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**中國國際海運集裝箱（集團）股份有限公司**

**CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.**

*(a joint stock company incorporated in the People’s Republic of China with limited liability)*

**(Stock Code: 2039)**

## **OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is published by China International Marine Containers (Group) Co., Ltd. (the “**Company**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The following is the “Pteris Global Limited Independent Auditor’s Report and Consolidated Financial Statements for the years ended December 31, 2014, 2015 and 2016 and the nine months ended September 30, 2017” published on the website of the Company ([www.cimc.com](http://www.cimc.com)) and the website of Cninfo ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

By order of the Board

**China International Marine Containers (Group) Co., Ltd.**

**YU Yuqun**

*Company Secretary*

Hong Kong, 2 February 2018

*As at the date of this announcement, the Board comprises Mr. WANG Hong (Chairman), Mr. WANG Yuhang (Vice-Chairman), Mr. HU Xianfu and Mr. LIU Chong as non-executive directors; Mr. MAI Boliang as executive director; and Mr. PAN Chengwei, Mr. PAN Zhengqi and Mr. WONG Kwai Huen, Albert as independent non-executive directors.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

**PTERIS GLOBAL LIMITED**

**INDEPENDENT AUDITOR'S REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016 AND THE NINE  
MONTHS ENDED SEPTEMBER 30, 2017**

## **Independent Auditor's Report**

2018/SH-0017  
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To the Board of Directors of China International Marine Containers (Group) Co., Ltd.

### **Opinion**

What we have audited

The consolidated financial statements of Pteris Global Limited (the "Company") and its subsidiaries (the "Group") set out on pages 5 to 137, which comprise:

- the consolidated statements of financial position as at 31 December 2014, 2015 and 2016 and 30 September 2017;
- the statements of financial position of the Company as at 31 December 2014, 2015 and 2016 and 30 September 2017;
- the consolidated statements of profit or loss for each of the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2017;
- the consolidated statements of comprehensive income for each of the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2017;
- the consolidated statements of changes in equity for each of the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2017;
- the consolidated statements of cash flows for each of the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2017; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, 2015 and 2016 and 30 September 2017, and of the consolidated financial position of the Group as at 31 December 2014, 2015 and 2016 and 30 September 2017, and of the Group's consolidated financial performance and the Group's consolidated cash flows for each of the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2017 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

## **Independent Auditor's Report**

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To the Board of Directors of China International Marine Containers (Group) Co., Ltd.

### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

### **Independence**

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

### **Other Matters**

The consolidated and Company statements of financial position as at 1 January 2014 and related explanatory notes, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2016 and related explanatory notes have not been audited.

The consolidated financial statements are prepared in connection with the proposed restructuring in relation to the Company to be made by China International Marine Containers (Group) Co., Ltd. (“CIMC”) and for the submission to the Shenzhen Stock Exchange by CIMC and for no other purpose. Our report is intended solely for the board of directors of CIMC and should not be used by any other parties for any purpose.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management of CIMC is responsible for the preparation of the consolidated financial statements of the Company that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report**

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To the Board of Directors of China International Marine Containers (Group) Co., Ltd.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**Independent Auditor's Report**

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To the Board of Directors of China International Marine Containers (Group) Co., Ltd.

We communicate with management of CIMC regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**PricewaterhouseCoopers Zhong Tian LLP**

Shanghai, the People's Republic of China  
2 February 2018

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

	Note	Year ended December 31,			Nine months ended September 30,	
		2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
<b>Revenue</b>	6	240,581	341,335	317,281	131,587	141,376
Cost of sales	11	(184,528)	(276,006)	(243,390)	(100,024)	(107,911)
<b>Gross profit</b>		56,053	65,329	73,891	31,563	33,465
Other income	7	3,100	11,848	11,910	7,174	8,204
Selling and distribution expenses	11	(11,057)	(12,037)	(12,409)	(9,096)	(7,266)
General and administrative expenses	11	(33,387)	(42,939)	(51,573)	(38,737)	(33,009)
Other gains/(losses) - net	8	2,803	2,157	7,074	2,540	(1,553)
<b>Operating profit/(loss)</b>		17,512	24,358	28,893	(6,556)	(159)
Finance costs	9	(809)	(2,506)	(1,479)	(1,161)	(1,126)
<b>Profit/(loss) before income tax</b>		16,703	21,852	27,414	(7,717)	(1,285)
Income tax expense	10	(3,360)	(3,525)	(4,122)	(22)	(259)
<b>Profit/(loss) for the year/period</b>		13,343	18,327	23,292	(7,739)	(1,544)
<b>Profit/(loss) for the year/period attributable to:</b>						
- Equity holders of Pteris		13,019	13,210	14,901	(8,536)	(901)
- Non-controlling interests		324	5,117	8,391	797	(643)
		13,343	18,327	23,292	(7,739)	(1,544)

The notes on pages 17 to 137 are an integral part of these consolidated financial statements.

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Note	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
<b>Profit/(loss) for the year/period</b>	13,343	18,327	23,292	(7,739)	(1,544)
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified to profit or loss</i>					
Currency translation differences	3,298	(468)	(6,589)	(8,639)	(2,255)
<i>Items that may not be reclassified to profit or loss</i>					
Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights	-	6,658	-	-	123
<b>Other comprehensive income for the year/period, net of tax</b>	3,298	6,190	(6,589)	(8,639)	(2,132)
<b>Total comprehensive income for the year/period</b>	16,641	24,517	16,703	(16,378)	(3,676)
<b>Total comprehensive income for the year/period attributable to:</b>					
- Equity holders of Pteris	16,317	18,131	9,859	(14,751)	(2,112)
- Non-controlling interests	324	6,386	6,844	(1,627)	(1,564)
	16,641	24,517	16,703	(16,378)	(3,676)

The notes on pages 17 to 137 are an integral part of these consolidated financial statements.

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>As at</b>	<b>As at December 31,</b>			<b>As at</b>
	<b>Note</b>	<b>January 1,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>September</b>
		<b>2014</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
		SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Land use rights	14	12,354	14,331	15,281	14,358	13,834
Property, plant and equipment	15	25,006	102,554	109,098	115,711	109,790
Investment properties	16	-	-	48,316	48,844	50,337
Intangible assets	17	2,358	26,169	35,835	32,960	47,096
Deferred income tax assets	26	2,626	4,269	5,186	5,477	6,348
Other non-current assets		1,770	72	72	62	-
		<u>44,114</u>	<u>147,395</u>	<u>213,788</u>	<u>217,412</u>	<u>227,405</u>
<b>Current assets</b>						
Inventories	21	44,397	58,754	47,771	59,899	128,804
Amounts due from contract customers	23	-	24,510	17,363	29,891	23,961
Trade receivables	22	99,886	162,910	176,879	195,934	138,741
Prepayments and other receivables	22	19,476	26,104	21,144	28,345	56,262
Assets held for sale	25	-	-	3,218	-	-
Other financial assets	20	630	118	106	110	237
Pledged bank deposits	24	-	2,206	2,212	108	111
Cash and cash equivalents	24	7,940	48,949	31,425	54,822	63,630
		<u>172,329</u>	<u>323,551</u>	<u>300,118</u>	<u>369,109</u>	<u>411,746</u>
<b>Total assets</b>		<u><u>216,443</u></u>	<u><u>470,946</u></u>	<u><u>513,906</u></u>	<u><u>586,521</u></u>	<u><u>639,151</u></u>
<b>EQUITY</b>						
<b>Equity attributable to owners of Pteris</b>						
Share capital	27	21,504	97,819	97,819	104,781	104,781
Reserves	28	57,239	73,556	113,750	119,755	118,635
		<u>78,743</u>	<u>171,375</u>	<u>211,569</u>	<u>224,536</u>	<u>223,416</u>
<b>Non-controlling interests</b>		1,926	1,801	40,962	47,806	50,500
<b>Total equity</b>		<u><u>80,669</u></u>	<u><u>173,176</u></u>	<u><u>252,531</u></u>	<u><u>272,342</u></u>	<u><u>273,916</u></u>

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

		<b>As at</b>	<b>As at December 31,</b>			<b>As at</b>
	<b>Note</b>	<b>January 1,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>September</b>
		<b>2014</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>30,</b>
		SGD'000	SGD'000	SGD'000	SGD'000	<b>2017</b>
						SGD'000
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Trade and other payables	29	-	-	2,739	16,563	16,451
Borrowings	30	-	-	1,277	9,849	9,653
Deferred income tax liabilities	26	-	249	1,211	1,437	1,700
Deferred income	32	6,346	8,764	9,488	10,848	15,113
		<u>6,346</u>	<u>9,013</u>	<u>14,715</u>	<u>38,697</u>	<u>42,917</u>
<b>Current liabilities</b>						
Trade and other payables	29	100,932	171,652	198,876	232,862	273,771
Amounts due to contract customers	23	-	5,483	5,602	7,040	9,551
Borrowings	30	17,705	91,914	20,004	12,296	20,922
Provisions	31	7,900	14,868	17,264	18,362	17,557
Other financial liabilities	20	-	-	442	1	-
Current income tax liabilities		2,891	4,840	4,472	4,921	517
		<u>129,428</u>	<u>288,757</u>	<u>246,660</u>	<u>275,482</u>	<u>322,318</u>
<b>Total liabilities</b>		<u>135,774</u>	<u>297,770</u>	<u>261,375</u>	<u>314,179</u>	<u>365,235</u>
<b>Total equity and liabilities</b>		<u>216,443</u>	<u>470,946</u>	<u>513,906</u>	<u>586,521</u>	<u>639,151</u>

The notes on pages 17 to 137 are an integral part of these consolidated financial statements.

The financial statements on pages 5 to 137 were approved on 2 February 2018.

Mai Boliang

Legal representative's  
authorised person

Zeng Han

The person in charge of  
accounting affairs

Zeng Han

The head of the accounting  
department

**PTERIS GLOBAL LIMITED**

**STATEMENT OF FINANCIAL POSITION**

		As at January 1,	As at December 31,			As at September 30,
	Note	2014	2014	2015	2016	2017
		SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	15	16,564	19,869	7,323	6,887	6,138
Investment properties	16	-	-	33,972	34,568	36,134
Interests in subsidiaries	18	17,497	201,071	145,605	149,455	154,062
Deferred income tax assets		393	-	-	-	-
Other non-current assets		160	72	72	62	-
		<u>34,614</u>	<u>221,012</u>	<u>186,972</u>	<u>190,972</u>	<u>196,334</u>
<b>Current assets</b>						
Inventories		56	4	4	2	2
Amounts due from contract customers	23	29,108	10,944	5,155	5,836	4,620
Trade receivables	22	30,104	41,868	41,799	40,221	38,274
Prepayments and other receivables	22	7,808	6,081	17,721	18,601	12,285
Pledged bank deposits	24	3,515	2,200	2,212	-	-
Cash and cash equivalents	24	12,793	5,321	6,355	12,720	8,716
		<u>83,384</u>	<u>66,418</u>	<u>73,246</u>	<u>77,380</u>	<u>63,897</u>
<b>Total assets</b>		<u>117,998</u>	<u>287,430</u>	<u>260,218</u>	<u>268,352</u>	<u>260,231</u>
<b>EQUITY</b>						
<b>Equity attributable to owners of Pteris</b>						
Share capital	27	65,161	247,410	247,410	254,372	254,372
Reserves	28	(30,645)	(48,995)	(20,609)	(21,099)	(22,229)
<b>Total equity</b>		<u>34,516</u>	<u>198,415</u>	<u>226,801</u>	<u>233,273</u>	<u>232,143</u>
<b>LIABILITIES</b>						
<b>Non-current liability</b>						
Borrowings	30	61	-	-	-	-
<b>Current liabilities</b>						
Trade and other payables	29	23,421	31,441	21,077	21,290	12,246
Amounts due to contract customers	23	4,113	2,930	1,069	2,833	3,431
Borrowings	30	52,142	52,139	8,512	8,129	10,165
Provisions	31	3,745	2,505	2,384	2,452	2,246
Current income tax liabilities		-	-	375	375	-
		<u>83,421</u>	<u>89,015</u>	<u>33,417</u>	<u>35,079</u>	<u>28,088</u>
<b>Total liabilities</b>		<u>83,482</u>	<u>89,015</u>	<u>33,417</u>	<u>35,079</u>	<u>28,088</u>
<b>Total equity and liabilities</b>		<u>117,998</u>	<u>287,430</u>	<u>260,218</u>	<u>268,352</u>	<u>260,231</u>

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The head of the accounting  
department

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Note	Attributable to owners of Pteris					Non-controlling interests	Total equity
	Share capital	Surplus reserves	Currency translation reserve	Retained earnings	Sub-total		
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		
<b>Balance as at January 1, 2014</b>	21,504	1,945	(2,671)	57,965	78,743	1,926	80,669
<b>Comprehensive income</b>							
- Profit for the year	-	-	-	13,019	13,019	324	13,343
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	3,298	-	3,298	-	3,298
<b>Total comprehensive income</b>	-	-	3,298	13,019	16,317	324	16,641
<b>Transaction with owners</b>							
- Issuance of shares pursuant to reverse acquisition	27	41,498	-	-	41,498	-	41,498
- Deferred shares	27	34,786	-	-	34,786	-	34,786
- Issuance of shares as part of the payment of professional fees for the reverse acquisition	27	550	-	-	550	-	550
- Issuance of advanced monies shares for the reverse acquisition	27	1,200	-	-	1,200	-	1,200
- Share issuance expenses		(1,719)	-	-	(1,719)	-	(1,719)
- Dividends to non-controlling interests		-	-	-	-	(449)	(449)
<b>Total transactions with owners, recognised directly in equity</b>		76,315	-	-	76,315	(449)	75,866
<b>Balance at December 31, 2014</b>		97,819	1,945	627	70,984	1,801	173,176

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

Note	Attributable to owners of Pteris							Non-controlling interests	Total equity
	Share capital	Assets revaluation reserve	Surplus reserves	Other reserves	Currency translation reserve	Retained earnings	Sub-total		
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		
<b>Balance as at January 1, 2015</b>	97,819	-	1,945	-	627	70,984	171,375	1,801	173,176
<b>Comprehensive income</b>									
- Profit for the year	-	-	-	-	-	13,210	13,210	5,117	18,327
<b>Other comprehensive income</b>									
- Currency translation differences	-	-	-	-	(25)	-	(25)	(443)	(468)
- Fair value uplift at the date of the transfer of investment properties from property, plant and equipment and land use rights	-	4,946	-	-	-	-	4,946	1,712	6,658
<b>Total comprehensive income for the year</b>	-	4,946	-	-	(25)	13,210	18,131	6,386	24,517
<b>Transaction with owners</b>									
- Strike off of a subsidiary	-	-	-	-	(567)	567	-	-	-
- Disposal of subsidiary without loss of control	28(b)	-	-	22,063	-	-	22,063	32,075	54,138
- Capital injection from non-controlling of a subsidiary	-	-	-	-	-	-	-	1,000	1,000
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(300)	(300)
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	22,063	(567)	567	22,063	32,775	54,838
<b>Balance at December 31, 2015</b>	97,819	4,946	1,945	22,063	35	84,761	211,569	40,962	252,531

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

Note	Attributable to owners of Pteris							Non-controlling interests	Total equity
	Share capital	Assets revaluation reserve	Surplus reserves	Other reserves	Currency translation reserve	Retained earnings	Sub-total		
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		
<b>Balance as at January 1, 2016</b>	97,819	4,946	1,945	22,063	35	84,761	211,569	40,962	252,531
<b>Comprehensive income</b>									
- Profit for the year	-	-	-	-	-	14,901	14,901	8,391	23,292
<b>Other comprehensive income</b>									
- Currency translation differences	-	-	-	-	(5,042)	-	(5,042)	(1,547)	(6,589)
<b>Total comprehensive income for the year</b>	-	-	-	-	(5,042)	14,901	9,859	6,844	16,703
<b>Transaction with owners</b>									
- Issuance of deferred shares	27(f) 6,962	-	-	-	-	-	6,962	-	6,962
- Dividends	13 -	-	-	-	-	(3,854)	(3,854)	-	(3,854)
<b>Total transactions with owners, recognised directly in equity</b>	6,962	-	-	-	-	(3,854)	3,108	-	3,108
<b>Balance at December 31, 2016</b>	104,781	4,946	1,945	22,063	(5,007)	95,808	224,536	47,806	272,342

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

Note	Attributable to owners of Pteris								Total equity
	Assets		Surplus reserves	Other reserves	Currency translation reserve	Retained earnings	Sub-total	Non-controlling interests	
	Share capital	revaluation reserve							
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Unaudited:									
<b>Balance as at January 1, 2016</b>	97,819	4,946	1,945	22,063	35	84,761	211,569	40,962	252,531
<b>Comprehensive income</b>									
- Loss for the period	-	-	-	-	-	(8,536)	(8,536)	797	(7,739)
<b>Other comprehensive income</b>									
- Currency translation differences	-	-	-	-	(6,215)	-	(6,215)	(2,424)	(8,639)
<b>Total comprehensive income for the period</b>	-	-	-	-	(6,215)	(8,536)	(14,751)	(1,627)	(16,378)
<b>Transaction with owners</b>									
- Issuance of deferred shares	27(f) 6,962	-	-	-	-	-	6,962	-	6,962
- Dividends	13 -	-	-	-	-	(3,854)	(3,854)	-	(3,854)
<b>Total transactions with owners, recognised directly in equity</b>	6,962	-	-	-	-	(3,854)	3,108	-	3,108
<b>Balance at September 30, 2016</b>	104,781	4,946	1,945	22,063	(6,180)	72,371	199,926	39,335	239,261

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

Note	Attributable to owners of Pteris							Non-controlling interests	Total equity
	Share capital	Assets revaluation reserve	Surplus reserves	Other reserves	Currency translation reserve	Retained earnings	Sub-total		
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		
<b>Balance as at January 1, 2017</b>	104,781	4,946	1,945	22,063	(5,007)	95,808	224,536	47,806	272,342
<b>Comprehensive income</b>									
- Loss for the period	-	-	-	-	-	(901)	(901)	(643)	(1,544)
<b>Other comprehensive income</b>									
- Currency translation differences	-	-	-	-	(1,334)	-	(1,334)	(921)	(2,255)
- Fair value uplift at the date of the transfer of investment properties from property, plant and equipment and land use rights	-	123	-	-	-	-	123	-	123
<b>Total comprehensive income for the period</b>	-	123	-	-	(1,334)	(901)	(2,112)	(1,564)	(3,676)
<b>Transaction with owners</b>									
- Disposal of a subsidiary without loss of control	28(c)	-	-	-	992	-	992	1,456	2,448
- Capital injection from non-controlling interest of a subsidiary	18(i)	-	-	-	-	-	-	3,102	3,102
- Dividends to non-controlling interests		-	-	-	-	-	-	(300)	(300)
<b>Total transactions with owners, recognised directly in equity</b>		-	-	-	992	-	992	4,258	5,250
<b>Balance at September 30, 2017</b>	104,781	5,069	1,945	23,055	(6,341)	94,907	223,416	50,500	273,916

The notes on pages 17 to 137 are an integral part of these consolidated financial statements.

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Note	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
<b>Cash flow from operating activities</b>					
Profit/(loss) before income tax	16,703	21,852	27,414	(7,717)	(1,285)
Adjustments for:					
Depreciation and amortisation	2,359	6,720	7,765	5,177	6,333
Loss/(gain) on disposal of property, plant and equipment	488	30	(91)	(87)	62
Property, plant and equipment written off	-	42	-	-	3
Interest income	(535)	(398)	(316)	(195)	(295)
Dividend income	(3)	(6)	(8)	(3)	(4)
Interest expense	798	2,500	1,464	1,161	1,112
Loss/(gain) from change in fair value of other financial assets	581	489	239	671	(106)
The excess of fair value of total identifiable net assets over the consideration	35(ii) -	325	-	-	-
Gain from change in fair value of contingent consideration	(504)	-	-	-	-
Loss on issuance of deferred shares	-	-	6,962	6,962	-
Gain on fair value of investment properties	-	-	(1,005)	(728)	(210)
Gain on disposal of assets held for sales	-	-	(3,281)	-	-
Gain on disposal of other non-current assets	-	-	(1,640)	(1,640)	-
Operating profit before working capital changes	19,887	31,554	37,503	3,601	5,610
Inventories and construction work-in-progress	(11,079)	24,758	(23,767)	(54,190)	(57,739)
Trade and other receivables	(38,932)	(27,581)	(19,391)	55,468	32,236
Trade and other payables	42,522	71	56,396	28,587	37,309
Provisions	3,910	1,891	(2,068)	(356)	(634)
Cash generated from operations	16,308	30,693	48,673	33,110	16,782
Income tax paid	(3,061)	(4,708)	(4,241)	(3,287)	(5,218)
<b>Net cash generated from operating activities</b>	<b>13,247</b>	<b>25,985</b>	<b>44,432</b>	<b>29,823</b>	<b>11,564</b>

**PTERIS GLOBAL LIMITED**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

	Note	Year ended December 31,			Nine months ended September 30,	
		2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
<b>Cash flow from investing activities</b>						
Additions to property, plant and equipment and intangible assets		(12,139)	(41,610)	(16,687)	(15,182)	(14,110)
Government grants relating to acquisition of assets received		-	1,056	3,259	3,211	1,269
Proceeds from sale of property, plant and equipment		2	58	155	125	101
Proceeds from sale of other non-current assets		-	-	1,650	1,650	-
Proceeds from sales of assets held for sale		-	-	6,499	-	-
Interest received		535	398	475	188	295
Dividend received		3	6	8	3	4
Acquisition of a subsidiary, net of cash acquired	35	-	(1,393)	-	-	(915)
Net cash from reverse acquisition	35(i)	20,491	-	-	-	-
<b>Net cash flows generated from/ (used in) investing activities</b>		<u>8,892</u>	<u>(41,485)</u>	<u>(4,641)</u>	<u>(10,005)</u>	<u>(13,356)</u>
<b>Cash flow from financing activities</b>						
Proceeds of borrowings from related companies		51,428	39,605	38,756	38,756	13,274
Repayment of borrowings to related companies		(49,443)	(55,447)	(55,659)	(50,329)	(7,148)
Advances received from related companies, net		-	17,806	-	-	-
Proceeds of borrowings from banks		18,514	22,984	14,027	8,181	3,940
Repayment of borrowings to banks		-	(78,403)	(10,115)	(10,115)	(1,389)
Payment of finance lease liabilities		(28)	-	-	-	-
Interest paid		(2,322)	(2,731)	(1,561)	(1,241)	(1,094)
Cash received for disposal of interest in a subsidiary	28(b)	-	54,138	-	-	-
Cash injection from non-controlling interest of a subsidiary		-	1,000	-	-	3,102
Decrease /(increase) in cash pledged for financing		6	(6)	2,212	2,212	-
Dividend paid		-	(749)	(3,854)	(3,854)	-
<b>Net cash generated from/(used in) financing activities</b>		<u>18,155</u>	<u>(1,803)</u>	<u>(16,194)</u>	<u>(16,390)</u>	<u>10,685</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>						
Cash and cash equivalents at beginning of the year		7,940	48,949	31,425	31,425	54,822
Exchange gains/(losses) on cash and cash equivalents		715	(221)	(200)	(169)	(85)
<b>Cash and cash equivalents at end of the year/period</b>	24	<u>48,949</u>	<u>31,425</u>	<u>54,822</u>	<u>34,684</u>	<u>63,630</u>

The notes on pages 17 to 137 are an integral part of these consolidated financial statements.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **1 General information**

Pteris Global Limited (the “Pteris”) was incorporated and domiciled in Singapore on 25 January 1979. The address of its registered office is 28 Quality Road, Singapore 618828. The Pteris’s ultimate holding company is China International Marine Containers (Group) Co., Ltd..

