Tax at Singapore statutory income tax rate of 17% (2013:17%)	**(60,712)**	(414,116)
Deferred tax benefits not recognised	**–**	397,685
Effect of different tax rates of overseas operations	**88,190**	6,521
Tax effect on non-deductible expenses	**160,467**	182,089
Tax effect on non-taxable income	**(7,425)**	(94,460)
Utilisation of deferred tax previously not recognised	**(42,498)**	–
Overprovision of current tax in prior years	**(74,990)**	(48,709)
Under/(over) provision of deferred tax in prior years	**3,496**	(1,043)
Others	**(5,578)**	(7,647)
Income tax expense	**60,950**	20,320

As at reporting date, the Company and its Singapore subsidiaries have unutilised tax losses of approximately $2,683,000 (2013: $1,903,000) and unabsorbed capital allowance of $364,000 (2013: $364,000) available for offset against future taxable profits. In addition, certain overseas subsidiaries have unutilised tax losses of approximately $1,192,000 (2013: $1,177,000) which may be carried forward for a period of up to five years, subsequent to the year of the loss incurred. The utilisation of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with the provisions of the tax legislation of the respective countries in which the companies operate.

8 Loss per share

The basic and diluted loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares. These loss and share data are presented in the tables below:

	2014		2013	
	Basic	**Diluted**	Basic	Diluted
	$	**$**	$	$
Net loss attributable to owners of the Company	**(421,972)**	**(421,972)**	(2,540,139)	(2,540,139)
	Number of shares		Number of shares	
Weighted average number of ordinary shares used to compute losses per share	**348,783,140**	**348,783,140**	348,783,140	348,783,140
Loss per share (cents)	**(0.12)**	**(0.12)**	(0.73)	(0.73)

9 Goodwill

	The Group	
	2014	2013
	$	$
At Cost		
Balance at beginning/end of the year	**1,291,100**	1,291,100
Accumulated impairment loss	**(1,291,100)**	(1,291,100)
Carrying amount	**–**	–

The goodwill represents the excess of the cost of acquisition over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. For the purpose of impairment testing, the above goodwill is allocated to the Group's operation which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment testing for goodwill

Goodwill arising from business combinations is allocated to the cash-generating units ("CGUs"), categorised under the Engineering services business of the Group.

The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations used cash flow projections from financial budgets approved by the management covering a five-year period.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flows for the five-year period and beyond is as follows:

	2013
Growth rate	2.5%
Pre-tax discount rate	10.81%

The value-in-use calculation for the CGU is most sensitive to the following assumptions:

Budgeted gross margin – Gross margin are based on past history records. Gross margin used remains constant in the projected cash flow as a result of market competition.

Growth rate – The forecasted growth rate applied in the cash flow projections represents management's best estimate of likely economic conditions for the forecasted period.

Pre-tax discount rate – Discount rates represent the current market assessment of the risk specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

An impairment loss of $708,184 was recognised in previous year and recorded in "Other operating expenses".

10 Plant and equipment

The Group	Furniture and fittings	Plant and machinery	Renovation	Motor vehicles	Computers and office equipment	Total
	$	$	$	$	$	$
Cost						
At 1.1.2013	175,074	8,219,545	617,010	389,046	488,423	9,889,098
Additions	900	86,207	–	–	40,833	127,940
Disposals	–	(1,391,420)	(288,834)	(198,738)	(107,916)	(1,986,908)
Write-off	(731)	(3,288)	–	–	(2,073)	(6,092)
Foreign exchange difference	(756)	87,258	4,505	5,186	6,963	103,156
At 31.12.2013	174,487	6,998,302	332,681	195,494	426,230	8,127,194
Additions	3,553	748,830	4,488	119,439	105,791	982,101
Disposals	(272)	(494,744)	–	–	–	(495,016)
Write-off	–	(1,959)	(5,663)	–	–	(7,622)
Foreign exchange difference	(489)	(48,713)	(2,600)	(691)	(478)	(52,971)
At 31.12.2014	**177,279**	**7,201,716**	**328,906**	**314,242**	**531,543**	**8,553,686**
Accumulated depreciation						
At 1.1.2013	123,648	7,427,859	489,505	335,780	460,884	8,837,676
Depreciation for the year	3,152	329,217	87,020	22,912	58,557	500,858
Disposals	–	(1,391,420)	(280,389)	(141,086)	(100,437)	(1,913,332)
Write-off	(731)	(3,288)	–	–	(2,073)	(6,092)
Foreign exchange difference	(637)	99,103	(12,274)	(43,022)	4,951	48,121
At 31.12.2013	125,432	6,461,471	283,862	174,584	421,882	7,467,231
Depreciation for the year	52,031	227,573	27,709	8,559	33,192	349,064
Disposals	(272)	(395,795)	–	–	–	(396,067)
Write-off	–	(1,249)	(5,663)	–	–	(6,912)
Foreign exchange difference	(372)	(28,748)	(2,407)	(691)	(363)	(32,581)
At 31.12.2014	**176,819**	**6,263,252**	**303,501**	**182,452**	**454,711**	**7,380,735**
Net carrying amount						
At 31.12.2013	49,055	536,831	48,819	20,910	4,348	659,963
At 31.12.2014	**460**	**938,464**	**25,405**	**131,790**	**76,832**	**1,172,951**

During the year, the Group acquired asset through finance lease amounting to $693,589 (2013: $Nil). The net carrying amount of asset acquired under finance lease (Note 21(b)) at the reporting date amounted to $630,761 (2013: $Nil).

