one

TECKWAH GROUP ANNUAL REPORT 2014

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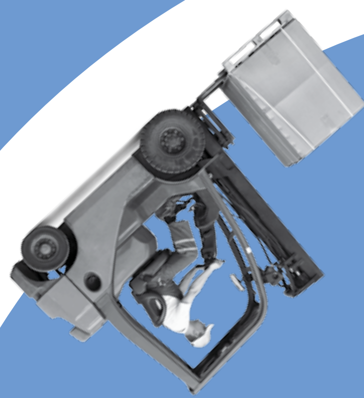
one

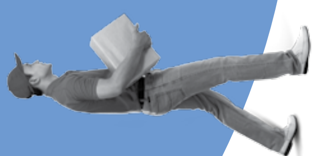
Having built our competencies over the years, 2014 marked a year where we took the various business units within Teckwah and integrated them into a single identity. This initiative culminated in a new corporate logo, which includes a newly designed wordmark that captures the spirit of One Teckwah. It also served as the inspiration for this year's annual report thematics. The different colour facets you see on the cover represents the varied capabilities of Teckwah, coming together under One identity.

As One, we believe we can serve you better.



all in

one



Designed. Printed. Delivered.

Over the years, Teckwah has evolved from a humble producer of packaging boxes, to a one-stop solution provider for supply chain management, logistics, digital solutions and communication. With the revamp of our Corporate Identity in 2014, we are pleased to present to you a singular Teckwah identity which houses the various business entities within, providing you with a hassle-free experience for all your needs.

John Lee
Logistic Coordinator
Joined in October 2011

pioneering values that endure

Tan Qing Hui
Finance Manager
Joined in April 2013

Jess Teo
Human Resource Manager
Joined in August 2005

Wong Hoi Loon
Senior Production Operator
Joined in October 2009

John Sheridan
Senior Storekeeper
Joined in April 2008

Sherlin Lee
General Manager, JNE
Joined in August 1999

Christina Neo
Senior Business
Operations Manager
Joined in June 2002

Patrick Kam
Manufacturing Director
Joined in April 2001

Lee Chee Wei
Senior Solution Architect
Joined in June 2012

Values that shape our character

At Teckwah, we believe that character not only makes a man, it makes a company. The values our forefathers handed down were values which we built on and shaped us to what we are today. Technology evolves as the needs of businesses change. However, our commitment to deliver remarkable experiences to our clients and achieving outstanding commercial outcomes to you remains.

the stepping stone to opportunities

we make things happen

We believe that when you do well, we do well. Therefore it is our mandate to help you build your business by working together. Partnerships and co-creation with tenants within Pixel Red enable us to leverage on each other's strengths and capabilities to provide integrated solutions to our clients.

The Best-in-Class Value Chain Solutions worldwide

There are no shortcuts to success, only well developed strategies and immaculate execution. By anticipating changing business landscapes and capitalising on opportunities, we have time and again manoeuvred our business to catch the wave that propelled us further. With the relocation of our company to Pixel Red, plant expansion in Batam & Wuxi, and a relatively new output centre at Iskandar, we are well-positioned for greater success.

cornerstone of success

CHAIRMAN'S MESSAGE

Dear Shareholders

2014 proved to be a busy year for our Group on the corporate front, with major infrastructural projects completed in our bid to improve competencies and enhance competitiveness. Financially, we maintained profitability, in line with our previous year's forecast. This creditable performance was delivered against a less-than-favourable external environment. There was volatility in the macro-economic environment brought about by geopolitical risks, continued uneven recovery in the major economies of the world and most significantly, plunging oil prices due to weaker demand and sustained output. On the home front, Singapore's economy grew by a modest 2.9% with continued tight labour market and steep business costs.

Financial Review of 2014

For the financial year ended 31 December 2014 ("FY2014") our revenue registered a slight dip from S$174.3 million for the financial year ended 31 December 2013 ("FY2013") to S$166.1 million. The marginally lower revenue was largely attributed to lower revenue registered by our Print-related and Non-Print businesses. In terms of our bottomline performance, net profit decreased by 29.6% to S$8.6 million from S$12.2 million due to lower customer demands, competitive price pressures, one-off relocation expenses of S$0.5 million incurred in the move to our new print centre, Pixel Red, and reinstatement costs of S$1.1 million expended for our vacated premises at TIC Tech Centre.

On our balance sheet, cashflow generated from operations stood at S$18.9 million. Positive cashflow of S$8.9 million (S$25.5 million in FY2013) was generated after changes in working capital. With continued investment of S$28.7 million in the construction of Pixel Red, facilities upgrade in Wuxi (China) and improvement works to our new factory at the Iskandar Development Zone (Johor State, Malaysia), our cash balance stood at S$22.2 million as at 31 December 2014 after payment of dividends amounting to S$3.5 million. Our gearing ratio rose to 22.3% as at 31 December 2014 mainly due to the drawdown of bank loans for the payment of construction costs of Pixel Red and for new equipment.

business is
never about
the lack of
opportunities
but in failing
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on these
opportunities.

A Tactical Framework to Negotiate Challenges

As an organisation that has its eye on the future, anticipate changes and finds the means to overcome obstacles, we foresaw that high business costs and labour shortage would be a perennial problem for our operations, particularly given the scarcity of land in Singapore and the limited supply of local labour. Furthermore, with restrictions on the import on foreign labour through the imposition of quotas and levies, the labour crunch facing industry was exacerbated, with the rising costs of labour further contributing to already high operational costs. Consequently, we took the decision a few years before to relocate our high volume print and packaging activity to the Iskandar Development Zone. With the facility fully up and running, we are now ironing out minor kinks in operations, such as logistical issues, in order to further improve our cost efficiency and enhance our output. We anticipate that this facility will play a pivotal role in the continued growth and profitability of our Print-related business.

The other challenge to our Print-related business was the disruptive technologies that were impacting the print industry and in some instances even obsoleting certain aspects of it. As we had done in the past in our evolution from a print and packaging business to an integrated provider of supply chain management, logistic and warehousing solutions and services, we seized the opportunity to harness these groundbreaking technologies. In fact, we went a step further and decided to take a proactive lead for the print industry. We aimed to be a catalyst for change in print and packaging. We conceptualised an innovation hub for print and new media services. We visualised an eco-system of traditional print and packaging solutions and new media technology interlinked and inter-dependent, offering business-focused, customer-centric solutions which would meet the needs of businesses in engaging and interacting with their consumers. In May 2014, our vision was realised when we relocated our corporate activities and technologically-driven print and packaging services to Pixel Red. This is now our output centre for print, new media and digital solutions. Since the move, we have succeeded in attracting a tenant mix that complements our own capabilities, providing solutions and services in design, print, packaging, media, marketing, event management and communications. With collaboration as a focal point of our interactions with our tenants, we are working on ways in which to bundle our respective services, offering an integrated one-stop shop for customers.

Our Singapore, Malaysian and Indonesian (Batam) operations were for the most part smooth with positive returns on our investment. Operations in Batam achieved new heights after we had increased the facility's capacity. Our operations in Wuxi, due to a delay in completion of the recently expanded facilities and reduced customer demand, registered a weaker than anticipated topline although its profit contribution outperformed some of the other regions. Nonetheless, with its increased capacity and enhanced capabilities for offering innovative flexi-packaging solutions, it is well-placed to serve the Chinese market in the immediate future.

Our Non-Print business underwent some rationalisation the previous year allowing us to drop non-performing projects and channel resources to our centres of growth. The unwanted concomitant of this exercise, however, was reduced economies of scale, particularly for our logistics business. This presents a new set of challenges for us, namely, to achieve the requisite scale and size of operations that will optimally serve existing and new customers in the region.

One Teckwah

We have built our competencies over the years in areas complementary to print and packaging. Each of these areas, forming business units within the group, began to develop its individual outward identity. We thought it timely that Teckwah's corporate identity should be revamped to reinforce the overarching Teckwah brand and our single identity. Our new corporate identity, which includes a newly-designed logo, dispenses with the series marks representing the various businesses. Instead, it captures our comprehensive offering as One Teckwah, offering integrated design, manufacturing, warehousing, after-market services and game-changing solutions, and an organisation where everyone is interconnected and closely linked, regardless of business function or geographical location.

Finding the Opportunities in Challenges

"Opportunity" in Chinese is a compound noun that contains jī, jīhuì (机会, literally "meeting a critical point"). Having laid the strategic and tactical framework during the past few years to negotiate future challenges, we are now at a critical point but also at a juncture filled with opportunities. The problem in business is never about the lack of opportunities but in failing to realise and capitalise on these opportunities.

In the past few years, we have begun repositioning ourselves in the print industry and have been gearing up to ride on new technologies that are changing the face of print as we know it. We have been prepared to invest in new capabilities, expand our infrastructure and adopt new paradigms in how we view print and packaging and its related activities. Now, we must actively seek to turn our competencies into real returns on investment. There are trends that we can leverage on such as e-commerce and digital media. By adopting an open mind and thinking unconventionally we will be able to find the blue oceans of uncontested market space in the evolution of the print industry.

Our Non-Print business faces a different set of circumstances. There are opportunities in this value chain. We need to find the means to leverage on other existing businesses, either through collaboration or mergers and acquisitions to scale up our operations expediently in order to meet the market demands in the Asia Pacific and beyond which organic growth is not capable of meeting both in terms of speed or capabilities.

By adopting an open mind and thinking unconventionally we will be able to find the blue oceans of uncontested market space in the evolution of the print industry.

Talent Management – A Vital Component of Organisational Growth

It is widely acknowledged that people are the differentiating factor in any organisation. Talented and dedicated people are the competitive advantages for any business. As we have adopted a change mindset through the years, we likewise have to now adopt a talent mindset to attract, retain, develop and motivate our people. While automation and re-engineering of processes has helped us mitigate the labour crunch and improve efficiencies, productivity and innovation cannot be achieved by machines alone. It is the human element that drives organisations beyond what machines can do. Talent is scarce and as with any scarce resource, we have to fight to attain it and expend every effort to retain it. Despite a very busy year on the corporate front with a lot of our resources tied-up in the relocation from TIC Tech Center to Pixel Red, we continued in earnest with our training and development and skills upgrading initiatives to ensure that our workers remain committed and motivated to be part of the organisation. More specifically, we looked into ways to harness the immense potential of mature workers in whom reside a wealth of knowledge and experience. As we move into the age of a multi-generational workforce, we must tap into the unique abilities of each generation to create a high-performance, sustainable organisation which will achieve our strategic goals and objectives.

Outlook

The global economic outlook is challenging. Sustained low oil prices do not bode well for economic health and will eventually lead to a squeeze on our profits as customers seek to tighten spending in the face of uncertainty and keen competition. Foreign currency fluctuations will also heighten the sense of unease and lead to a cautionary stance being adopted by businesses. While the United States and Europe are on the path to recovery, China's growth is still easing even as the rest of Asia remains positive. Viewed in totality, all these mean modest economic performance for Singapore. Despite the outlook, we remain optimistic of remaining profitable, barring unforeseen circumstances and provided that we continue our strategy of effective cost management, vigilance in seeking new opportunities and commitment towards improving productivity and promoting innovation.

In Appreciation

The Board of Directors and I would like to thank Teckwahers for another year of commitment, unrelenting effort and steely determination, particularly given the business challenges, economic conditions and operational demands given our mammoth move to Pixel Red and upgrading and improvement works abroad. We would also like to commend our Singapore staff in particular for their flexibility in making adjustments due to our move to Pixel Red. Needless to say, sincere appreciation is extended to our customers and business associates for their continued and unwavering patronage and support. Lastly but no less importantly, I would personally like to thank the Board of Directors for their counsel and guidance.