Pteris and its subsidiaries (the “Pteris Group”) is engaged in the business of (i) provision of engineering and computer software solutions for airport logistics and materials, such as baggage and air cargo handling systems; (ii) the manufacture and repair of airport ground support equipment, including aircraft catering vehicles and other service vehicles; (iii) manufacture and sale of airport equipment which comprises mainly passenger boarding bridges and ground support equipment such as airport apron buses, aircraft catering vehicles and other specialized vehicles; (iv) manufacture and sale of baggage and materials handling systems, which comprises systems for the sorting, handling and transportation of different types of baggage and cargo; and (v) manufacture and sale of automated parking systems.

The consolidated financial statements are presented in Singapore Dollar (“SGD”), unless otherwise stated.

#### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years/period unless otherwise stated.

##### **2.1 Basis of preparation**

The consolidated financial statements set out herein represent Pteris’s first set of consolidated financial statements for the years ended 31 December 2014, 2015 and 2016 and nine months ended 30 September, 2017 prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and HKFRS 1 “First-time Adoption of Hong Kong Financial Reporting Standards” has been applied in preparing these financial statements. These financial statements are prepared for the purpose of the proposed restructuring in relation to Pteris to be made by China International Marine Containers (Group) Co., Ltd..

Pteris’s HKFRS adoption and transition date for the preparation of these consolidated financial statements is 1 January 2014. Pteris did not apply any exemption under the provisions of HKFRS 1. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and investment properties, which are carried at fair value.

For the year ended 31 December 2016 and prior years, the Pteris Group previously prepared its consolidated financial statements in accordance with Singapore Financial Reporting Standards (“SFRS”) issued by the Accounting Standards Council of Singapore. Management reassessed the detailed accounting policies adopted by Pteris in accordance with SFRS and HKFRS, and concluded that there are no material differences for all the years/periods presented. Accordingly, no reconciliation of the Pteris Group’s equity and total comprehensive income reported under SFRS to its equity and total comprehensive income under HKFRS was prepared.

## PTERIS GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 2 Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Pteris Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

#### 2.1.1 New/revised standards, amendments to standards and interpretations

All new standards, amendments to standards and interpretations, which are mandatory for the financial period beginning on 1 January 2017 are consistently applied to the Pteris Group for the Relevant Periods.

The adoption of these new or amended HKFRS did not result in substantial changes to the accounting policies of the Pteris Group and Pteris and had no material effect on the amounts reported for the current or prior financial years.

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Pteris Group's accounting periods beginning after 1 January 2018 and which the Pteris Group has not early adopted:

- HKFRS 15 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces HKAS 11 Construction contracts, HKAS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of HKFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

HKFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Pteris Group's financial statements and has identified the following areas that are likely to be affected:

## PTERIS GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 Summary of significant accounting policies (Continued)

##### 2.1 Basis of preparation (Continued)

##### 2.1.1 New/revised standards, amendments to standards and interpretations (Continued)

- HKFRS 15 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018) (continued)
  - (i) Revenue from service - the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
  - (ii) Rights of return – HKFRS 15 requires separate presentation on the statements of financial position of the right to recover the goods from the customer and the refund obligation; and
  - (iii) Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15.

At this stage, the Pteris Group is not able to estimate the impact of the new rules on the Pteris Group's financial statements. The Pteris Group will make more detailed assessment of the impact over the next twelve months.

- HKFRS 9 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Pteris Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

The other financial assets held by the Pteris Group include:

- (i) equity instruments currently classified as AFS for which FVOCI election is available
- (ii) equity investments currently measured at fair value through profit or loss which would likely to continue to be measured on the same basis under HKFRS 9, and
- (iii) debt instruments classified as held-to-maturity or loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under HKFRS 9.

Accordingly, the Pteris Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

There will be no impact on the Pteris Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**2.1 Basis of preparation (Continued)**

**2.1.1 New/revised standards, amendments to standards and interpretations (Continued)**

- HKFRS 9 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018) (Continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Pteris Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Pteris Group does not intend to adopt HKFRS 9 before its mandatory date.

- HKFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)

HKFRS 16 will result in almost all leases being recognised on the lessee's statements of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Pteris Group's operating leases. As at 30 September 2017, the Pteris Group has non-cancellable operating lease commitments of SGD17,444,000 (Note 34). However, the Pteris Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Pteris Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.2 Revenue recognition**

Sales comprise the fair value of the consideration received or receivable from construction contracts, the sale of goods and rendering of services in the ordinary course of the Pteris Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Pteris Group.

The Pteris Group assess its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Pteris Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Pteris Group's activities are met as follows:

##### *Sale of goods*

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

For sales of airport equipment and material handling systems, there are two revenue sub-streams comprising (i) revenue from the sales of the equipment and systems and (ii) revenue from installation and testing services to customers in relation to those items. Revenue from the sales of the equipment and systems is recognised when the Pteris Group has delivered the items to locations specified by its customers and the customers have accepted the items in accordance with the sales contracts. For accounting policy for revenue from installation and testing services and the provision of training to customers in relation to those items, please refer to the paragraph *Rendering of service*.

##### *Construction contracts*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue from a fixed price contract is recognised in profit or loss using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of the project cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

##### *Rendering of service*

Revenue from rendering of maintenance and installation services is recognised in profit or loss when the service is rendered.

##### *Rental income*

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

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.3 Group accounting**

###### *(a) Subsidiaries*

###### *(i) Consolidation*

Subsidiaries are all entities over which the Pteris Group has control. The Pteris Group controls an entity when the Pteris Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Pteris Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Pteris Group.

An entity shall attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The entity shall also attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

###### *(ii) Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Pteris Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Pteris Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Pteris Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.3 Group accounting (Continued)**

###### *(a) Subsidiaries (Continued)*

###### *(iii) Disposals*

When a change in the Pteris Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

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

###### *(b) Transactions with non-controlling interests*

Changes in the Pteris Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of Pteris. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of Pteris.

##### **2.4 Property, plant and equipment**

###### *(a) Measurement*

###### *(i) Land and buildings*

Freehold land and buildings are initially recognised at cost less accumulated impairment losses. Leasehold land and buildings are carried at cost less accumulated depreciation and accumulated impairment losses.

###### *(ii) Other property, plant and equipment*

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

###### *(iii) Assets under construction*

Assets under construction comprising development and construction costs incurred during the period of construction are carried at cost, less any recognised provision for impairment. Depreciation on these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for the intended use.

###### *(iv) Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.6 on borrowing costs).

## PTERIS GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 Summary of significant accounting policies (Continued)

##### 2.4 Property, plant and equipment (Continued)

###### (b) Depreciation

Assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold buildings - Singapore	30 years
Buildings - China	50 years
Motor vehicles	5 - 7 years
Machinery and equipment	3 - 10 years
Office and other equipment	3 - 10 years

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

###### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

###### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses) - net", "cost of sales" or "general and administrative expenses".

##### 2.5 Intangible assets

###### (a) Measurement

###### (i) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**2.5 Intangible assets (Continued)**

*(a) Measurement (continued)*

*(ii) Research and development costs*

Research and development costs that are directly attributable to the design and testing of identifiable and unique optical products are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for sale in the future;
- Management intends to complete the product and sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to sell the product are available;
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

*(iii) Other intangible assets*

Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

*(b) Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

*(c) Amortisation*

Amortisation is calculated based on the cost of the asset, less its residual value.

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

The estimated useful lives are as follow:

	<u>Useful lives</u>
Software	10 years
Operating rights of automated parking system	12 - 18 years
Patent for automatic sorting system	10 years
Patent for aircraft ground air conditioning	8 years

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

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.6 Borrowing costs**

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

##### **2.7 Construction contracts**

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as inventories on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the end of the reporting period, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. When cumulative costs incurred to date plus recognised profit less recognised losses exceed progress billings, the surplus representing amounts due from customers is shown as 'amounts due from contract customers'. For contracts where progress billings exceed cumulative costs incurred to date plus recognised profit less recognised losses, the surplus representing amounts due to customers is shown as 'amounts due to contract customers'.

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

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.8 Investment properties**

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment properties are included in the cost of the investment properties when it is probable that the associated economic benefits will flow to the Pteris Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Pteris Group adopts fair value model to subsequently measure investment properties and don't provide depreciation or amortisation. The carrying amount of investment properties is adjusted based on their fair value at the statement of financial position date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.

When an investment property is transferred to owner-occupied property, it is reclassified to Property, plant and equipment or intangible asset with the carrying amount determined at the fair value of the investment properties at the date of the transfer, and the difference between the fair value and the original carrying amount of the investment property is recognised in profit or loss for the current period. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at the date of the transfer is less than the original carrying amount of the fixed asset or the intangible asset, the difference is recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment properties net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

##### **2.9 Interests in subsidiaries**

Interests in subsidiaries are carried at cost less accumulated impairment losses in the Pteris's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**2.10 Impairment of non-financial assets**

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Pteris Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*  
*Property, plant and equipment*  
*Interests in subsidiaries*

Intangible assets, property, plant and equipment and interests in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

## PTERIS GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 Summary of significant accounting policies (Continued)

##### 2.11 Financial assets

###### (a) *Classification*

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

###### (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 as held for trading if it is acquired principally for the purpose of selling in the short term.

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

###### (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 are presented as current assets, except for non-current interest-free receivables from subsidiaries which have been accounted for in accordance with Note 2.9 on Interests in subsidiaries. Loans and receivables are presented as "Trade receivables", "Prepayments and other receivables" (Note 22), "Amounts due from contract customers" (Note 23) and "Cash and cash equivalents" (Note 24) on the statement of financial position.

###### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Pteris 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 Pteris Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to 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 immediately as expenses.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.11 Financial assets (Continued)**

###### *(d) Subsequent measurement*

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

###### *(e) Impairment*

The Pteris Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

###### *(i) Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

##### **2.12 Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **2.13 Borrowings**

Borrowings are presented as current liabilities unless the Pteris Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.14 Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Pteris Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

##### **2.15 Land use rights**

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and any accumulated impairment losses. Land use rights are amortised on a straight line basis over the lease terms of agreement of 50 years.

##### **2.16 Derivative financial instruments**

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss.

##### **2.17 Fair value estimation of financial assets and liabilities**

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Pteris Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**2.18 Leases**

*(a) When the Pteris Group is the lessee*

The Pteris Group leases motor vehicles under finance leases and land, factories and warehouses under operating leases from non-related parties.

*(i) Lessee - Finance leases*

Leases where the Pteris Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

*(ii) Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

*(b) When the Pteris Group is the lessor*

*(i) Lessor - Operating leases*

The Pteris Group leases industrial land under operating leases to non-related parties.

Lease of industrial land where the Pteris Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Pteris Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.19 Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost principle. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

##### **2.20 Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

A deferred income tax liability is recognised on temporary differences arising on interests in subsidiaries, associated companies and joint ventures, except where the Pteris Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Pteris Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Pteris Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.21 Provisions**

Provisions for warranty are recognised when the Pteris Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

##### **2.22 Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

###### *(a) Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Pteris Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Pteris Group has no further payment obligations once the contributions have been paid.

###### *(b) Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Pteris Group recognises termination benefits at the earlier of the following dates: (a) when the Pteris Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKFRS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

###### *(c) Share-based payments*

The share option program in 2014 allowed employees to acquire shares of Pteris. The fair value of options granted was recognised as an employee expense, with a corresponding increase in equity. The fair value was measured at grant date and spread over the vesting period during which the employees became unconditionally entitled to the options. At reporting date, Pteris revised its estimates of the number of options that were expected to become exercisable. It recognised the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs were credited to share capital when the options were exercised.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2 Summary of significant accounting policies (Continued)**

**2.23 Currency translation**

*(a) Functional and presentation currency*

Items included in the financial statements of each entity in the Pteris Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are presented in Singapore Dollars (“SGD” or “\$”), which is the functional currency of Pteris.

*(b) Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within “finance costs”. All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of profit or loss within “Other gains/(losses) - net”.

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

*(c) Translation of Pteris Group entities’ financial statements*

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.23 Currency translation (Continued)**

(c) *Translation of Pteris Group entities' financial statements (continued)*

- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

##### **2.24 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

##### **2.25 Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

##### **2.26 Government grants**

Government grants are transfer of monetary assets from the government to the Pteris Group at no consideration, including taxes refund and financial allowances.

A government grant is recognised initially as deferred income when there is reasonable assurance that the grant will be received and the Pteris Group will comply with the conditions associated with the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivables. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

The grant is then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. A grant that compensates the Pteris Group for expenses incurred is recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

##### **2.27 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.28 Dividends to Pteris's shareholders**

Dividends to Pteris's shareholders are recognised when the dividends are approved for payment.

##### **2.29 Other non-current assets**

Other non-current assets, include unquoted equity securities, which do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are stated at cost less impairment losses on a review at the end of the reporting period.

Gains or losses on disposal of other assets are determined as the difference between the net disposal proceeds and the carrying amount of the investments and are accounted for in the profit or loss as they arise.

##### **2.30 Non-current assets held for sale**

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

#### **3 Critical accounting estimates and judgments**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **3.1 Critical accounting estimates and assumptions**

The Pteris Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

###### *(a) Impairment of goodwill*

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2.10.

The recoverable amounts of CGUs have been determined based on value in-use calculations. These calculations require the use of estimates. The details of the calculation and estimates used and the sensitivity analysis of the estimates are set out in Note 17(a).

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**3 Critical accounting estimates and judgments (Continued)**

**3.1 Critical accounting estimates and assumptions (Continued)**

*(b) Construction contracts*

The Pteris Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% for the year ended December 31, 2014, 2015 and 2016 and the nine months ended September 30, 2016 and 2017 from management's estimates, the Pteris Group's profit would have been lower/higher by SGD1,300,000 and SGD1,800,000, SGD9,904,000 and SGD1,674,000, SGD5,273,000 and SGD5,927,000, SGD581,000 and SGD3,365,000 and SGD974,000 and SGD5,699,000 respectively.

*(c) Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, the Pteris Group recorded allowance for impairment of trade and other receivables amounting to SGD10,190,000, SGD11,909,000, SGD11,956,000 and SGD11,174,000. Further analysis of the Pteris Group's credit profile is set out in Note 22.

*(d) Uncertain tax positions*

The Pteris Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax charged to profit or loss are set out in Note 10.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**3 Critical accounting estimates and judgments (Continued)**

**3.1 Critical accounting estimates and assumptions (Continued)**

(e) *Warranties*

The Pteris Group and Pteris provide warranties on certain products and undertake to repair and replace items that fail to perform satisfactorily. Significant estimates are used by management to determine the amount of provision for warranties. In making these estimates, management has relied on past experience of the level of repairs and returns. Management is of the view that the provision for warranties is adequate at reporting dates. The details of provision are set out in Note 31.

(f) *Fair value estimation on investment properties*

The Pteris Group owns certain investment properties and carries them at fair value as at statement of financial position dates. Certain assumptions and estimates are made to determine the fair value on these investment properties. The details of the fair value and the estimates are set out in Note 16.

**4 Financial risk management**

The Pteris Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Pteris Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Pteris Group's financial performance.

**4.1 Market risk**

(a) *Foreign currency risk*

The Pteris Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in foreign currencies, i.e. currencies other than the functional currency of the operations to which the transactions relate.

The carrying amounts of the Pteris Group's foreign currency denominated monetary assets and monetary liabilities as at January 1, 2014, December 31, 2014, 2015 and 2016 and September 30, 2017 are as follows:

	As at January 1, <u>2014</u> SGD'000	As at December 31,			As at September 30, <u>2017</u> SGD'000
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
<b>Assets</b>					
United States dollars ("USD")	21,191	69,616	80,706	63,822	59,935
Euro ("EUR")	16,451	12,836	16,284	27,921	15,333
Total	<u>37,642</u>	<u>82,452</u>	<u>96,990</u>	<u>91,743</u>	<u>75,268</u>
<b>Liabilities</b>					
United States dollars ("USD")	(20,347)	(28,918)	(33,308)	(18,129)	(15,671)
Euro ("EUR")	(11,604)	(2,010)	(166)	(12,290)	(27,013)
Total	<u>(31,951)</u>	<u>(30,928)</u>	<u>(33,474)</u>	<u>(30,419)</u>	<u>(42,684)</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**4 Financial risk management (Continued)**

**4.1 Market risk (Continued)**

*(a) Foreign currency risk (Continued)*

The Pteris Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Pteris Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Pteris Group's sensitivity to a reasonably possible change of 5% in exchange rate of each foreign currency against SGD while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period and adjusts their translation at each end of the reporting period for a 5% change in foreign currency rates.

	Increase/(decrease) in profit before tax for the year/period			
	Year ended December 31,			Nine months ended
	2014	2015	2016	September 30,
	SGD'000	SGD'000	SGD'000	2017 SGD'000
- if SGD strengthens against foreign currencies				
USD	(2,033)	(2,370)	(2,290)	(2,213)
EUR	(541)	(806)	(782)	546
- if SGD weakens against foreign currencies				
USD	2,033	2,370	2,290	2,213
EUR	541	806	782	(546)

*(b) Interest rate risk*

The Pteris Group's interest rate risk arises from bank borrowings and loans from related parties. The Pteris Group's bank borrowings and loans from related parties are carried at various floating and fixed rates which expose the Pteris Group to cash flow and fair value interest rate risk respectively. The Pteris Group has not entered into any interest rate swaps to hedge its exposure to interest rate risk.

As at January 1, 2014, December 31, 2014, 2015 and 2016 and September 30, 2017, if the interest rates had increased/decreased by 1% with all other variables including tax rate being held constant, the profit before tax for the year/period would have been lower/higher by SGD177,000, SGD956,000, SGD464,000, SGD357,000 and SGD439,000, mainly as a result of higher/lower interest expense on these borrowings.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **4 Financial risk management (Continued)**

##### **4.2 Credit risk**

The Pteris Group's credit risk is primarily attributable to its cash and cash deposits at bank, trade, bills and other receivables. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Pteris Group's credit risk is significantly reduced.

For bank deposits, the Pteris Group placed the deposits with banks and financial institutions which have good collection track record. For trade receivables, the Pteris Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Pteris Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Pteris Group level by the Head of Credit Control.

As at January 1, 2014, December 31, 2014, 2015 and 2016 and September 30, 2017, the trade receivables of the Pteris Group and of Pteris comprise 10, 19, 17, 25 and 10 debtors and 2, 2, 2, 13 and 1 debtors, respectively that individually represented 1% - 26% of the trade receivables.

See Notes 22 for further disclosure on credit risk.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**4 Financial risk management (Continued)**

**4.3 Liquidity risk**

The Pteris Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The table below analyses the Pteris Group's and Pteris's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each of the statement of financial position dates to the respective contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Pteris Group	Less than 1 year SGD'000	Between 1 and 2 years SGD'000	Between 2 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At January 1, 2014					
Bank borrowings (including interest payable upon maturity)	17,729	-	-	-	17,729
Trade and other payables excluding non-financial liabilities	64,552	-	-	-	64,552
<b>Total</b>	<b>82,281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,281</b>
At December 31, 2014					
Bank borrowings (including interest payable upon maturity)	93,655	-	-	-	93,655
Trade and other payables excluding non-financial liabilities	124,275	-	-	-	124,275
<b>Total</b>	<b>217,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,930</b>
At December 31, 2015					
Bank borrowings (including interest payable upon maturity)	20,533	1,472	-	-	22,005
Trade and other payables excluding non-financial liabilities	149,501	270	-	-	149,771
<b>Total</b>	<b>170,034</b>	<b>1,742</b>	<b>-</b>	<b>-</b>	<b>171,776</b>
At December 31, 2016					
Bank borrowings (including interest payable upon maturity)	12,884	10,315	-	-	23,199
Trade and other payables excluding non-financial liabilities	157,484	714	14,293	-	172,491
<b>Total</b>	<b>170,368</b>	<b>11,029</b>	<b>14,293</b>	<b>-</b>	<b>195,690</b>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**4 Financial risk management (Continued)**

**4.3 Liquidity risk (Continued)**

The Pteris Group (Continued)	Less than 1 year SGD'000	Between 1 and 2 years SGD'000	Between 2 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At 30 September 2017					
Bank borrowings (including interest payable upon maturity)	21,725	10,111	-	-	31,836
Trade and other payables excluding non-financial liabilities	133,155	13,999	537	-	147,691
<b>Total</b>	<b>154,880</b>	<b>24,110</b>	<b>537</b>	<b>-</b>	<b>179,527</b>
The Pteris					
	Less than 1 year SGD'000	Between 1 and 2 years SGD'000	Between 2 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At January 1, 2014					
Bank borrowings (including interest payable upon maturity)	52,697	61	-	-	52,758
Trade and other payables excluding non-financial liabilities	22,190	-	-	-	22,190
<b>Total</b>	<b>74,887</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>74,948</b>
At December 31, 2014					
Bank borrowings (including interest payable upon maturity)	52,682	-	-	-	52,682
Trade and other payables excluding non-financial liabilities	29,173	-	-	-	29,173
<b>Total</b>	<b>81,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,855</b>
At December 31, 2015					
Bank borrowings (including interest payable upon maturity)	8,531	-	-	-	8,531
Trade and other payables excluding non-financial liabilities	18,728	-	-	-	18,728
<b>Total</b>	<b>27,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,259</b>

**PTERIS GLOBAL LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4 Financial risk management (Continued)****4.3 Liquidity risk (Continued)**

Pteris (Continued)	Less than 1 year SGD'000	Between 1 and 2 years SGD'000	Between 2 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At December 31, 2016					
Bank borrowings (including interest payable upon maturity)	8,174	-	-	-	8,174
Trade and other payables excluding non-financial liabilities	20,376	-	-	-	20,376
Total	28,550	-	-	-	28,550
At 30 September 2017					
Bank borrowings (including interest payable upon maturity)	10,215	-	-	-	10,215
Trade and other payables excluding non-financial liabilities	11,545	-	-	-	11,545
Total	21,760	-	-	-	21,760

**4.4 Capital risk management**

The Pteris Group's objectives when managing capital are to safeguard the Pteris Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Pteris Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Management monitors capital through regular reviews to ensure adequate capital is maintained.

The Pteris Group is in compliance with externally imposed capital requirements for the Relevant Periods.

**4.5 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**4 Financial risk management (Continued)**

**4.5 Fair value estimation (Continued)**

	Level 1	Level 2	Level 3	Total
	SGD'000	SGD'000	SGD'000	SGD'000
At January 1, 2014				
<b>Assets</b>				
Derivative financial instruments	-	630	-	630
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At December 31, 2014				
<b>Assets</b>				
Derivative financial instruments	-	40	-	40
Equity securities designated at fair value through profit or loss	78	-	-	78
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>78</u>	<u>40</u>	<u>-</u>	<u>118</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At December 31, 2015				
<b>Assets/(Liabilities)</b>				
Derivative financial instruments	-	(442)	-	(442)
Equity securities designated at fair value through profit or loss	106	-	-	106
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets/(liabilities)	<u>106</u>	<u>(442)</u>	<u>-</u>	<u>(336)</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At December 31, 2016				
<b>Assets/(Liabilities)</b>				
Derivative financial instruments	-	(1)	-	(1)
Equity securities designated at fair value through profit or loss	110	-	-	110
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets/(liabilities)	<u>110</u>	<u>(1)</u>	<u>-</u>	<u>109</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At September 30, 2017				
<b>Assets</b>				
Derivative financial instruments	-	22	-	22
Equity securities designated at fair value through profit or loss	215	-	-	215
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>215</u>	<u>22</u>	<u>-</u>	<u>237</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

There were no transfers between levels 1 and 2 during the year/period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Pteris Group is the current bid price. These instruments are included in Level 1.

The fair value of forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant market yield curve as at the end of the reporting period plus an adequate constant credit spread.