10 Plant and equipment (Cont'd)

The Company	Furniture and fittings	Plant and machinery	Renovation	Motor vehicles	Computers and office equipment	Total
	$	$	$	$	$	$
Cost						
At 1.1.2013	29,311	1,277,304	97,457	52,150	178,160	1,634,382
Additions	–	76,800	–	–	3,824	80,624
Write-off	(731)	(3,288)	–	–	(2,073)	(6,092)
At 31.12.2013	28,580	1,350,816	97,457	52,150	179,911	1,708,914
Additions	–	62,739	–	21,466	20,452	104,657
Disposal	–	(34,200)	–	–	–	(34,200)
At 31.12.2014	**28,580**	**1,379,355**	**97,457**	**73,616**	**200,363**	**1,779,371**
Accumulated depreciation						
At 1.1.2013	29,311	1,274,604	45,864	52,150	159,741	1,561,670
Depreciation for the year	–	26,950	25,729	–	13,593	66,272
Write-off	(731)	(3,288)	–	–	(2,073)	(6,092)
At 31.12.2013	28,580	1,298,266	71,593	52,150	171,261	1,621,850
Depreciation for the year	–	47,863	25,729	4,293	14,193	92,078
Disposal	–	(11,400)	–	–	–	(11,400)
At 31.12.2014	**28,580**	**1,334,729**	**97,322**	**56,443**	**185,454**	**1,702,528**
Net carrying amount						
At 31.12.2013	–	52,550	25,864	–	8,650	87,064
At 31.12.2014	**–**	**44,626**	**135**	**17,173**	**14,909**	**76,843**

11 Other intangible assets

	The Group	
	2014	2013
	$	$
Cost:		
Balance at beginning/end of the year	**3,221,000**	3,221,000
Accumulated amortisation:		
Balance at beginning of year	**2,013,125**	1,610,500
Additions	**402,625**	402,625
Balance at end of year	**2,415,750**	2,013,125
Net carrying amount	**805,250**	1,207,875

11 Other intangible assets (cont'd)

The other intangible assets relate to the BCA L6 licence obtained and expected to be renewed with a remaining amortisation period of two years (2013: three years).

The amortisation of other intangible assets is included in "Other operating expenses".

12 Investment in subsidiaries

	The Company	
	2014	2013
	$	$
Unquoted equity investments, at cost	**17,368,012**	17,318,012
Allowance for impairment losses	**(9,635,091)**	(9,635,091)
	7,732,921	7,682,921

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ Place of business	Cost of investment		Percentage of equity held		Principal activities
		2014	**2013**	**2014**	**2013**	
		$	**$**			
Linair Technologies (M) Sdn. Bhd. (1)	Malaysia	**268,563**	268,563	**100%**	100%	Manufacture of air related ducts and accessories
Linair Engineering Pte. Ltd. (2)	Singapore	**130,880**	130,880	**100%**	100%	Installation of environment-control exhaust systems.
Linair Bio-Science Pte. Ltd. (2)	Singapore	**500,000**	500,000	**100%**	100%	Mechanical engineering works including design, installation, testing and commission and maintenance of airflow control systems, provide laboratory equipping, decontamination, indoor air quality evaluation and certification
Linair Technologies (Suzhou) Co., Ltd. (3)	People's Republic of China	**8,253,461**	8,253,461	**100%**	100%	Inactive, in liquidation
Shanghai XianDa Industry Equipment Installation Co., Ltd (3)	People's Republic of China	**750,750**	750,750	**70%**	70%	Dormant
RYB Dynamics Pte Ltd (3)	Singapore	**50,000**	–	**50%**	–	Electrical and engineering works

12 Investment in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation/ Place of business	Cost of investment		Percentage of equity held		Principal activities
		2014	2013	2014	2013	
		$	$			
Air System Technology (S) Pte Ltd (2)	Singapore	**7,414,358**	7,414,358	**100%**	100%	General contractors for building construction, pumping and air-conditioning
		17,368,012	17,318,012			

(1) Audited by PKF Malaysia
(2) Audited by PKF-CAP LLP, Singapore
(3) Reviewed by PKF-CAP LLP, Singapore for consolidation purposes

The movement of allowance for impairment losses is as follows:

	2014	2013
	$	$
Balance at beginning of the year	**9,635,091**	8,927,443
Impairment loss during the year	–	707,648
Balance at end of the year	**9,635,091**	9,635,091

Impairment in investment in subsidiaries

In previous financial years, management performed an impairment test for the investment in Linair Engineering Pte Ltd, Linair Bio-Science Pte Ltd and Shanghai Xianda Industry Equipment Installation Co., Ltd as these subsidiaries had been making losses. An impairment loss of $1,381,630 was made to write-down the carrying amount to its recoverable amount. The recoverable amount of the investment has been determined on the basis of their net asset values at the reporting date as in the opinion of the directors of the Company, the net asset values of these subsidiaries reasonably approximate their recoverable amounts.

During the current financial year, an impairment loss of $Nil (2013: $707,648) was made to write-down the carrying amount as the subsidiary is undergoing voluntary liquidation.

Incorporation of a subsidiary

During the financial year, the Company together with an individual, have incorporated a company, RYB Dynamics Pte Ltd with issued and paid-up share capital of $100,000 with the Company holding 50% and the remaining 50% holds by the individual.

13 Deferred tax asset/(liabilities)

	The Group	
	2014	2013
	$	$
Deferred tax asset	**135,000**	–
Deferred tax liabilities	**(22,296)**	(77,583)
	112,704	(77,583)

The movements of deferred tax are as follows:

	The Group	
Balance at beginning of the year	**(77,583)**	(125,183)
Adjustment to profit or loss (Note 7)	**190,159**	44,885
Exchange differences	**128**	2,715
Balance at end of the year	**112,704**	(77,583)

The deferred tax are attributable to the followings:

	The Group	
Excess of net carrying amount over tax written down value of plant and equipment	**(22,296)**	(77,583)
Unabsorbed tax losses	**135,000**	–
	112,704	(77,583)

14 Inventories

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
At net realisable value:				
Raw materials	**628,801**	912,336	**–**	52,653
Work-in-progress	**91,615**	1,001	**–**	–
Finished goods	**843,440**	697,366	**681,594**	108,163
Goods in transit	**1,015**	–	**–**	–
	1,564,871	1,610,703	**681,594**	160,816

The cost of inventories recognised as an expense and included in "Cost of sales" in the profit or loss amounted to $3,517,015 (2013: $2,922,378).

Due to obsolescence of inventories and decline in net realisable value below cost, the Company and the Group have written down the inventories of the Company and the Group amounting to $Nil (2013: $5,001) and $Nil (2013: $124,371) respectively.