In light of our profitability in the financial year ended 31 December 2014, the Board recommends a final one-tier tax-exempt dividend of 1.0 cent per share subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Thomas Chua Kee Seng
Chairman and Managing Director

主席致词

敬爱的股东

2014是忙碌的一年，集团完成多项大型基础设施项目，都是有助于提升能力和强化我们的市场竞争力。宏观经济依旧变幻莫测，政治动荡、主要经济体持续面对经济复苏问题、石油贸易疲弱并导致油价大跌。新加坡面对紧缩的劳工市场和商业成本不断上升的环境，在2014年的经济增长只有2.9%。尽管面对大环境的冲击，集团仍取得良好的表现，就如去年的预期，继续维持盈利。

年度财务回顾

我们的营业额，在截至2014年12月31日的2014财政年度，出现了小幅度的萎缩，由2013财政年的1亿7430万元下降到1亿6610万元，主要原因是印刷业务和非印刷业务的营业额都减少了。与2013财政年相比，净利从1220万元减至860万元，下跌了29.6%。客户需求减少，加上市场价格压力，以及迁移到新总部Pixel Red的一次性50万元搬迁开销和110万元修复TIC Tech Centre的费用都影响了我们的盈利能力。

截至2014年12月31日，全年的业务取得1890万元的正现金流动。计算营运资本变动后的正现金流动为890万元 (2013财政年为2550万元)。扣除350万元的股息，以及总计2870万元的Pixel Red建筑成本、扩充无锡厂房和翻新依斯干达开发区厂房的费用后，集团的现金余额为2220万元。杠杆比率上升至22.3%，这是因为我们提取银行贷款偿还Pixel Red建筑成本和生产新器材装备。

高瞻远瞩，应对挑战

作为一个成功的集团，我们要站得高，才看的远，对市场的变化要有预测能力与应变的策略，才能克服障碍。新加坡土地稀缺，本地劳工供应有限，促成高商业成本和劳动力短缺，对我们的业务发展是一个绊脚石。加上政府实行外劳配额和征收外劳税，造成人力市场紧缩加剧，进一步导致人工和运营成本上升。因此，集团于前几年就作出了果断的投资，把大批量印刷和包装生产活动移师依斯干达开发区。该厂房已全面投入服务，除了营运和后勤上一些问题有待解决，该厂房对集团印刷业务的盈利能力和增长将会扮演举足轻重的脚色。

印刷业务面对的另一个挑战是影响这行业的颠覆性科技，这些科技甚至已逐步淘汰某些印刷业务。这些革新的科技，促使我们从单一的包装公司发展到国际化的完整供应链管理和数字服务提供商，并让我们成为推动印刷和包装变革的先驱。在定义创新中心概念时，我们希望将传统解决方案融合于新媒体技术和变革性解决方案之中，打造一个相互依赖的生态系统，提供以业务为焦点、以客户为中心的解决方案，来满足消费者的需求。2014年5月，我们的愿景终于实现，迁入新媒体中心Pixel Red，它不仅是集团的总部，也是一个创新中心、交互技术中心、创意中心，一个提供新颖和尖端的印刷、新媒体和数字解决方案中心。我们也成功为Pixel Red引进与业务相辅相成的租户，提供设计、印刷、包装、媒体、营销、活动管理和通讯的服务。我们正与租户们商讨，研究如何合作，从而为您的所有业务需求提供综合的一站式服务。

新加坡、马来西亚和印尼(峇淡岛)的业务大部分平稳，给予我们的投资正回报。峇淡岛的业务更在产量提高后，取得创新高的营业额。在无锡，盈利虽然优于其他地区，但因厂房扩充延误及客户需求减少，营业额比预计的疲弱。尽管如此，凭借其产量和产能的增加, 以及能为客户提供创新的灵活包装解决方案, 无锡占尽天时地利, 将成为中国市场的亮点。

上一年，我们调整了非印刷业务原有的规划，结束表现欠佳的业务，重新调配资源。因规模经济减少，直接影响了物流业务，这改变给我们带来新的挑战，即要实现必要的规模以为新旧客户继续提供优质服务。

一个德华，一个目标

多年来，我们始终不遗余力，争取做到最好，成功建立印刷与包装业务的竞争优势。随着集团的成长，这些业务也同步发展，日益茁壮，并拥有个别的单位、身份与个性。如今时机成熟，为增强德华的品牌价值和深化集团的企业形象，我们推出新企业司标，包括一个崭新的标志，使印刷与非印刷业务的服务与集团的品牌价值一体化。作为一个德华，对外，集团力求提供综合的一站式服务和最佳解决方案；对内，集团追求统一，不论业务或区域，大家都是相互联系和紧密相连，朝同一目标前进。

从挑战中争取商机

“机会”就是机遇，就是好的境遇。商场上不缺乏机会，问题是企业能否意识到并善加利用这些商机。过去几年里，我们已制定明确的增长策略，以更好应付长期挑战，并在关键时刻，争取发展契机。

为了配合新的成长阶段，我们已建立新定位，对于未来的发展已制定明确的战略规划。印刷业务方面，在分析其发展趋势后，我们已准备投资于新的功能，扩大我们的基础设施，并不断进行创新，以取得经营成功和回报投资。面对日新月异的环境，电子商务和数字媒体势必成发展趋势。我们必须采取开放的心态、创新的思维，为印刷业务开拓新的市场空间，成为行业无可争议的领导者。

非印刷业务在价值链中虽有机会，但有机增长的过程缓慢，还需通过和其他业务合作或兼并和收购，才能放大我们的运作，配合亚洲太平洋地区内外市场的需求。

人力资源，激励开发

人才是企业的生命所在,任何企业的竞争优势也取决于它的人才管理。虽然自动化和重整工序已帮助我们减轻部分劳工紧缩的问题，但提高效率、生产力和创新不能单靠机器。人才是稀缺的资源，企业要能持续性发展，就要创造一个能吸引、培养和留住优秀人才的企业文化。尽管2014 是忙碌的一年，公司大量的资源都集中于Pixel Red，我们继续为员工提供培训和提升技能，以确保员工与时并进，积极参与。随着我们进入多代劳动力的时代，我们必须善用每一代人的独特能力，尤其是帮助拥有丰富知识和经验的年长员工实现他们的巨大潜力，从而打造一个高性能的企业，实现我们的战略目标。

展望未来

全球经济前景仍充满挑战。油价持续低迷最终将会影响我们的盈利能力，客户也会继续收紧开支。外国货币波动更会加剧整体经济的不确定，并导致企业维持谨慎立场。虽然美国和欧洲经济体正处复苏，亚洲其他地区经济也保持乐观，但中国经济增长却明显放缓。从整体来看，新加坡的前景仍然乐观，经济增长适度放缓。尽管面对这些挑战，我们已经制定明确的增长策略，因此有信心继续取得良好的表现，除非出现未能预见的情况，我们预计将能保持盈利。

由衷感谢

我仅代表董事会感谢同僚们一年来的不懈努力和决心，尤其是面对业务挑战、严峻的宏观经济局面和国外业务扩充。对于大事入迁Pixel Red，特别要赞扬新加坡的团队，感谢他们灵活配合。毋庸赘言，我也要真诚感谢我们的客户和商业伙伴，一直以来对德华的支持与信赖。最后，我也感谢诸位董事过去一年给予的指导。

鉴于2014财政年有良好的表现，董事会建议派发每股1.0分的年终一级免税股息，并有待在来临的常年股东大会上批准。

蔡其生
集团主席兼董事经理

BOARD OF DIRECTORS

MR THOMAS CHUA KEE SENG

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Chairman & Managing Director

Mr Chua was appointed Chairman of the Board of Directors ("the Board") of Teckwah Industrial Corporation Ltd ("the Company") on 1 April 2002, having been appointed to the Board on 30 June 1983 and having served as Deputy Chairman since July 1999. He is also a member of the Nominating Committee. He is a Nominated Member of Parliament, the President of the Singapore Chinese Chamber of Commerce and Industry, and a member of the National Productivity Council.

He began his career with Teckwah in May 1979 joining as a Management Trainee. Thereafter he progressed and worked his way up the organisation's hierarchy and was eventually promoted as Managing Director in 1989.

Mr Chua obtained his Bachelor of Arts Degree from the Nanyang University in 1979.

Mr Ng was appointed as Executive Director of the Board in February 1995 and was re-elected to the Board on 22 April 2014. He has served as a member of the Audit Committee from 1995 to December 2002 when he stepped down in compliance with Principle 11 of the Code of Corporate Governance.

Mr Ng joined Teckwah in February 1995 as the Corporate Planning and Finance Director. He is presently the Executive Director, responsible for the Group's Finance, InfoComm Technology and the Non-Print Related Business which includes third-party logistics, reverse logistics, and mission critical parts logistics management. He began his career with the United Overseas Bank Group in 1980 and during his 15 years with the Bank, gained experience in trade banking, real estate financing, corporate banking, and regional branch management.

Mr Ng graduated from the Nanyang University in 1980 with an Honours Degree in Business Management & Business Finance.

MR NG NAI PING

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Executive Director

MS MAI AH NGO

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Executive Director

Ms Mai was appointed as Executive Director of the Board on 25 June 1993 and was re-elected to the Board on 22 April 2014. She is currently in charge of Print-Related Business.

Ms Mai began her career with Teckwah in 1982 as a Sales & Marketing Assistant Manager and was promoted to Production Planning Manager in 1985. In 1988, she was transferred to Teckwah Printing to assume the post of Deputy Managing Director, and was promoted to Managing Director in 1989. In 1990, she was re-assigned as Operations Director, and was responsible for the Group's operations in Singapore. In 1993, her portfolio was increased to include overseeing the Group's operations in Singapore, Malaysia, China and Indonesia, and in 1998 and 1999, she was responsible for the Group Supply Chain business and Technology Licensing Programme. Her position and job scope require her to travel regularly between the various countries to develop and identify potential licensees and set up operations in the Asia Pacific region.

Ms Mai graduated from the Nanyang University in 1977 with a Bachelor of Arts degree and obtained her Executive MBA from the National University of Singapore in 1997.

Mr Chan was appointed as Independent Director on 12 September 1991. He has been the Chairman of the Nominating Committee since 20 March 2002, and a member of the Audit Committee since 15 April 1994. Mr Chan was appointed as the Lead Independent Director since 23 February 2006. He was re-elected to the Board on 23 April 2013.

Mr Chan specialises in managing private equity investment funds and is presently the Managing Partner of Crest Capital Asia Pte Ltd, which is responsible for managing a number of private equity funds covering Asia.

Mr Chan is also the Director of Questus Ltd.

Mr Chan graduated from the National University of Singapore in 1984 with a Bachelor Degree in Accountancy (Honours) and is a Fellow member of the Institute of Certified Public Accountants in Australia and the Institute of Singapore Chartered Accountants (ISCA).

MR PETER CHAN PEE TECK

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Lead Independent Director

MR JOHN LIM HWEE CHIANG

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Independent Director

Mr Lim was appointed as Independent Director on 17 February 1994. He has been the Chairman of the Remuneration Committee since 20 March 2002, a member of the Audit Committee since 15 April 1994 and a member of the Nominating Committee since 20 March 2002. He was re-elected to the Board on 22 April 2014.

Mr Lim is the Group CEO and Executive Director of ARA Asset Management Limited ("ARA") since its establishment. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited, ARA-CWT Trust Management (Cache) Limited and Hui Xian Asset Management Limited. Mr Lim is also the Chairman of APM Property Management Pte. Ltd., Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and the management council of The Management Corporation Strata Title Plan No. 2197 (Suntec City), Chairman of the Property Management Committee of the Singapore Chinese Chamber of Commerce & Industry, Managing Director of Chinese Chamber Realty Private Limited and Director of the Financial Board of the Singapore Chinese Chamber of Commerce. He is also a member of the Consultative Committee to the Department of Real Estate, National University of Singapore ("NUS").

Mr Lim holds a Bachelor of Engineering (First class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering and a Diploma in Business Administration, each from NUS.

MR LIM LEE MENG

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Independent Director

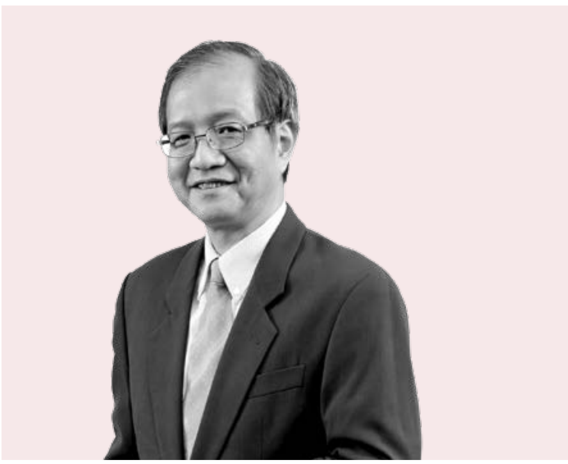
Mr Lim was appointed as Independent Director on 18 February 1994. He has been the Chairman of the Audit Committee since 15 April 1994, and a member of the Remuneration Committee. He was re-elected to the Board on 20 April 2012.

Mr Lim is also the Director of Tye Soon Ltd, ARA Asset Management (Fortune) Ltd and ARA Trust Management (Suntec) Limited. He is a senior partner of RSM Chio Lim LLP, a member firm of RSM International.

Mr Lim graduated from the Nanyang University in May 1980 with a Bachelor of Commerce (Accountancy). He also holds a Master of Business Administration Degree from the University of Hull (1992), a Diploma in Business Law from the National University of Singapore (1989) and an ICSA qualification from the Institute of Chartered Secretaries and Administrators.

Mr Lee was appointed as Non-Executive Director in 1991. He was appointed a member of the Remuneration Committee on 28 April 2004. He was re-elected to the Board on 23 April 2013.

Succeeding the founder of Lian Thye & Co Pte Ltd, Mr Lee is currently the Executive Director, and is responsible for the strategic planning and general management of the company. He has more than 20 years of experience in the toy industry.



MR LEE CHEE SIT

55

Non-Executive Director

MR GERARD TAN WEE SENG

61

Independent Director

Mr Tan was appointed as Independent Director and a member of the Audit Committee on 20 February 2013 and was re-elected to the Board on 23 April 2013. He was a partner of PricewaterhouseCoopers LLP, Singapore, and retired in 2012 after 34 years with the firm.