The details of investment properties carried at fair value are set out in Note 16.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**4 Financial risk management (Continued)**

**4.6 Offsetting financial assets and financial liabilities**

(a) *Financial assets*

Pteris has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

	Related amounts set off in the statement of financial position		
	Gross amounts - financial <u>assets</u> (a) SGD'000	Gross amounts - financial liabilities (b) SGD'000	Net amounts - financial assets presented in statement of position (c) = (a)-(b) SGD'000
<b>At January 1, 2014</b>			
Amounts due from subsidiaries, trade	3,936	(2,180)	1,756
<b>Total</b>	<u>3,936</u>	<u>(2,180)</u>	<u>1,756</u>
<b>At December 31, 2014</b>			
Amounts due from subsidiaries, trade	3,644	(2,118)	1,526
<b>Total</b>	<u>3,644</u>	<u>(2,118)</u>	<u>1,526</u>
<b>At December 31, 2015</b>			
Amounts due from subsidiaries, trade	3,589	(1,216)	2,373
<b>Total</b>	<u>3,589</u>	<u>(1,216)</u>	<u>2,373</u>
<b>At December 31, 2016</b>			
Amounts due from subsidiaries, trade	6,508	(1,225)	5,283
<b>Total</b>	<u>6,508</u>	<u>(1,225)</u>	<u>5,283</u>
<b>At September 30, 2017</b>			
Amounts due from subsidiaries, trade	6,319	(1,225)	5,094
<b>Total</b>	<u>6,319</u>	<u>(1,225)</u>	<u>5,094</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**4 Financial risk management (Continued)**

**4.6 Offsetting financial assets and financial liabilities (Continued)**

*(b) Financial liabilities*

Pteris has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

	Related amounts set off in the statement of financial position		
	Gross amounts - financial <u>assets</u> (a) SGD'000	Gross amounts - financial <u>liabilities</u> (b) SGD'000	Net amounts - financial assets presented in statement of position (c) = (a)-(b) SGD'000
<b>At January 1, 2014</b>			
Amounts due to subsidiaries, trade	2,180	(2,180)	-
<b>Total</b>	<u>2,180</u>	<u>(2,180)</u>	<u>-</u>
<b>At December 31, 2014</b>			
Amounts due to subsidiaries, trade	2,118	(2,118)	-
<b>Total</b>	<u>2,118</u>	<u>(2,118)</u>	<u>-</u>
<b>At December 31, 2015</b>			
Amounts due to subsidiaries, trade	1,216	(1,216)	-
<b>Total</b>	<u>1,216</u>	<u>(1,216)</u>	<u>-</u>
<b>At December 31, 2016</b>			
Amounts due to subsidiaries, trade	1,225	(1,225)	-
<b>Total</b>	<u>1,225</u>	<u>(1,225)</u>	<u>-</u>
<b>At September 30, 2017</b>			
Amounts due to subsidiaries, trade	1,225	(1,225)	-
<b>Total</b>	<u>1,225</u>	<u>(1,225)</u>	<u>-</u>

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Pteris Group or Pteris and their respective counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

## **PTERIS GLOBAL LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

#### **5 Segment information**

The Pteris Group has three reportable segments, as described below, which are the Pteris Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Pteris Group's Chief Executive Officer ("CEO") manages and monitors the unit's business and reviews the internal management report at least on a quarterly basis. Management has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions, allocate resources, and assess performance. The following summary describes the operations in each of the Pteris Group's reportable segments:

- (a) Passenger boarding bridge and automated parking system: includes the sales of passenger boarding bridges and car park systems
- (b) Logistic system business: includes the provision of engineering and computer software solutions for airport logistics
- (c) Ground support equipment: includes the manufacture and repair of airport ground support equipment

The accounting policies of the reportable segments are the same as described in Note 2 to the consolidated financial statements.

Performance is measured based on profit before income tax for the reportable segment. This measurement basis excludes the incidental expenditure from operating segment such as impairment of goodwill on consolidation that is not expected to recur regularly in every period. Inter-segment pricing is determined on an arm's length basis.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities*

	Year Ended December 31, 2014				
	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Reconciliations - eliminations of inter-segment revenue and balances	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>Revenue</b>					
External revenue	153,917	66,115	20,549	-	240,581
Inter-segment revenue	-	381	-	(381)	-
<b>Total revenue</b>	<b>153,917</b>	<b>66,496</b>	<b>20,549</b>	<b>(381)</b>	<b>240,581</b>
<b>Profit or loss</b>					
Interest income	96	428	11	-	535
Finance costs	154	595	60	-	809
Depreciation	448	1,463	71	-	1,982
Amortisation	290	53	34	-	377
<b>Reportable segment profit/(loss) before income tax</b>	<b>17,933</b>	<b>(3,843)</b>	<b>2,613</b>	<b>-</b>	<b>16,703</b>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities (Continued)*

	Year Ended December 31, 2015			Total SGD'000
	Passenger boarding bridge and automated parking system SGD'000	Logistic system business SGD'000	Ground support equipment SGD'000	
External revenue	192,770	121,454	27,111	341,335
Profit or loss				
Interest income	76	242	80	398
Finance costs	1,631	855	20	2,506
Depreciation	1,125	3,760	484	5,369
Amortisation	1,088	220	43	1,351
Reportable segment profit before income tax	20,689	754	409	21,852
	Year Ended December 31, 2016			Total SGD'000
	Passenger boarding bridge and automated parking system SGD'000	Logistic system business SGD'000	Ground support equipment SGD'000	
External revenue	188,007	92,752	36,522	317,281
Profit or loss				
Interest income	167	106	43	316
Finance costs	1,290	153	36	1,479
Depreciation	4,545	1,628	253	6,426
Amortisation	1,200	7	132	1,339
Reportable segment profit/(loss) before income tax	29,952	(3,970)	1,432	27,414

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities (Continued)*

	Nine Months Ended September 30, 2016 (unaudited)			
	Passenger boarding bridge and automated parking system SGD'000	Logistic system business SGD'000	Ground support equipment SGD'000	Total SGD'000
External revenue	51,950	55,468	24,169	131,587
Profit or loss				
Interest income	60	95	40	195
Finance costs	1,024	112	25	1,161
Depreciation	3,469	650	105	4,224
Amortisation	867	5	81	953
Reportable segment profit/(loss) before income tax	2,007	(10,746)	1,022	(7,717)
	Nine Months Ended September 30, 2017			
	Passenger boarding bridge and automated parking system SGD'000	Logistic system business SGD'000	Ground support equipment SGD'000	Total SGD'000
External revenue	63,299	51,082	26,995	141,376
Profit or loss				
Interest income	77	186	32	295
Finance costs	940	172	14	1,126
Depreciation	3,825	615	172	4,612
Amortisation	1,564	26	52	1,642
Reportable segment profit/(loss) before income tax	1,153	(4,104)	1,666	(1,285)

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities (Continued)*

	At January 1, 2014			
	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Total
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Assets</b>				
Reportable Segment assets				
Trade receivables	77,205	14,713	7,968	99,886
Inventories	42,111	17	2,269	44,397
Property, plant and equipment	24,582	24	400	25,006
Intangible assets	1,560	-	387	1,947
Unallocated				45,207
<b>Total</b>				<b>216,443</b>
Segment assets includes:				
Additions to property, plant and equipment				12,304
<b>Liabilities</b>				
Reportable segment liabilities				
Other payables	28,410	4,259	3	32,672
Borrowings	17,705	-	-	17,705
Provision	7,331	471	98	7,900
Unallocated				77,497
<b>Total</b>				<b>135,774</b>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities (Continued)*

	At December 31, 2014			
	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Total
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Assets</b>				
Reportable segment assets				
Trade receivables	103,684	48,108	11,118	162,910
Inventories	50,570	3,144	5,040	58,754
Amounts due from contract customers	-	24,510	-	24,510
Property, plant and equipment	37,596	64,496	462	102,554
Intangible assets	2,111	23,261	401	25,773
Unallocated				96,445
				470,946
Segment assets includes:				
Additions to property, plant and equipment				13,753
Additions to intangible assets				23,261
<b>Liabilities</b>				
Reportable segment liabilities				
Other payables	31,231	3,127	2,415	36,773
Borrowings	39,775	52,139	-	91,914
Provisions	9,353	4,192	1,323	14,868
Amounts due to contract customers	-	5,483	-	5,483
Unallocated				148,732
				297,770

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities (Continued)*

	At December 31, 2015			
	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Total
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Assets</b>				
Reportable segment assets				
Trade receivables	105,870	60,422	10,587	176,879
Inventories	33,211	7,535	7,025	47,771
Amounts due from contract customers	-	17,363	-	17,363
Property, plant and equipment	58,921	48,934	1,243	109,098
Investment properties	14,344	33,972	-	48,316
Intangible assets	13,240	21,681	404	35,325
Unallocated				79,154
				<u>513,906</u>
Segment assets includes:				
Additions to property, plant and equipment				53,414
Additions to intangible assets				12,247
<b>Liabilities</b>				
Reportable segment liabilities				
Other payables	33,268	4,229	1,887	39,384
Borrowings	12,769	8,512	-	21,281
Provisions	9,902	5,282	2,080	17,264
Amounts due to contract customers	-	5,602	-	5,602
Unallocated				177,844
				<u>261,375</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities (Continued)*

	At December 31, 2016			
	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Total
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Assets</b>				
Reportable segment assets				
Trade receivables	138,862	46,582	10,490	195,934
Inventories	43,640	5,680	10,579	59,899
Amounts due from contract customers	-	29,891	-	29,891
Property, plant and equipment	56,222	58,311	1,178	115,711
Investment properties	14,276	34,568	-	48,844
Intangible assets	10,451	21,681	389	32,521
Unallocated				103,721
				586,521
Segment assets includes:				
Additions to property, plant and equipment				16,687
Additions to intangible assets				32
<b>Liabilities</b>				
Reportable segment liabilities				
Other payables	61,480	3,431	2,010	66,921
Borrowings	14,016	8,129	-	22,145
Provisions	9,415	6,637	2,310	18,362
Amounts due to contract customers	-	7,040	-	7,040
Unallocated				199,711
				314,179

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities (Continued)*

	At September 30, 2017				
	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Reconciliations – eliminations of inter- segment revenue and balances	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>Assets</b>					
Reportable segment assets					
Trade receivables	96,609	35,735	6,397	-	138,741
Inventories	99,664	14,142	14,998	-	128,804
Amounts due from contract customers	-	23,961	-	-	23,961
Properties, plant and equipment	87,135	21,643	1,012	-	109,790
Investment properties	14,203	36,134	-	-	50,337
Intangible assets	20,408	25,831	411	-	46,650
Unallocated					140,868
					639,151
Segment assets includes:					
Additions to property, plant and equipment					2,548
Additions to intangible assets					11,562
<b>Liabilities</b>					
Reportable segment liabilities					
Other payables	117,626	21,653	2,028	(5,303)	136,004
Borrowings	19,864	10,165	546	-	30,575
Provisions	8,608	6,366	2,583	-	17,557
Amounts due to contract customers	-	9,551	-	-	9,551
Unallocated					171,548
					365,235

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(a) *Information about operating segment profit or loss, assets and liabilities (Continued)*

Reconciliations

The amounts reported to the CEO with respect to total assets are measured in a manner consistent with that of the financial statements.

Segment assets

	January 1, 2014	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Segment assets for reportable segments	171,236	374,501	434,752	482,800	498,283
Unallocated:					
Cash and cash equivalents	7,940	51,155	33,637	54,930	63,741
Prepayment and other receivables	19,476	26,104	21,144	28,345	56,262
Intangible assets	654	396	510	439	446
Land use rights	12,354	14,331	15,281	14,358	13,834
Others	4,783	4,459	8,582	5,649	6,585
	<u>216,443</u>	<u>470,946</u>	<u>513,906</u>	<u>586,521</u>	<u>639,151</u>

Segment liabilities

	January 1, 2014	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Segment liabilities for reportable segments	58,225	148,953	83,531	114,468	193,687
Unallocated:					
Trade and other payables	68,260	134,879	159,492	165,941	138,300
Provision for taxation	2,891	4,840	4,472	4,921	517
Deferred income tax liabilities	-	249	1,211	1,437	1,700
Deferred income	6,346	8,764	9,488	10,848	15,113
Others	52	85	3,181	16,564	15,918
	<u>135,774</u>	<u>297,770</u>	<u>261,375</u>	<u>314,179</u>	<u>365,235</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

*(b) Geographical information*

The Pteris Group operates from its facilities in Singapore, Malaysia, United Arab Emirates, People's Republic of China, India and the United States of America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets are based on the geographical location of the assets.

	Year ended December 31,			Nine months ended September 30,	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
				(unaudited)	
<b>Revenue</b>					
Middle East	27,768	4,772	12,671	2,117	3,683
People's Republic of China	134,358	240,515	186,034	67,947	69,752
Asia	23,858	33,067	19,674	12,717	20,091
North America	12,498	26,611	21,549	10,918	12,566
South America	3,246	3,517	9,226	1,747	81
Oceania	9,412	4,563	8,083	7,287	1,987
Europe	20,313	19,438	40,146	19,725	26,585
Africa	9,128	8,852	19,898	9,129	6,631
	<u>240,581</u>	<u>341,335</u>	<u>317,281</u>	<u>131,587</u>	<u>141,376</u>
	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>Non-current assets (excluding deferred tax assets and goodwill)</b>					
Singapore	-	58,812	56,853	56,205	55,355
Middle East	-	8	32	23	14
People's Republic of China	41,101	56,597	129,505	133,537	140,623
India	-	1	1	-	-
France	-	-	26	22	142
United States of America	-	105	100	78	116
Malaysia	-	3,941	-	-	-
	<u>41,101</u>	<u>119,464</u>	<u>186,517</u>	<u>189,865</u>	<u>196,250</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5 Segment information (Continued)**

(c) *Revenue from major customers*

During the years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017, there were nil, one, nil, nil and nil customers, respectively, which individually contributed over 10% of the Pteris Group's total revenue. During the Relevant Periods, the revenue contributed from these customers are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Customer A	-	42,582	-	-	-

**6 Revenue**

Revenue of the Pteris Group for the Relevant Periods are as follow:

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Sales of goods	174,374	210,456	213,814	75,830	85,120
Construction contracts	36,176	84,192	65,078	41,866	44,724
Services rendered	30,031	46,687	38,389	13,891	11,532
	<u>240,581</u>	<u>341,335</u>	<u>317,281</u>	<u>131,587</u>	<u>141,376</u>

**7 Other income**

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Interest income	535	398	316	195	295
Government grants	571	5,959	5,435	2,399	2,834
Rental income	1,430	3,721	5,238	3,971	4,324
Sale of scrap materials	281	395	353	285	257
Dividend income	3	6	8	3	4
Others	280	1,369	560	321	490
	<u>3,100</u>	<u>11,848</u>	<u>11,910</u>	<u>7,174</u>	<u>8,204</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**8 Other gains/(losses) - net**

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Gain on disposal of assets held for sale	-	-	3,281	-	-
Gain on disposal of other non-current assets	-	-	1,640	1,640	-
(Loss)/gain on disposal of property, plant and equipment	(488)	(30)	91	87	(62)
Gain/(loss) on fair value of derivative financial instruments	770	(295)	(243)	427	(125)
Gain on fair value of investment properties	-	-	1,005	728	210
(Loss)/gain on fair value of other financial assets	(586)	(489)	(239)	(671)	106
Gain from change in fair value of contingent consideration	504	-	-	-	-
Write-back of guarantees for third parties	-	-	833	833	438
Net foreign exchange gains/(losses)	2,170	2,115	625	(634)	(2,291)
The excess of fair value of total identifiable net asset over the consideration (Note 35(ii)(b))	-	325	-	-	-
Others	433	531	81	130	171
	<u>2,803</u>	<u>2,157</u>	<u>7,074</u>	<u>2,540</u>	<u>(1,553)</u>

**9 Finance costs**

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Finance costs:					
- Interest expense on loan from related parties	990	1,728	907	766	473
- Interest expense on bank borrowings	1,145	1,671	557	395	639
Less: interest expense capitalised	(1,337)	(899)	-	-	-
Others	11	6	15	-	14
	<u>809</u>	<u>2,506</u>	<u>1,479</u>	<u>1,161</u>	<u>1,126</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**10 Income tax expense**

The amounts of income tax expense charged to the consolidated statements of profit or loss represent:

	Year ended December 31,			Nine months ended September 30,	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Current income tax					
- Current tax on profits for the year/period	4,774	3,827	4,293	600	412
-Under provision in prior years	66	375	17	-	515
Deferred income tax (Note 26)	(1,480)	(677)	(188)	(578)	(668)
Income tax expense	<u>3,360</u>	<u>3,525</u>	<u>4,122</u>	<u>22</u>	<u>259</u>

*(a) PRC corporate income tax*

The corporate income tax ("CIT") is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations. The standard PRC CIT rate is 25% during the Relevant Periods.

Four subsidiaries of the Pteris Group, Shenzhen CIMC-Tianda Airport Support Limited, Xinfu Airport Equipment Ltd. and Shenzhen CIMC Intralogistics Systems Co., Ltd. and Zhengzhou Jinte Logistics Automation System Co., Ltd. are qualified for new/high-technology enterprises status and enjoyed preferential income tax rate of 15% during the Relevant Periods.

*(b) Singapore corporate income tax*

Singapore corporate income tax is calculated at the rate of 17% on the chargeable income of the subsidiaries incorporated in Singapore in accordance with Singapore Income Tax Act during the Relevant Periods.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**10 Income tax expense (Continued)**

The tax on the Pteris Group's profit before income tax differs from the theoretical amount that could arise using the Singapore standard tax rate during the respective periods is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Profit/(loss) before income tax	16,703	21,852	27,414	(7,717)	(1,285)
Tax calculated at tax rate of 17%	2,840	3,715	4,660	(1,312)	(218)
Tax effect of:					
Expenses not deductible for tax purpose	454	440	1,577	1,289	749
Income not subject to income tax and tax incentive	(406)	(594)	(938)	(604)	(792)
Utilization of previously unrecognised tax losses	-	(514)	(289)	-	(181)
Under provision in prior years	66	375	17	-	515
Effect of different tax rates of subsidiaries	(823)	(139)	(2,223)	(1,106)	(312)
Deferred tax benefits not recognised (a)	1,237	266	1,217	1,760	506
Others	(8)	(24)	101	(5)	(8)
Income tax expense	3,360	3,525	4,122	22	259

- (a) At the reporting date, deferred tax assets have not been recognised in respect of the unutilised tax losses because it is not probable that future taxable profit will be available against which the Pteris Group can utilise the benefits from.

The unutilised tax losses carried forward which are available to set-off against future taxable income, are subject to agreement by the tax authorities and compliance with tax regulations prevailing in the respective countries.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights		
	Before tax SGD'000	Tax charge SGD'000	After tax SGD'000
Year ended December 31,2014	-	-	-
Year ended December 31,2015	7,665	(1,007)	6,658
Year ended December 31,2016	-	-	-

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**10 Income tax expense (Continued)**

	Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights		
	<u>Before tax</u> SGD'000	<u>Tax charge</u> SGD'000	<u>After tax</u> SGD'000
Nine months period ended September 30, 2016 (unaudited)	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Nine months period ended September 30, 2017	123	-	123
	<u>          </u>	<u>          </u>	<u>          </u>

**11 Expenses by nature**

	Year ended December 31,			Nine months ended September 30,	
	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2016</u> SGD'000 (unaudited)	<u>2017</u> SGD'000
Cost of inventories	113,270	160,089	134,436	53,220	59,850
Subcontracting expenses	13,554	43,347	30,786	20,382	16,029
Loss on issuance of deferred shares (Note 27(f))	-	-	6,962	6,962	-
Employee benefit expenses (Note 12)	37,260	48,810	51,330	38,010	40,120
Amortisation of land use rights (Note 14)	279	425	327	246	239
Amortisation of intangible assets (Note 17)	70	1,015	792	707	1,402
Auditors fees	365	375	293	244	205
Depreciation of property, plant and equipment (Note 15)	1,982	5,639	6,646	4,224	4,692
Provision for/(write-back of) impairment of trade receivables (Note 22)	3,014	1,662	3,581	(1,434)	(33)
Research and development expenses	1,292	1,914	3,451	2,917	4,077
Shipping fees	11,477	10,778	9,374	4,289	4,678
Entertainment expense	1,058	2,122	2,925	1,594	1,319
Transportation and travelling expense	1,807	2,141	3,151	2,071	4,222
Operating lease expense	2,665	1,585	1,517	1,434	977
Warranty	4,652	4,378	800	1,079	920
Bank settlement charges	289	473	716	555	854
Exhibition costs	246	223	290	30	10
Telephone and communication fee	207	200	174	97	129
Sales commission	1,526	1,528	1,994	773	208
Tax fee	1,661	2,011	1,890	1,305	1,298
Others	32,298	42,267	45,937	9,152	6,990
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total cost of sales, selling and distribution cost and general and administrative expenses	228,972	330,982	307,372	147,857	148,186
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**12 Employee benefit expenses (including directors and senior management's emoluments)**

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Salaries, wages and welfare	29,241	37,012	40,984	32,140	32,950
Pension, housing fund, medical insurance and other social insurances	8,019	11,798	10,346	5,870	7,170
	<u>37,260</u>	<u>48,810</u>	<u>51,330</u>	<u>38,010</u>	<u>40,120</u>
Less: employee benefits capitalized	(192)	(241)	(79)	(79)	(73)
	<u>37,068</u>	<u>48,569</u>	<u>51,251</u>	<u>37,931</u>	<u>40,047</u>

During the years ended December 31, 2014, 2015 and 2016 and the nine months ended September 30, 2016 and 2017, (i) the directors of Pteris receive fee or other emoluments in respect of their services to the Pteris Group amounting to SGD298,000, SGD168,000, SGD347,000, SGD144,000 and SGD120,000; (ii) none of the directors of Pteris waived any emoluments paid or payable by the Pteris Group; (iii) no emoluments were paid by the Pteris Group to the directors as an inducement to join or upon joining the Pteris Group or as compensation for loss of office.

*(a) Directors' retirement benefits*

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs during the years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017.

*(b) Directors' termination benefits*

No payment was made to directors as compensation for the early termination of the appointment during years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017.

*(c) Consideration provided to third parties for making available directors' services*

No payment was made to the former employer of directors for making available the services of them as a director during the years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017.

*(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors*

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017.

*(e) Directors' material interests in transactions, arrangements or contracts*

No significant transactions, arrangements and contracts in relation to Pteris Group's business to which Pteris was a party and in which a director of the Pteris had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Relevant Periods.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**13 Dividends**

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Final dividend paid in respect of the previous financial year profit of 1.00 cents per share	-	-	3,854	3,854	-

The dividend of SGD1.00 cents per share in respect of the net profit for the year ended December 31, 2015, amounting to a total dividend of SGD3,854,000 was approved at the Pteris's shareholders meeting on 25 April 2016. Such dividend was paid to shareholders on 6 May 2016.

**14 Land use rights**

The Pteris Group's interests in land use rights represent prepaid operating lease payments and their net book value is analyzed as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
<b>Cost</b>					
At beginning of the year	13,435	15,742	16,457	16,457	15,663
Additions	1,817	5,049	-	-	-
Transfer to investment properties	-	(4,395)	-	-	-
Currency translation differences	490	61	(794)	(1,150)	(311)
At end of the year/period	15,742	16,457	15,663	15,307	15,352
<b>Accumulated amortisation</b>					
At beginning of the year	1,081	1,411	1,176	1,176	1,305
Amortisation of land use rights	279	425	327	246	239
Transfer to investment properties	-	(666)	-	-	-
Currency translation differences	51	6	(198)	(226)	(26)
At end of the year/period	1,411	1,176	1,305	1,196	1,518
<b>Net book value</b>	14,331	15,281	14,358	14,111	13,834

The lease periods of land use rights are 50 years starting from the date of grant and are located in the PRC.