The Company and the Group have recognised a reversal of write down of $1,311 (2013: $6,510) and $21,027 (2013: $16,307) respectively as the inventories were sold above the carrying amount.

15 Gross amount due from/ (to) customers for contract work-in-progress

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Aggregate costs incurred to date	**14,370,464**	24,047,872	**411,842**	2,788,958
Attributable profit recognised to date	**1,545,936**	2,056,297	**125,399**	818,403
	15,916,400	26,104,169	**537,241**	3,607,361
Progress billings	**(15,377,641)**	(25,890,466)	**(510,000)**	(3,560,000)
Gross amount due from customers for contract work-in-progress	**538,759**	213,703	**27,241**	47,361
Gross amount due from customers for contract work-in-progress	**895,267**	865,777	**27,241**	47,361
Gross amount due to customers for contract work-in-progress	**(356,508)**	(652,074)	**–**	–
	538,759	213,703	**27,241**	47,361
Retention sums receivable on construction contracts (Note 16)	**2,002,751**	2,849,974	**28,866**	186,437

16 Trade and other receivables

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Trade receivables				
- Third parties	**6,143,497**	5,653,961	**1,338,729**	1,815,038
- Subsidiaries	**–**	–	**736,701**	922,561
	6,143,497	5,653,961	**2,075,430**	2,737,599
Allowance for impairment loss (trade) (Note 27.1 (iii))	**(2,018,894)**	(1,924,855)	**(1,066,709)**	(1,066,709)
Trade receivables, net	**4,124,603**	3,729,106	**1,008,721**	1,670,890
Amount owing by subsidiaries, non-trade	**–**	–	**17,397,925**	16,165,712
Deposits	**446,218**	292,426	**78,520**	90,216
Interest receivable	**281**	281	**160,181**	160,181
Retention sums receivable (Note 15)	**2,002,751**	2,849,974	**28,866**	186,437
Other receivables	**298,875**	181,314	**32,293**	56,013
Allowance for impairment loss (non- trade) (Note 27.1 (iii))	**–**	–	**(3,548,185)**	(3,753,019)
Total trade and other receivables	**6,872,728**	7,053,101	**15,158,321**	14,576,430

Trade receivables are normally due within 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

16 Trade and other receivables (cont'd)

The trade and other receivables denominated in foreign currencies are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Malaysia Ringgit	**5,357**	41,890	**5,357**	41,890

The non-trade amount owing by subsidiaries are unsecured, interest-free and repayable on demand.

The carrying amounts of trade and other receivables approximate their fair values.

Receivables that are impaired

The allowance for impairment of receivables is due to significant financial difficulties encountered by these customers.

17 Financial asset at fair value through profit or loss

	The Group	
	2014	2013
	$	$
Quoted investment, at market value		
Balance at beginning of the year	**40,098**	29,484
Fair value gain	**3,735**	10,614
Balance at end of the year	**43,833**	40,098

The financial asset at fair value through profit or loss is carried at fair value which is determined by reference to the quoted prices (unadjusted) in active markets, which is Level 1 of the fair value hierarchy.

The financial asset at fair value through profit or loss is denominated in Singapore dollars.

18 Fixed deposits pledged

The Company

The fixed deposits earn interest at the rates of 0.25% - 0.45% (2013: 0.25% - 0.45%) per annum and have been pledged to a bank for banking facilities granted to a subsidiary (Note 26).

The Group

The fixed deposits earn interest at the rates of 0.1% - 3.3% (2013: 0.1% - 3.1%) per annum and have been pledged to various banks for banking facilities granted to the Group (Note 26).

Fixed deposits pledged are denominated in the functional currency of the respective group entities.

The carrying amounts of fixed deposits pledged approximate their fair values.

19 Cash and cash equivalents

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Fixed deposits	**1,911,720**	2,751,906	**114,347**	113,786
Cash and bank balances	**7,471,844**	6,070,283	**1,006,196**	1,019,825
	9,383,564	8,822,189	**1,120,543**	1,133,611

The carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents denominated in foreign currencies are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
United States dollars	**216,030**	198,535	**69,216**	50,928

20 Trade and other payables

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Trade payables	**3,654,389**	3,244,213	**155,225**	304,713
Retention sums payable	**1,370,809**	1,289,260	**40,000**	40,000
Amount owing to a related party, trade	**892,321**	1,206,689	**381,183**	696,776
Amount owing to subsidiaries, trade	**–**	–	**15,756,707**	13,935,201
Amount owing to subsidiaries, non-trade	**–**	–	**632,564**	1,088,634
Advance payments received	**317**	317	**317**	317
Accruals – directors' fees	**100,000**	216,000	**100,000**	216,000
Accrued operating expenses	**1,599,690**	780,782	**283,214**	184,484
Provision for warranty costs	**190,619**	587,500	**4,667**	4,238
Other payables	**246,916**	135,539	**301,965**	17,906
	8,055,061	7,460,300	**17,655,842**	16,488,269

Trade payables are normally on 30 to 60 days credit terms. The carrying amounts of the trade and other payables approximate their fair values.

The non-trade amount owing to subsidiaries is interest free, unsecured, repayable on demand and is to be settled in cash.

Provision for warranty costs represents management's best estimate of the Group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects.

20 Trade and other payables (cont'd)

The movement of the provision for warranty costs is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Balance at beginning of the year	**587,500**	789,301	**4,238**	51,227
Provision made for the year	**109,162**	182,129	**1,005**	1,723
Reversal in the year	**(506,043)**	(383,930)	**(576)**	(48,712)
Balance at end of the year	**190,619**	587,500	**4,667**	4,238

Trade and other payables denominated in foreign currencies are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Taiwan dollars	**900,714**	1,218,060	**389,605**	708,147

21(a) Bank borrowings

	The Group	
	2014	2013
	$	$
Current:		
Term loan	**202,289**	191,965
Non-current:		
Term loan	**268,229**	470,518
Total bank borrowings	**470,518**	662,483

The term loan is denominated in Singapore dollars, repayable in 48 monthly instalments of $18,514 and bears fixed interest rate of 5.25% (2013: 5.25%) per annum. It is secured by a subsidiary's fixed deposit of $609,490 (2013: $609,490) and corporate guarantee of the Company.