He is also an independent director of Kronologi Asia Berhad. He currently also serves on several non-profit organisations including National Council of Social Service (audit committee member), SUN-DAC, Singapore Institute of Directors (finance committee member), Requisition of Resources Compensation Board (MINDEF), Archdiocesan Land & Property Singapore and Catholic Business Network. He is also on the panel of judges on the Singapore Corporate Awards, Annual Report Award and an instructor on the ACRA-SID Directors Compliance Program. He was awarded the Public Service Medal (PBM) in 2005 for his work in the charity sector.

Mr Tan has a Bachelor of Accountancy (Honours) from the University of Singapore. He is also a Chartered Account of the Institute of Chartered Accountants (England & Wales) and a Fellow of the Institute of Singapore Chartered Accountants.

EXECUTIVE MANAGEMENT

GROUP TOP MANAGEMENT

Mr Thomas Chua Kee Seng, 61
Chairman & Managing Director

Ms Mai Ah Ngo, 60
Executive Director

Mr Ng Nai Ping, 60
Executive Director

Angela Kok Teo Meng Kim, 65
Director, Organisation Development and Corporate Communication

After having worked in multinational companies for more than 20 years, Mrs Kok made a career switch and joined Teckwah Group in February 1995 as General Manager of Teckwah Paper Products Ltd. In 1998, she became the Director of the Group's Printing and Packaging business. From business operations, she moved over to the human aspect of the organisation and became the Director for Organisation Development and Corporate Communication in 2001.

Mrs Kok holds a Diploma in Rubber and Plastics Technology from Singapore Polytechnic, Bachelor Degree in Business Administration from Royal Melbourne Institute of Technology, and Masters Degree in Business Administration from University of Strathclyde.

GROUP SENIOR MANAGEMENT

Joyce Chan Choy Yin, 49
Human Capital Director

Ms Chan joined Teckwah in June 2014 as Human Capital Director. She is responsible for the Group's Human Resource Management and Training & Development.

She brings with her more than 20 years of working experience in both private and public sectors, with cross functional expertise in corporate planning, finance, management accounting and business analytics, and organisation development and excellence that helps strengthen organisational effectiveness & efficiency.

Ms Chan holds a Bachelor of Business Administration (Honours) from the National University of Singapore.

Mr Cheng Chee Kong, 46
Business Development Director
Teckwah Logistics Pte Ltd

Mr Cheng joined Teckwah in February 2014 and is responsible for business development for the Group's Non-Print business.

Mr Cheng has more than 20 years of experience in manufacturing, multinational freight and Third Party Logistics companies. He started his career as Industrial Engineering Engineer in metal industry and paper mill company. In 1995, Mr Cheng made a career switch to supply chain industry and progressed into management positions in areas of operations, projects implementation, supply chain consultancy and business development. He was previously Regional Director heading a sector for the Asia Pacific region with one of the world's largest logistics group.

Mr Cheng holds a Master of Engineering Science in Engineering Management from Queensland University of Technology, and a Master of Science, Logistics, from Nanyang Technological University.

Mr Michael Chiam Soo Teong, 42
Group Financial Controller

Mr Chiam joined Teckwah in March 2013 as Group Financial Controller. He leads the accounting, taxation, finance and business controls operations and ensures the proper maintenance and timely provision of accurate financial information of the Group. He is responsible for organising the financial resources and to procure financial support for the Group and its subsidiaries to meet the Group's strategic objectives.

Mr Chiam has more than 17 years of working experience in finance & administration, merger & acquisition and audit, of which 11 years were in leading finance functions of group of companies and multicultural finance teams spanning across multiple countries.

He holds a Bachelor of Commerce from La Trobe University, Melbourne, Australia. He is a CPA of CPA Australia and a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA), and the Malaysian Institute of Accountants (MIA).

Mr James Chua Kee Hin, 54
Senior Regional Business Director
Teckwah Value Chain Pte Ltd

Mr Chua is in charge of business development and operations of the Group's Print business. He is responsible for building and strengthening business relations with customers and achieving optimal level of efficiency and effectiveness of the Print business.

Mr Chua began his career with Teckwah in 1987 as a Sales & Marketing Executive. In 1990, he was seconded to Malacca, Malaysia to set up Teckwah's first overseas subsidiary. Upon his return to Singapore in 1995, he took up the position of Project Manager and was responsible for new projects including Digital On-Demand Printing. In 1997, his portfolio was expanded to include Sales & Marketing function and he was re-designated as Sales and Marketing Manager. In 1999, he was promoted to General Manager of Teckwah Printing & Packaging Pte Ltd. In 2001, he was appointed as Director/General Manager and subsequently as Business Director in 2007. In 2008, his portfolio increased to include overseeing the Group's Print related business in the region.

Mr Chua holds a Bachelor of Science Degree in Business Administration from the Ohio State University, USA.

Patrick Kam Song Teck, 44
Manufacturing Director
Teckwah Value Chain Pte Ltd

Mr Patrick Kam joined Teckwah in 2001 and is responsible for the Print Operations in Singapore and Iskandar, Malaysia.

Mr Kam has more than 23 years of working experience in the manufacturing industry. He joined Teckwah as Quality Assurance Engineer for the Print Operations before he was promoted to Manufacturing Manager in 2007 to oversee the print production. From there, his areas of responsibilities grew to include managing the Pre-Press, Turnkey and Print-on-Demand departments. In 2013, he led a project team to set up the manufacturing plant in Iskandar.

Mr Kam holds a Bachelor of Engineering Management Degree from the University of Western Sydney, Australia.

Mr Kew Kee Hing, 51
Senior Business Operations Director
Teckwah Logistics Pte Ltd

Mr Kew is currently overseeing the Group's Non-Print business operations in the region and is responsible for achieving optimal level of efficiency and effectiveness of the Logistics business.

Mr Kew joined Teckwah in March 1999 as Operations Manager and was responsible for the print business operations. In 2001, he was appointed Operations Director of Teckwah Logistics Pte Ltd to oversee the Group's Logistics operations. In 2007, Mr Kew moved over to the Group's Print business as Operations Director, overseeing its local and regional operations, until 2012 when he relinquished his Print business portfolio to concentrate on the Non-Print business operations.

In addition to taking charge of the operations, Mr Kew also actively supports the Group's Solution Centre. He has many years of working experience in the electronics manufacturing industry in Singapore.

Mr Kew holds a Bachelor of Arts Degree from the National University of Malaysia.

Mr Ng Chee Mun, 44
InfoComm Technology Director

Mr Ng joined Teckwah in June 2012 as InfoComm Technology Director. He is in charge of managing the integration of information and communication technologies into the Group's business worldwide and to adopt technologies to enable the delivery of differentiating solutions that expand and / or create new business streams for the Group.

Mr Ng has more than 16 years of working experience in the IT industry. He has managed and led teams to implement comprehensive IT solutions for various departments in the public sector.

Mr Ng graduated from National University of Singapore with Bachelor of Computer Science (Honours), Master of Computing, and Master of Science. He also holds Master of Science in Computer Science with Distinction from Faculty of Computer Science, Naval Postgraduate School, Monterey California USA.

Ms Tan Peck Hoon, 52
Corporate Planning & Enterprise Risk Management Director

Ms Tan joined Teckwah in November 2002 as Group Financial Controller. She was promoted to Finance Director in January 2006 and at the same time took up new responsibilities as the Business Compliance Director. In 2008, her portfolio was expanded to include Corporate Planning functions.

In 2013, Ms Tan relinquished her Finance portfolio to focus on Corporate Planning functions. At the same time, Ms Tan took up a new role as the Enterprise Risk Management Director, which in addition to being responsible in ensuring the overall compliance of the Group's business processes, Ms Tan will be working closely with the Risk Management Committee in identifying potential enterprise risks and coming up with appropriate mitigation measures together with each Risk Category owner.

Ms Tan began her career as an Audit Assistant. She progressed to work in multinational companies covering areas in planning and analysis, financial reporting and system implementation for the Asia Pacific region.

Ms Tan holds a Bachelor of Accountancy Degree from the National University of Singapore. She is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA).

OPERATIONS REVIEW

Financial Performance

In the financial year ended 31 December 2014 ("FY2014") the Group registered revenue of S$166.1 million, a 4.7% decrease from FY2013's revenue of S$174.3. The decreased revenue was attributed to lower contribution from both the Print-related and Non-Print business. The lower customer demand, price pressure, coupled with higher depreciation expenses from property, plant and equipment, one-off relocation expense to Pixel Red of S$0.5 million and reinstatement costs of S$1.1 million for the vacated premises at TIC Tech Centre resulted in lower Group operating profit before tax of S$12.5 million, a 14.3% decline from S$14.6 million in FY2013. Net profit attributable to the shareholders of the company, consequently, stood at S$8.6 million which is a 29.6% decrease from S$12.2 million in FY2013.

The segmental breakdown in terms of revenue contribution between our Print-related and Non-Print business was 60.9% and 39.1% respectively. Singapore contributed 65.4% to the Group's topline with revenue from our China operations making up 24.3%.

The Group's Print-related business declined by 2.3% from S$103.6 million in FY2013 to S$101.2 million due mainly to lower demand from existing customers experienced by the China operations as well as the cessation of operations in Australia from the second half of 2013. On the back of lower demand as well as continued downward price pressures and expenses related to the Group's relocation of its Print operations to Pixel Red, the segment's pre-tax operating profit was S$2.9 million, compared to S$4.8 million the previous year. The Non-Print business also registered a 8.2% decline in revenue, from S$70.4 million in FY2013 to S$64.6 million mainly due to the cessation of some projects since the second half of 2013. Its pre-tax operating profit was marginally lower at S$9.6 million from S$9.8 million on account of downward price pressures as well as certain one-off expenses related to the relocation of the Non-Print operations to Pixel Red and software upgrade.

Statement of Financial Position

Total assets increased 6.8% from S$175.8 million as at 31 December 2013 to S$187.7 million as at 31 December 2014.

Current assets decreased 11.5% from S$90.0 million as at 31 December 2013 to S$79.7 million as at 31 December 2014. The decrease was mainly due to the decrease in cash and cash equivalents and trade and other receivables although partially compensated by the increase in inventories.

Cash and cash equivalents decreased 25.0% to S$22.2 million as of 31 December 2014 compared to S$29.5 million as at 31 December 2013. This was due to cash outlays for continued investment in property, plant and equipment by the Group in Singapore, China and Malaysia. Trade and other receivables decreased by 9.5% from S$48.0 million the previous year to S$43.5 million as at 31 December 2014, mainly due to the receipt of tax recoverable from the Comptroller of Income Tax of S$2.3 million and the cessation of some projects during the year. Inventories increased 13.0% from S$12.4 million last year to S$14.0 million as at 31 December 2014 in anticipation of upcoming sales as well as commencement of a new non-print project during the year.

Non-current assets increased 25.9% from S$85.8 million in the previous year to S$108.0 million as at 31 December 2014. This was primarily due to the addition of new property, plant and equipment, investment properties, and other assets although it was partly offset by the decrease in joint venture, land use rights, intangible assets and deferred tax assets. Property, plant and equipment increased S$21.4 million (or 34.3%) from S$62.4 million in the previous year to S$83.8 million as at the end of the year.

Total liabilities increased 10.4% from S$51.9 million in the previous year to S$57.3 million as at end of the year. Of this, current liabilities decreased 15.0% from S$42.2 million to S$35.9 million, whilst non-current liabilities increased 121.4% from S$9.7 million to S$21.4 million, resulting in a net increase of liabilities by S$5.4 million. The overall increase in liabilities was mainly due to an increase in bank loans, finance leases and post-employment benefits, although partially offset by a decrease in trade and other payables and income tax payable. The decrease in trade and other payables of 29.3% was mainly due to payment of the construction cost billings for Pixel Red.

OPERATIONS REVIEW

New Pixel Red building located at 51 Tai Seng Ave

Statement of Cash Flow

For the year ended 31 December 2014, the Group generated positive cash flow of S$8.9 million from operations after working capital changes. It was S$25.5 million for the same period in the previous year. This decrease was mainly attributed to payment for billings related to the construction of Pixel Red and addition of new plant and machinery.

During the year, the Group continued to invest S$28.7 million into construction of Pixel Red, upgrading of facilities at its factory at Wuxi (China), as well as improvement works on the new factory at Iskandar Development Zone (Johor State, Malaysia). The Group also paid out S$3.5 million of dividend. As at 31 December 2014, the Group's cash and cash equivalents was approximately S$22.2 million.

The Group's net cash flow from financing activities increased to S$9.7 million compared to S$5.2 million in the previous year, whilst the Group's gearing ratio rose from 10.3% as at 31 December 2013 to 22.3% as at 31 December 2014. These were mainly due to the drawdown of bank loans to pay for the construction of Pixel Red and for the new machineries in the new factory at Iskandar Development Zone.

Corporate Highlights

A Centre of Innovation in Print and New Media

The most significant corporate event of FY2014 was our successful relocation in May 2014 to our new high value technology-driven output centre and corporate headquarters, Pixel Red. We commenced full operations in July, after many months of meticulous, detailed logistical and operational planning and preparations to ensure minimal downtime and disruption to our internal systems and business processes. Conceptualised as a centre of innovation for print and new media technologies and a focal point for end-to-end supply chain services such as content creation, digital media, design and graphics, event management and public and marketing consultancy services, Pixel Red has succeeded in attracting a portfolio of tenants that provide a breadth of such services and are able to complement Teckwah's own business offerings.