Amortisation of land use rights has been charged to the consolidated statement of profit or loss (Note 11) as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Cost of sales	179	141	183	134	131
General and administrative expenses	100	284	144	112	108
	279	425	327	246	239

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment**

The Pteris Group	Land and buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Construction in progress SGD'000	Total SGD'000
<b>Cost</b>						
As at January 1, 2014	3,348	3,867	888	3,798	20,456	32,357
Currency translation differences	66	182	45	41	430	764
Additions	-	1,022	46	579	12,106	13,753
Disposals and write-offs	-	(1,623)	(173)	(618)	-	(2,414)
Acquired from reverse acquisition (Note 35(i))	62,955	1,435	259	852	278	65,779
As at December 31, 2014	<u>66,369</u>	<u>4,883</u>	<u>1,065</u>	<u>4,652</u>	<u>33,270</u>	<u>110,239</u>
<b>Accumulated depreciation and impairment losses</b>						
As at January 1, 2014	2,219	2,260	410	2,462	-	7,351
Currency translation differences	6	6	27	44	-	83
Depreciation charge	999	532	148	303	-	1,982
Disposals and write-offs	-	(990)	(66)	(444)	-	(1,500)
Impairment loss	-	(172)	(1)	(58)	-	(231)
As at December 31, 2014	<u>3,224</u>	<u>1,636</u>	<u>518</u>	<u>2,307</u>	<u>-</u>	<u>7,685</u>
<b>Net book value</b>						
As at December 31, 2014	<u>63,145</u>	<u>3,247</u>	<u>547</u>	<u>2,345</u>	<u>33,270</u>	<u>102,554</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

The Pteris Group	Land and buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Construction in progress SGD'000	Total SGD'000
<b>Cost</b>						
As at January 1, 2015	66,369	4,883	1,065	4,652	33,270	110,239
Currency translation differences	(1,140)	(300)	(180)	(91)	(44)	(1,755)
Additions	18,027	5,254	604	7,029	22,500	53,414
Disposals and write-offs	-	(524)	(578)	(2,727)	-	(3,829)
Acquisition of a subsidiary (Note 35(ii))	12	12	-	11	-	35
Transfers out from construction in progress	42,698	6,988	-	-	(49,686)	-
Transfer to investment properties	(39,087)	-	-	-	-	(39,087)
Transfer to assets held for sale (Note 25)	(2,956)	(643)	-	(110)	-	(3,709)
As at December 31, 2015	<u>83,923</u>	<u>15,670</u>	<u>911</u>	<u>8,764</u>	<u>6,040</u>	<u>115,308</u>
<b>Accumulated depreciation</b>						
As at January 1, 2015	3,224	1,636	518	2,307	-	7,685
Currency translation differences	(380)	(561)	12	56	-	(873)
Depreciation charge	4,055	875	185	524	-	5,639
Disposals and write-offs	-	(524)	(470)	(2,688)	-	(3,682)
Transfer to investment properties	(2,068)	-	-	-	-	(2,068)
Transfer to assets held for sale (Note 25)	(142)	(309)	-	(40)	-	(491)
As at December 31, 2015	<u>4,689</u>	<u>1,117</u>	<u>245</u>	<u>159</u>	<u>-</u>	<u>6,210</u>
<b>Net book value</b>						
As at December 31, 2015	<u>79,234</u>	<u>14,553</u>	<u>666</u>	<u>8,605</u>	<u>6,040</u>	<u>109,098</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

The Pteris Group	Land and buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Construction in progress SGD'000	Total SGD'000
<b>Cost</b>						
As at January 1, 2016	83,923	15,670	911	8,764	6,040	115,308
Currency translation differences	(2,357)	(663)	(55)	(452)	(238)	(3,765)
Additions	1,693	1,326	73	1,071	12,524	16,687
Disposals and write-offs	(13)	(1,583)	(65)	(169)	-	(1,830)
Transfers out from construction in progress	16,449	-	11	1,069	(17,529)	-
Transfer to investment properties	(84)	-	-	-	-	(84)
As at December 31, 2016	<u>99,611</u>	<u>14,750</u>	<u>875</u>	<u>10,283</u>	<u>797</u>	<u>126,316</u>
<b>Accumulated depreciation</b>						
As at January 1, 2016	4,689	1,117	245	159	-	6,210
Currency translation differences	(276)	(144)	(28)	(37)	-	(485)
Depreciation charge	3,291	1,353	258	1,744	-	6,646
Disposals and write-offs	-	(1,558)	(55)	(153)	-	(1,766)
As at December 31, 2016	<u>7,704</u>	<u>768</u>	<u>420</u>	<u>1,713</u>	<u>-</u>	<u>10,605</u>
<b>Net book value</b>						
As at December 31, 2016	<u>91,907</u>	<u>13,982</u>	<u>455</u>	<u>8,570</u>	<u>797</u>	<u>115,711</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

The Pteris Group	Land and buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Construction in progress SGD'000	Total SGD'000
<b>Unaudited:</b>						
<b>Cost</b>						
As at January 1, 2016	83,923	15,670	911	8,764	6,040	115,308
Currency translation differences	(4,328)	(1,127)	(94)	(805)	(444)	(6,798)
Additions	1,366	611	82	924	12,193	15,176
Disposals and write-offs	-	(1,571)	(64)	(90)	-	(1,725)
Transfers out from construction in progress	16,002	-	-	829	(16,831)	-
As at September 30, 2016	<u>96,963</u>	<u>13,583</u>	<u>835</u>	<u>9,622</u>	<u>958</u>	<u>121,961</u>
<b>Accumulated depreciation</b>						
As at January 1, 2016	4,689	1,117	245	159	-	6,210
Currency translation differences	(274)	(144)	(41)	(181)	-	(640)
Depreciation charge	1,638	986	178	1,422	-	4,224
Disposals and write-offs	-	(1,561)	(54)	(72)	-	(1,687)
As at September 30, 2016	<u>6,053</u>	<u>398</u>	<u>328</u>	<u>1,328</u>	<u>-</u>	<u>8,107</u>
<b>Net book value</b>						
As at September 30, 2016	<u>90,910</u>	<u>13,185</u>	<u>507</u>	<u>8,294</u>	<u>958</u>	<u>113,854</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

The Pteris Group	Land and buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Construction in progress SGD'000	Total SGD'000
<b>Cost</b>						
As at January 1, 2017	99,611	14,750	875	10,283	797	126,316
Currency translation differences	(1,680)	(416)	(34)	(330)	(21)	(2,481)
Additions	82	1,199	165	643	459	2,548
Disposals and write-offs	(263)	(92)	(68)	(67)	-	(490)
Transfer to investment properties	(2,032)	-	-	-	-	(2,032)
Acquired from acquisition (Note 35(iii))	-	-	33	6	-	39
As at September 30, 2017	<u>95,718</u>	<u>15,441</u>	<u>971</u>	<u>10,535</u>	<u>1,235</u>	<u>123,900</u>
<b>Accumulated depreciation</b>						
As at January 1, 2017	7,704	768	420	1,713	-	10,605
Currency translation differences	(102)	(59)	(17)	(77)	-	(255)
Depreciation charge	1,865	1,032	154	1,641	-	4,692
Disposals and write-offs	(155)	(38)	(68)	(66)	-	(327)
Transfer to investment properties	(605)	-	-	-	-	(605)
As at September 30, 2017	<u>8,707</u>	<u>1,703</u>	<u>489</u>	<u>3,211</u>	<u>-</u>	<u>14,110</u>
<b>Net book value</b>						
As at September 30, 2017	<u>87,011</u>	<u>13,738</u>	<u>482</u>	<u>7,324</u>	<u>1,235</u>	<u>109,790</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

The Pteris	Leasehold buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Construction in progress SGD'000	Total SGD'000
<b>Cost</b>						
As at January 1, 2014	17,712	4,205	706	6,266	264	29,153
Additions	5,200	-	-	37	-	5,237
Disposals and write-offs	-	-	(438)	(3,153)	(264)	(3,855)
As at December 31, 2014	<u>22,912</u>	<u>4,205</u>	<u>268</u>	<u>3,150</u>	<u>-</u>	<u>30,535</u>
<b>Accumulated depreciation</b>						
As at January 1, 2014	2,926	3,679	457	5,527	-	12,589
Depreciation charge	633	518	40	268	-	1,459
Disposals and write-offs	-	-	(229)	(3,153)	-	(3,382)
As at December 31, 2014	<u>3,559</u>	<u>4,197</u>	<u>268</u>	<u>2,642</u>	<u>-</u>	<u>10,666</u>
<b>Net book value</b>						
As at December 31, 2014	<u>19,353</u>	<u>8</u>	<u>-</u>	<u>508</u>	<u>-</u>	<u>19,869</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

The Pteris	Leasehold buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Total SGD'000
<b>Cost</b>					
As at January 1, 2015	22,912	4,205	268	3,150	30,535
Additions	39	-	30	109	178
Disposals and write-offs	(1,580)	(51)	(269)	(2,160)	(4,060)
Transfer to investment properties	(12,737)	-	-	-	(12,737)
As at December 31, 2015	<u>8,634</u>	<u>4,154</u>	<u>29</u>	<u>1,099</u>	<u>13,916</u>
<b>Accumulated depreciation</b>					
As at January 1, 2015	3,559	4,197	268	2,642	10,666
Depreciation charge	796	2	1	184	983
Disposals and write-offs	-	(51)	(269)	(2,140)	(2,460)
Transfer to investment properties	(2,596)	-	-	-	(2,596)
As at December 31, 2015	<u>1,759</u>	<u>4,148</u>	<u>-</u>	<u>686</u>	<u>6,593</u>
<b>Net book value</b>					
As at December 31, 2015	<u>6,875</u>	<u>6</u>	<u>29</u>	<u>413</u>	<u>7,323</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

The Pteris	Leasehold buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Total SGD'000
<b>Cost</b>					
As at January 1, 2016	8,634	4,154	29	1,099	13,916
Additions	-	-	-	52	52
Disposals and write-offs	-	(1,555)	-	-	(1,555)
As at December 31, 2016	<u>8,634</u>	<u>2,599</u>	<u>29</u>	<u>1,151</u>	<u>12,413</u>
<b>Accumulated depreciation</b>					
As at January 1, 2016	1,759	4,148	-	686	6,593
Additions	323	3	6	156	488
Disposals and write-offs	-	(1,555)	-	-	(1,555)
As at December 31, 2016	<u>2,082</u>	<u>2,596</u>	<u>6</u>	<u>842</u>	<u>5,526</u>
<b>Net book value</b>					
As at December 31, 2016	<u>6,552</u>	<u>3</u>	<u>23</u>	<u>309</u>	<u>6,887</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

The Pteris	Leasehold buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Total SGD'000
Unaudited:					
<b>Cost</b>					
As at January 1, 2016	8,634	4,154	29	1,099	13,916
Additions	-	-	-	52	52
Disposals and write-offs	-	(1,555)	-	-	(1,555)
As at September 30, 2016	<u>8,634</u>	<u>2,599</u>	<u>29</u>	<u>1,151</u>	<u>12,413</u>
<b>Accumulated depreciation</b>					
As at January 1, 2016	1,759	4,148	-	686	6,593
Depreciation charge	242	1	4	125	372
Disposals and write-offs	-	(1,555)	-	-	(1,555)
As at September 30, 2016	<u>2,001</u>	<u>2,594</u>	<u>4</u>	<u>811</u>	<u>5,410</u>
<b>Net book value</b>					
As at September 30, 2016	<u>6,633</u>	<u>5</u>	<u>25</u>	<u>340</u>	<u>7,003</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

Pteris	Leasehold buildings SGD'000	Machinery and equipment SGD'000	Motor vehicles SGD'000	Office and other equipment SGD'000	Total SGD'000
<b>Cost</b>					
As at January 1, 2017	8,634	2,599	29	1,151	12,413
Additions	16	-	-	13	29
Transfer to investment properties	(593)	-	-	-	(593)
As at September 30, 2017	<u>8,057</u>	<u>2,599</u>	<u>29</u>	<u>1,164</u>	<u>11,849</u>
<b>Accumulated depreciation</b>					
As at January 1, 2017	2,082	2,596	6	842	5,526
Depreciation charge	242	1	5	92	340
Transfer to investment properties	(155)	-	-	-	(155)
As at September 30, 2017	<u>2,169</u>	<u>2,597</u>	<u>11</u>	<u>934</u>	<u>5,711</u>
<b>Net book value</b>					
As at September 30, 2017	<u>5,888</u>	<u>2</u>	<u>18</u>	<u>230</u>	<u>6,138</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15 Property, plant and equipment (Continued)**

Depreciation of property, plant and equipment has been charged to the consolidated statement of comprehensive income (Note 11) as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Cost of sales	186	640	2,846	2,370	2,465
Selling and distribution costs	15	12	36	18	31
General and administrative expenses	1,781	4,987	3,764	1,836	2,196
	<u>1,982</u>	<u>5,639</u>	<u>6,646</u>	<u>4,224</u>	<u>4,692</u>

Construction in progress as at each reporting date mainly comprises capital expenditures incurred for the construction of new factories in the PRC. The amount transferred out from the construction-in-progress mainly represents construction of part of buildings and production lines related to the new factories have been completed and such buildings and production lines have already been put in use.

The amount of borrowing cost capitalised is part of cost in relation to the construction of new factory was SGD1,337,000 and SGD899,000 with a capitalisation rate of 5.15% and 5.4% respectively for the years ended December 31, 2014 and 2015.

There were no borrowing cost capitalised for the remaining Relevant Periods.

At December 31, 2014, 2015, 2016 and September 30, 2017, the Pteris Group was in the process of applying for the property rights certificates in respect of buildings in People's Republic of China with carrying amounts of SGD1,072,000, SGD38,856,000, SGD37,385,000 and SGD35,747,000.

**16 Investment properties**

The Pteris Group	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
<b>At fair value</b>					
At beginning of the year	-	-	48,316	48,316	48,844
Currency translation differences	-	(97)	(561)	(873)	(267)
Net gains from fair value adjustment (Note 8)	-	-	1,005	728	210
Transfer from property, plant and equipment	-	37,019	84	-	1,427
Transfer from land use rights	-	3,729	-	-	-
Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights	-	7,665	-	-	123
At end of the year/period	<u>-</u>	<u>48,316</u>	<u>48,844</u>	<u>48,171</u>	<u>50,337</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**16 Investment properties (Continued)**

Pteris	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
At fair value					
At beginning of the year	-	-	33,972	33,972	34,568
Net gains from fair value adjustment	-	-	596	-	-
Transfer from property, plant and equipment	-	10,141	-	-	438
Transfer from land use rights	-	-	-	-	-
Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights	-	23,831	-	-	1,128
At end of the year/period	-	33,972	34,568	33,972	36,134

(a) *Amounts recognised in profit or loss for investment properties*

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000	2017 SGD'000
Rental income (Note 7)	-	3,721	5,238	3,971	4,324
Direct operating expenses from property that generated rental income	-	634	586	255	45

At each of the reporting date, the details of the Pteris Group's investment properties are as follows:

<u>Location</u>	<u>Description/existing use</u>	<u>Tenure</u>
28 Quality Road, Singapore	A storey of office space of a 3-storey office building	30-years lease from June 1, 2007 with an option to renew for another 30 years
No. 9 Fuyuan 2nd Road, Fuyong, Baoan District, Shenzhen City, China	A single storey factory building	50-years from December 31, 2009

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**16 Investment properties (Continued)**

As at December 31, 2015 and 2016 and September 30, 2017, the Pteris Group had no unprovided contractual obligations for future repairs and maintenance.

The Pteris Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through rent or sale. The Pteris Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (Note 26).

Independent valuation of the Pteris Group's investment properties was performed by independent professional valuers, to determine the fair value of the investment properties. As at December 31, 2015 and 2016 and September 30, 2017, the revaluation gains or losses is included in "Other gains /(losses) - net " in the consolidated statement of profit or loss (Note 8). The following table analyses the investment properties carried at fair value, by valuation method.

(b) *Fair value hierarchy - Recurring fair value measurements*

Description	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) SGD'000	Significant other observable inputs (Level 2) SGD'000	Significant unobservable inputs (Level 3) SGD'000
<b>December 31, 2015</b>			
- Office building - Singapore	-	-	33,972
- Land use rights and factory building - China	-	-	14,344
<b>December 31, 2016</b>			
- Office building - Singapore	-	-	34,568
- Land use rights and factory building - China	-	-	14,276
<b>September 30, 2017</b>			
- Office building - Singapore	-	-	36,134
- Land use rights and factory building - China	-	-	14,203

(c) *Valuation techniques used to derive Level 3 fair values*

Level 3 fair values of the Pteris Group's investment properties have been generally derived using the sales comparison approach and income approach. For sales comparison approach, sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre. For income approach, rental of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is rent growth rate and discount rate.

The Pteris Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**16 Investment properties (Continued)**

*(d) Valuation techniques and inputs used in Level 3 fair value measurements*

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

<u>Description</u>	<u>Valuation technique</u>	<u>Unobservable inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Office building - Singapore	Direct comparison approach	Estimated market value per square metre	The higher the adjusted estimated market value, the higher the fair value
Land use rights and factory building - China	Income approach	Rental growth rate and discount rate	The higher the rental growth rate, the higher the fair value. The lower the discount rate, the higher the fair value

The direct comparison approach involves analysis of recent transactions of comparable properties within the vicinity and elsewhere in the respective countries. Necessary adjustments have been made for the differences in location, tenure, size, shape, design and layout, age and condition of buildings, date of transactions and the prevailing market and prevailing condition amongst other factors affecting their values.

*(e) Valuation processes of the Pteris Group*

The Pteris Group engages external, independent and qualified valuers to determine the fair value of the Pteris Group's properties at the end of every financial year based on the properties' highest and best use.

The finance department of the Pteris Group includes a team that performs the valuations of investment properties required for financial reporting purposes, including Level 3 fair values. This team reports directly to the Chief Financial Officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every quarter, in line with the Pteris Group's quarterly reporting dates.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 3 fair values are analysed at each reporting date during the quarterly valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17 Intangible assets**

The Pteris Group	Goodwill SGD'000	Software SGD'000	Operating rights for automated parking system SGD'000	Total SGD'000
<b>Cost</b>				
As at January 1, 2014	387	654	1,560	2,601
Additions	-	43	494	537
Arising from reverse acquisition (Note 35(i))	23,261	-	-	23,261
Currency translation differences	14	24	57	95
As at December 31, 2014	<u>23,662</u>	<u>721</u>	<u>2,111</u>	<u>26,494</u>
<b>Accumulated amortisation</b>				
As at January 1, 2014	-	243	-	243
Amortisation	-	70	-	70
Currency translation differences	-	12	-	12
As at December 31, 2014	<u>-</u>	<u>325</u>	<u>-</u>	<u>325</u>
<b>Net book value</b>				
As at December 31, 2014	<u>23,662</u>	<u>396</u>	<u>2,111</u>	<u>26,169</u>
<b>Cost</b>				
As at January 1, 2015	23,662	721	2,111	26,494
Adjustment (a)	(1,580)	-	-	(1,580)
Additions	-	203	12,044	12,247
Currency translation differences	3	6	8	17
As at December 31, 2015	<u>22,085</u>	<u>930</u>	<u>14,163</u>	<u>37,178</u>
<b>Accumulated amortisation</b>				
As at January 1, 2015	-	325	-	325
Amortisation	-	92	923	1,015
Currency translation differences	-	3	-	3
As at December 31, 2015	<u>-</u>	<u>420</u>	<u>923</u>	<u>1,343</u>
<b>Net book value</b>				
As at December 31, 2015	<u>22,085</u>	<u>510</u>	<u>13,240</u>	<u>35,835</u>

(a) In April, 2015, the Pteris entered into an agreement with one of its suppliers to reduce the payable amount by SGD1,580,000 which adjusted the goodwill by the same amount.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17 Intangible assets (Continued)**

The Pteris Group	Goodwill SGD'000	Software SGD'000	Operating rights for automated parking system SGD'000	Total SGD'000
<b>Cost</b>				
As at January 1, 2016	22,085	930	14,163	37,178
Additions	-	32	-	32
Cost adjustment (a)	-	-	(1,565)	(1,565)
Currency translation differences	(15)	(36)	(554)	(605)
As at December 31, 2016	<u>22,070</u>	<u>926</u>	<u>12,044</u>	<u>35,040</u>
<b>Accumulated amortisation</b>				
As at January 1, 2016	-	420	923	1,343
Amortisation	-	84	708	792
Currency translation differences	-	(17)	(38)	(55)
As at December 31, 2016	<u>-</u>	<u>487</u>	<u>1,593</u>	<u>2,080</u>
<b>Net book value</b>				
As at December 31, 2016	<u>22,070</u>	<u>439</u>	<u>10,451</u>	<u>32,960</u>
Unaudited:				
<b>Cost</b>				
As at January 1, 2016	22,085	930	14,163	37,178
Additions	-	6	-	6
Cost adjustment	-	-	(1,527)	(1,527)
Currency translation differences	(24)	(3)	(844)	(871)
As at September 30, 2016	<u>22,061</u>	<u>933</u>	<u>11,792</u>	<u>34,786</u>
<b>Accumulated amortisation</b>				
As at January 1, 2016	-	420	923	1,343
Amortisation	-	67	640	707
Currency translation differences	-	(1)	(29)	(30)
As at September 30, 2016	<u>-</u>	<u>486</u>	<u>1,534</u>	<u>2,020</u>
<b>Net book value</b>				
As at September 30, 2016	<u>22,061</u>	<u>447</u>	<u>10,258</u>	<u>32,766</u>

(a) In August 2016, tax bureau determined that the deduction of input value-added tax during construction period was allowed.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17 Intangible assets (Continued)**

The Pteris Group	Goodwill SGD'000	Software SGD'000	Operating rights for automated parking system SGD'000	Patents SGD'000	Development costs SGD'000	Total SGD'000
<b>Cost</b>						
As at January 1, 2017	22,070	926	12,044	-	-	35,040
Additions	-	81	-	9,975	1,506	11,562
Arising from acquisition (Note 35(iii))	2,786	-	-	1,405	-	4,191
Currency translation differences	(49)	(18)	(196)	7	1	(255)
As at September 30, 2017	<u>24,807</u>	<u>989</u>	<u>11,848</u>	<u>11,387</u>	<u>1,507</u>	<u>50,538</u>
<b>Accumulated amortisation</b>						
As at January 1, 2017	-	487	1,593	-	-	2,080
Amortisation	-	67	517	818	-	1,402
Currency translation differences	-	(11)	(31)	2	-	(40)
As at September 30, 2017	<u>-</u>	<u>543</u>	<u>2,079</u>	<u>820</u>	<u>-</u>	<u>3,442</u>
<b>Net book value</b>						
As at September 30, 2017	<u>24,807</u>	<u>446</u>	<u>9,769</u>	<u>10,567</u>	<u>1,507</u>	<u>47,096</u>

Amortisation of intangible assets has been charged to the consolidated statement of comprehensive income (Note 11) as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
Cost of sales	-	935	708	640	1,317
General and administrative expenses	70	80	84	67	85
	<u>70</u>	<u>1,015</u>	<u>792</u>	<u>707</u>	<u>1,402</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17 Intangible assets (Continued)**

(a) *Goodwill*

(i) *Impairment tests for goodwill*

Goodwill acquired in a business combination is allocated to the following cash-generating unit (“CGU”) that are expected to benefit from that business combination.