21(b) Obligation under finance lease

	The Group	
	2014	2013
	$	$
Minimum lease payments:		
Repayable within one year	**111,968**	–
Repayable between two to five years	**234,438**	–
Repayable after five years	**25,727**	–
	372,133	–
Less: Future finance charges	**(44,844)**	–
Present Value of finance lease liabilities	**327,289**	–
Present value of finance lease liabilities:		
Current:		
Repayable within one year	**99,382**	–
Non-current:		
Repayable between two to five years	**206,494**	–
Repayable after five years	**21,413**	–
	227,907	–
	327,289	–

22 Share capital

	Group and Company	
	2014	2013
	$	$
Issued and fully paid:		
348,783,140 ordinary shares	**17,580,594**	17,580,594

All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meeting. All shares rank equally with regard to the Company's residual assets.

23 Foreign currency translation reserve

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

24 Significant related party transactions

(a) Sales and purchases of goods and services

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company and the Group with related parties on terms agreed between the parties concerned:

	2014	2013
	$	$
The Company		
Purchases from subsidiaries	**(3,453,371)**	(2,279,840)
Sales to subsidiaries	**19,224**	524,251
Management fees received/ receivable from subsidiaries	**479,438**	708,293
Impairment loss on investment in subsidiary	**–**	(707,648)
Allowance for impairment loss on amount owing by subsidiaries	**–**	(785,925)
Write-back of impairment loss on amount owing by subsidiaries	**–**	549,572
Purchases from a related party, a substantial shareholder of the Company	**(453,235)**	(879,071)
The Group		
Purchases from a related party, a substantial shareholder of the Company	(743,056)	(1,179,018)

(b) Compensation of key management personnel

	The Group	
	2014	2013
	$	$
Short-term employee benefits	**927,703**	895,748
Central provident fund contributions	**57,854**	52,700
Termination benefit	**–**	51,900
	985,557	1,000,348
Comprise amounts paid to:		
Directors of the Company	**560,704**	614,840
Other key management personnel	**424,853**	385,508
	985,557	1,000,348

25 Operating commitments (non-cancellable)

Operating lease commitments – where the Group is a lessee

At the reporting date, the Company and the Group were committed to making the following lease rental payments under non-cancellable operating leases:

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Not later than one year	245,174	347,271	56,400	216,339
More than one year but less than five years	10,022	66,843	–	36,720
	255,196	414,114	56,400	253,059

Operating lease payments represent rentals payables by the Company and the Group for certain of its office premises. Leases are negotiated for an average term of one to three years.

26 Contingent liabilities

Legal claim:

A subsidiary had entered into an agreement to settle the outstanding amount of $1,634,276 owing to a group of suppliers in 2009. Based on this agreement, the suppliers agreed to take a 25% reduction of the amount owing to them which amounted to $408,569. In respect of the balance of $1,225,707, a sum of $408,569 was paid to the suppliers in 2009.

On 17 December 2010, the suppliers collectively agreed that the remaining amount of $817,138 is to be settled by the assignment of debts owing by the customers. The assignment of debts was executed by two representatives appointed by the suppliers and payment is over four tranches of 20%, 20%, 30% and 30% straddling over four financial years respectively commencing 2011.

Under the debts assignment agreement, the suppliers will not seek recourse from the subsidiary in the event of non-payment by the above mentioned customers. This is provided that the failure to procure payments by the suppliers is not due to the negligence of the subsidiary. The subsidiary has assessed that any further cash outflow relating to this matter is unlikely. Accordingly, the amount owing to the group of suppliers have been offsetted against amount owing by customers.

All four tranches of payments from the customers have been received by the suppliers with the fourth tranche settled in January 2014. Consequently, the amounts owed to these suppliers have been fully paid and there is no more contingent liability.

Apart from the suppliers mentioned above, there were other creditors who did not enter into any agreements with the subsidiary company. Management is of the opinion that there will not be any potential disputes with these suppliers that will lead to additional liabilities other than those disclosed in the financial statements.

Guarantees

The Company in the normal course of business, issued letters of indemnities to various customers for warranty on the exhaust systems installed.

The Company has given letters of financial support to certain subsidiary companies to enable them to continue to operate as going concerns and to meet their respective obligations as and when they fall due.

As at 31 December 2014, the Company has issued corporate guarantees to banks and financial institutions amounting to $1,474,734 (2013: $4,300,000) for banking facilities granted to the subsidiaries. A subsidiary has utilised the banking facilities with bank borrowings of $410,518 (2013: $662,483) as at 31 December 2014. No liability is expected to arise from the guarantees given. The fair value of the above financial guarantees is not recognised as it is considered not material.

26 Contingent liabilities (cont'd)

Guarantees (cont'd)

A subsidiary has provided bankers' guarantees amounting to $65,151 (2013: $583,018) to third parties for performance of contracts at reporting date. No liability is expected to arise from the guarantees given.

The above facilities are secured by fixed deposits (Note 18).

27 Financial risk management

The Group and the Company are exposed to credit risk, foreign currency risk, liquidity risk and other market risks arising in the normal course of business. The management continually monitors the Group's risk management process to ensure the appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

27.1 Credit risk

Credit risk is the risk of a financial loss on outstanding financial instruments should a counter-party default on its obligation.

For trade and other receivables, the Group's policy is to deal with creditworthy counterparties and/or obtaining sufficient deposits or bankers' guarantees, where appropriate, to mitigate credit risk. In addition, these receivables are monitored closely on an on-going basis. Approximately 29% (2013: 45%) of the Group's trade receivables were due from 4 major customers who are located in Singapore at reporting date.