A New Corporate Identity Reflecting a Re-vitalised and Integrated Business

In tandem with our move to Pixel Red, we unveiled a new corporate identity to reflect a more modern and adventurous Teckwah. The new logo with its unique wordmark and an upward spiral design, inspired by our sculpture named Built-to-Last, reflects Teckwah's enduring entrepreneurial spirit and courageousness in constantly evolving. The upward spiral expresses Teckwah's long-standing philosophy of continuous improvement with the representation of motion signifying Teckwah's aspiration to be a catalyst for change in the printing and packaging industry. The new corporate identity which encompasses the Print and Logistics business of the Group and dispenses with the individual series marks, more accurately reflect our current services and offerings in Print-related and Non-Print businesses. A revamped and refashioned corporate website completed the re-branding exercise. It was a timely undertaking given that Teckwah turned 46 in August 2014, serving as an opportunity to revisit and reaffirm our core values and culture even as we refreshed our brand identity.

Strengthening Capabilities

During the course of the year, we also completed the expansion and upgrading works of our manufacturing and production facilities which had been commissioned in the region. Our output centre, Teckwah PharmaPack Solutions Sdn Bhd in the Iskandar Development Region (Johor State, Malaysia), serving our high volume production activities, became fully operational in March 2014.

The expansion of our manufacturing plant in Batam was completed in June 2014, bringing the total production area to 9,600 sqm with dedicated spaces for production and warehousing needs and room for future expansion. The plant was fully operational by July after the set-up which was carried out over three and a half months to minimise disruption to the production schedule. With new machinery and equipment, manpower resources and logistic operations have also been ramped up to support the expanded facility, which includes providing 24-hour round the clock delivery during peak periods.

Our expanded plant in Wuxi, China, was fully operational in June despite an initial delay in project completion.

Accolades and Achievements

We were once again proud to be the recipient of several industry and partner awards which recognised our commitment to business excellence in all areas of our operations and in service to clients.

Teckwah Paper Products Sdn Bhd (TWPPSB), a subsidiary of PPH Teckwah Value Chain Sdn Bhd, was conferred the "Manufacturer of the Year Award for SMIs" during the Federation of Malaysian Manufacturers (FMM) Excellence Award on 27 November 2014. The FMM awards which were introduced in 2010, recognise businesses for their outstanding achievement and excellence in manufacturing, process improvements and corporate growth. It was a vindication of Teckwah's commitment to Business Excellence given the rigorous judging process based on an evaluation of criteria such as Leadership, Marketing, Innovation, People, Operation and Business Results Excellence.

Our Chairman and Managing Director, Mr Thomas Chua Kee Seng, continued to lead the way for the organisation in terms of service to the community. Mr Chua was appointed as Nominated Member of Parliament in August 2014 which allows him to bring his business and social perspective to Parliament to better represent the needs of the society at large and the business community in particular. Mr Chua continues to serve as President of the Singapore Chinese Chamber of Commerce and Industry.

Sustainability Report

We are committed to employee welfare and professional development and provide a wide range of training and learning opportunities for our staff. We also champion environmental sustainability through practical and relevant programmes in furtherance of these principles.

Staff Development and Talent Management Initiatives

In January 2014, we carried out a comprehensive Training Needs Analysis ("TNA") to identify the skill gaps and training needs for their staff. Upon the completion of the TNA, the training and development team sourced and met with suitable training service providers to identify the training programs for the 2014/2015 training calendar.

During the year, staff were offered training programmes ranging from Enterprise Risk Management, Communication, Thinking, Logistics Management and Leadership to Human Resources Management. Workplace Safety Health and Security briefings and workshops were also a part of the Total Learning Plan 2014/2015.

The training programmes provided an opportunity for our staff to upgrade themselves in order to reach their full potential, enhance their professional effectiveness and improve their career prospects within the organisation.

Workplace and Employee Safety

In strict compliance with the Workplace Safety and Health ("WSH") Regulations and recommendations we have in place a Hearing Conservation Programme ("HCP") which is in its 12th year now. This programme minimise the exposure of our employees to noise-induced deafness by a comprehensive set of practices which include, among other measures, adhering to a prescribed schedule for monitoring noise exposure levels and audiometric examinations for our staff. We also mandate the use of appropriate equipment, hearing protectors and other devices to counter or minimise any noise hazards in our operations.

Our OHSAS 18000 compliant Occupational Health and Safety Management System consists of comprehensive and wide-ranging procedures and policies relating to occupational safety, emergency preparedness and the control of health and safety hazards and other workplace risks. We have set targets, goals and measurement methods to track the effectiveness of our programmes.

Environmental Protection

As some of operations may have an impact on the environment and public at large, we have been ISO 14000 certified since 2000. This certification governs the various aspects of environmental management and set standards for identifying and controlling the environmental impact of business operations. In compliance with the stringent standards set, we have a strict waste management process in place which minimises the impact of waste material generated by our operations.

Several of our companies dealing in pulp and paper products have met the standards of the Forest Stewardship Council® Chain of Custody. This affirms and demonstrates our practice of engaging in environmentally friendly manufacturing practices and dealing with suppliers and partners who have instituted similar practices. The Forest Stewardship Council® is an international, non-governmental organisation dedicated to promoting responsible management of the world's forests through various schemes, among them, a wood-labeling scheme which enables customers to identify wood and wood-based products from well-managed forests.

Educational Outreach

We continued with our partnership of educational institutes in their internship programmes, providing students the opportunity to gain hands-on experience in various aspects of our business. In total 14 internship places were offered to students from ITE, Ngee Ann Polytechnic, National University of Singapore-ISS and Singapore Management University ("SMU") during the course of the year. We also continued to extend financial assistance to deserving students in their pursuit of higher education through scholarship grants to Nanyang, Temasek and Ngee Ann Polytechnics as well as the Singapore Management University. These scholarships are our active contribution to the development and nurturing of future talents for the printing, packaging, logistics and supply chain management industry.

Corporate Social Responsibility

Our staff club included in their events calendar several corporate outreach programmes for the less fortunate. Our staff participated in Man Fut Tong Welfare Society's Children's Charity Carnival in July, manning the games and food stalls. A group of Teckwahers also donated blood at the Blood Bank @ Health Sciences Authority.

业务回顾

财务表现

截至2014年12月31日财政年（“2014财政年”），集团营业额为1亿6610万元，比起2013财政年的1亿7430万元下滑4.7%，主要归咎于印刷和非印刷业务均受需求下降和价格压力的影响而表现欠佳。再加上较高的费用包括物业、厂房和设备折旧费用，50万元的一次性迁移费用（迁至Pixel Red）和110万元用于恢复TIC Tech Centre旧厂房的花费，集团全年的税前盈利达1250万元，少于去年同期的1460万元，跌幅为14.3%。可归属于公司股东的盈利也从2013财政年的1220万元下降29.6%至本年的860万元。

按业务分部来看，印刷业务占总营业额的60.9%，而非印刷业务则是39.1%。新加坡地区为集团带来65.4%的营业额，而中国业务则占24.3%。

面临中国市场需求疲软和2013下半年后终止澳大利亚业务的冲击，集团印刷业务营业额从2013财务年的1亿360万元微降2.3%至1亿120万元。基于各方因素如价格的持续下滑和搬迁印刷业务至Pixel Red的相关费用，该业务的税前盈利从去年同期的480万元跌至290万元。同样的，非印刷业务自从2013下半年的数个项目终止后，全年营业额为6460万元，比2013财政年的7040万元较低8.2%。随着价格走势偏低、一次性迁移费用和软件升级的用费，其税前盈利从去年的980万元略跌至960万元。

财务状况报表

截至2014年12月31日，集团总资产从1亿7580万元上扬至1亿8770万元。

流动资产则随着现金和现金等价物、应收账款和其他应收款的下滑，还有年终库存增长的部分抵消，从9千万元缩减11.5%至7970万元。

集团在2014财政年持续投入资金在新加坡、中国和马来西亚等地区发展物业、厂房和设备，因此现金和现金等价物截至年终为2220万元，比去年同期的2950万元下降25.0%。我们在今年从所得税审计长收取230万元的应收税款，再加上一些项目的终止，应收账款和其他应收款则比去年的4800万元下跌9.5%至4350万元。为了应付今年新启动的非印刷项目和为未来的销售做好准备，集团截至2014年12月31日备有1400万元的库存，比去年同期的1240万元高出13.0%。

非流动资产从先前的8580万元增长25.9%至1亿800万元，主要源自新增添的物业、厂房和设备，再让较低的合资企业、投资性房地产、土地使用权、无形资产和递延所得税资产抵消。其中物业、厂房和设备增幅较大，从去年同期的6240万元增多2140万元至8380万元。

另一方面，总负债从5190万元涨至5730万元，增幅为10.4%。其中流动负债下滑15.0%至3590万元，而非流动负债则从区区970万元激增121.4%至2140万元，造就了540万元的负债净增长。此番波动主要是因为较高的银行贷款、融资租赁和离职后福利（部分让较低的应付账款、其他帐款和应付所得税抵消）。当中应付和其他账款在集团付清Pixel Red的工程造价结算后，比去年同期少了29.3%。

现金流量报表

截至2014年12月31日的财政年，集团营运业务在扣除营运资本后，正现金流量为890万元，低于去年同期的2550万元。集团在这一年内支付Pixel Red的工程造价结算并增资新厂房设备，导致正现金流量的减少。

这一年，集团继续资助 Pixel Red 的建筑工程和中国无锡厂房的升级工作，还有位于马来西亚依斯干达开发区新厂房的改良工程，总共投入2870万元的资金。这一切再加上350万元的股息派送，消耗了集团的现金储备。截至2014年12月31日，集团现金和现金等价物总计为2220万元。

至于融资活动方面，集团借助较多银行贷款来为 Pixel Red 建筑工程和依斯干达开发区新厂房的改良工程筹资，以致现金流量从去年的520万元升高至970万元。杠杆比率也相对的较高，从10.3%增至22.3%。

企业亮点

印刷和新媒体的创新中心

本年度最重大的企业盛事，当然就是我们今年5月成功搬迁所有业务至全新高价值、高科技的输出中心和公司总部 – Pixel Red。经过多月来的细致、详尽的后勤和业务规划和筹备，以确保降低停机时间和避免干扰内部系统和业务流程，我们终于在7月份

开始全面运营。作为印刷和新媒体技术的创新中心，Pixel Red也是集团全方位供应链服务的重要据点，主力于内容创建、数码媒体、设计和图像、活动管理和公共及营销咨询等服务。目前，该中心已成功吸引从事相关行业的租户，与德华本身的业务产品组合形成相辅相成的正面关系。

**展现更有活力、
更全面的崭新企业风貌**

配合德华移师 Pixel Red的乔迁之喜，我们也在今年为集团揭开全新的企业形象，以突显德华更现代、更具冒险精神的一面。德华的新标志深受我们命名'企业长青'雕像的灵感启发，凭着其独特的文字商标和螺旋向上的设计，完美展现了德华持久的进取精神和不断寻求突破的勇气和决心。其螺旋向上的设计意味着德华持续改进的长久信念，也象征德华渴望成为印刷包装业中提倡改革之推手的远大抱负。如今，此概括集团印刷和物流业务的新标志将更准确地反映出我们的印刷和非印刷业务的各种服务。同时，我们也趁着这次品牌重塑一并翻新德华的企业网站，在集团8月份庆祝46周年纪念之际重温并重申我们的核心价值观和文化。

强化集团能力

这一年来，我们成功扩充和提升区域内各个生产设施和厂房，包括位于马来西亚依斯干达开发区的德华药品包装（马）私人有限公司输出中心。该高产量中心自2014年3月开始全面运作。2014年6月，我们也把印尼峇淡的生产设施扩充至9600平方米的庞大空间，以应付生产、仓储及未来扩展的需求。经过三个半月的初步设置来减低对现有生产流程的影响，厂房正式在7月份进入操作。有了新设备和器材，该厂管理层也适时加强人力资源和物流业务来支持更大的运营操作，包括为客户在高峰时段提供24小时全天候交货服务。

我们在中国无锡的厂房扩建（尽管初期有些延误）也正式完成，并在6月份全面运作。

荣誉奖项和成就

德华在服务客户、执行业务各方面精益求精的理念，在这一年来获得不少业界奖项的认可，让我们备受鼓舞。

2014年11月27日，我们PPH德华价值链（马）私人有限公司子公司德华纸制品厂（马）私人有限公司通过严格的审核标准如领导能力、市场营销、创新、人事管理、业务和卓越运营成果等，荣获马来西亚制造商会颁发的"年度中小型制造商大奖"，印证了德华追求卓越业务的承诺和努力。此奖项自2010年创办以来，严选并认可企业在制造、流程优化和企业增长方面的非凡成就和杰出表现。

本着回馈社会的美意，集团主席兼董事经理蔡其生先生继续引领集团在社会服务领域当中作出贡献。2014年8月，蔡先生被正式委任为官委议员，透过他的商业和社会视角在国会更好地代表社会大众和商界的民声需求。蔡先生同时身兼新加坡中华总商会会长，为社群服务。