The carrying amounts of goodwill allocated to each CGU as follow:

	As at January 1, <u>2014</u> SGD'000	As at December 31, <u>2014</u> <u>2015</u> <u>2016</u> SGD'000    SGD'000    SGD'000			As at September 30, <u>2017</u> SGD'000
Logistic System Business of Pteris Global Limited (“LSB-PGL”)	-	23,261	21,681	21,681	21,681
Ground Support Equipment (“GSE”)	387	401	404	389	340
Logistic System Business of Jinte (“LSB-Jinte”)	-	-	-	-	2,786
	<u>387</u>	<u>23,662</u>	<u>22,085</u>	<u>22,070</u>	<u>24,807</u>

The recoverable amount of a CGU was determined based on its value-in-use and was determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

The recoverable amount of the CGUs was determined to be higher than its carrying amount and no impairment loss was recognised.

(ii) *Key assumptions used for value-in-use calculations:*

	As at January 1, <u>2014</u>	As at December 31, <u>2014</u> <u>2015</u> <u>2016</u>			As at September 30, <u>2017</u>
<b>LSB-PGL</b>					
Budgeted revenue growth	N/A	14%	11.4%-14%	21%	19%
Gross profit margin	N/A	28%-29%	25%-32%	23%-27%	22%-27%
Terminal value growth rate	N/A	3%	3%	3%	2.4%
Discount rate	N/A	13%	13%	13%	13.3%
<b>GSE</b>					
Budgeted revenue growth	14%	14%	14%	14%	14%
Terminal value growth rate	3%	3%	3%	3%	3%
Discount rate	13%	13%	13%	13%	13%

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17 Intangible assets (Continued)**

*(a) Goodwill (Continued)*

*(ii) Key assumptions used for value-in-use calculations (Continued):*

As at September 30, 2017

**LSB-Jinte**

Gross profit margin	18%
Terminal value growth rate	3%
Discount rate	16%

- Budgeted revenue growth

The anticipated annual revenue growth included in the cash flow projections for each of the respective years are projected based on past experience, actual operating results and the future budgeted orders approved by management.

- Gross profit margin

The gross profit margin are projected based on past experience, actual historical operating results and the future budgets approved by management.

- Terminal value growth rate

The discounted cash flow model uses three years of cash flow forecasts. A long-term growth rate of 2.4% and 3% into perpetuity based on the terminal year's cash flows has been applied for LSB-PGL and LSB-Jinte CGUs respectively.

- Discount rate

The discount rate is a pre-tax measure bases on the risk-free rate for ten-year bonds issued by the government in the relevant market under the LSB-PGL and LSB-Jinte CGUs and one-year bank fixed deposit under the GSE CGU, all adjusted for risk premium to reflect both the increased risk of investing in equities and the systematic risk of the respective CGUs.

Besides the key assumptions above, management has also taken into account other assumptions including future revenue growth and staff cost inflation rate.

These assumptions are used for analysis of each CGU within the business segment.

*(iii) Sensitivity analysis of the key assumptions used in LSB-PGL CGU*

September 30, 2017

If the estimated gross margin, estimated terminal growth rate and estimated discount rate used in the value-in-use calculation had been 0.69% lower, 0.7% lower and 0.59% higher than management's estimates respectively, the recoverable would have been equal to the carrying amount.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17 Intangible assets (Continued)**

*(a) Goodwill (Continued)*

*(iii) Sensitivity analysis of the key assumptions used in LSB-PGL CGU (Continued)*

December 31, 2016

If the estimated gross margin, estimated terminal growth rate and estimated discount rate used in the value-in-use calculation had been 0.42% lower, 0.61% lower and 0.53% higher than management's estimates respectively, the recoverable would have been equal to the carrying amount.

December 31, 2015 and December 31, 2014

Management believes that any reasonable change in key assumptions used would not cause the carrying value of the CGU to materially exceed its recoverable amount.

*(iv) Sensitivity analysis of the key assumptions used in GSE CGU*

Management is of the view that any reasonable change in key assumptions used in the value in use calculation of GSE CGU will not result in material impact to the consolidated financial statements of the Pteris Group for the financial years ended December 31, 2014, 2015 and 2016 and nine months period ended September 30, 2017.

*(v) Sensitivity analysis of the key assumptions used in LSB-Jinte CGU*

Management is of the view that any reasonable change in key assumptions used in the value in use calculation of LSB-Jinte will not result in material impact to the consolidated financial statements of the Pteris Group for nine months period ended September 30, 2017.

*(b) Operating rights for automated parking system*

In 2014 and 2015, the Pteris Group entered into a service concession agreement under a "Build-Operate-Transfer" model with a local hospital in Hubei and a real estate developer in Anhui, China. Under the terms of the agreement, this is an operation model for the construction of an automated carpark system project ("Carpark System") which gives the operating rights to the Pteris Group to recover its construction costs incurred by charging a fee to the users for using the Carpark System over the concession period. After the Pteris Group breaks even the construction costs for the Carpark System, the Pteris Group will continue to operate for 7 years before transferring the Carpark System to the hospital and the real estate developer respectively based on the agreements. The management expected to accomplish break even position in the sixth year.

The operating rights of the Carpark System are amortised over the concession period of 13 years. The Pteris Group will be responsible for any maintenance services required during the concession period. At the end of the concession period, the Carpark System will become the property of the hospital and the real estate developer and the Pteris Group will have no further involvement in its operation or maintenance requirements.

*(c) Patent for aircraft ground air conditioning*

On 21 February 2017, the Pteris's subsidiary Shenzhen CIMC-Tianda Airport Support Limited bought a patent for aircraft ground air conditioning from third party Guangdong Jirong Air-conditioning Co., Ltd. at RMB48,880,000 (equivalent to SDG9,975,000).

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18 Interests in subsidiaries**

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Unquoted equity investment, at cost	16,742	199,464	143,658	147,594	151,705
Impairment losses	(6,938)	(6,979)	(3,659)	(3,659)	(3,659)
	<u>9,804</u>	<u>192,485</u>	<u>139,999</u>	<u>143,935</u>	<u>148,046</u>
Loans to subsidiaries, at cost	10,924	11,761	5,606	5,520	6,016
Impairment of loan receivables	(3,231)	(3,175)	-	-	-
	<u>17,497</u>	<u>201,071</u>	<u>145,605</u>	<u>149,455</u>	<u>154,062</u>

Loans to subsidiaries are unsecured, interest-free, and settlement is neither planned nor likely to occur within the next 12 months. As these loans are, in substance, part of the Pteris's net investment in the subsidiaries, they are stated at cost, less impairment losses.

Movements of the Pteris's impairment loss of interests in subsidiaries were as follows:

	As at December 31,			As at September 30,
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000
At beginning of the year	6,938	6,979	3,659	3,659
Written off against provisions	-	(3,320)	-	-
Impairment losses	41	-	-	-
At end of the year/period	<u>6,979</u>	<u>3,659</u>	<u>3,659</u>	<u>3,659</u>

The principal subsidiaries of the Pteris Group as at January 1, 2014, December 31, 2014, 2015 and 2016 and September 30, 2017 are disclosed below.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18 Interests in subsidiaries (Continued)**

During the Relevant Periods, the Pteris had direct or indirect interests in the following subsidiaries:

Name	Place and date of incorporation	Principal activities	Registered/ Issued and paid up capital	Note	Percentage of shareholding held by the Pteris as at				
					January 1, 2014	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
Inter-Roller Investments Pte., Ltd.	Singapore, 29 June 1982	Investment holding	SGD 1,000,002	(a)	100%	100%	100%	100%	100%
Inter-Roller Engineering Services Pte., Ltd.	Singapore, 12 January 1990	Infrastructural engineering and maintenance services	SGD 1,500,000	(a)	100%	100%	100%	100%	100%
Pteris Global (Singapore) Pte., Ltd. (formerly known as Pteris Pte., Ltd.)	Singapore, 22 January 1993	Investment holding	SGD 300,000	(a)	100%	100%	100%	100%	100%
AeroMobiles Pte., Ltd.	Singapore, 16 April 2003	Manufacture and repair of airport ground support equipment	SGD 1,000,000	(a)	100%	100%	100%	100%	100%
Pteris Global Sdn. Bhd.	Malaysia, 8 November 1995	Manufacture of airport logistics system and equipment	MYR 8,000,000	(c)	100%	100%	100%	100%	100%
IR (Middle East) LLC	United Arab Emirates, 24 August 2004	Engineering works	AED 300,000	(h)	100%	100%	100%	100%	100%
Pteris Global (Beijing) Ltd.	People's Republic of China, 11 April 2005	Engineering works and after sales services	USD 3,320,000	(d)	100%	100%	100%	100%	100%
Pteris Global (Suzhou) Ltd.	People's Republic of China, 17 September 2007	Design and manufacture of airport logistics system	USD 4,000,000	(e)	100%	100%	100%	100%	100%
Pteris Global (India) Pte., Ltd.	India, 22 October 2010	Supply and maintenance of airport logistics system and equipment	INR 100,000	(f)	100%	100%	100%	100%	100%

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18 Interests in subsidiaries (Continued)**

Name	Place and date of incorporation	Principal activities	Registered/ Issued and paid up capital	Not e	Percentage of shareholding by the Pteris as at				
					January 1, 2014	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
Pteris Global (Thailand) Pte., Ltd.	Thailand, 15 March 2012	Supply and maintenance of airport logistics systems and equipment	THB 1,000,000	(h)	100%	100%	100%	100%	100%
Pteris Global (USA) Inc.	United States of America, 23 September 2008	Supply and maintenance of airport logistics systems and equipment	USD 100,000	(h)	100%	100%	100%	100%	100%
Pteris Global (Canada) Inc.	Canada, 11 August 2008	Supply and maintenance of airport logistics systems and equipment	CAD 100	(h)	100%	100%	100%	100%	100%
CDG System Ltd.	United Kingdom 10 February 2003	Design and supply of air cargo system	GBP400,000	(h)	100%	100%	-	-	-
Shenzhen CIMC-Tianda Airport Support Ltd.("CIMC-TD")	People's Republic of China, 18 July 1992	Manufacture and sales of airport equipment, materials handling systems and automated parking systems	USD 13,500,000	(b)	-	100%	70%	70%	70%
Xinfa Airport Equipment Ltd.	People's Republic of China, 3 December 1997	Manufacture and sale of ground support equipment	RMB 25,000,000	(l)	-	70%	49%*	49%*	49%*
CIMC-Tianda Airport Support (Hong Kong) Limited	People's Republic of China, 23 May 2013	Sale and distribution of passenger boarding bridge and ground support equipment	HKD 1,000,000	(g)	-	100%	70%	70%	70%
Shenzhen CIMC Intralogistics Systems Co., Ltd.	People's Republic of China, 18 April 2013	Planning, consultancy, development, design, production and integration of material handling system	RMB 60,000,000	(g)	-	100%	70%	70%	70%
Langfang CIMC Airport Support Ltd.	People's Republic of China, 25 February 2014	Manufacture and sale of automated parking system, material handling system and ground support equipment, rental of factories and property management	RMB 10,000,000	(g)	-	100%	70%	70%	70%

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18 Interests in subsidiaries (Continued)**

Name	Place and date of incorporation	Principal activities	Registered/ Issued and paid up capital	Note	Percentage of shareholding held by the Pteris Group as at				
					January 1, 2014	December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
Kunshan CIMC Logistic Automation Equipment Co., Ltd.	People's Republic of China, 7 May 2014	Design, development, integration, information, consultancy, systems engineering and equipment planning for material handling system	RMB 80,000,000	(g)	-	100%	70%	70%	64%
CIMC-Tianda (Longyan) Investment Development Co., Ltd.	People's Republic of China, 23 April 2014	Investment and asset management in parking lot business	RMB 20,000,000	(g)	-	60%	42%*	42%*	42%*
Techman (Hong Kong) Limited	Hong Kong, 22 February 2008	Investment holding	HKD 450,748,992	(h)	-	100%	100%	-	-
CIMC Air Marrel SAS	France, 10 December 2013	Manufacturing and exporting ground support equipment	EUR 1,200,000	(b)	-	-	100%	100%	100%
Tianda-Rus Ltd.	Russia, 12 August 2015	Sale of airport equipment and material handling system	RUB 10,000	(h)	-	-	70%	70%	70%
Shenzhen CIMC-Tianda Jirong Aviation Air-conditioning Co., Ltd.	People's Republic of China, 9 January 2017	Research and development of air conditioning technology; sale of air conditioning equipment	RMB 50,000,000	(i)	-	-	-	-	49%
Shenzhen CIMC Autoparking System Co., Ltd.	People's Republic of China, 8 March 2017	Sale and technical service of automatic parking system and equipment, mechanical products, metal structural parts, self-produced products and agent products	RMB 30,000,000	(j)	-	-	-	-	70%
Zhengzhou Jinte Logistics Automation System Co., Ltd.	People's Republic of China, 11 November 2010	Sale, design and technical service of modern logistics automation system and high speed sorting systems	RMB 20,000,000	(k)	-	-	-	-	64%

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18 Interests in subsidiaries (Continued)**

*Notes:*

\* The Pteris maintains control over these entities as the Pteris's subsidiary CIMC-Tianda Airport Support Limited owns majority shares of these entities.

- (a) The statutory financial statements were audited by PricewaterhouseCoopers LLP, Singapore for the years ended December 31, 2014, 2015 and 2016.
- (b) The statutory financial statements were audited by PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch and PricewaterhouseCoopers Audit, SA for the years ended December 31, 2014, 2015 and 2016.
- (c) The statutory financial statements were audited by TY Teoh International, Malaysia for the years ended December 31, 2014, 2015 and 2016.
- (d) The statutory financial statements were audited by Beijing Zhongyi Xincheng Accounting Firm Limited Company, People's Republic of China for the years ended December 31, 2014, 2015 and 2016.
- (e) The statutory financial statements were audited by Suzhou Industrial Park Reliance Certified Public Accountants Co., Ltd., People's Republic of China for the years ended December 31, 2014, 2015 and 2016.
- (f) The statutory financial statements were audited by Mahendra Tiwan & Co., Ltd., India for the years ended December 31, 2014, 2015 and 2016.
- (g) The statutory financial statements were audited by Pan-China Certified Public Accountants LLP, People's Republic of China for the years ended December 31, 2014, 2015 and 2016.
- (h) Not required to be audited.
- (i) On 9 January 2017, Shenzhen CIMC-Tianda Airport Support Limited set up Shenzhen CIMC-Tianda Jirong Aviation Air-conditioning Co., Ltd. ("TD Jirong") with a third party. Shenzhen CIMC-Tianda Airport Support Limited holds 70% equity interest of TD Jirong. The third party invested 30% of TD Jirong with a consideration of RMB15,000,000 (equivalent to SGD3,102,000). The 30% investment help by the third party was included in the non-controlling interest of the Pteris Group.
- (j) Shenzhen CIMC Autoparking System Co., Ltd. is newly incorporated in the People's Republic of China and is wholly owned by TianDa in March 2017.
- (k) In June 2017, the Pteris Group, through its subsidiary TianDa, acquired Zhengzhou Jinte Logistics Automation System Co. Ltd. (Note 35(iii)).
- (l) The statutory financial statements were audited by PricewaterhouseCoopers Zhong Tian LLP Shenzhen for the year ended December 31, 2014. The statutory financial statements were audited by Pan-China Certified Public Accountants LLP, People's Republic of China for the year ended December 31, 2015 and 2016.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18 Interests in subsidiaries (Continued)**

*(a) Material non-controlling interests*

Set out below are the summarised financial information for TianDa and its subsidiaries ("TianDa Group"), as at January 1, 2014, December 31 2014, 2015 and 2016 and September 30, 2017 and for the years/period then ended as 30% equity interests of the TianDa Group represents material non-controlling interests to the Pteris Group. These are presented before inter-company eliminations.

Summarised statement of financial position	As at	As at December 31,			As at
	January 1,				September
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>Current</b>					
Assets	172,329	234,190	220,310	279,330	316,721
Liabilities	(129,428)	(186,353)	(209,424)	(227,435)	(271,170)
<b>Total current net assets</b>	<u>42,901</u>	<u>47,837</u>	<u>10,886</u>	<u>51,895</u>	<u>45,551</u>
<b>Non-current</b>					
Assets	44,114	56,430	132,426	137,074	146,628
Liabilities	(6,346)	(8,245)	(13,075)	(36,702)	(40,035)
<b>Total non-current net assets</b>	<u>37,768</u>	<u>48,185</u>	<u>119,351</u>	<u>100,372</u>	<u>106,593</u>
<b>Net assets</b>	<u>80,669</u>	<u>96,022</u>	<u>130,237</u>	<u>152,267</u>	<u>152,144</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18 Interests in subsidiaries (Continued)**

*(a) Material non-controlling interests (Continued)*

<b>Summarised statement of profit or loss</b>	<b>Year ended December 31,</b>			<b>Nine months ended September 30,</b>	
	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2016</u> SGD'000 (unaudited)	<u>2017</u> SGD'000
Revenue	202,362	247,734	236,927	80,882	83,613
Profit/(loss) before income tax	21,134	24,463	30,881	1,786	(2,919)
Income tax (expense)/credit	(3,045)	(3,159)	(3,693)	340	613
Profit/(loss) after tax	18,089	21,304	27,188	2,126	(2,306)
Other comprehensive income	-	5,708	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>18,089</b>	<b>27,012</b>	<b>27,188</b>	<b>2,126</b>	<b>(2,306)</b>
<b>Total comprehensive income allocated to non-controlling Interests</b>	<b>324</b>	<b>198</b>	<b>335</b>	<b>228</b>	<b>70</b>
<b>Summarised statement of cash flows</b>	<b>Year ended December 31,</b>			<b>Nine months ended September 30,</b>	
	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2016</u> SGD'000 (unaudited)	<u>2017</u> SGD'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	19,745	44,240	40,285	29,192	18,872
Income tax paid	(3,061)	(4,581)	(3,785)	(2,945)	(4,147)
<b>Net cash generated from operating activities</b>	<b>16,684</b>	<b>39,659</b>	<b>36,500</b>	<b>26,247</b>	<b>14,725</b>
Net cash used in investing activities	(11,605)	(50,752)	(14,577)	(13,570)	(12,106)
Net cash generated from/(used in) financing activities	18,854	(6,793)	(11,781)	(12,127)	8,237
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>23,933</b>	<b>(17,886)</b>	<b>10,142</b>	<b>550</b>	<b>10,856</b>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**19 Financial instruments by category**

The Pteris Group	As at	As at December 31,			As at
	January 1,	2014	2015	2016	September 30,
	2014	2014	2015	2016	2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>Assets as per statement of financial position</b>					
Loans and receivables:					
- Trade and other receivables excluding prepayments	115,196	171,212	187,084	205,797	158,384
- Pledged bank deposits	-	2,206	2,212	108	111
- Cash and cash equivalents	7,940	48,949	31,425	54,822	63,630
Fair value through the profit or loss:					
- Other financial assets	630	118	106	110	237
<b>Total</b>	<b>123,766</b>	<b>222,485</b>	<b>220,827</b>	<b>260,837</b>	<b>222,362</b>
<b>Liabilities as per statement of financial position</b>					
Financial liabilities at amortized cost:					
- Borrowings	17,705	91,914	21,281	22,145	30,575
- Trade and other payables excluding non-financial liabilities	64,552	124,275	149,771	171,416	146,831
Fair value through the profit or loss:					
- Other financial liabilities	-	-	442	1	-
<b>Total</b>	<b>82,257</b>	<b>216,189</b>	<b>171,494</b>	<b>193,562</b>	<b>177,406</b>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**19 Financial instruments by category (Continued)**

The Pteris	As at	As at December 31,			As at
	January 1,	2014	2015	2016	September 30,
	2014	2014	2015	2016	2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>Assets as per statement of financial position</b>					
Loans and receivables:					
- Trade and other receivables excluding prepayments	36,317	47,631	59,338	58,588	50,297
- Pledged bank deposits	3,515	2,200	2,122	-	-
- Cash and cash equivalents	12,793	5,321	6,355	12,720	8,716
<b>Total</b>	<b>52,625</b>	<b>55,152</b>	<b>67,815</b>	<b>71,308</b>	<b>59,013</b>
<b>Liabilities as per statement of financial position</b>					
Financial liabilities at amortized cost:					
- Borrowings (excluding finance lease liabilities)	52,088	52,139	8,512	8,129	10,165
- Trade and other payables excluding non-financial liabilities	22,190	29,173	18,728	20,376	11,545
<b>Total</b>	<b>74,278</b>	<b>81,312</b>	<b>27,240</b>	<b>28,505</b>	<b>21,710</b>

**20 Other financial assets and other financial liabilities**

	As at January 1,	As at December 31,			As at
	2014	2014	2015	2016	September 30,
	2014	2014	2015	2016	2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Quoted equity securities designated at fair value through profit or loss	-	78	106	110	215
Derivative financial assets	630	40	-	-	22
	<b>630</b>	<b>118</b>	<b>106</b>	<b>110</b>	<b>237</b>
Derivative financial liabilities	-	-	442	1	-

Quoted equity securities related to investment in a company listed on Singapore Exchange. The fair value of the investment is determined based on the quoted price at reporting dates.

Derivative financial instruments represent United States Dollar/Chinese Renminbi and Euro/Chinese Renminbi currency forwards used to manage the exposure from committed purchase of inventories in foreign currencies. The contracted notional principal amount of the derivatives outstanding at the end of each Relevant Periods are SGD10,800,000, SGD16,639,000, SGD1,695,000 and SGD12,721,000.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**21 Inventories**

The Pteris Group	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Raw materials	6,259	7,466	10,590	12,473	20,656
Work in progress	38,347	49,715	35,636	46,033	105,356
Finished goods	209	1,970	903	614	959
Spare parts	30	67	2,687	2,989	2,629
	<u>44,845</u>	<u>59,218</u>	<u>49,816</u>	<u>62,109</u>	<u>129,600</u>
Less: provision for impairment	<u>(448)</u>	<u>(464)</u>	<u>(2,045)</u>	<u>(2,210)</u>	<u>(796)</u>
	<u><u>44,397</u></u>	<u><u>58,754</u></u>	<u><u>47,771</u></u>	<u><u>59,899</u></u>	<u><u>128,804</u></u>

The cost of inventories recognised as expenses and included in “cost of sales” amounted to approximately SGD113,270,000, SGD160,089,000, SGD134,436,000 and SGD59,850,000 for the years/period ended December 31, 2014, 2015 and 2016, September 30 2017, respectively.

Movements on the Pteris Group’s provision for impairment of inventories are as follows:

	Year Ended December 31,			Nine months ended September 30,
	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
At beginning of the year	448	464	2,045	2,210
Provision for/(write-back) of inventories	-	1,549	1,077	(1,409)
Allowance utilised	-	-	(892)	-
Currency translation differences	16	32	(20)	(5)
At end of the year/period	<u><u>464</u></u>	<u><u>2,045</u></u>	<u><u>2,210</u></u>	<u><u>796</u></u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**22 Trade and other receivables**

**The Pteris Group**

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Trade receivables due from third parties	105,005	159,319	175,269	198,770	142,600
Trade receivables due from related parties (Note 36)	5	2,170	5,917	1,096	1,409
Bills receivables	915	1,339	1,084	3,382	308
Retention on construction contracts (Note 23)	-	9,785	6,031	4,156	5,112
<b>Total trade receivables</b>	<b>105,925</b>	<b>172,613</b>	<b>188,301</b>	<b>207,404</b>	<b>149,429</b>
Less: provision for impairment of trade receivables	(6,039)	(9,703)	(11,422)	(11,470)	(10,688)
<b>Total trade receivables - net</b>	<b>99,886</b>	<b>162,910</b>	<b>176,879</b>	<b>195,934</b>	<b>138,741</b>
Amounts due from related parties (Note 36)	10,334	175	50	225	2,425
Other receivables	3,045	5,278	6,077	3,442	11,522
Less: provision for impairment of other receivables	(38)	(487)	(487)	(486)	(486)
<b>Total other receivables - net</b>	<b>3,007</b>	<b>4,791</b>	<b>5,590</b>	<b>2,956</b>	<b>11,036</b>
Deposits	1,391	2,318	4,031	5,967	3,922
Prepayments	4,166	17,802	10,939	18,482	36,619
Advances to staff	578	1,018	534	715	2,260
<b>Total prepayments and other receivables</b>	<b>19,476</b>	<b>26,104</b>	<b>21,144</b>	<b>28,345</b>	<b>56,262</b>
	<b>119,362</b>	<b>189,014</b>	<b>198,023</b>	<b>224,279</b>	<b>195,003</b>

Amounts due from related parties and advances to staff are unsecured, interest-free, and repayable on demand.