Cash and fixed deposits are placed with financial institutions which are regulated and reputable.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of allowance for impairment) at reporting date is as follows:

The Group	**2014**	**2014**	2013	2013
	$	**%**	$	%
By country:				
Singapore	**4,009,533**	**97%**	3,708,177	99%
Malaysia	**69,220**	**2%**	–	–
People's Republic of China	**–**	**–**	20,929	1%
Others	**45,850**	**1%**	–	–
	4,124,603	**100%**	3,729,106	100%
By segment:				
Manufacturing	**1,256,824**	**30%**	1,526,237	41%
Engineering services	**2,595,721**	**63%**	2,016,012	54%
Distribution & services	**272,058**	**7%**	186,857	5%
	4,124,603	**100%**	3,729,106	100%

27 Financial risk management (cont'd)

27.1 Credit risk (cont'd)

(i) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with a good payment records with Company and the Group. Cash and short-term deposits, and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(ii) Financial assets that are past due but not impaired

The trade receivables that are past due but not impaired are, in the opinion of management, collectible as they are on-going customers.

The ageing analysis of trade receivables that are past due but not impaired is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Trade receivables past due:				
One month or less	**802,204**	678,137	**318,619**	411,072
More than one but less than two months	**439,093**	800,509	**184,745**	480,789
More than two but less than three months	**100,160**	276,358	**63,921**	122,604
More than three months but less than one year	**563,083**	246,932	**270,873**	289,019
More than one year	**–**	229,689	**–**	–

These receivables are unsecured.

(iii) Financial assets that are past due and impaired

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Gross amount	**2,029,153**	1,968,635	**4,614,893**	4,819,728
Less: Allowance for impairment	**(2,018,894)**	(1,924,855)	**(4,614,893)**	(4,819,728)
	10,259	43,780	**–**	–
Movement in allowance for impairment:				
At beginning of the year	**1,924,855**	1,939,094	**4,819,728**	4,322,621
Current year allowance	**110,970**	352,480	**–**	1,166,679
Allowance written back	**(43,780)**	(336,428)	**(204,835)**	(549,572)
Written off	**–**	(131,740)	**–**	(120,000)
Exchange differences	**26,849**	101,449	**–**	–
At end of year	**2,018,894**	1,924,855	**4,614,893**	4,819,728

27 Financial risk management (cont'd)

27.1 Credit risk (cont'd)

(iii) Financial assets that are past due and impaired (cont'd)

The allowance for impairment of receivables is due to significant financial difficulties of the debtors and significant delay in payments from the debtors which the management deems to be objective evidence that these financial assets are impaired.

The Company and the Group have recognised a reversal of allowance of $204,835 (2013: $549,572) and $43,780 (2013: $336,428) respectively as the amount due was collected from the debtors subsequently.

27.2 Foreign exchange risk

The Group transacts business in various foreign currencies, including United States dollar, Malaysia Ringgit and New Taiwan dollar. Therefore the Group is exposed to foreign exchange risk. The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arise.

Sensitivity analysis for foreign currency risk

The table below demonstrates the sensitivity of the Company's and Group's loss net of tax to a reasonably possible change in the New Taiwan dollar ("NTD") exchange rates against the respective functional currencies of the Company and the Group entities, with all other variables held constant.

		(Increase)/Decrease loss after tax	
		2014	2013
		$	$
The Group			
NTD/SGD	– strengthened 5% (2013: 5%)	**(58,072)**	(50,549)
	– weakened 5% (2013: 5%)	**58,072**	50,549
The Company			
NTD/SGD	– strengthened 5% (2013: 5%)	**(15,819)**	(29,388)
	– weakened 5% (2013: 5%)	**15,819**	29,388

27.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates.

27.4 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to change in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company's and the Group's market risk is insignificant.

27 Financial risk management (cont'd)

27.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group and the Company monitor its liquidity needs by closely monitoring scheduled debt servicing payments for financial liabilities and their cash outflows due to day-to-day operations, as well as ensuring the availability of funding through an adequate amount of credit facilities, both committed and uncommitted.

The table below analyses the maturity profile of the Group's and the Company's financial assets and liabilities based on contractual undiscounted cash flows:

The Group	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	$	$	$	$
As at 31 December 2014				
Financial assets:				
Trade and other receivables	**6,872,728**	**–**	**–**	**6,872,728**
Financial asset at fair value through profit or loss	**43,833**	**–**	**–**	**43,833**
Fixed deposits pledged	**1,171,156**	**–**	**–**	**1,171,156**
Cash and bank balances	**9,383,564**	**–**	**–**	**9,383,564**
Total undiscounted financial assets	**17,471,281**	**–**	**–**	**17,471,281**
Financial liabilities:				
Trade and other payables	**7,864,442**	**–**	**–**	**7,864,442**
Bank borrowings	**222,170**	**277,702**	**–**	**499,872**
Obligation under finance lease	**111,968**	**234,438**	**25,727**	**372,133**
Total undiscounted financial liabilities	**8,198,580**	**512,140**	**25,727**	**8,736,447**
Total net undiscounted financial assets/(liabilities)	**9,272,701**	**(512,140)**	**(25,727)**	**8,734,834**
As at 31 December 2013				
Financial assets:				
Trade and other receivables	7,053,101	–	–	7,053,101
Financial asset at fair value through profit or loss	40,098	–	–	40,098
Fixed deposits pledged	1,170,490	–	–	1,170,490
Cash and bank balances	8,822,189	–	–	8,822,189
Total undiscounted financial assets	17,085,878	–	–	17,085,878
Financial liabilities:				
Trade and other payables	6,872,800	–	–	6,872,800
Bank borrowings	202,043	526,098	–	728,141
Total undiscounted financial liabilities	7,074,843	526,098	–	7,600,941
Total net undiscounted financial assets/(liabilities)	10,011,035	(526,098)	-	9,484,937

27 Financial risk management (cont'd)

27.5 Liquidity risk (cont'd)

The Company	Less than 1 year	Between 1 and 5 years	Total
	$	$	$
As at 31 December 2014			
Financial assets:			
Trade and other receivables	**15,158,321**	**–**	**15,158,321**
Fixed deposits pledged	**109,885**	**–**	**109,885**
Cash and bank balances	**1,120,543**	**–**	**1,120,543**
Total undiscounted financial assets	**16,388,749**	**–**	**16,388,749**
Financial liability:			
Trade and other payables	**17,651,175**	–	**17,651,175**
Total undiscounted financial liability	**17,651,175**	–	**17,651,175**
Total net undiscounted financial liabilities	**(1,262,426)**	–	**(1,262,426)**
As at 31 December 2013			
Financial assets:			
Trade and other receivables	14,576,430	–	14,576,430
Fixed deposits pledged	109,885	–	109,885
Cash and bank balances	1,133,611	–	1,133,611
Total undiscounted financial assets	15,819,926	–	15,819,926
Financial liability:			
Trade and other payables	16,484,031	–	16,484,031
Total undiscounted financial liability	16,484,031	–	16,484,031
Total net undiscounted financial liabilities	(664,105)	–	(664,105)

28 Capital Management

The primary objective of the Group's capital management is to maintain a strong credit rating and healthy capital ratios to support the Group's business operations and to maximise shareholder value.