永续发展报告

我们致力于维护员工福利和专业发展，并提供各种培训和学习机会。我们也拥护环境永续性方面的动态，遵循以上原则推广了实用和相关方案。

员工培训和人才管理措施

2014年1月，我们展开全方位培训评定计划（"TNA"），以鉴定员工们的技能和培训需求。培训和发展团队在完成TNA后，再按照评定结果寻求适当的外来培训机构来设定员工们2014/2015年的培训课程和时间表。

今年，员工们参与各种培训项目，包括企业风险管理、沟通、思考、物流管理、领导培训和人力资源管理等课题。在2014/2015年的总学习计划中，员工们也有份参加工作场所安全和卫生发布会和研讨会，从中吸取相关知识。

这些培训项目为员工们提供了自我提升的机会，好让他们充分发挥潜力并提高专业效率，为他们在德华内部的职业前景铺路。

工作场所和员工安全

我们以工作场所安全与卫生条令和拟议为蓝本，在集团内实施听觉保护计划("HCP")。该计划目前已迈入第12个年头，以实行定时监测噪音水平、为员工安排听力测试等一系列全面的措施来降低噪音对员工的伤害。我们也要求员工使用适当的装备、听力保护等装置来应付或尽量减少在生产过程中的任何噪音危害。

我们的职业健康及安全管理系统符合OHSAS 18000标准，涵盖各种有关职业安全、应急准备、健康及安全隐患等工作场所风险控制等全面和广泛的程序和政策。为了追踪方案的有效性，我们已定下指标、目标和测量方式以便观察进度。

环境保护

由于我们业务会对环境和公众产生效应，我们自2000年以来就获得ISO 14000认证，藉由该认证各方面的环境管理标准来监控和控制业务运营对环境造成的影响。为了尽量减少运营废料的影响，我们遵照严苛的标准来制定严格的废物管理流程。

一直以来，我们积极推广环保政策及提倡与类似理念运作的供应商和合作伙伴携手合作。集团内几家从事纸浆和纸产品的公司也符合森林管理委员会产销监管链 (Forest Stewardship Council® Chain of Custody 或“FSC”) 的标准，是我们多年来努力的结果。FSC作为国际性非政府组织，主张负责任森林管理并推出多项方案，例如特定的木材标签计划来协助客户辨识产自优良管理森林的木材和木制品。

推广教育

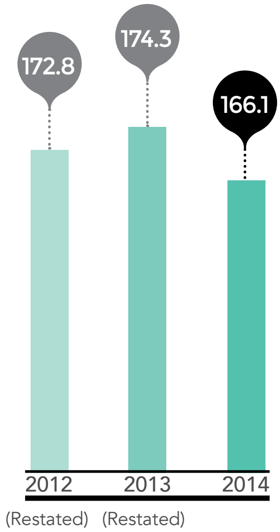
为了让学生们亲身体验集团内的各种业务操作，我们继续和教育机构合作安排实习课程，在这一年内提供总计14实习机会给来自工艺教育学院、义安理工学院、新加坡国立大学和新加坡管理大学的学生。我们也派发奖学金给需要资助的学生，让他们可以继续在南洋、淡马锡和义安理工学院以及新加坡管理大学追求高等教育。我们希望通过这些奖学金，可以为印刷、包装、物流和供应链管理行业发展和培养更多人才，创建未来。

企业社会责任

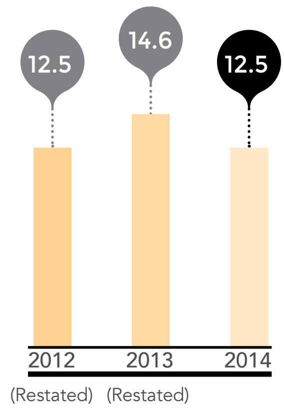
旨在为社会不幸人士献温情，我们的员工俱乐部在今年内举办数项社会责任项目。其中包括7月份万佛堂福利善友会筹办的儿童慈善嘉年华获得员工们的踊跃参加，当天负责经营游戏和食品摊位。另外，我们也有一群热心德华人前往卫生科学局的血库捐血，为社会尽份绵力。

FINANCIAL HIGHLIGHTS

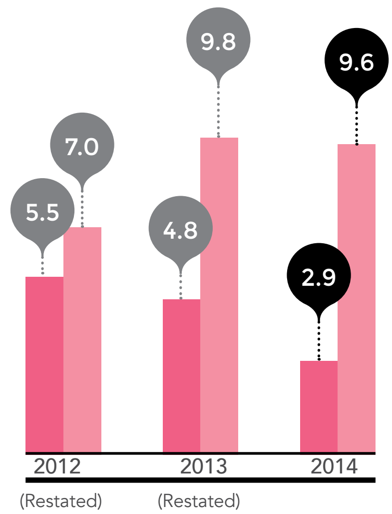
	Y2012 (Restated)	Y2013 (Restated)	Y2014
Equity attributable to owners of the company ($'000)	111,625	122,819	128,707
Cash & cash equivalents ($'000)	38,473	29,529	22,156
Total Assets ($'000)	145,646	175,797	187,696
Total Debt ($'000)	2,628	12,640	28,744
Net Tangible Assets ($'000)	104,841	116,045	121,944
Interim Dividend per share (cents)	1.00	0.50	0.50
Final Dividend per share (cents)	0.50	1.00	1.00
Earnings per share (cents)	3.71	5.22	3.68
Return on Equity (%)	7.8%	9.9%	6.7%
Return on Turnover (%)	5.0%	7.0%	5.2%
Return on Total Assets (%)	6.0%	6.9%	4.6%
Debt to Equity (%)	2.4%	10.3%	22.3%
Net Tangible Assets per share (cents)	44.89	49.69	52.21
Average staff strength	1,197	1,311	1,384
Staff cost ($'000)	40,427	40,417	39,541
Staff cost per employee ($'000)	33.77	30.83	28.57
Revenue ($'000)	172,845	174,347	166,144
Revenue per employee ($'000)	144.40	132.99	120.05
Profit before Tax ($'000)	12,471	14,568	12,492
Profit before Tax per employee ($'000)	10.42	11.11	9.03
Number of shares in absolute numbers	233,550,248	233,550,248	233,550,248



REVENUE
(S$ MILLION)

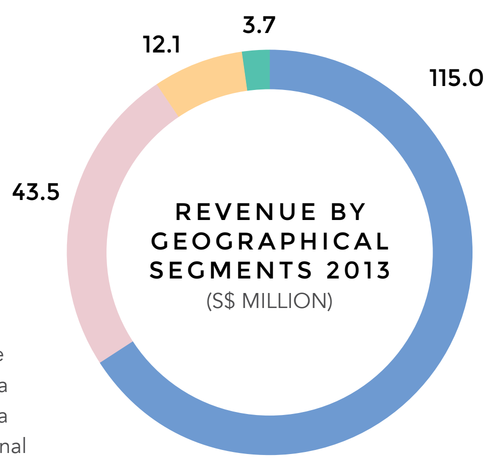


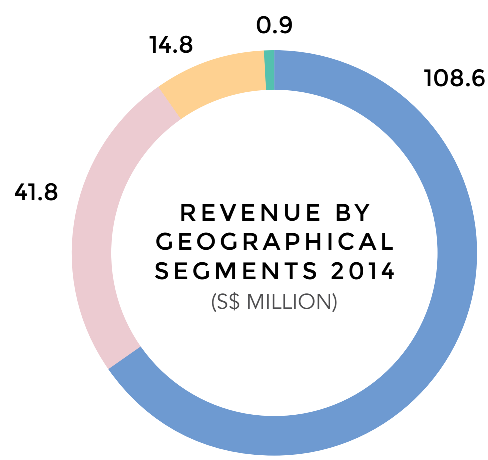
PROFIT BEFORE TAX
(S$ MILLION)



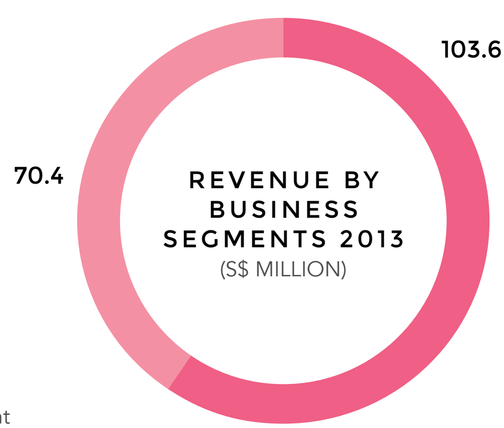
PROFIT BEFORE TAX BY BUSINESS SEGMENTS
(S$ MILLION)

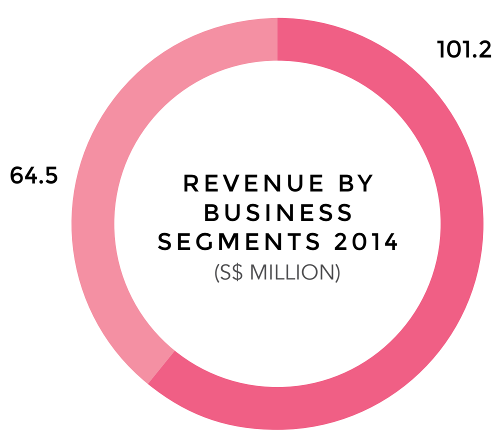
Print Non-Print





Singapore
North Asia
South Asia
International





Print
Non-Print

TECKWAH INDUSTRIAL CORPORATION LTD

CORPORATE STRUCTURE

TECKWAH LOGISTICS PTE LTD (100%)

- JNE Logistics Singapore Pte Ltd (100%)
- Teckwah Trading (HK) Limited (100%)
- Teckwah Logistics (India) Private Limited (100%)
- Teckwah Value Chain Sdn Bhd (100%)
- Teckwah Trading (Shanghai) Co Ltd (100%)
  - Shanghai Jointac International Logistics Co Ltd (51%)

TECKWAH ONLINE PTE LTD (100%)

TECKWAH VALUE CHAIN PTE LTD (100%)

- PT Teckwah Paper Products Indonesia (100%)
- Wuxi Teckwah Printing & Packaging Co Ltd (100%)
- Teckwah Value Chain (Thailand) Co Ltd (49%)
- Teckwah Value Chain Pty Ltd (100%)
- Teckwah Value Chain (Japan) Co Ltd (70%)
- Singapore Print Media Hub Pte Ltd (100%)
- Teckwah Value Chain (Taiwan) Ltd (100%)
- Teckwah PharmaPack Solutions Sdn Bhd (100%)

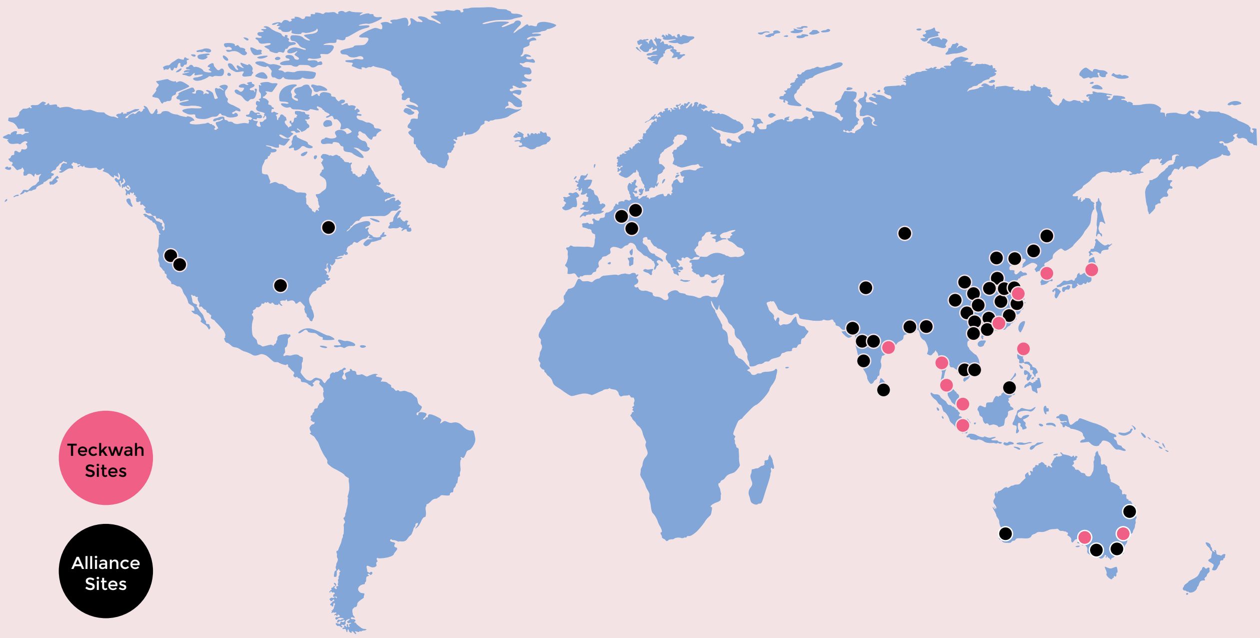
TECHWAVE MEDIA SERVICES PTE LTD (100%)