As at January 1, 2014, December 31, 2014, 2015 and 2016 and September 30, 2017, the fair value of trade and other receivables of the Pteris Group, except for prepayments which are not financial assets, approximated their carrying amounts.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**22 Trade and other receivables (Continued)**

**The Pteris Group (Continued)**

The credit period granted to third parties and the related parties are ranging from 30 to 180 days. The aging analysis of trade receivables based on invoice date, before provision for impairment, as at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, was as follows:

	<u>As at January 1,</u>	<u>As at December 31,</u>			<u>As at</u> <u>September</u> <u>30,</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Trade receivables – gross					
- Within 90 days	75,378	128,190	69,370	124,691	110,187
- 91 to 180 days	13,571	12,746	30,119	16,236	18,406
- 181 to 360 days	9,547	14,956	64,076	45,476	6,613
- Over 360 days	7,429	16,721	24,736	21,001	14,223
	<u>105,925</u>	<u>172,613</u>	<u>188,301</u>	<u>207,404</u>	<u>149,429</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Pteris Group does not hold any collateral as security over these debtors as at January 1, 2014, December 31, 2014, 2015 and 2016 and September 30, 2017.

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of SGD75,112,000, SGD115,958,000, SGD57,628,000, SGD117,694,000 and SGD95,342,000, respectively, were fully performing.

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of SGD17,270,000, SGD32,601,000, SGD101,525,000, SGD45,116,000 and SGD26,250,000, respectively, were past due but not impaired. Based on the past experience, the directors believe that no impairment allowance is necessary in respect of these balances as there is no significant change in their credit quality and the balances are considered fully recoverable. These trade receivables relate to a number of debtors for whom there is no recent history of default. The aging analysis of these trade receivables past due but not impaired at respective statement of financial position dates is as follows:

	<u>As at January 1,</u>	<u>As at December 31,</u>			<u>As at</u> <u>September</u> <u>30,</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Trade receivables – gross					
- Within 90 days	-	2,332	4,939	2,343	1,991
- 91 to 180 days	10,205	10,133	27,139	6,194	10,254
- 181 to 360 days	6,963	8,656	56,240	27,595	4,765
- Over 360 days	102	11,480	13,207	8,984	9,240
	<u>17,270</u>	<u>32,601</u>	<u>101,525</u>	<u>45,116</u>	<u>26,250</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**22 Trade and other receivables (Continued)**

**The Pteris Group (Continued)**

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of SGD13,543,000, SGD24,054,000, SGD29,148,000, SGD44,594,000 and SGD27,837,000, respectively, were impaired. The amount of the provision was SGD6,039,000, SGD9,703,000, SGD11,422,000, SGD11,470,000 and SGD10,688,000, respectively. The individually impaired receivables mainly relate to customers which are in difficult economic situations and management assessed that these receivables are unlikely to be fully recovered. The ageing of these receivables is as follows:

	<u>As at January 1,</u>	<u>As at December 31,</u>			<u>As at</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>September 30,</u>
	SGD'000	SGD'000	SGD'000	SGD'000	2017
					SGD'000
Trade receivables – gross					
- Within 90 days	-	-	-	-	-
- 91 to 180 days	3,484	3,522	3,805	11,399	12,245
- 181 to 360 days	2,667	8,521	10,252	18,208	4,765
- Over 360 days	7,392	12,011	15,091	14,987	10,827
	<u>13,543</u>	<u>24,054</u>	<u>29,148</u>	<u>44,594</u>	<u>27,837</u>

Movements on the Pteris Group's provision for impairment of trade receivables are as follows:

	<u>Year Ended December 31,</u>			<u>Nine months ended</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
				(unaudited)	
At beginning of the year	6,039	9,703	11,422	11,422	11,470
Acquired from reverse acquisition (Note 35(i))	881	-	-	-	-
Acquisition of a subsidiary (Note 35(iii))	-	-	-	-	(7)
Provision for/(write-back) of receivables impairment	3,014	1,662	3,581	(1,434)	(33)
Allowance utilised	(104)	-	(3,081)	(1,356)	(554)
Currency translation differences	(127)	57	(452)	(557)	(188)
At end of the year/period	<u>9,703</u>	<u>11,422</u>	<u>11,470</u>	<u>8,075</u>	<u>10,688</u>

There was no significant movement in provision for impairment of other receivables.

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, the carrying amounts of trade and other receivables (excluding prepayments) are denominated in the following currencies:

	<u>As at January 1,</u>	<u>As at December 31,</u>			<u>As at</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>September 30,</u>
	SGD'000	SGD'000	SGD'000	SGD'000	2017
					SGD'000
SGD	-	11,644	5,934	8,374	8,808
USD	20,749	37,406	29,467	28,759	44,996
RMB	76,219	109,336	126,518	136,652	76,940
EUR	14,470	8,956	15,220	25,386	9,976
Others	3,758	3,870	9,945	6,626	17,664
	<u>115,196</u>	<u>171,212</u>	<u>187,084</u>	<u>205,797</u>	<u>158,384</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**22 Trade and other receivables (Continued)**

**Pteris**

	As at January 1,	As at December 31,			As at September 30,
	2014	2014	2015	2016	2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Trade receivables due from third parties	8,495	10,228	9,119	8,897	8,302
Trade receivables due from subsidiaries	15,609	27,348	33,504	32,306	30,956
Retention on construction contracts (Note 23)	6,777	5,376	649	465	436
<b>Total trade receivables</b>	<b>30,881</b>	<b>42,952</b>	<b>43,272</b>	<b>41,668</b>	<b>39,694</b>
Less: provision for impairment of trade receivables	(777)	(1,084)	(1,473)	(1,447)	(1,420)
<b>Total trade receivables - net</b>	<b>30,104</b>	<b>41,868</b>	<b>41,799</b>	<b>40,221</b>	<b>38,274</b>
Amounts due from subsidiaries	4,732	5,386	17,304	17,828	10,867
Other receivables	1,315	741	599	912	1,489
Less: provision for impairment of other receivables	-	(448)	(448)	(448)	(448)
<b>Total other receivables - net</b>	<b>6,047</b>	<b>5,679</b>	<b>17,455</b>	<b>18,292</b>	<b>11,908</b>
Deposits	166	84	84	75	115
Prepayments	1,595	318	182	234	262
<b>Total prepayments and other receivables</b>	<b>7,808</b>	<b>6,081</b>	<b>17,721</b>	<b>18,601</b>	<b>12,285</b>
	<b>37,912</b>	<b>47,949</b>	<b>59,520</b>	<b>58,822</b>	<b>50,559</b>

Amounts due from related parties and subsidiaries are unsecured, interest-free, and repayable on demand.

As at January 1, 2014, December 31, 2014, 2015 and 2016 and September 30, 2017, the fair value of trade and other receivables of the Pteris, except for prepayments which are not financial assets, approximated their carrying amounts.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**22 Trade and other receivables (Continued)**

**Pteris (Continued)**

The credit period granted to third parties and the related parties are ranging from 30 to 90 days. The aging analysis of trade receivables based on invoice date, before provision for impairment, as at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, was as follows:

	As at January 1,	As at December 31,			As at September 30,
	2014 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000	2017 SGD'000
Trade receivables – gross					
- Within 90 days	3,826	7,375	4,717	8,076	2,821
- 91 to 180 days	3,422	774	2,508	2,515	2,313
- 181 to 360 days	4,502	8,565	2,755	4,124	1,155
- Over 360 days	19,131	26,238	33,292	26,953	33,405
	30,881	42,952	43,272	41,668	39,694

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Pteris does not hold any collateral as security over these debtors.

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of SGD19,084,000, SGD29,251,000, SGD33,901,000, SGD34,788,000 and SGD31,784,000, respectively, were fully performing.

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of SGD9,444,000, SGD9,879,000, SGD5,334,000, SGD5,433,000 and SGD6,490,000, respectively, were past due but not impaired. Based on the past experience, the directors believe that no impairment allowance is necessary in respect of these balances as there is no significant change in their credit quality and the balances are considered fully recoverable. These trade receivables relate to a number of debtors for whom there is no recent history of default. The aging analysis of these trade receivables past due but not impaired at respective statement of financial position dates is as follows:

	As at January 1,	As at December 31,			As at September 30,
	2014 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000	2017 SGD'000
Trade receivables – gross					
- Within 90 days	-	143	1,178	256	1,991
- 91 to 180 days	1,024	398	2,135	240	2,313
- 181 to 360 days	2,990	573	429	1,773	1,155
- Over 360 days	5,430	8,765	1,592	3,164	1,031
	9,444	9,879	5,334	5,433	6,490

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**22 Trade and other receivables (Continued)**

**Pteris (Continued)**

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of SGD2,353,000, SGD3,822,000, SGD4,037,000, SGD1,447,000 and SGD1,420,000, respectively, were impaired. The amount of the provision was SGD777,000, SGD1,084,000, SGD1,473,000, SGD1,447,000 and SGD1,420,000, respectively. The individually impaired receivables mainly relate to customers which are in difficult economic situations and management assessed that these receivables are unlikely to be fully recovered. The ageing of these receivables is as follows:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Trade receivables – gross					
- Within 90 days	-	-	-	-	-
- 91 to 180 days	143	-	-	-	-
- 181 to 360 days	917	2,335	437	-	-
- Over 360 days	1,293	1,487	3,600	1,447	1,420
	<u>2,353</u>	<u>3,822</u>	<u>4,037</u>	<u>1,447</u>	<u>1,420</u>

Movements on the Pteris's provision for impairment of trade receivables are as follows:

	Year Ended December 31,			Nine months ended September 30,	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
				(unaudited)	
At beginning of the year	777	1,084	1,473	1,473	1,447
Provision for receivables impairment	307	389	-	-	-
Allowance utilised	-	-	(26)	(26)	(27)
At end of the year/period	<u>1,084</u>	<u>1,473</u>	<u>1,447</u>	<u>1,447</u>	<u>1,420</u>

There was no significant movement in provision for impairment of other receivables.

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, the carrying amounts of trade and other receivables (excluding prepayments) are denominated in the following currencies:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
SGD	13,848	14,596	10,114	12,829	10,741
USD	14,123	24,038	41,700	35,503	34,879
RMB	90	970	933	6	601
EUR	-	15	52	2,377	-
Others	8,256	8,012	6,539	7,873	4,076
	<u>36,317</u>	<u>47,631</u>	<u>59,338</u>	<u>58,588</u>	<u>50,297</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**23 Amounts due from/to contract customers**

The Pteris Group	As at January 1,	As at December 31,			As at Septemb er 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Aggregate costs incurred and profits recognised to date on uncompleted construction contracts	-	345,186	298,395	229,590	271,389
Less: Allowance for foreseeable losses	-	(2,448)	(1,849)	(1,807)	(1,298)
Less: Progress billings	-	(323,711)	(284,785)	(204,932)	(255,681)
	-	19,027	11,761	22,851	14,410
Presented as:					
Amounts due from contract customers	-	24,510	17,363	29,891	23,961
Amounts due to contract customers	-	(5,483)	(5,602)	(7,040)	(9,551)
	-	19,027	11,761	22,851	14,410
Retention on construction contracts included in trade receivables (Note 22)	-	9,785	6,031	4,156	5,112
The Pteris	As at January 1,	As at December 31,			As at Septemb er 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Aggregate costs incurred and profits recognised to date on uncompleted construction contracts	242,419	201,536	88,477	84,038	129,343
Less: Allowance for foreseeable losses	(2,679)	(2,271)	(1,475)	(985)	(1,026)
Less: Progress billings	(214,745)	(191,251)	(82,916)	(80,050)	(127,128)
	24,995	8,014	4,086	3,003	1,189
Presented as:					
Amounts due from contract customers	29,108	10,944	5,155	5,836	4,620
Amounts due to contract customers	(4,113)	(2,930)	(1,069)	(2,833)	(3,431)
	24,995	8,014	4,086	3,003	1,189
Retention on construction contracts included in trade receivables (Note 22)	6,777	5,376	649	465	436

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**24 Pledged bank deposits and Cash and cash equivalents**

**The Pteris Group**

	As at	As at December 31,			As at
	January 1, 2014 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000	September 30, 2017 SGD'000
Cash at bank and on hand	1,809	23,576	19,200	34,150	27,659
Cash at CIMC Finance Company	6,131	25,051	12,131	20,690	25,099
Short-term bank deposits	-	2,528	2,306	90	10,983
	7,940	51,155	33,637	54,930	63,741
Less: Pledged bank deposits	-	(2,206)	(2,212)	(108)	(111)
Cash and cash equivalents	7,940	48,949	31,425	54,822	63,630

Cash at CIMC Finance Company refer to deposits placed with CIMC Finance Company Ltd. ("CIMC Finance Company"). CIMC Finance Company is a subsidiary of the ultimate holding company of the Pteris Group.

The carrying amounts of the cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	As at	As at December 31,			As at
	January 1, 2014 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000	September 30, 2017 SGD'000
SGD	-	5,650	4,834	6,988	5,654
USD	432	10,604	9,944	9,531	14,939
RMB	5,609	28,899	15,399	25,320	24,624
EUR	1,753	2,825	1,061	1,594	5,357
Others	146	3,177	2,399	11,497	13,167
	7,940	51,155	33,637	54,930	63,741

**Pteris**

	As at	As at December 31,			As at
	January 1, 2014 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000	September 30, 2017 SGD'000
Cash at bank and on hand	14,308	5,315	6,355	12,720	8,716
Short-term bank deposits	2,000	2,206	2,212	-	-
	16,308	7,521	8,567	12,720	8,716
Less: Pledged bank deposits	(3,515)	(2,200)	(2,212)	-	-
Cash and cash equivalents	12,793	5,321	6,355	12,720	8,716

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**24 Pledged bank deposits and Cash and cash equivalents (Continued)**

**Pteris (Continued)**

The carrying amounts of the cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	As at	As at December 31,			As at
	January 1,	2014	2015	2016	September 30,
	2014	2014	2015	2016	2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
SGD	11,724	5,051	4,265	5,122	3,674
USD	774	313	2,762	5,133	2,482
EUR	7	-	2	2	2
Others	3,803	2,157	1,538	2,463	2,558
	<u>16,308</u>	<u>7,521</u>	<u>8,567</u>	<u>12,720</u>	<u>8,716</u>

Bank balances carry interest ranging from 0% to 0.5% per annum.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, the Pteris Group's bank balances of approximately SGD37,570,000, SGD18,583,000, SGD30,617,000 and SGD30,590,000, respectively were deposited with banks in the PRC. The remittance of these funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

**25 Assets held for sale**

	As at January 1,	As at December 31,			As at
	2014	2014	2015	2016	September 30,
	SGD'000	SGD'000	SGD'000	SGD'000	2017
					SGD'000
Assets held for sale	-	-	3,218	-	-
	<u>-</u>	<u>-</u>	<u>3,218</u>	<u>-</u>	<u>-</u>

The details of the Pteris Group's assets held for sale were as follows:

<u>Name of property</u>	<u>Description</u>	<u>Tenure of property</u>	<u>Site area sq.m.</u>	<u>Attributable interest</u>
Leasehold land and buildings in Malaysia	Industrial plot, built upon with several industrial buildings and ancillary structures	99-years lease from December 15, 1989	31,591	100%
Freehold land in Malaysia	Industrial plot, built upon with a warehouse	-	35,980	100%
Freehold land in Malaysia	Industrial land, cultivated upon with matured fruit trees	-	66,469	100%

Management has reclassified SGD3,218,000 of assets to held for sale at 31 December 2015. The sale was highly probable and was completed in 2016. No impairment loss was recognised at 31 December 2015.

During the financial year ended December 31, 2016, the disposal of the assets held for sale was completed with the sales proceeds of approximately SGD6,499,000.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**26 Deferred income tax**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statements of financial position as follows:

	As at January 1, <u>2014</u> SGD'000	As at December 31,			As at September 30, <u>2017</u> SGD'000
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
<b>Deferred tax assets:</b>					
- to be recovered after more than 12 months	2,626	4,269	5,186	5,477	6,348
- to be recovered within 12 months	-	-	-	-	-
	<u>2,626</u>	<u>4,269</u>	<u>5,186</u>	<u>5,477</u>	<u>6,348</u>
<b>Deferred tax liabilities:</b>					
- to be recovered after more than 12 months	-	249	1,211	1,437	1,700
- to be recovered within 12 months	-	-	-	-	-
	<u>-</u>	<u>249</u>	<u>1,211</u>	<u>1,437</u>	<u>1,700</u>

The movement on the deferred income tax account is as follows:

	Year ended December 31,			Nine months ended September 30,	
	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2016</u> SGD'000 (unaudited)	<u>2017</u> SGD'000 (unaudited)
At beginning of the year	2,626	4,020	3,975	3,975	4,040
Currency translation differences	169	40	(123)	(649)	(71)
Acquisition of subsidiary	(255)	245	-	-	11
Tax credit to profit or loss	1,480	677	188	578	668
Tax charge to other comprehensive income	-	(1,007)	-	-	-
At end of the year/period	<u>4,020</u>	<u>3,975</u>	<u>4,040</u>	<u>3,904</u>	<u>4,648</u>

As at January 1, 2014, December 31, 2014, 2015 and 2016 and September 30, 2017, deferred income tax liabilities of nil, SGD7,829,000, SGD9,996,000, SGD13,312,000 and SGD11,835,000 have not been recognised for the withholding and other taxes that would be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted profits are permanently reinvested and amount to SGD78,291,000, SGD99,964,000, SGD130,641,000 and SGD123,101,000 as at December 31, 2014, 2015 and 2016 and September 30, 2017 respectively, and the Pteris Group does not intend to remit these unremitted earnings from the relevant subsidiaries to Pteris in the foreseeable future.

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Pteris Group has accumulated unrecognised tax losses and capital allowances of approximately SGD 55,873,000, SGD60,499,000, SGD65,961,000 and SGD68,937,000 as at December 31, 2014, 2015 and 2016 and September 30, 2017 respectively, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**26 Deferred income tax (Continued)**

Movement in deferred income tax assets and liabilities during the Relevant Periods, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

<b>Deferred tax liabilities</b>	Property, plant and equipment	Investment properties	Intangible assets	Other items	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>As at January 1, 2014</b>	-	-	-	-	-
Acquisition of subsidiary (Note 35(i))	510	-	-	(255)	255
Currency translation differences	(9)	-	-	3	(6)
	<u>501</u>	<u>-</u>	<u>-</u>	<u>(252)</u>	<u>249</u>
<b>At December 31, 2014</b>	501	-	-	(252)	249
Charged/(credited) to profit or loss	(186)	-	-	155	(31)
Charged to other comprehensive income	1,007	-	-	-	1,007
Currency translation differences	(18)	-	-	4	(14)
	<u>1,304</u>	<u>-</u>	<u>-</u>	<u>(93)</u>	<u>1,211</u>
<b>At December 31, 2015</b>	1,304	-	-	(93)	1,211
Charged to profit or loss	235	61	-	-	296
Currency translation differences	(32)	(38)	-	-	(70)
	<u>1,507</u>	<u>23</u>	<u>-</u>	<u>(93)</u>	<u>1,437</u>
<b>At December 31, 2016</b>	1,507	23	-	(93)	1,437
Charged to profit or loss	(1)	31	(3)	129	156
Acquisition of subsidiary (Note 35(iii))	3	-	120	19	142
Currency translation differences	-	(20)	-	(15)	(35)
	<u>1,509</u>	<u>34</u>	<u>117</u>	<u>40</u>	<u>1,700</u>
<b>At September 30, 2017</b>	<u>1,509</u>	<u>34</u>	<u>117</u>	<u>40</u>	<u>1,700</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**26 Deferred income tax (Continued)**

Movement in deferred income tax assets and liabilities during the Relevant Periods, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows: (Continued)

<b>Deferred tax assets</b>	Impairment losses	Provisions	Allowances for doubtful debts	Derivatives	Tax losses	Employee benefits payables	Accrued expenses	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>As at January 1, 2014</b>	150	1,122	912	(95)	175	362	-	2,626
Credited/(charged) to profit or loss	(44)	544	323	88	(58)	627	-	1,480
Currency translation differences	3	65	48	1	4	42	-	163
<b>At December 31, 2014</b>	109	1,731	1,283	(6)	121	1,031	-	4,269
Acquisition of subsidiary (Note 35(ii))	-	-	-	-	-	-	245	245
Credited/(charged) to profit or loss	-	421	176	73	221	(90)	(155)	646
Currency translation differences	1	10	8	(1)	(2)	10	-	26
<b>At December 31, 2015</b>	110	2,162	1,467	66	340	951	90	5,186
Credited/(charged) to profit or loss	-	(40)	537	(64)	110	(45)	(14)	484
Currency translation differences	(5)	(80)	(59)	(2)	(13)	(33)	(1)	(193)
<b>At December 31, 2016</b>	105	2,042	1,945	-	437	873	75	5,477
Acquisition of subsidiary (Note 35(iii))	-	-	-	-	153	-	-	153
Credited/(charged) to profit or loss	(100)	18	(575)	-	1,534	(211)	158	824
Currency translation differences	(5)	(31)	(39)	-	(7)	(12)	(12)	(106)
<b>At September 30, 2017</b>	-	2,029	1,331	-	2,117	650	221	6,348

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**27 Share capital**

The Pteris Group	At December 31, 2014		At December 31, 2015		At December 31, 2016		At September 30, 2017	
	Number of shares '000	SGD'000						
Ordinary share, issued and fully paid :								
<b>At beginning of the year</b>	-	21,504	322,947	97,819	322,947	97,819	385,366	104,781
Share consolidation (Note a)	109,698	-	-	-	-	-	-	-
Issuance of shares pursuant to reverse acquisition (Note 35(i), Note b,c)	210,617	41,498	-	-	-	-	-	-
Deferred shares (Note 35(ii), Note f)	-	34,786	-	-	62,419	6,962	-	-
Issuance of shares as part payment of professional fees (Note d)	786	550	-	-	-	-	-	-
Issuance of Advanced Monies shares (Note e)	1,846	1,200	-	-	-	-	-	-
Share issuance expenses	-	(1,719)	-	-	-	-	-	-
<b>At end of the year/period</b>	<b>322,947</b>	<b>97,819</b>	<b>322,947</b>	<b>97,819</b>	<b>385,366</b>	<b>104,781</b>	<b>385,366</b>	<b>104,781</b>
Pteris	At December 31, 2014		At December 31, 2015		At December 31, 2016		At September 30, 2017	
	Number of shares '000	SGD'000						
Ordinary share, issued and fully paid :								
<b>At beginning of the year</b>	548,488	65,161	322,947	247,410	322,947	247,410	385,366	254,372
Share consolidation (Note a)	(438,790)	-	-	-	-	-	-	-
Issuance of shares pursuant to reverse acquisition (Note 35(i), Note b,c)	210,617	147,432	-	-	-	-	-	-
Deferred shares (Note 35(ii), Note f)	-	34,786	-	-	62,419	6,962	-	-
Issuance of shares as part payment of professional fees (Note d)	786	550	-	-	-	-	-	-
Issuance of Advanced Monies shares (Note e)	1,846	1,200	-	-	-	-	-	-
Share issuance expenses	-	(1,719)	-	-	-	-	-	-
<b>At end of the year/period</b>	<b>322,947</b>	<b>247,410</b>	<b>322,947</b>	<b>247,410</b>	<b>385,366</b>	<b>254,372</b>	<b>385,366</b>	<b>254,372</b>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**27 Share capital (Continued)**

Notes:

- (a) The shares in Pteris were consolidated on 19 August 2014 on the basis of 1 Consolidated Share for every 5 shares held by the shareholders.
- (b) This represents the fair value of consideration transferred in relation to the 2014 Acquisition (Note 35(i)) at completion date of 2014 Acquisition (Note 35(i)). The purchase consideration of 2014 Acquisition is determined using the fair value of the issued equity of Pteris before the 2014 Acquisition, being 109,698,000 Consolidated Shares at SGD0.70 per share which represents the fair value of Pteris being quoted and traded price of the shares at 19 August 2014, i.e. the close of trading, before the 2014 Acquisition.
- (c) This represents the purchase consideration of Pteris's 2014 Acquisition of the TianDa Group which was satisfied by the allotment and issuance of 210,617,000 ordinary shares at SGD0.70 per share which represents the quoted and traded price of the shares prior to the completion of the 2014 Acquisition.
- (d) This represents the partial payment of the professional fees paid to Canaccord Genuity Singapore Pte. Ltd., in respect of the financial advisory services rendered to Pteris in connection to the 2014 Acquisition. The fair value of the services provided amounted to SGD550,000.
- (e) Advanced Monies relates to a cash advance given by CIMC-HK to Pteris (on an interest free basis) to pay, inter-alia professionals and other advisers in relation to the 2014 Acquisition. On the completion date of the 2014 Acquisition, the advance was settled via the issuance of 1,846,000 numbers of ordinary shares at SGD0.65 per share.
- (f) As part of the reverse takeover of Pteris by the TianDa Group in 2014, Pteris agreed with its shareholders to fix the number of ordinary shares to be issued at 50,441,615 (Deferred Shares), as a contingent consideration. In April 2016, 62,418,551 shares were issued. Pteris recognised a loss on issuance of these Deferred Shares amounting to SGD6,962,000 in 2016 (Note 11).