The Group manages the capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of the underlying assets. There were no changes in the Group's approach to capital management during the financial years ended 31 December 2013 and 31 December 2014.

Management monitors capital based on gearing ratio. The Group's policy is to keep the gearing ratio to not more than 70%.

28 Capital Management (cont'd)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents (including fixed deposits pledged). Total capital is calculated as equity plus net debt.

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Net (asset)/debt	(1,701,852)	(1,869,896)	16,425,414	15,244,773
Total equity	12,503,458	13,162,232	7,270,066	7,339,906
Total Capital	10,801,606	11,292,336	23,695,480	22,584,679
Gearing ratio	N.M	N.M	69%	68%

The Group and Company are in compliance with all loan covenants for the financial years ended 31 December 2013 and 31 December 2014.

29 Statement of operations by segments

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

Manufacturing

Manufacturing relates to revenue generated from the manufacture, supply, installation and maintenance of ETFE-coated ducts, uncoated stainless steel ducts and galvanised ducts which will be integrated with third-party equipment such as fume-hoods, scrubbers and fans for a complete environment-control system.

Engineering services

Engineering services relates to provision of turnkey facility construction management and specialist engineering.

Distribution & services

Distribution & services relates to revenue generated from the distribution of the air-flow systems and Individual Ventilated Cages.

29 (a) **Business segments**

Financial year ended 31 December 2014

	Manufacturing $	Engineering services $	Distribution & Services $	Total $
REVENUE				
Total Segment	9,252,667	15,105,577	937,465	25,295,709
Less: Inter-segment	(3,749,385)	(240)	–	(3,749,625)
External sales	5,503,282	15,105,337	937,465	21,546,084
RESULTS				
Segment results	196,963	(605,939)	256,683	(152,293)
Income tax expense				(60,950)
Non-controlling interest				(3,894)
Other non-cash item				(204,835)
Net loss attributable to shareholders				(421,972)
ASSETS				
Segment assets	7,590,500	13,070,204	1,519,619	22,180,323
Unallocated corporate assets				–
Total assets				22,180,323
LIABILITIES				
Segment liabilities	3,608,586	5,298,188	571,374	9,478,148
Unallocated corporate liabilities				59,415
Total liabilities				9,537,563
OTHER INFORMATION				
Capital expenditure	796,960	185,141	–	982,101
Depreciation	274,616	72,863	1,585	349,064
Loss on disposal of plant and equipment	48,716	–	–	48,716
Allowance for impairment on trade receivables	–	283,286	9,000	292,286
Bad debt written off/(recovered)	(38,123)	(43,780)	–	(81,903)

29 (a) Business segments (cont'd)

Financial year ended 31 December 2013

	Manufacturing	Engineering services	Distribution & Services	Total
	$	$	$	$
REVENUE				
Total Segment	7,989,205	23,189,476	479,768	31,658,449
Less: Inter-segment	(2,805,290)	–	(187,722)	(2,993,012)
External sales	5,183,915	23,189,476	292,046	28,665,437
RESULTS				
Segment results	(2,249,532)	521,950	(27,133)	(1,754,715)
Impairment of goodwill		(708,184)		(708,184)
Income tax expense				(20,320)
Non-controlling interest				(83,840)
Other non-cash item				26,920
Net loss attributable to shareholders				(2,540,139)
ASSETS				
Segment assets	6,530,729	14,372,537	1,193,961	22,097,227
Unallocated corporate assets				–
Total assets				22,097,227
LIABILITIES				
Segment liabilities	2,675,677	5,544,274	554,906	8,774,857
Unallocated corporate liabilities				91,543
Total liabilities				8,866,400
OTHER INFORMATION				
Capital expenditure	95,909	30,731	1,300	127,940
Depreciation	413,307	85,758	1,793	500,858
Gain on disposal of plant and equipment	197,660	–	–	197,660
Allowance for impairment loss on trade receivables	352,480	–	–	352,480
Bad debt written off/(recovered)	52,830	(292,145)	–	(239,315)

29 (b) Geographical segments

Revenue	**2014**	2013
	$	$
Singapore	**21,546,084**	28,155,808
People's Republic of China	**–**	509,629
	21,546,084	28,665,437

The following table shows the assets by geographical area as at 31 December 2014:

Total assets	**2014**	2013
	$	$
Singapore	**19,544,429**	19,941,324
Malaysia	**2,460,940**	1,730,313
People's Republic of China	**174,954**	425,590
	22,180,323	22,097,227

30 Fair value of financial instruments

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 carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables together with bank borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments or that the interest rates are at market rate, where applicable. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

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

(a) Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3- unobservable inputs for the asset or liability.

The Group does not have financial instruments recorded at fair value except for financial asset at fair value through profit or loss amounting to $43,833 (2013: $40,098) (Note 17).

31 Categories of Financial Instruments

The categories of financial instruments as at the reporting date are as follows:-

	The Group		The Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Financial assets				
Financial asset at fair value through profit or loss				
Quoted investment	**43,833**	40,098	**–**	–
Loans and receivables				
Trade and other receivables	**6,872,728**	7,053,101	**15,158,321**	14,576,430
Fixed deposit pledged	**1,171,156**	1,170,490	**109,885**	109,885
Cash and cash equivalents	**9,383,564**	8,822,189	**1,120,543**	1,133,611
	17,471,281	17,085,878	**16,388,749**	15,819,926
Financial liabilities				
At amortised cost				
Trade and other payables	**7,864,442**	6,872,800	**17,651,175**	16,484,031
Bank borrowings	**470,518**	662,483	**–**	–
Obligation under finance lease	**327,289**	–	**–**	–
	8,662,249	7,535,283	**17,651,175**	16,484,031

32 Event after reporting date

On 12 March 2015, the Company entered into a supplemental agreement with Mr. Loh Yih ("Mr. Loh"), the Executive Chairman and Executive Director of the Company, to amend the service agreement dated 18 September 2013 entered into between the Company and Mr. Loh ("Service Agreement").