- Teckwah Packaging Systems (Shanghai) Co Ltd (100%)
- Teckwah Value Chain (Shanghai) Co Ltd (100%)
- Teckwah Packaging Systems (Suzhou) Co Ltd (100%)
- Teckwah Packaging Systems (Shenzhen) Co Ltd* (100%)

PPH TECKWAH VALUE CHAIN SDN BHD (50%)

- Teckwah Paper Products Sdn Bhd (100%)
- Tompac Industrial Sdn Bhd (100%)
- PPH Printing & Packaging (Johor) Sdn Bhd (100%)
  - Gemstar Sdn Bhd (100%)

*Deregistered subsequent to the end of reporting period



GEOGRAPHIC NETWORK

Location	Teckwah Sites	Alliance Sites
Australia	1	6
Bangladesh	0	1
Brunei	0	1
China	28	11
Cambodia	0	1
Hong Kong	1	2
India	1	9
Indonesia	1	1
Japan	1	0
Rep. of Korea	0	4
Macau	0	1
Malaysia	4	0
Myanmar	0	1
Philippines	0	3
Singapore	4	0
Sri Lanka	0	1
Taiwan	1	3
Thailand	1	1
Vietnam	0	2
Asia Pacific	43	48
North America	0	4
Europe	0	3
TOTAL	43	55

CORPORATE INFORMATION

FOUNDER AND HONORARY LIFE COUNSELLOR
Chua Seng Tek

BOARD OF DIRECTORS
Chairman & Managing Director
Thomas Chua Kee Seng

Executive Directors
Mai Ah Ngo
Ng Nai Ping

Lead Independent Director
Peter Chan Pee Teck

Directors
Lee Chee Sit
John Lim Hwee Chiang
Lim Lee Meng
Gerard Tan Wee Seng

GROUP TOP MANAGEMENT
Chairman & Managing Director
Thomas Chua Kee Seng

Executive Directors
Mai Ah Ngo
Ng Nai Ping

Director, Organisation Development & Corporate Communication
Angela Kok Teo Meng Kim

GROUP SENIOR MANAGEMENT
Human Capital Director
Joyce Chan Choy Yin

Business Development Director
Cheng Chee Kong

Group Financial Controller
Michael Chiam Soo Teong

Senior Regional Business Director
James Chua Kee Hin

Manufacturing Director
Patrick Kam Song Teck

Senior Business Operations Director
Kew Kee Hing

InfoComm Technology Director
Ng Chee Mun

Corporate Planning & Enterprise Risk Management Director
Tan Peck Hoon

AUDIT COMMITTEE
Chairman
Lim Lee Meng

Peter Chan Pee Teck
John Lim Hwee Chiang
Gerard Tan Wee Seng

REMUNERATION COMMITTEE
Chairman
John Lim Hwee Chiang

Lee Chee Sit
Lim Lee Meng

NOMINATING COMMITTEE
Chairman
Peter Chan Pee Teck

Thomas Chua Kee Seng
John Lim Hwee Chiang

AUDITORS
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

Partner-In-Charge
Tan Hon Chye
Appointment effective from financial year ended December 31, 2011

COMPANY SECRETARY
Chuang Sheue Ling B. Acc
Michelle Lo Swee Oi ACIS

REGISTERED OFFICE
51 Tai Seng Avenue #05-01
Pixel Red Singapore 533941

REGISTRAR & SHARE TRANSFER OFFICE
Tricor Barbinder Share Registration Services
(a business division of Tricor Singapore Pte Ltd)
80 Robinson Road
#02-00, Singapore 068898

PRINCIPAL BANKERS
DBS Bank
OCBC Bank

CONTACT LIST

SINGAPORE

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Email: info@teckwah.com.sg

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Pixel Red Singapore 533941
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Fax: 65 6872 8229

Teckwah Logistics Pte Ltd
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Pixel Red Singapore 533941
Tel: 65 6872 8181
Fax: 65 6872 8229

JNE Logistics Singapore Pte Ltd
51 Tai Seng Avenue #05-01
Pixel Red Singapore 533941
Tel: 65 6282 0475
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Teckwah Value Chain Pty Ltd
ABN 35 115 902 380
ACN 115 902 380

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NSW 2217, Australia
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2F, Building 2, No.1295 Xinjinqiao
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Fax: 86 21 2025 0881
Web: www.jointac.com

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#15, 5th Floor, Block C,
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Pudong Shanghai 200131
People's Republic of China
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Fax: 86 21 5046 1248

Teckwah Packaging Systems (Suzhou) Co Ltd
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Suzhou Industrial Park, 215122
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Teckwah Trading (Shanghai) Co Ltd
Arear A, 1F, Building No.11,
255 Beihe Road, Jia Ding,
Shanghai 201807. PRC
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Fax: 86 21 5990 6090

Teckwah Value Chain (Shanghai) Co Ltd
2F, Building No.11,
255 Beihe Road, Jia Ding,
Shanghai 201807. PRC
Tel: 86 21 5990 0909
Fax: 86 21 5990 6090

Wuxi Teckwah Printing & Packaging Co Ltd
Ehu Town, Xishan District,
Wuxi, Jiangsu Province 214116
People's Republic of China
Tel: 86 510 8874 8181
86 510 8874 6281
Fax: 86 510 8874 1377
Web: www.wuxiteckwah.com

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Unit 1-12 10/F MITA Centre
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Kwai Chung, N.T. H.K.
Tel: 852-2771 9557
Fax: 852-2771 8558

INDIA

Teckwah Logistics (India) Private Limited
91-92, Kiran Garden,
Main Matiyala Road,
New Delhi - 110059, India
Tel: 91 11 2533 3924
Fax: 91 11 2533 3922

INDONESIA

PT Teckwah Paper Products Indonesia
Batamindo Industrial Park
Jalan Beringin Lot 268-269 & 318
Mukakuning - Batam 29433
Indonesia
Tel: 62 770 612042 / 612074
Fax: 62 770 612050

JAPAN

Teckwah Value Chain (Japan) Co Ltd
3-6-1 Heiwajima Tokyo Danchi
Souko A-1 Tou 2nd Floor
Ota-ku, Tokyo 143-0006 Japan
Tel: 81 3 5767 8686
Fax: 81 3 5763 3323

MALAYSIA

Teckwah PharmaPack Solutions Sdn Bhd
20 & 22, Jalan Mega 1,
Nusa Cemerlang Industrial Park
79200 Nusajaya Johor, Malaysia
Tel: 6 07 297 8181
Fax: 6 07 297 8182

Teckwah Value Chain Sdn Bhd
Lot 1C/10 Anzen Business
Park No 3-9, Jalan 4/37A, Kaw
Perindustrian Taman Bukit Maluri
52100 Kulau Lumpur, Malaysia
Tel: 60 3 6276 4248
Fax: 60 3 6276 4281

TAIWAN

Teckwah Value Chain (Taiwan) Ltd
12F, No.120-7, Qiaohe Road,
Zhonghe District
New Taipei City 23584, Taiwan
(R.O.C.)
Tel: 886 2 2243 2486
Fax: 886 2 2243 2482

THAILAND

Teckwah Value Chain (Thailand) Co Ltd
2/1 Soi On-Nut 74/4 Kwang
Prawet Khet Prawet
Bangkok 10250 Thailand
Tel: 66 2 7216138-9
Fax: 66 2 7217862

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") and Management of Teckwah Industrial Corporation Ltd ("Teckwah" or "the Company") and its subsidiaries ("the Group") are committed to continually achieving and maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2012 ("the Code 2012") revised and issued by the Council on Corporate Disclosure Governance Committee on 2 May 2012. The Code is effective for financial year commencing on or after 1 November 2012.

While there will always be business risks, we believe these standards are the cornerstones in building a sound corporation and in protecting the interests of the shareholders.

Good corporate governance enables a company to be more transparent and forward looking. In addition, it is an effective safeguard against fraud and dubious financial engineering.

Teckwah upholds the principle that all involved in governance and managing the Group must act with high standard of ethics, integrity and transparency.

This report sets out the Company's corporate governance processes and structures that are in place. Given the Group's size and stage of development, we believe the overall corporate governance we have in place is appropriate and complies with the requirements of the Code and provides explanation for deviation (Principle 3 – Chairman and CEO should be separate persons and Principle 9 – Disclosure on Remuneration). For easy reference, the principles of the Code 2012 are set out in italics in this report.

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

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

The Board and the committees are formed to assist the Board in the execution of its responsibilities. The Board meets at least once in every quarter or is convened when necessary. To facilitate directors' attendance at meetings, the dates of Board and Board Committee meetings are scheduled up to one year in advance. Telephonic attendance and conference via audio-visual communication at Board meetings are allowed under the Company's Articles of Association. Besides physical meetings, the Board and the Board Committees may also make decisions on important matters concerning the Company by way of circulating resolutions in writing for the directors' approval.

CORPORATE GOVERNANCE REPORT

The Board is responsible for:

a) Formulating and approving the broad policies, strategies and financial objectives of the Group and monitoring its performance;
b) Approving annual budgets, major funding proposals, investment and divestment proposals;
c) Overseeing the processes for evaluating the adequacy of internal controls and risk management;
d) Approving quarterly and full year results announcements, annual report and audited financial statements;
e) Reviewing management performance and providing guidance to executive management;
f) Approving the nominations of board directors;
g) Ensuring adequacy of necessary financial and human resources to meet the Group's objectives;
h) Providing entrepreneurial leadership and set strategic aims;
i) Setting the Company's values and standards and ensuring obligations to shareholders and others are understood and met;
j) Assuming the responsibility for corporate governance and compliance with the Companies Act and rules and requirements of regulatory bodies;
k) Identifying key stakeholder groups and recognize that their perceptions may affect the Group's reputation; and
l) Considering sustainability issues as part of strategic formulation.

In the year under review, the number of board meetings and committee meetings held and attended by each member are as follows:

	Board Meeting		**Audit Committee**		**Remuneration Committee**		**Nominating Committee**	
Name	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Thomas Chua Kee Seng	4	4					1	1
Ng Nai Ping	4	4						
Mai Ah Ngo	4	4						
Lee Chee Sit	4	4			1	1		
Peter Chan Pee Teck	4	3	4	3			1	1
Lim Lee Meng	4	4	4	4	1	1		
John Lim Hwee Chiang	4	4	4	4	1	1	1	1
Gerard Tan Wee Seng	4	4	4	4				

CORPORATE GOVERNANCE REPORT

The Board has adopted a set of internal guidelines on matters requiring Board approval. Matters which are specifically reserved for the Board's decision according to the Company's internal guidelines, include the following corporate events and actions :

- material acquisitions and disposal of assets, corporate or financial restructuring and share issuances and dividends;
- approval of results announcements;
- approval of the annual report and financial statements;
- convening of members' meetings;
- annual budgets;
- interested person transactions;
- convening of members' meetings;
- matters covered by statutory requirements, Article of Association, Best Practices Guide, and Corporate Governance;
- matters relating to or having significant impact on the interest of shareholders, including communications to shareholders, or affecting the capital structure of the Company;
- matters that may have material impact on the system of internal control; or significantly exposes the Company and the Group to financial or operating risks;
- matters relating to proper corporate and financial governance of performance of the Company and the Group;
- matters recommended by the Remuneration Committee relating to the Managing Director ("MD"), executive directors and senior managers who report directly to the MD, and any other significant matters affecting employees;
- all other matters in the reasonable view of Management is of such material nature that requires the approval of the Board;

The Board has established a number of committees namely the Nominating Committee ("NC"), Audit Committee ("AC"), Remuneration Committee ("RC") and Enterprise Risk Management Committee ("ERMC") to assist in the execution of responsibilities more effectively. These committees function within clearly defined terms of reference and operating procedures. Please refer to pages 41 to 50 of this report for further information on these Board Committees.

New directors are given a formal letter explaining their duties and obligations as directors. Newly-appointed directors are briefed on the Group's business and Corporate Governance policies. Orientation programmes and familiarization visits are organized, if necessary, to facilitate a better understanding of the Group's operations.

Directors are continually and regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, accounting and regulatory developments may be in writing or disseminated by way of briefings, presentations and/or handouts. During the year, the Board was briefed and/or updated on proposed amendments to Companies Act; key changes to Guidebook for Audit Committees in Singapore; changes to Financial Reporting Standards; changes to Financial Reporting Surveillance Programme administered by ACRA by the external auditors and other professionals. The directors may also attend other appropriate courses, conferences and seminars, at the Company's expense. These include programmes run by the Singapore Institute of Directors.

The Board has no dissenting views on the Chairman's statement for the year in review.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

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

The Board consists of eight directors comprising three executive directors, four non-executive and independent directors, and one non-executive director as follows:

Thomas Chua Kee Seng (Chairman)	Executive Chairman & Managing Director
Mai Ah Ngo	Executive Director
Ng Nai Ping	Executive Director
Peter Chan Pee Teck	Lead Independent Director
John Lim Hwee Chiang	Independent Director
Lim Lee Meng	Independent Director
Lee Chee Sit	Non-Executive Director
Gerard Tan Wee Seng	Independent Director

Each year, the Board examines its size, composition, skills and core competencies of its members to ensure an appropriate balance of skills and experience. The Board comprised directors from different industries with vast experience and knowledge who collectively as a group provides the core competencies for the leadership of the Company.