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**28 Reserves**

**The Pteris Group**

			Other reserves				Retained earnings SGD'000	Total SGD'000
	Surplus reserve SGD'000	Other reserve SGD'000	Assets revaluation reserve SGD'000	Currency translation differences SGD'000	Sub-total SGD'000			
<b>At January 1, 2014</b>	1,945	-	-	(2,671)	(726)	57,965	57,239	
Profit for the year	-	-	-	-	-	13,019	13,019	
Currency translation differences	-	-	-	3,298	3,298	-	3,298	
<b>At December 31, 2014</b>	<u>1,945</u>	<u>-</u>	<u>-</u>	<u>627</u>	<u>2,572</u>	<u>70,984</u>	<u>73,556</u>	
<b>At January 1, 2015</b>	1,945	-	-	627	2,572	70,984	73,556	
Profit for the year	-	-	-	-	-	13,210	13,210	
Disposal of a subsidiary without loss of control (Note b)	-	22,063	-	-	22,063	-	22,063	
Currency translation differences	-	-	-	(25)	(25)	-	(25)	
Strike off of a subsidiary	-	-	-	(567)	(567)	567	-	
Fair value uplift, net of tax arising from investment properties transferred from property, plant and equipment and land use rights	-	-	4,946	-	4,946	-	4,946	
<b>At December 31, 2015</b>	<u>1,945</u>	<u>22,063</u>	<u>4,946</u>	<u>35</u>	<u>28,989</u>	<u>84,761</u>	<u>113,750</u>	

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**28 Reserves (Continued)**

**The Pteris Group**

			Other reserves		Sub-total SGD'000	Retained earnings SGD'000	Total SGD'000
	Surplus reserve SGD'000	Other reserve SGD'000	Assets revaluation reserve SGD'000	Currency translation differences SGD'000			
<b>At January 1, 2016</b>	1,945	22,063	4,946	35	28,989	84,761	113,750
Profit for the year	-	-	-	-	-	14,901	14,901
Currency translation differences	-	-	-	(5,042)	(5,042)	-	(5,042)
Dividends declared	-	-	-	-	-	(3,854)	(3,854)
<b>At December 31, 2016</b>	<u>1,945</u>	<u>22,063</u>	<u>4,946</u>	<u>(5,007)</u>	<u>23,947</u>	<u>95,808</u>	<u>119,755</u>
Unaudited:							
<b>At January 1, 2016</b>	1,945	22,063	4,946	35	28,989	84,761	113,750
Loss for the period	-	-	-	-	-	(8,536)	(8,536)
Currency translation differences	-	-	-	(6,215)	(6,215)	-	(6,215)
Dividends declared	-	-	-	-	-	(3,854)	(3,854)
<b>At September 30, 2016</b>	<u>1,945</u>	<u>22,063</u>	<u>4,946</u>	<u>(6,180)</u>	<u>22,774</u>	<u>72,371</u>	<u>95,145</u>
<b>At January 1, 2017</b>	1,945	22,063	4,946	(5,007)	23,947	95,808	119,755
Loss for the period	-	-	-	-	-	(901)	(901)
Fair value uplift, net of tax arising from investment properties transferred from property, plant and equipment	-	-	123	-	123	-	123
Disposal of a subsidiary without loss of control (Note c)	-	992	-	-	992	-	992
Currency translation differences	-	-	-	(1,334)	(1,334)	-	(1,334)
<b>At September 30, 2017</b>	<u>1,945</u>	<u>23,055</u>	<u>5,069</u>	<u>(6,341)</u>	<u>23,728</u>	<u>94,907</u>	<u>118,635</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**28 Reserves (Continued)**

Notes:

(a) Surplus reserve comprises:

(i) General reserve fund

Pursuant to the Articles of Association of TianDa, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the People's Republic of China. The percentage for this appropriation was decided by the board of directors. This general reserve fund can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than upon liquidation.

(ii) Enterprise expansion fund

Pursuant to the Articles of Association of TianDa, appropriations to enterprise expansion fund were made at a certain percentage of profit after taxation determined in accordance with accounting rules and regulations of the People's Republic of China. The percentage for this appropriation was decided by the board of directors. This enterprise expansion fund can be utilised in expansion of the enterprise and is non-distributable other than upon liquidation.

(b) In 2015, the Pteris Group completed the disposal of a 30% interest in TianDa for a cash consideration of SGD54,138,000. The carrying amount of the non-controlling interest in TianDa at the date of disposal was SGD32,075,000.

(c) In June 2017, the Pteris Group, through its subsidiary TianDa, acquired Zhengzhou Jinte Logistics Automation System Co. Ltd. (Note 35(iii)). According to the sale and purchase agreement, part of the purchase consideration was settled by a 8.03% equity interest in Kunshan CIMC Logistic Automation Equipment Co., Ltd.. The difference between the fair value of the 8.03% equity interest disposed amounting to SGD2,448,000; and its carrying amount of non-controlling interest acquired amounting to SGD1,456,000 at the date of acquisition was recognised in other reserve.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**28 Reserves (Continued)**

Pteris	Other reserves			Retained earnings SGD'000	Total SGD'000
	Share option reserve SGD'000	Assets revaluation reserve SGD'000	Sub-total SGD'000		
<b>At January 1, 2014</b>	216	-	216	(30,861)	(30,645)
Loss for the year	-	-	-	(18,353)	(18,353)
Share options forfeited/lapsed	(216)	-	(216)	216	-
Unclaimed dividends	-	-	-	3	3
<b>At December 31, 2014</b>	-	-	-	(48,995)	(48,995)
<b>At January 1, 2015</b>	-	-	-	4,555	4,555
Profit for the year	-	-	-	4,555	4,555
Fair value uplift, net of tax arising from investment properties transferred from property, plant and equipment and land use rights	-	23,831	23,831	-	23,831
<b>At December 31, 2015</b>	-	23,831	23,831	(44,440)	(20,609)
<b>At January 1, 2016</b>	-	-	-	3,364	3,364
Profit for the year	-	-	-	3,364	3,364
Dividends declared	-	-	-	(3,854)	(3,854)
<b>At December 31, 2016</b>	-	23,831	23,831	(44,930)	(21,099)
<b>At January 1, 2017</b>	-	-	-	(2,258)	(2,258)
Loss for the period	-	-	-	(2,258)	(2,258)
Fair value uplift, net of tax arising from investment properties transferred from property, plant and equipment	-	1,128	1,128	-	1,128
<b>At September 30, 2017</b>	-	24,959	24,959	(47,188)	(22,229)

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**29 Trade and other payables**

**The Pteris Group**

	As at January 1, <u>2014</u> SGD'000	As at December 31, <u>2014</u> <u>2015</u> <u>2016</u> SGD'000    SGD'000    SGD'000			As at September 30, <u>2017</u> SGD'000
Current					
- Trade payables to third parties	35,746	62,201	59,962	82,179	69,537
- Trade payables to related parties (Note 36)	2,612	332	2,555	961	934
<b>Total trade payables</b>	<b>38,358</b>	<b>62,533</b>	<b>62,517</b>	<b>83,140</b>	<b>70,471</b>
- Amounts due to related parties (Note 36)	101	4,368	14,244	154	227
- Dividends payable (Note a)	14,557	15,310	15,357	14,939	14,825
- Staff salaries, bonuses and welfare payables	3,708	10,604	9,991	8,457	4,612
- Advances received	32,672	36,773	39,384	66,921	136,004
- Accruals and other payables	11,536	42,064	57,383	59,251	47,632
	<u>100,932</u>	<u>171,652</u>	<u>198,876</u>	<u>232,862</u>	<u>273,771</u>
Non-current					
- Advances	-	-	2,469	2,631	2,775
- Other payables	-	-	270	284	300
- Amounts due to ultimate holding company (Note 36)	-	-	-	13,648	13,376
	<u>-</u>	<u>-</u>	<u>2,739</u>	<u>16,563</u>	<u>16,451</u>

Notes:

- (a) The dividends payable represent TianDa unpaid dividends to CIMC-Tianda Airport Support (Hong Kong) Limited ("CIMC-HK"), which were declared in the financial years of 2011 and 2013 and unpaid dividends to Beijing Bowei Airport support Co., Ltd., a non-controlling shareholder of Xinfra Airport Equipment Ltd. which were declared in the financial years of 2017.

Amounts due to related parties are unsecured, interest-free, and repayable on demand. Amounts due to ultimate holding company related to medium term notes ("MTN"), which are unsecured and with interest rate at 3.15% per annum. The MTN are denominated in RMB and maturity date is 22 August 2019.

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, all trade and other payables of the Pteris Group were non-interest bearing, and their fair value, except for those non-financial liabilities, approximate to their carrying amounts due to their short maturities.

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at January 1, <u>2014</u> SGD'000	As at December 31, <u>2014</u> <u>2015</u> <u>2016</u> SGD'000    SGD'000    SGD'000			As at September 30, <u>2017</u> SGD'000
0 - 60 days	10,612	20,562	23,660	26,957	8,052
61 - 120 days	11,807	18,294	16,019	24,057	26,182
121 - 240 days	8,855	12,970	12,920	18,012	30,162
Over 240 days	7,084	10,707	9,918	14,114	6,075
	<u>38,358</u>	<u>62,533</u>	<u>62,517</u>	<u>83,140</u>	<u>70,471</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**29 Trade and other payables (Continued)**

**The Pteris Group (Continued)**

The Pteris Group's trade and other payables are denominated in the following currencies:

	<u>As at January 1,</u>	<u>As at December 31,</u>			<u>As at September 30,</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
SGD	-	16,163	7,796	9,911	7,405
USD	7,205	24,702	20,100	10,747	11,605
RMB	81,817	126,165	171,337	186,002	226,316
EUR	11,604	2,010	166	10,010	20,368
Others	306	2,612	2,216	32,755	24,528
	<u>100,932</u>	<u>171,652</u>	<u>201,615</u>	<u>249,425</u>	<u>290,222</u>

**Pteris**

	<u>As at</u>	<u>As at December 31,</u>			<u>As at</u>
	<u>January 1,</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>September</u>
	SGD'000	SGD'000	SGD'000	SGD'000	30,
	2014	2014	2015	2016	2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Trade payables to third parties	3,922	2,302	823	609	476
Trade payables to subsidiaries and related parties	6,589	8,398	9,420	10,554	4,073
Total trade payables	<u>10,511</u>	<u>10,700</u>	<u>10,243</u>	<u>11,163</u>	<u>4,549</u>
Amounts due to subsidiaries	6,298	6,471	2,214	1,782	2,628
Staff salaries, bonuses and welfare payables	1,231	2,268	2,349	914	701
Accruals and other payables	5,381	12,002	6,271	7,431	4,368
	<u>23,421</u>	<u>31,441</u>	<u>21,077</u>	<u>21,290</u>	<u>12,246</u>

Amounts due to related parties and subsidiaries are unsecured, interest-free, and repayable on demand.

As at January 1, 2014 and December 31, 2014, 2015 and 2016 and September 30, 2017, all trade and other payables of Pteris were non-interest bearing, and their fair value, except for those non-financial liabilities, approximate to their carrying amounts due to their short maturities.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**29 Trade and other payables (Continued)**

**Pteris (Continued)**

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
0 - 60 days	3,049	1,413	672	2,445	363
61 - 120 days	892	3,026	674	1,182	1,020
121 - 240 days	1,177	830	1,355	949	56
Over 240 days	5,393	5,431	7,542	6,587	3,110
	<u>10,511</u>	<u>10,700</u>	<u>10,243</u>	<u>11,163</u>	<u>4,549</u>

Pteris's trade and other payables are denominated in the following currencies:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
SGD	16,961	24,463	13,918	13,081	10,234
USD	2,988	4,345	5,447	6,421	1,577
RMB	430	430	-	-	-
EUR	585	75	91	69	98
Others	2,457	2,128	1,621	1,719	337
	<u>23,421</u>	<u>31,441</u>	<u>21,077</u>	<u>21,290</u>	<u>12,246</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**30 Borrowings**

**The Pteris Group**

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
<b>Non-current</b>					
Bank borrowings, unsecured	-	-	1,277	9,849	9,653
<b>Current</b>					
Bank borrowings, unsecured	-	19,350	15,017	10,212	18,334
Loans from related parties, unsecured	4,563	20,425	4,987	2,084	2,042
Bank borrowings, secured (Note a)	13,142	52,139	-	-	546
	<u>17,705</u>	<u>91,914</u>	<u>20,004</u>	<u>12,296</u>	<u>20,922</u>
Total borrowings	<u>17,705</u>	<u>91,914</u>	<u>21,281</u>	<u>22,145</u>	<u>30,575</u>

- (a) At 31 December 2014, the bank borrowings of the Pteris Group are secured by a debenture over assets and a mortgage against the leasehold buildings of Pteris in Singapore.

At 30 September 2017, the bank borrowings amounting to SGD546,000 were secured by certain trade receivables of a subsidiary of the Pteris.

- (b) The weighted average interest rates per annum at each statement of financial position date were as follows:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> %	<u>2014</u> %	<u>2015</u> %	<u>2016</u> %	<u>2017</u> %
Bank borrowings, unsecured	N/A	5.15%	3.27%	2.66%	4.16%
Loans from related parties, unsecured	3.35%	6.10%	4.35%	5.23%	5.00%
Bank borrowings, secured	3.35%	2.78%	N/A	N/A	1.50%

The interest rates for the bank loans outstanding at each statement of financial position date were arranged at variable interest rate and expose the Pteris Group to interest rate risk.

- (c) The Group's borrowings at each statement of financial position date were repayable within 5 years and the repayment schedule is as follows:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Within 1 year	17,705	91,914	20,004	12,296	20,922
Between 1 and 2 years	-	-	-	9,849	9,653
Between 2 and 5 years	-	-	1,277	-	-
	<u>17,705</u>	<u>91,914</u>	<u>21,281</u>	<u>22,145</u>	<u>30,575</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**30 Borrowings (Continued)**

**The Pteris Group (Continued)**

- (d) The exposure of the borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at January 1, <u>2014</u> SGD'000	As at December 31,			As at September 30, <u>2017</u> SGD'000
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
6 months or less	17,705	72,564	8,512	8,129	12,781
6 -12 months	-	19,350	11,492	4,167	8,141
1 - 5 years	-	-	1,277	9,849	9,653
Over 5 years	-	-	-	-	-
	<u>17,705</u>	<u>91,914</u>	<u>21,281</u>	<u>22,145</u>	<u>30,575</u>

- (e) The fair values of current borrowings approximate their carrying amounts as the impact of discounting is not significant.

- (f) The borrowings are denominated in the following currencies:

	As at January 1, <u>2014</u> SGD'000	As at December 31,			As at September 30, <u>2017</u> SGD'000
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
SGD	-	52,139	-	-	-
USD	13,142	-	8,512	5,849	4,066
RMB	4,563	39,775	12,769	14,016	19,864
EUR	-	-	-	2,280	6,645
	<u>17,705</u>	<u>91,914</u>	<u>21,281</u>	<u>22,145</u>	<u>30,575</u>

- (g) The Pteris Group has the following undrawn borrowing facilities:

	As at January 1, <u>2014</u> SGD'000	As at December 31,			As at September 30, <u>2017</u> SGD'000
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Floating rate:					
– Expiring within one year	<u>135,171</u>	<u>105,350</u>	<u>71,825</u>	<u>97,947</u>	<u>17,496</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**30 Borrowings (Continued)**

**Pteris**

	As at January 1, <u>2014</u> SGD'000	As at December 31,			As at September 30, <u>2017</u> SGD'000
		<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	
<b>Current</b>					
Bank borrowings, unsecured	-	-	8,512	8,129	10,165
Bank borrowings, secured (Note a)	52,088	52,139	-	-	-
Finance lease liabilities	54	-	-	-	-
	<u>52,142</u>	<u>52,139</u>	<u>8,512</u>	<u>8,129</u>	<u>10,165</u>
<b>Non-current</b>					
Finance lease liabilities	61	-	-	-	-
Total borrowings	<u>52,203</u>	<u>52,139</u>	<u>8,512</u>	<u>8,129</u>	<u>10,165</u>

(a) At 31 December 2014, the bank borrowings of Pteris are secured by a debenture over assets and a mortgage against the leasehold buildings of Pteris in Singapore.

(b) The weighted average interest rates per annum at each statement of financial position date were as follows:

	As at January 1, <u>2014</u> %	As at December 31,			As at September 30, <u>2017</u> %
		<u>2014</u> %	<u>2015</u> %	<u>2016</u> %	
Bank borrowings, unsecured	N/A	N/A	2.16%	1.8%	2.23%
Bank borrowings, secured	2.48%	2.78%	N/A	N/A	N/A
Finance lease liabilities	1.88%	N/A	N/A	N/A	N/A

The interest rates for the bank loans outstanding at each statement of financial position date were arranged at variable interest rate and expose Pteris to interest rate risk.

(c) Pteris's borrowings at each statement of financial position date were repayable within 5 years and the repayment schedule is as follows:

	As at January 1, <u>2014</u> SGD'000	As at December 31,			As at September 30, <u>2017</u> SGD'000
		<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	
Within 1 year	52,142	52,139	8,512	8,129	10,165
Between 1 and 2 years	61	-	-	-	-
Between 2 and 5 years	-	-	-	-	-
	<u>52,203</u>	<u>52,139</u>	<u>8,512</u>	<u>8,129</u>	<u>10,165</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**30 Borrowings (Continued)**

**Pteris (Continued)**

- (d) The exposure of the borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
6 months or less	52,115	52,139	8,512	8,129	4,066
6 - 12 months	27	-	-	-	6,099
1 - 5 years	61	-	-	-	-
Over 5 years	-	-	-	-	-
	<u>52,203</u>	<u>52,139</u>	<u>8,512</u>	<u>8,129</u>	<u>10,165</u>

- (e) The fair values of current borrowings approximate their carrying amounts as the impact of discounting is not significant.

- (f) The borrowings are denominated in the following currencies:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
SGD	52,203	52,139	-	-	-
USD	-	-	8,512	5,849	4,066
EUR	-	-	-	2,280	6,099
	<u>52,203</u>	<u>52,139</u>	<u>8,512</u>	<u>8,129</u>	<u>10,165</u>

- (g) The Pteris has the following undrawn borrowing facilities:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Floating rate:					
- Expiring within one year	-	-	-	-	14,896
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,896</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**31 Provisions**

**The Pteris Group**

	As at January 1, <u>2014</u> SGD'000	As at December 31, <u>2014</u> <u>2015</u> <u>2016</u> SGD'000      SGD'000      SGD'000			As at Septemb er 30, <u>2017</u> SGD'000
Warranties (Note a)	7,025	13,836	16,340	14,854	14,740
Liquidated damages (Note b)	-	386	387	2,976	2,817
Others	875	646	537	532	-
	<u>7,900</u>	<u>14,868</u>	<u>17,264</u>	<u>18,362</u>	<u>17,557</u>

	Warranties SGD'000	Liquidated damages SGD'000	Others SGD'000	Total SGD'000
<b>As at January 1, 2014</b>	7,025	-	875	7,900
Acquired from reverse acquisition (Note 35(i))	2,691	438	-	3,129
Currency translation differences	437	26	-	463
Provision made	6,235	360	532	7,127
Provision utilised	(969)	-	(761)	(1,730)
Provision reversed	(1,583)	(438)	-	(2,021)
<b>At December 31, 2014</b>	<u>13,836</u>	<u>386</u>	<u>646</u>	<u>14,868</u>
Acquired in 2015 (Note 35(ii))	429	-	-	429
Currency translation differences	98	1	5	104
Provision made	6,716	-	-	6,716
Provision utilised	(2,401)	-	-	(2,401)
Provision reversed	(2,338)	-	(114)	(2,452)
<b>At December 31, 2015</b>	<u>16,340</u>	<u>387</u>	<u>537</u>	<u>17,264</u>
Currency translation differences	(480)	(4)	(5)	(489)
Provision made	4,273	2,701	-	6,974
Provision utilised	(1,806)	-	-	(1,806)
Provision reversed	(3,473)	(108)	-	(3,581)
<b>At December 31, 2016</b>	<u>14,854</u>	<u>2,976</u>	<u>532</u>	<u>18,362</u>
Currency translation differences	(139)	(159)	(35)	(333)
Provision made	2,007	-	-	2,007
Provision utilised	(895)	-	-	(895)
Provision reversed	(1,087)	-	(497)	(1,584)
<b>At September 30, 2017</b>	<u>14,740</u>	<u>2,817</u>	<u>-</u>	<u>17,557</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**31 Provision (Continued)**

**Pteris**

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Warranties (Note a)	2,240	2,227	2,106	2,174	1,968
Liquidated damages (Note b)	1,505	278	278	278	278
	<u>3,745</u>	<u>2,505</u>	<u>2,384</u>	<u>2,452</u>	<u>2,246</u>

	Warranties SGD'000	Liquidated damages SGD'000	Total SGD'000
<b>As at January 1, 2014</b>	2,240	1,505	3,745
Provision made	88	278	366
Provision utilised	(101)	(1,015)	(1,116)
Provision reversed	-	(490)	(490)
<b>At December 31, 2014</b>	<u>2,227</u>	<u>278</u>	<u>2,505</u>
Provision made	207	-	207
Provision utilised	(236)	-	(236)
Provision reversed	(92)	-	(92)
<b>At December 31, 2015</b>	<u>2,106</u>	<u>278</u>	<u>2,384</u>
Provision made	69	-	69
Provision utilised	(1)	-	(1)
Provision reversed	-	-	-
<b>At December 31, 2016</b>	<u>2,174</u>	<u>278</u>	<u>2,452</u>
Provision made	58	-	58
Provision utilised	-	-	-
Provision reversed	(264)	-	(264)
<b>At September 30, 2017</b>	<u>1,968</u>	<u>278</u>	<u>2,246</u>

(a) Warranties

The Pteris Group and Pteris give generally one to two-year warranties on certain products and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the end of the reporting period for expected warranty claims based on past experience of the level of repairs and returns.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**31 Provision (Continued)**

(b) Liquidated damages

In accordance with specific clauses of the construction contracts, the Pteris Group is obligated to compensate owners and/or main contractors for any project delays caused by the Pteris Group. The provision is based on formal claims received from owners and/or main contractors, and/or management's expectation and estimates of claims arising, using recent claim experience as a guide. The final outcomes of such claims could vary considerably from the best estimates.