Pursuant to the terms of the Service Agreement (as amended by the supplemental agreement dated 12 March 2015), Mr Loh will be entitled to be issued and allotted up to 49,004,804 fully paid new ordinary shares free of consideration ("Remuneration Shares") upon turning around the Company and achieving key financial performance targets decided by the Remuneration Committee.

33 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 March 2015.

Number of issued shares	:	348,783,140
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 20 MARCH 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	42	6.83	25,798	0.01
1,000 - 10,000	141	22.93	988,675	0.28
10,001 - 1,000,000	396	64.39	50,427,658	14.46
1,000,001 and above	36	5.85	297,341,009	85.25
Total	**615**	**100.00**	**348,783,140**	**100.00**

LIST OF 20 LARGEST SHAREHOLDERS AS AT 20 MARCH 2015

NO.	NAME	NO OF SHARES	PERCENTAGE
1	CAVANGH GROUP PTE LTD	63,380,000	18.17
2	RHB SECURITIES SINGAPORE P L	48,190,000	13.82
3	HILLS HOLDINGS PTE LTD	20,000,000	5.73
4	OH BOON SHI @ (HU WENSHI)	17,806,541	5.11
5	LOH TOH YONG	15,000,000	4.30
6	SENG SOON HIANG	11,510,000	3.30
7	TRIPLESTAR CAPITAL PTE LTD	11,120,000	3.19
8	PHILLIP SECURITIES PTE LTD	9,964,968	2.86
9	OCBC SECURITIES PRIVATE LTD	7,129,000	2.04
10	WONG KOK CHYE	6,822,000	1.96
11	CHANG CHEN YU	6,698,000	1.92
12	YUEN CHEE KIN	6,469,000	1.85
13	TAN CHOW KHONG	6,400,000	1.83
14	CHUA MAISIE	6,358,000	1.82
15	SEE LOP FU JAMES @ SHI LAP FU JAMES	6,000,000	1.72
16	HUANG LING JUNG	5,960,000	1.71
17	NG KAH HOCK	5,767,000	1.65
18	MAYBANK KIM ENG SECS PTE LTD	5,580,000	1.60
19	LAW CHWEE KIAT	5,035,500	1.44
20	GAY SOON WATT	3,124,000	0.90
	TOTAL:	**268,314,009**	**76.92**

SHAREHOLDINGS STATISTICS

As at 20 March 2015

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2015

	Number of Shares fully paid			
Name of Substantial Shareholders	**Direct Interest**	**%**	**Deemed Interest**	**%**
Loh Yih[(1)]	2,900,000	0.83	63,380,000	18.17
Cavangh Group Pte Ltd	63,380,000	18.17	–	–
Ho Ta Huang[(2)]	–	–	45,583,000	13.07
Chern Dar Enterprise Co. Ltd[(3)]	–	–	45,583,000	13.07
Ong Tiow Seng[(4)]	–	–	20,000,000	5.73
Hills Holdings Pte Ltd	20,000,000	5.73	–	–
Oh Boon Shi	17,806,541	5.11	–	–
Huang Hong Hee[(5)]	–	–	24,325,000	6.97

Notes:

(1) Mr Loh Yih is deemed to be interested in the 63,380,000 held by Cavangh Group Pte. Ltd.
(2) Mr Ho Ta-Huang is deemed to be interested in the 45,583,000 held by Chern Dar Enterprise Co. Ltd.
(3) Chern Dar Enterprise Co. Ltd's shares are held in the name of a nominee.
(4) Mr Ong Tiow Seng is a 50% shareholder of Hills Holdings Pte. Ltd and is deemed to be interested in the 20,000,000 shares held by Hills Holdings Pte. Ltd.
(5) Mr Huang Hong Hee is a 50% shareholder of Hills Holdings Pte. Ltd and is deemed to be interested in the 20,000,000 shares acquired by Hills Holdings Pte. Ltd. and 4,325,000 held through an OCBC nominee

PUBLIC FLOAT

Based on information available to the Company as at 20 March 2015, approximately 53.61% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with. As at 20 March 2015, the Company did not hold any Treasury Shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of Linair Technologies Limited (the "**Company**") will be held at 33 Mactaggart Road #04-00, Lee Kay Huan Building, Singapore 368082 on Wednesday, 22th day of April 2015 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and, if approved, adopt the Audited Accounts for the financial year ended 31 December 2014 together with the Directors' Report and Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' Fees of $94,000.00 for the financial year ended 31 December 2014 (2013: $177,000.00). **(Resolution 2)**

3. To re-elect Mr Ho Ta-Huang who is retiring under Article 89 of the Articles of Association, as Director of the Company. **(Resolution 3)**
[See Explanatory Note (i)]

4. To re-elect Mr Wong Kok Chye who is retiring under Article 89 of the Articles of Association, as Director of the Company. **(Resolution 4)**

5. To re-appoint PKF-CAP LLP, as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

7. **General mandate to allot and issue new shares in the capital of the Company**

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual under Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), approval be and is hereby given to the Directors of the Company to:-

(A) (i) issue ordinary 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) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

(B) (notwithstanding the authority conferred by this Resolution may have been 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 always that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed hundred per cent (100%) of the total issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total issued Shares (excluding treasury shares) in the capital of the company at the (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

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

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST, the Monetary of Singapore of Singapore or the Sponsor of the Company), all applicable legal requirements under the Act and Articles of Association for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 6)
[See Explanatory Note (ii)]

8. **Renewal of the Share Buy Back Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other provisions of the Act and the Rules of Catalist as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting is held or is required by law to be held;