The composition of the Board and independence of each director is reviewed annually by the NC. Each director is required to complete a Confirmation of Independence checklist, which is drawn up in accordance with the guidelines provided by the Code, and requires each director to assess his own independence. The director is required to declare any circumstances in which he may be considered non-independent. The NC is of the view that the independent directors are independent in both character and judgment. The current Board size of eight directors is appropriate taking into account the nature and scope of the Group's operations, and, the depth and breadth of knowledge, expertise and business experiences of the directors to govern and manage the Group's affairs.

In line with corporate governance practices, non-executive directors are engaged to facilitate constructive challenge, help develop proposals on strategy; review the performance on Management in meeting goals and objectives and monitor reporting of performance. They also meet regularly without the presence of Management.

As at 31 December 2014, three independent directors have served on the Board for more than nine years. They are Lim Lee Meng, Peter Chan Pee Teck and John Lim Hwee Chiang. The NC takes the view that a director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent directors. However, the Board and NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a director. These factors include, inter alia, if the directors have any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived as compromising his independence and interfering with the exercise of his independent business judgment. After a careful and rigorous review, the Board is of the view that all the three independent directors remain independent in their exercise of judgment and objectivity in Board matters.

CORPORATE GOVERNANCE REPORT

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

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

Thomas Chua Kee Seng is currently the Chairman of the Board and the Managing Director of the Company. The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and Managing Director. This is because the Board is of the view that there is already a sufficiently strong independent element on the Board to enable independent exercise of objective judgment of corporate affairs of the Company by members of the Board, taking into account factors such as the number of non-executive and independent directors on the Board, as well as the size and scope of its affairs. To enhance the independence of the Board, Peter Chan Pee Teck had been appointed as the Lead Independent Director since February 23, 2006 and he is available to shareholders in situations where they have concerns or issues in which communication through the normal channels with the Chairman or the chief financial officer (or equivalent) has failed to resolve or is inappropriate.

The Chairman, is responsible for:
- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- ensuring that the directors receive complete, adequate and timely information;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of non-executive directors in particular; and
- promoting high standards of corporate governance.

Principle 4: Board Membership

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

Nominating Committee ("NC")

The NC comprises the following members:

Peter Chan Pee Teck (Chairman)	Lead Independent Director
Thomas Chua Kee Seng	Executive Chairman & Managing Director
John Lim Hwee Chiang	Independent Director

The NC is guided by its terms of reference which sets out its responsibilities. The terms of reference had been amended to be in line with the Code. The NC is responsible for :-

1) Recommending to the Board the appropriate structure, size and composition of the Board, taking into account the size and needs of the Group, and the skill mix, qualities and experience required of directors to advance the business interests of the Group and to promote long-term shareholders' value;

2) Recommending to the Board the size and composition of Board Committees to function competently and effectively;

CORPORATE GOVERNANCE REPORT

3) Considering the suitability of nominees for appointment as new directors;

4) Considering the suitability of directors for re-nomination, having regard to their past contribution and performance, including attendance and participation at meetings;

5) Evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board. The NC has considered a number of factors including those set out in the Code, for the purpose of such evaluation and assessment;

6) Assessing on an annual basis, the independence of the directors;

7) Review of Board succession plans for directors, in particular, the Chairman and for the Managing Director; and

8) Review of training and professional development programs for the Board.

During the year, the NC met once, evaluating the Board's performance and contribution of each Board member as well as discussing the re-appointment of directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM"). Currently there is an informal succession plan by the Chairman and Managing Director. Going forward and at the relevant time, the NC will look into drawing up a formal plan. All the members participated in the meeting and discussion.

For the purpose of its evaluation of the directors' performance, the NC focuses on whether the directors, individually or collectively possesses the background, experience, competencies in finance and management skills critical to the Group's business as well as whether each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Since February 2006, the Board had adopted a formal process for the selection and appointment of new directors, as set out below:-

1) Search Process
   - Identify the criteria that the prospective candidates should possess: age group, sex, qualifications, experience, personal attributes and skills.
   - Source from recommendations of fellow Board members, business associates or trade organizations.

2) Selection Process
   - After an initial assessment of the CVs, a verification check is conducted through various contacts such as friends, bankers, business associates, etc.
   - Formal interview of short-listed candidates to assess suitability and ensure that they are aware of expectations and level of commitment required.

3) Nomination Process
   - Recommend to the Board the nomination of successful candidates.

4) Appointment Process
   - Based on the recommendations by the NC, the Board approves the appointment via a resolution.
   - Board to approve any other appointments to sub-committees, if appropriate.
   - Issue letter of appointment setting out terms and conditions of appointment such as period of office, compensation & benefits, duties & responsibilities and termination.

CORPORATE GOVERNANCE REPORT

New directors who are appointed by way of a board resolution after the NC has approved their nomination, shall submit themselves for re-election at the next AGM of the Company. Article 100 of the Company's Articles of Association requires one third of the Board to retire by rotation at every AGM, except that the Managing Director is not subject to retirement by rotation.

The NC has recommended that Peter Chan Pee Teck, Lim Lee Meng and Lee Chee Sit who are retiring under Article 100 of the Company's Articles of Association at the forthcoming AGM and who have submitted themselves for re-election, be re-elected. The Board has accepted the recommendations of the NC.

The NC also investigated each director's other board appointments. It is part of the NC's duties to review and ascertain whether any director who has multiple board representations is able to and has been effectively carrying out his duties as a director in accordance with its internal guidelines. All directors are required to formally declare their other board representations. The Board had resolved to limit each director to hold not more than 6 directorships in listed companies including the Company. At the end of the financial year end, it was confirmed that this restriction was complied with by all directors.

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC will decide how the Board's performance is to be evaluated. It will also propose objective performance criteria which, subject to the approval of the Board, addresses how the Board has enhanced long-term shareholders' value. The Board had implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole. The appraisal process focus on the evaluation of factors such as the size and composition of the Board, the Board's access to information, the Board's processes and accountability, communication with senior Management and the directors' standard of conduct. The NC discussed the results of the Board's performance evaluation to identify areas where improvements were necessary and made recommendations to the Board for action to be taken. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a director.

The Board has maintained the position that the use of financial indicators, as prescribed in the Code, may not be a complete measurement of the Board's performance. More importantly, independent and objective perspective of the Board, individually and collectively, is the cornerstone in ensuring that all decisions made are balanced and well-considered, thus serving the best interests of the Group and fulfilling the Board's long term objective of enhancing shareholders' wealth.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory. The Board has adopted an internal guideline that seeks to address the competing time commitments that may be faced when a director holds multiple board appointments. Based on the attendance of the Board and Board committee meetings during the financial year, the NC is satisfied that each director is able to and has been adequately carrying out his or her duties as a director, taking into consideration the number of listed company board representations and other principal commitments. The NC was therefore satisfied that where a director had multiple board representations and/or other major commitments, the director was able to and had been adequately carrying out his duties as a director of the Company.

CORPORATE GOVERNANCE REPORT

Principle 6: Access to Information

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

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board with quarterly management accounts. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise. Wherever necessary, senior Management staff will be invited to attend the Board meetings to answer queries and provide detailed insights into their areas of operations.

The directors have been provided with the phone numbers and email particulars of the Company's senior Management and Company Secretary to facilitate access.

The directors are well-informed by the Chairman & Managing Director on the status of on-going activities between meetings. Where a decision has to be made before a Board meeting, a directors' resolution is circulated in accordance with the Articles of Association of the Company and the directors are provided with all necessary information to enable them to make informed decisions. The Company Secretary will also ensure that any queries made by the directors will be answered promptly by Management. Where the directors, either individually or as a group, in the furtherance of their duties, require professional advice, the Company Secretary can be approached to assist them to obtain independent professional advice, at the Company's expense. The appointment and removal of the Company Secretary is a matter for the Board as a whole. Board members have separate and independent access to the Company Secretary at all times.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Remuneration Committee ("RC")

The RC comprises the following members:

John Lim Hwee Chiang (Chairman)	Independent Director
Lim Lee Meng	Independent Director
Lee Chee Sit	Non-Executive Director

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation.

CORPORATE GOVERNANCE REPORT

The RC is guided by its terms of reference that had been amended in line with the Code. During the year, the RC met once, discussing various remuneration matters and recording its decisions by way of minutes. All the Committee members were involved in the deliberations. No directors were involved in fixing of his own remuneration. The RC's principal responsibilities are to:

1) review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required caliber to manage the Group successfully;
2) review and recommend the Chairman and Managing Director's remuneration and those of the executive directors whose remuneration packages include a variable bonus component which is performance-related;
3) review the recommendation of the executive directors, for approval of the Board, the fees of the non-executive directors and such payment as may be payable pursuant to Article 89 of the Company's Articles of Association.

Principle 8: Level and Mix of Remuneration

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

The executive directors' remuneration packages are based on the performance of the Group and the individual. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate.

The Chairman & Managing Director is currently on a 3-year renewable Service Agreement that commenced on 2 March 1994. The terms and conditions are subject to the review and approval of the RC.

Principle 9: Disclosure on Remuneration

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

Non-executive directors have no service contracts and are paid directors' fees subject to approval by shareholders at the AGM of the Company.

The remuneration of each individual director and key executive officers of the Group and employees who are immediate family members of a director or Managing Director are, however, not disclosed as the Company believes that disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. If required, the RC will consider instituting such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the Executive Directors and key management personnel paid in prior years in such exceptional circumstances.

A breakdown, showing the level and mix of each individual director's remuneration payable for FY 2014 in bands of $250,000 which provides sufficient overview of the remuneration of the Directors is as follows:

	Remuneration Band $	Salary %	Bonus, AWS and Profit Sharing %	Other Benefits %	Directors Fees %	Total %
Executive Directors						
Thomas Chua Kee Seng	1,000,000 to 1,249,999	46.70%	52.80%	0.50%	0.00%	100.00%
Mai Ah Ngo	500,000 to 749,999	52.20%	38.50%	9.30%	0.00%	100.00%
Ng Nai Ping	500,000 to 749,999	50.00%	41.00%	9.00%	0.00%	100.00%
Non-Executive Directors						
Lim Lee Meng	0 to 249,999	0.00%	0.00%	0.00%	100.00%	100.00%
Peter Chan Pee Teck	0 to 249,999	0.00%	0.00%	0.00%	100.00%	100.00%
John Lim Hwee Chiang	0 to 249,999	0.00%	0.00%	0.00%	100.00%	100.00%
Gerard Tan Wee Seng	0 to 249,999	0.00%	0.00%	0.00%	100.00%	100.00%
Lee Chee Sit	0 to 249,999	0.00%	0.00%	0.00%	100.00%	100.00%

There are 5 employees, whose remuneration exceed $50,000 during the year, are related to the Chairman and Managing Director.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability and Audit

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

The Board provides shareholders with financial statements for the first three quarters and full year within the timeframe in line with Rule 705 of the Listing Manual of SGX-ST. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, financial position and prospects.

To continually ensure the accountability of Management to the Board, Management provides the Board with appropriately detailed management accounts of the Group's performance, position, prospects on a regular basis. The Board is mindful of its obligation to release timely and fair disclosure of material information and does not practice selective disclosure. In line with continuous disclosure obligations of the Company, the SGX-ST's Listing Rules and the Singapore Companies Act, Cap. 50 the Board's policy is that all shareholders should be informed of all major developments that impact the Group in a timely and equal manner.

CORPORATE GOVERNANCE REPORT

Principle 11: Risk Management And Internal Controls

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

The Board, through the Enterprise Risk Management Committee ("ERMC"), which was established on 9 November 2012, reviews the adequacy of the Group's risk management framework to ensure that robust risk management and internal controls are in place. The Company had adopted an Enterprise Risk Management Framework to enhance its risk management capabilities. The ERMC reports to the Board and is responsible for the identification of critical business risks and the development and implementation of appropriate risk management procedures to address these risks. The risk management and control procedures are reviewed and updated regularly to reflect changes in market conditions and the activities of the Group.

The Risk Management Report is found on page 52 to 54.

The AC, with the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Company's system of controls, including financial, operational, compliance and information technology controls, established by Management. The AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's framework of internal controls, addressing the financial, operational, compliance and information technology controls and risk management systems were adequate to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value.

The Chairman & Managing Director, Executive Directors and Management, at the financial year-end have provided a letter of assurance (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (b) regarding the effectiveness of the Company's risk management and internal control systems.

Principle 12: Audit Committee

The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Audit Committee ("AC")

The AC comprises the following members:

Lim Lee Meng (Chairman)	Independent Director
Peter Chan Pee Teck	Lead Independent Director
John Lim Hwee Chiang	Independent Director
Gerard Tan Wee Seng	Independent Director

The Board is of the view that the members of the AC have the appropriate accounting or related financial management expertise or experience to discharge the AC's functions.

The AC's roles and responsibilities are described in its terms of reference. The terms of reference had been amended to be in line with the recommendations of the Code. The AC meets at least 4 times a year.