**32 Deferred income**

	As at January 1,	As at December 31,		As at September 30,	
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Government grants	6,346	8,764	9,488	10,848	15,113

Deferred income related to:

- (1) special funds from the Shenzhen Development and Reform Commission and Kunshan Zhang Pu Town People's Government to be used only in relation to the construction of the new factories; and
- (2) government grant from Shenzhen Finance Committee (government related) to be used for the acquisition of certain equipment.

The grants are recognised initially as deferred income upon receipt and when there was reasonable assurance that the conditions associated with the grant could be complied with, they were recognised as other income over the useful life of the related asset.

**33 Notes to consolidated statements of cash flows**

- (a) In the consolidated statement of cash flows, proceeds from disposal of properties, plant and equipment, assets held for sale and non-current assets comprise:

	Year Ended December 31,			Nine Months Ended September 30,	
	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2016</u> SGD'000 (unaudited)	<u>2017</u> SGD'000
<b>Properties, plant and equipment</b>					
Net book amount disposed	490	88	64	38	163
(Losses)/gains on disposal of property, plant and equipment (Note 8)	(488)	(30)	91	87	(62)
Proceeds from disposal	2	58	155	125	101
<b>Assets held for sale</b>					
Net book amount disposed	-	-	3,218	-	-
Gains on disposal of assets held for sale (Note 8)	-	-	3,281	-	-
Proceeds from disposal	-	-	6,499	-	-
<b>Non-current assets</b>					
Net book amount disposed	-	-	10	10	-
Gains on disposal of non-current assets (Note 8)	-	-	1,640	1,640	-
Proceeds from disposal	-	-	1,650	1,650	-

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**33 Notes to consolidated statements of cash flows (Continued)**

(b) Reconciliation of liabilities arising from financing activities

	At January 1, 2014	Acquisition of subsidiaries (Note 35)	Currency translation difference	Principal movement	Non-cash changes	At December 31,2014
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Borrowings	17,705	52,345	1,572	20,499	(207)	91,914

	At January 1, 2015	Acquisition of subsidiaries	Currency translation difference	Principal movement	Non-cash changes	At December 31,2015
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000

Borrowings and amounts due to related parties for financing purpose	91,914	4,547	761	(53,455)	109	43,876
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	At January 1, 2016	Currency translation difference	Principal movement	Non-cash changes	At December 31,2016
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000

Borrowings and amounts due to related parties for financing purpose	43,876	(1,349)	(12,991)	166	29,702
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	At January 1, 2016	Currency translation difference	Principal movement	Non-cash changes	At September 30,2016
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000

Borrowings and amounts due to related parties for financing purpose	43,876	(1,828)	(13,507)	(2)	28,539
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	At January 1, 2017	Currency translation difference	Principal movement	Non-cash changes	At September 30,2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000

Borrowings and amounts due to related parties for financing purpose	29,702	(424)	8,677	27	37,982
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Borrowings and amounts due to related parties for financing purpose includes the Pteris Group's borrowings amounting to SGD91,914,000, SGD21,281,000, SGD22,145,000 and SGD30,575,000 for the financial years ended December 31, 2014, 2015, 2016 and nine month period ended September 30, 2017 respectively.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**34 Commitments**

(a) Capital commitments

Capital commitments contracted for at each statement of financial position dates but not yet incurred are as follows:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
Construction of new factory premises					
-Approved by directors and contracted for	8,387	21,682	23,949	7,293	-
-Approved by directors and not contracted for	32,817	82,930	29,996	33,753	14,467
	<u>41,204</u>	<u>104,612</u>	<u>53,945</u>	<u>41,046</u>	<u>14,467</u>

(b) Operating lease commitments – the Pteris Group and Pteris as lessee

The Pteris Group and the Pteris leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

The Pteris Group	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
No later than 1 year	2,099	2,229	1,855	880	2,223
Later than 1 year and no later than 5 years	656	2,851	2,039	1,465	5,042
Later than 5 years	3,256	16,404	13,378	10,937	10,179
	<u>6,011</u>	<u>21,484</u>	<u>17,272</u>	<u>13,282</u>	<u>17,444</u>

  

Pteris	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u> SGD'000	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2017</u> SGD'000
No later than 1 year	746	877	732	673	912
Later than 1 year and no later than 5 years	2,078	1,512	1,180	1,242	2,490
Later than 5 years	8,550	13,710	10,835	10,808	9,081
	<u>11,374</u>	<u>16,099</u>	<u>12,747</u>	<u>12,723</u>	<u>12,483</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**34 Commitments (Continued)**

(c) Operating leases rental receivables - the Pteris Group and Pteris as lessor

The Pteris Group and the Pteris leases out leasehold buildings to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

The Pteris Group	As at	As at December 31,			As at
	January 1, 2014 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000	September 30, 2017 SGD'000
No later than 1 year	-	2,936	4,796	4,728	4,102
Later than 1 year and no later than 5 years	-	6,685	10,817	7,500	8,332
Later than 5 years	-	-	9,166	7,123	6,111
	-	9,621	24,779	19,351	18,545

  

Pteris	As at	As at December 31,			As at
	January 1, 2014 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000	September 30, 2017 SGD'000
No later than 1 year	2,830	2,936	3,043	3,043	1,712
Later than 1 year and no later than 5 years	707	6,685	3,804	761	238
Later than 5 years	-	-	-	-	-
	3,537	9,621	6,847	3,804	1,950

## PTERIS GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 35 Acquisition

##### (i) 2014 Acquisition

In 2013, Pteris entered into conditional sale and purchase agreements with China International Marine Containers (Hong Kong) Ltd (“CIMC-HK”) and Shenzhen TGM Ltd (“TGM”) to acquire the entire issued share capital of TianDa by way of issuance of new ordinary shares in Pteris. The transaction (“the 2014 Acquisition”) was completed on 19 August 2014.

In accordance with the agreements, Pteris issued 210,617,000 new ordinary shares to CIMC-HK and TGM on completion of the 2014 Acquisition. In addition, Pteris agreed to issue CIMC-HK and TGM additional new ordinary shares. The number of shares to be issued varies with the outcome of certain contingent events (“Contingent Consideration”).

As the shareholder of TianDa have control over Pteris, the 2014 Acquisition has been accounted for as a reverse acquisition in accordance with HKFRS 3 Business Combination, and the legal subsidiaries (i.e. TianDa Group) were deemed to be the accounting acquirer and Pteris and its subsidiaries before the 2014 Acquisition (the Pteris Group) as the accounting acquiree for the accounting purposes.

The consolidation financial statements represents a continuation of the consolidated financial statements of the TianDa Group and reflects the following:

- (a) The assets and liabilities of the TianDa Group were recognised and measured in the consolidated statement of financial position at their carrying amount before the 2014 Acquisition;
- (b) The identifiable assets, liabilities and contingent liabilities of the Pteris Group were recognised and measured in the consolidated financial statements at their acquisition date fair values;
- (c) The excess of fair value purchase consideration over the identifiable net assets of the Pteris Group at fair value is recognised as goodwill in the consolidated statement of financial position;
- (d) The retained earnings and other equity balances recognised in the consolidated financial statement are the retained earnings and other equity balances of the TianDa Group immediately before the 2014 Acquisition;
- (e) The amount recognised as issued equity interest in the consolidated financial statements were determined by adding the issued equity of TianDa outstanding immediately before the 2014 Acquisition. The fair value of the purchase consideration is based on the fair value of Pteris Group at the completion date. However, the equity structure appearing in the consolidated financial statement (i.e. the number and type of instrument issued) shall reflect the equity structure of Pteris, including the equity instruments issued by Pteris to effect the 2014 Acquisition;
- (f) The consolidated statement of profit or loss ,comprehensive income for the financial year ended 31 December 2014 reflects that of the TianDa Group for the full period together with the post-acquisition results of the Pteris Group;and
- (g) The Pteris Group’s statement of financial position at 1 January 2014 presented in these consolidated financial statements were that of the TianDa Group.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**35 Acquisition (Continued)**

(i) 2014 Acquisition (Continued)

The effects of the 2014 Acquisition are disclosed below.

(a) Purchase consideration:

	August 2014 At fair value SGD'000
Fair value of purchase consideration transferred at completion date	41,498
Contingent Consideration (Note (e))	35,290
Total purchase consideration	<u>76,788</u>

(b) Identifiable assets acquired and liabilities assumed of the Pteris Group:

	August 2014 At fair value SGD'000
Cash and cash equivalents	20,491
Cash and deposit pledged	2,212
Trade and other receivables	29,505
Inventories	2,430
Property, plant and equipment	65,779
Other financial assets	145
Amounts due from contract customers	15,205
	<u>135,767</u>
Trade and other payables	(22,321)
Amounts due to customers	(4,190)
Borrowings	(52,345)
Provisions	(3,129)
Deferred income tax liabilities	(255)
	<u>(82,240)</u>
Total identifiable net assets	<u>53,527</u>
Add:	
Goodwill	23,261
Total purchase consideration	<u>76,788</u>

In April 2015, Pteris entered into an agreement with one of its supplier to reduce the payable amount by SGD1,580,000, which adjusted the goodwill amount from SGD23,261,000 to SGD21,681,000.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**35 Acquisition (Continued)**

(i) 2014 Acquisition (Continued)

(c) Effect on cash flows of the Pteris Group

Cash and cash equivalents acquired (as above)	<u>20,491</u>
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(d) Acquisition related cost

Acquisition related cost of SGD1,590,000 are included in the other operating expenses in the consolidated statement of profit or loss and operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

The 2014 Acquisition involves the contingent consideration.

The fair value of the Contingent Consideration as at the acquisition date was estimated to be SGD35,290,000. This is based on the estimated number of new ordinary shares to be issued and the Pteris's share price at the acquisition date.

On 19 December 2014, Pteris agreed with CIMC-HK and TGM to fix the number of ordinary shares to be issued at 50,414,615 ("Deferred Shares") for the Contingent Consideration. The fair value of the Contingent Consideration approximates SGD34,786,000 based on Pteris share price on 19 December 2014. Pteris recorded a gain of SGD504,000 arising from the change in fair value of the Contingent Consideration between 19 August 2014 and 19 December 2014.

(f) The goodwill arising from the 2014 Acquisition is attributable to the synergies expected to be achieved from integrating Pteris's operations into the TianDa Group's existing business.

(g) Revenue and profit contribution

The acquired group contributed revenue of SGD38,846,000 and net loss of SGD4,746,000 to the Pteris Group for the period from 19 August 2014 to 31 December 2014.

Had the Pteris Group (the legal parent and its subsidiaries, prior to the reverse acquisition) been consolidated from 1 January 2014, consolidated revenue and consolidated profit for the financial year ended 31 December 2014 would have been SGD284,498,000 and SGD1,865,000 respectively.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**35 Acquisition (Continued)**

(ii) 2015 Acquisition

In November 2015, Pteris completed the acquisition of CIMC Air Marrel SAS.

(a) Purchase consideration:

November 2015  
At fair value  
SGD'000

Total purchase consideration 2,330

(b) Identifiable assets acquired and liabilities assumed of CIMC Air Marrel SAS:

November 2015  
At fair value  
SGD'000

Cash and cash equivalents 937  
Trade and other receivables 2,856  
Inventories 5,399  
Property, plant and equipment 35  
Deferred income tax assets 245  
9,472

Trade and other payables (6,388)  
Provisions (429)

Total identifiable net assets 2,655  
Less: the excess of total identifiable net asset over the  
consideration (325)  
Total purchase consideration 2,330

(c) Effect on cash flows of the Pteris Group

Cash paid (as above) 2,330  
Less: Cash and cash equivalents in subsidiary acquired (937)  
Cash outflow on acquisition 1,393

(d) Acquisition related cost

Acquisition related cost of SGD15,000 were included in the other operating expenses in the consolidated statement of profit or loss and operating cash flows in the consolidated statement of cash flows.

(e) Revenue and profit contribution

CIMC Air Marrel SAS contributed revenue of SGD4,432,000 and net profit of SGD574,000 to the Pteris Group for the period from 1 November 2015 to 31 December 2015.

Had CIMC Air Marrel SAS been consolidated from 1 January 2015, consolidated revenue and consolidated profit for the financial year ended 31 December 2015 would have been SGD351,810,000 and SGD25,689,000 respectively.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**35 Acquisition (Continued)**

(iii) 2017 Acquisition

In June 2017, TianDa, through its wholly owned subsidiary, Kunshan CIMC Logistics Automation Equipment Co.,Ltd. ("Kunshan CIMC Automation Equipment"), acquired 100% equity interest of Zhengzhou Jinte Logistics Automation System Co., Ltd. ("Jinte"), a company engages in the sale, design and technical service of modern logistics automation system and high speed sorting systems. According to the sale and purchase agreement, the consideration for the acquisition consists of:

- (1) Cash of RMB5,000,000 (SGD1,020,000);
- (2) 8.03% equity interest of Kunshan CIMC Automation Equipment. The fair value of 8.03% equity interest was determined to be RMB12,000,000 (SGD2,448,000); and
- (3) Contingent consideration of higher of RMB3,000,000 (SGD612,000) and 3% of Jinte's future sales in next three years.

Upon the completion of the 2017 Acquisition, Jinte became a 91.97%-owned subsidiary of TianDa, and 64%-owned subsidiary of Pteris. The identifiable assets, liabilities and contingent liabilities of Jinte were recognised and measured in the consolidated financial statements at their acquisition date fair values. The excess of fair value purchase consideration over the identifiable net assets of Jinte at fair value is recognised as goodwill in the consolidated statement of financial position.

The effects of the 2017 Acquisition are disclosed below.

(a) Purchase consideration:

	June 2017 At fair value SGD'000
Cash paid	1,020
8.03% equity interest of Kunshan CIMC Automation Equipment	2,448
Present value of contingent consideration (Note (e))	537
Total purchase consideration	<u>4,005</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**35 Acquisition (Continued)**

(iii) 2017 Acquisition (Continued)

(b) Identifiable assets acquired and liabilities assumed of Jinte:

	June 2017 At fair value SGD'000
Cash and cash equivalents	105
Trade and other receivables	91
Inventories	1,553
Property, plant and equipment	39
Intangible assets	1,405
Deferred income tax assets	153
	<hr/> 3,346
Trade and other payables	(1,856)
Tax payable	(129)
Deferred income tax liabilities	(142)
	<hr/> (2,127)
Total identifiable net assets	<hr/> <hr/> 1,219
Add:	
Goodwill	2,786
Total purchase consideration	<hr/> <hr/> 4,005

(c) Effect on cash flows of the Pteris Group

Cash paid (as above)	1,020
Less: Cash and cash equivalents in subsidiary acquired	(105)
Cash outflow on acquisition	<hr/> <hr/> 915

(d) Acquisition related cost

Acquisition related cost of SGD3,000 are included in the other operating expenses in the consolidated statement of profit or loss and operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

Management assessed that the amount of contingent consideration payable by the Pteris Group will be RMB3,000,000 (SGD612,000) as management estimated that 3% of Jinte's future sales for the next three years would be less than RMB3,000,000. Accordingly, the management has estimated the present value of the contingent consideration to be SGD537,000 as at 30 September 2017 by discounting the future payments using the 3-year borrowing rate. The present value is recognised in trade and other payables of the consolidated statement of financial position as at 30 September 2017.

(f) The goodwill arising from the 2017 Acquisition is attributable to the synergies expected to be achieved from integrating Jinte's operations into Pteris Group's existing business.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**35 Acquisition (Continued)**

(iii) 2017 Acquisition (Continued)

(g) Revenue and profit contribution

Jinte contributed revenue of SGD367,000 and net loss of SGD342,000 to the Pteris Group for the period from 1 July 2017 to 30 September 2017.

Had Jinte been consolidated from 1 January 2017, consolidated revenue and consolidated loss for the financial period ended 30 September 2017 would have been SGD142,376,000 and SGD1,993,000 respectively.

**36 Related-party transactions**

Pteris's immediate holding company is Sharp Vision Holdings Limited, incorporated in Hong Kong. The ultimate holding company is China International Marine Containers (Group) Ltd, incorporated in the People's Republic of China.

In addition to those disclosed elsewhere in the consolidated financial statements, the following is a summary of the significant transactions carried out between the Pteris Group and its related parties in the ordinary course of business during the years ended December 31, 2014, 2015 and 2016 and period ended September 30, 2017 and balances arising from related party transactions as at December 31, 2014, 2015 and 2016 and September 30, 2017.

**PTERIS GLOBAL LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****36 Related-party transactions (Continued)**

(a) The following transactions were carried out with the principal related parties:

<u>Name of entities</u>	<u>Relationship with the Pteris Group</u>
Ziegler Fire & Rescue Vehicle Sales & Service (Beijing) Co., Ltd.	Fellow subsidiary
CIMC Vehicles (Shandong) Co., Ltd.	Fellow subsidiary
CIMC-Shac(Xi'an) Special Vehicles Co., Ltd.	Fellow subsidiary
Shenzhen South CIMC Logistics Co., Ltd.	Fellow subsidiary
Gansu CIMC Huajun Vehicles Co., Ltd.	Fellow subsidiary
Jiaxing Zhongji Wood Industry Co., Ltd.	Fellow subsidiary
Ruiji Logistics (Wuhu) Co., Ltd.	Fellow subsidiary
Ningbo West Mark Trading Co., Ltd.	Fellow subsidiary
CIMC Finance Company	Fellow subsidiary
Shenzhen Southern CIMC Containers Services Co.,Ltd.	Fellow subsidiary
China International Marine Containers (Hong Kong) Co., Ltd.	Fellow subsidiary
CIMC Ziegler (Germany)	Fellow subsidiary
Tianjin CIMC Logistics Equipments Co., Ltd.	Fellow subsidiary
XinJiang CIMC Special Vehicles Co., Ltd.	Fellow subsidiary
Shenzhen CIMC Special Vehicles Co., Ltd.	Fellow subsidiary
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd.	Fellow subsidiary
Dalian CIMC Logistics Equipment Co., Ltd.	Fellow subsidiary
Invengo Information Technology Co., Ltd.	Fellow subsidiary
CIMC Tianda Holding (Shenzhen) Co., Ltd.	Fellow subsidiary
CIMC Modular Building Systems Holding Co. Ltd.	Fellow subsidiary
Tender holdings Limited	Fellow subsidiary
CIMC Intermodal Development Co., Ltd.	Fellow subsidiary
Beijing Bowei Airport support Co., Ltd.	A minority shareholder of a subsidiary
Shenzhen Tegemeng Technology Co., Ltd.	A minority shareholder
	Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company
China Merchants Shekou Industrial Zone Co., Ltd.	An associate of ultimate holding company
China Fire Safety Enterprise Group Limited	
China International Marine Containers (Group) Co., Ltd.	Ultimate holding company

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**36 Related-party transactions (Continued)**

(b) Transactions with related parties

	Year Ended December 31,			Nine Months Ended September 30,	
	2014 SGD'000	2015 SGD'000	2016 SGD'000	2016 SGD'000 (unaudited)	2017 SGD'000
(i) Sales of goods and/or services to					
- Fellow subsidiaries	3,904	8,838	681	20	-
- Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	-	-	3,784	1,191	2,354
	<u>3,904</u>	<u>8,838</u>	<u>4,465</u>	<u>1,211</u>	<u>2,354</u>
(ii) Purchase of goods and/or services					
- Ultimate holding company	-	-	114	-	-
- Fellow subsidiaries	1,584	20,125	5,416	3,271	2,635
	<u>1,584</u>	<u>20,125</u>	<u>5,530</u>	<u>3,271</u>	<u>2,635</u>
(iii) Interest expense					
- Ultimate holding company	283	548	568	463	316
- Fellow subsidiaries	707	1,180	339	303	157
	<u>990</u>	<u>1,728</u>	<u>907</u>	<u>766</u>	<u>473</u>
(iv) Lease expense					
- Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	326	373	354	267	247
- Fellow subsidiaries	1,100	116	1	-	-
	<u>1,426</u>	<u>489</u>	<u>355</u>	<u>267</u>	<u>247</u>

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**36 Related-party transactions (Continued)**

(b) Transactions with related parties (Continued)

	Year Ended December 31,			Nine Months Ended September 30,	
	<u>2014</u> SGD'000	<u>2015</u> SGD'000	<u>2016</u> SGD'000	<u>2016</u> SGD'000 (unaudited)	<u>2017</u> SGD'000
(v) Interest income					
- Ultimate holding company	-	-	-	-	-
- Fellow subsidiaries	235	189	152	133	98
	<u>235</u>	<u>189</u>	<u>152</u>	<u>133</u>	<u>98</u>
(vi) Key management compensation					
- Salaries, wages and bonuses	1,366	1,639	1,388	728	527
- Pension, housing fund, medical insurance and other social insurances	14	81	77	65	90
	<u>1,380</u>	<u>1,720</u>	<u>1,465</u>	<u>793</u>	<u>617</u>
(vii) Borrowings from related parties					
- Proceeds from					
- Ultimate holding company	22,629	10,011	13,683	13,683	-
- Fellow subsidiaries	28,799	29,594	25,073	25,073	13,274
	<u>51,428</u>	<u>39,605</u>	<u>38,756</u>	<u>38,756</u>	<u>13,274</u>
- Repayment to					
- Ultimate holding company	(23,109)	-	(13,683)	(13,683)	-
- Fellow subsidiaries	(26,334)	(55,447)	(41,976)	(36,642)	(7,148)
	<u>(49,443)</u>	<u>(55,447)</u>	<u>(55,659)</u>	<u>(50,325)</u>	<u>(7,148)</u>
(viii) Salary expense recharged to related parties					
- A fellow subsidiary	-	-	-	-	443
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>443</u>

Outstanding balances at each statement of financial position date, arising from sale/purchase of goods and services, are unsecured, interest free and receivable/payable on demand except for those disclosed in Notes 22 and 29 respectively.

The related party transactions as set out under (i) to (viii) above were carried out on terms mutually agreed between the parties. In the opinion of the directors of Pteris, these transactions are in the ordinary course of business of the Pteris Group and in accordance with the term of the underlying agreements.

**PTERIS GLOBAL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**36 Related-party transactions (Continued)**

(c) Balances with related parties:

Amounts due from related parties:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
(i) Trade and other receivables:					
- Ultimate holding company	8,600	-	-	-	-
- Fellow subsidiaries	1,739	2,345	5,967	1,321	2,889
- Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	-	-	-	-	945
	<u>10,339</u>	<u>2,345</u>	<u>5,967</u>	<u>1,321</u>	<u>3,834</u>

Amounts due to related parties:

	As at January 1,	As at December 31,			As at September 30,
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
(i) Trade and other payables:					
- Ultimate holding company	101	4,368	14,244	13,802	13,497
- Fellow subsidiaries	2,612	332	2,555	961	934
- Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	-	-	-	-	106
	<u>2,713</u>	<u>4,700</u>	<u>16,799</u>	<u>14,763</u>	<u>14,537</u>

**37 Contingent Liabilities**

During the Relevant Periods, there were no significant contingent liabilities assumed by the Pteris Group.