(ii) the date on which the share buy back is carried out to the full extent mandated; or

(iii) the date on which the authority contained in this Share Buy Back Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Prescribed Limit**" means ten per cent. (10%) of the Shares of the Company as at the date of passing of this Ordinary Resolution unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any Shares which are held as treasury shares as at that date);

"**Relevant Period**" means the period commencing from the date of the Annual General Meeting at which the Share Buy Back Mandate is approved and thereafter, expiring on the date on which the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares not exceeding:-

(i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price.

where:-

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Share Buy Back by the Company, pursuant to the Share Buy Back Mandate in any manner as they think fit, which is permissible under the Act; and

(f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." **(Resolution 7)**
[See Explanatory Note (iii)]

9. **Renewal of Linair Performance Bonus Share Plan**

"That authority be and is hereby given to the Directors of the Company to grant awards under the Linair Performance Bonus Share Plan (the "**Plan**") established by the Company from time to time in accordance with the provisions of the Plan and to allot and issue from time to time such number of fully-paid up shares as may be required to be allotted and issued pursuant to the vesting of the awards under the Plan, provided that the aggregate number of shares to be allotted and issued pursuant to the Plan shall not exceed 15% of the Company's issued share capital of the Company from time to time." **(Resolution 8)**
[See Explanatory Note (iv)]

BY ORDER OF THE BOARD

WONG KOK CHYE
EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

7 April 2015
SINGAPORE

Explanatory Notes:

(i) If re-elected under Resolution 3, Mr Ho Ta-Huang will remain as member of the Nominating Committee, Remuneration Committee, and the Audit Committee.

(ii) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of hundred per cent (100%) of the issued share capital of the Company (of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed fifty per cent (50%) of the issued share capital of the Company) for the purposes as they consider would be in the interest of the Company. This authority will continue in force until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

(iii) Resolution 7, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next annual general meeting is to be held or required by law to be held, whichever is earlier, to purchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company up to the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this Notice.

(iv) Resolution 8, if passed, will empower the Directors of the Company to grant awards and to issue and allot shares in the capital of the Company pursuant to the Linair Performance Bonus Share Plan. The Directors may exercise their power to allot and issue shares in the Company pursuant to the Share Plan, provided that the aggregate number of shares to be allotted and issued shall not exceed 15% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution

Notes:-

(i) A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Meeting.

(ii) A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead.

(iii) A member of the Company, which is a corporation, is entitled to appoint its authorized representative or proxy to vote on its behalf. A proxy need not be a member of the Company

(iv) The instrument appointing a proxy must be deposited at the Company's registered office at 33 Mactaggart Road, #04-00 Singapore 368082, at least 48 hours before the time of the Annual General Meeting.

(v) Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

(vi) PERSONAL DATA PRIVACY By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This notice has been prepared by the Company and its contents has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this notice.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is:

Name: Mr Tan Chong Huat, Registered Professional, RHT Capital Pte. Ltd.
Address: Six Battery Road #10-01, Singapore 049909
Tel: (65) 6381 6757

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LINAIR TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 199505699D

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We ____ (*Name*) NRIC/Passport No. ______________________________

Of ____ (*Address*)

being a member/members of the above-mentioned Company, hereby appoint:-

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

and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the Annual General Meeting of the Company (the "Meeting") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Meeting to be held at 33 Mactaggart Road #04-00, Lee Kay Huan Building, Singapore 368082, on Wednesday, 29th day of April 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/ proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided)

No.	**Resolutions relating to:**	**For**	**Against**
	Ordinary Business		
1.	Adoption of Audited Accounts, Directors' Report and Auditors' Report for financial year ended 31 December 2014		
2.	Payment of Directors' Fees amounting to $94,000.00 for financial year ended 31 December 2014.		
3.	Re-election of Mr Ho Ta-Huang as a Director of the Company		
4.	Re-election of Mr Wong Kok Chye as a Director of the Company		
5.	Re-appointment of PKF-CAP LLP as Auditors of the Company		
	Special Business		
6.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50		
7.	To renew the Share Buy Back Mandate		
8.	To renew the Linair Performance Bonus Share Plan		

Dated this __________ Day of ____________________ 2015

____

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

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 percent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

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

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

6. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 33 Mactaggart Road #04-00, Lee Kay Huan Building, Singapore 368082, not less than 48 hours before the time appointed for the Meeting.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. Please indicate with a tick "✓" in the spaces provided whether you wish your vote(s) to be for or against the 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 Meeting.

9. 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.

10. In the case of a member whose shares are entered against his name 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 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

CORPORATE INFORMATION

Company registration number

199505699D

Registered office

33 Mactaggart Road,
#04-00
Singapore 368082
Tel: (65) 6757 5310
Fascimile: (65) 6757 5319
Corporate Website: http://www.linair.com.sg

Directors

Loh Yih
- Chairman and Executive Director

Wong Kok Chye
- Group Chief Executive Officer & Executive Director

Ong Chin Lin
- Independent Non-Executive Director

Yeo Meng Hin
- Independent Non-Executive Director

Ho Ta-Huang
- Non-Executive & Non-Independent Director

Audit Committee

Ong Chin Lin (Chairman)
Yeo Meng Hin
Ho Ta-Huang

Nominating Committee

Yeo Meng Hin (Chairman)
Ong Chin Lin
Ho Ta-Huang

Remuneration Committee

Yeo Meng Hin (Chairman)
Ong Chin Lin
Ho Ta-Huang

Company Secretary

Ng Yui Wei

Secretarial Agent

Harry Elias Partnership LLP.
SGX Centre 2, #17-01
4 Shenton Way Singapore 068807

Bankers

United Overseas Bank Limited
Standard Chartered Bank (Singapore) Limited
RHB Bank Berhad Singapore

Auditors

PKF-CAP LLP
6 Shenton Way #32-01
OUE Downtown 1
Singapore 068809

Partner-In-Charge

John Lim Geok Peng
(with effect from financial year 2013)

Share Registrar

KCK CorpServe Pte Ltd
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

Designed and Produced by SageStudio +65 6438 2990

LINAIR

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