The AC has the explicit authority to investigate any matter within its terms of reference, and has full access to, and the co-operation of Management with full discretion to invite any director or executive officer to attend its meetings. The AC meets the internal and external auditors, without the presence of the Company's Management at least once a year.

In addition to its statutory functions, the AC considers and reviews any other matters as may be agreed by the AC and the Board. In particular, the duties of AC include:

1) Reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the company and any announcements relating to the Group's financial performance;

2) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

3) Reviewing the effectiveness of the Group's internal audit function;

4) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;

5) Making recommendations to the Board on the proposal to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

6) Reviewing significant risks or exposures with Management and the external and internal auditors and assesses the steps Management has taken to minimize such risks to the Group;

7) Reviewing interested party transactions as may be required by regulatory authorities or the provisions of the Companies Act;

8) Reviewing legal and regulatory matters that may have a material impact on the financial statements;

9) Reporting actions and minutes of the AC to the Board of Directors with such recommendations, as the AC considers appropriate.

During the year, the AC discussed with Management the internal controls and financial reporting matters, reviewed the accounting principles and practices adopted by the Group and the effectiveness of the Group's internal control systems.

The AC reviewed the findings of the auditors and the assistance given to them by Management. Minutes of the AC meetings are circulated to the Board for its information.

CORPORATE GOVERNANCE REPORT

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC Meetings half yearly.

The Company's external auditors, Deloitte & Touche LLP, in the course of performing their statutory audit, reviews the effectiveness of certain of the Company's internal controls where a reliance on such internal controls results in more efficient audit procedures. Material non-compliance and internal control weaknesses noted during such a review are reported to the AC together with their recommendations.

The AC confirms that it has undertaken a review of all non-audit services provided by the external auditors and is satisfied that such services would not, in the AC's opinion, affect the independence of the auditors.

The aggregate amount of fees paid to the external auditors amounted to approximately S$233,000/-.

The AC has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming AGM.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Listing Rules 712 and 715. In accordance with the requirements of Rule 716 of the SGX-ST Listing Manual, the AC and the Board are satisfied that the appointment of auditors for some of its foreign subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Company has a whistle-blowing policy in place which encourages employees and vendors to report malpractices and misconduct in the workplace. The Company will protect employees who have acted in good faith, from victimization and harassment by their colleagues. The Company will treat all information received confidentially and protect the identity and interest of all whistle-blowers. There have been no reported incidents pertaining to whistle-blowing in FY2014.

Principle 13: Internal Audit

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

The AC has the mandate to authorize special reviews or investigations, where appropriate, in discharging its responsibilities.

The internal auditors support the AC in their role to assess the effectiveness of the Group's overall system of operational and financial controls as well as assist in the implementation of a risk management framework.

The internal audit function is currently outsourced to PricewaterhouseCoopers LLP ("PwC"). In accordance with the risk-based internal audit plan approved by the AC, PwC conducts regular audits of internal control systems of the Group's companies, recommend necessary improvements and enhancements, and report to the AC.

The AC approves the hiring, removal, evaluation and compensation of the outsourced internal auditors, and evaluated that the outsourced internal auditors possessed the necessary manpower, skills and expertise to carry out AC's directives.

The annual internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the AC. Every quarter, the AC and Management review and discuss internal audit findings, recommendations and status of remediation at the AC meetings.

The internal auditors have unfettered access to the Group's documents, records, properties and personnel, including access to the AC.

The AC is satisfied that the internal auditors are independent and has appropriate standing to perform its functions effectively.

D. SHAREHOLDERS RIGHTS

Principle 14: Shareholder Rights and Responsibilities

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

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. The Company keeps all shareholders and other stakeholders informed of its corporate activities, including changes (if any) in the Company or its businesses which are likely to materially affect the price or value of its shares, on a timely and consistent manner.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such a meeting. Such notices are also published in the local newspapers and announced via SGXNET. Shareholders are encouraged to attend the Company's AGMs.

Principle 15: Communication with Shareholders

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

The Company does not practice selective disclosure. Price sensitive announcements including quarterly and full year results are released through SGXNET and subsequently posted on the Company's website. The Company's Organisation Development & Corporate Communication Department manages investor's relations and attends to their queries. All shareholders of the Company receive the Annual Report and notice of AGM which can be accessed from the Company's website.

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business condition, development plans and other factors as the directors may deem appropriate. Notwithstanding the above, the Company has a good track record of paying dividends half-yearly/yearly. Any pay-outs are clearly communicated to shareholders via the financial results announcements through SGXNET.

While a general meeting of the Company is the principal forum where shareholders may dialogue with the directors and Senior Management of the Company, the Chairman & Managing Director has also conducted media interviews to give shareholders and the public deeper insights of the Group's business and strategies when opportunities present themselves.

CORPORATE GOVERNANCE REPORT

Principle 16: Conduct of Shareholder Meetings

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

The Board supports and encourages active shareholder participation at AGMs. It believes that general meetings serve as an opportune forum for shareholders to meet the Board and Senior Management and to interact with them. At AGMs, the directors, Senior Management as well as the external auditors are in attendance to answer queries from shareholders. The Chairperson/members of the Audit, Nominating and Remuneration Committees are available to address any queries by shareholders. Shareholders are given the opportunity at the general meetings of the Company to air their views and query the directors and Management on matters relating to the Group and its operations.

Resolutions are, as far as possible, structured separately and voted on independently.

To better reflect shareholders' shareholding interest and ensure greater transparency, since 2012, all resolutions tabled at the AGM are voted by poll. The Company's articles allow any shareholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings. The Company does not permit voting in absentia by mail, facsimile or email due to the difficulty in verifying and ensuring authenticity of the vote.

E. INTERESTED PERSON TRANSACTIONS

There is no Shareholders' Mandate for Interested Person Transactions ("IPT") pursuant to Rule 920 of the Listing Manual.

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are at arm's length basis. All Interested person transactions are subject to review by the AC to ensure compliance.

There were no new IPT of or over $100,000 in value entered into during FY2014, however there is an existing construction project management service rendered by Ho Bee Land Ltd (previously known as Ho Bee Investments Ltd) since July 2012 for a period of 2 years for $120,000 per year billed evenly on quarterly basis in relation to rendering of management services for the Group's construction of new building, Pixel Red. Airjet Investments Pte Ltd, a significant shareholder of the Group shares the same holding company of Ho Bee Land Ltd. The abovementioned construction project management service has ended during the year as planned.

F. CODE OF BUSINESS ETHICS

The Group has in place a Code of Business Ethics which employees are required to observe for the purpose of maintaining high standard of integrity and business conduct. This code clearly defines the process through which employees, in confidence, report possible improprieties in matter of financial reporting or other matters to the AC for follow up action. The objective of such an arrangement is to ensure independent investigation of such matters and appropriate follow-up action.

G. DEALINGS IN SECURITIES

The Group complies with the SGX-ST best practices on dealing in securities, and has devised an internal code which prohibits the directors and executives of the Group from dealing in the Company's shares during the periods commencing one month prior to the announcement of the Group's full year results and two weeks prior to the announcement of financial results of each of the first three quarters of the financial year and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. Directors and executives should not deal in the Company's securities on short term consideration.

H. ENTERPRISE RISKS MANAGEMENT

Enterprise Risk Management Report

Enterprise Risk Management ("ERM") is salient to the Group's management processes. The dynamism and inter-connectedness of today's global business landscape have shed new perspectives on the types of uncertainties the Group is exposed to. ERM is a holistic and structured way of managing uncertainties, centred upon the goal of creating shared value and sustained benefit for the organisation and its stakeholders. By maintaining high standards of corporate governance, the Group is equipped to consistently and effectively meet stakeholder expectations as well as achieve organisational goals.

The Teckwah ERM framework ensures effective risk management practices and policies are embedded into the way business is run at Teckwah. Through the risk management process, top risks encompassing the four perspectives - strategic/external, regulatory, financial and operational, are identified and managed.

Strategic/External Risks

To ensure sustainability and continued shared value creation to stakeholders, organisations today must be agile and able to anticipate, react to and manage change. Teckwah has over the years transformed from a family business to a professionally managed organisation. The visionary leadership of Management has enabled the company to effectively develop and deploy its mid and long term strategies both globally and locally.

With 62% of total revenue in FY 2014 contributed by its multi-national customers, the Group is inevitably exposed to external risks amid the changing global business landscape and the international marketplace. Teckwah closely monitors the economic conditions and market competition. It conducts periodic strategy reviews so as to anticipate, acknowledge and respond to changes in a timely manner in order to stay relevant and sustain its competitiveness.

Regulatory Risks

The Group is perfectly positioned to deliver both globally and locally across Asia Pacific, North America and Europe. Operating from multiple locations exposes the Group to risks related to laws and regulations of governments and regulatory bodies in these countries. Such risks may potentially increase the costs of operations, reduce foreign investment attractiveness and ultimately change the competitive landscape altogether. Recognising the importance of building good working relationships with business partners and local authorities to keep abreast of prevailing changes in statutory and regulatory requirements in the countries we operate in, the Group also invests in external training sessions and internal group sharing, on regulatory changes and the potential impact to the business. Internally, it has in place various polices to ensure that employees are equipped with the knowledge to perform their roles.

CORPORATE GOVERNANCE REPORT

Financial Risk

The Group recognises its exposure to financial risks including credit, financial reporting, foreign exchange, interest rates and liquidity risks. Relevant policies have been set and measures implemented to mitigate the risks. Credit risk is managed through credit approval process to set credit limits and through constant monitoring and periodic review of collection performance. Specific provisions will be made once trade debts are deemed not collectible. Financial reports are continuously and diligently reviewed to ensure full compliance with international accounting standards and regulations and to minimise lapses. Movements of our major trading currencies are closely monitored and natural hedging is performed where possible to manage foreign currency fluctuations. Prudent financing arrangements and cash flow management is emphasised and enforced to ensure the Group's liquidity position stays healthy at all times.

Operational Risk

Teckwah's operating environment is developed and managed based on its many accolades including ISO 9001, ISO 14001, ISO 28000, OHSAS 18001, ISO 22301, STP (Secure Trade Partnership) Plus Certification and FSC® CoC (Forest Stewardship Council® Chain of Custody) Certification. To minimise and avoid losses, both anticipated and unanticipated, Management has put in place strategic planning, talent management, and business continuity planning programmes.

Quality, Environmental Safety, Security & Health (QuESH)

The Group's commitment to our employees, customers and the community at large, is established in the QuESH Management System (also known as "QuESHMS"). QuESHMS seeks to effectively identify, assess and treat all QuESH related risks associated with our business activities, products and services in a responsible manner. Operational objectives are set in consideration of prevention of pollution, injury and ill-health. Employees are also trained on their roles and responsibilities under QuESHMS. The building premises are closely monitored and guarded by in-house security systems and access to all areas is generally restricted and limited to authorised personnel.

Information Technology & Data

The Group is committed to ensuring information security, data protection and safeguarding of its customers' valued assets and intellectual property [IP] at our premises. The IT infrastructure, systems and operational processes are designed and maintained to comply with best practices. Senior Management and the Heads of Department perform periodic reviews of access and ensure all employees have the appropriate levels of access to systems in accordance with their roles and responsibilities.

Human Capital Management [HCM]

Management perceives its people to be valuable assets to the organisation. Through a 3-pronged structured approach, the Group manages its human capital risks that ultimately seeks to fulfill its talent acquisition, management, retention and engagement goals. In addition, HCM also seeks to align the Human Resource strategies with Business strategies of the Group to ensure manpower optimisation at all levels of the organisation.

Business Continuity

Teckwah's Business Continuity Management [BCM] Plan was documented, established and implemented in 2006 and certified under the ISO 22301 standard. The BCM Plan assists the Group to execute an orderly and effective response to crises of any nature. It enhances our resilience towards any business disruption by strengthening response, recovery and restoration capabilities, thereby ensuring the continual provision of services to customers. The BCM Exercise is conducted on a periodic basis to ensure continued feasibility and effectiveness of the Plan.

Opinion of the Board

ERM is salient to the Group's management processes. It is a holistic way of managing uncertainties while ascertaining shared value creation and sustainability for the organisation and its stakeholders. Key risks identified are presented to the Board periodically. The ERM framework not only ensures effective risk management practices but clearly defines a Risk Structure that outlines the roles and responsibilities of Senior Management and the Audit Committee. The effectiveness of the ERM framework and the risk management process is reviewed by the Risk Management Committee on behalf of the Board. Appropriate risk treatments are developed and adequate internal controls are put in place to closely monitor and manage these risks. These mitigation strategies are reviewed by the Risk Management Committee and the Board on a quarterly basis. Based on the preceding reviews, the Board is of the opinion, with concurrence from the Risk Management Committee and Audit Committee, that there are adequate controls in place within Teckwah Group to address its strategic, financial, operational and regulatory risks.

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended December 31, 2014.

1 DIRECTORS

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

Mr. Chua Kee Seng Thomas
Mr. Ng Nai Ping
Mdm. Mai Ah Ngo
Mr. Lee Chee Sit *
Mr. Chan Pee Teck Peter **
Mr. Lim Hwee Chiang John **
Mr. Lim Lee Meng **
Mr. Tan Wee Seng Gerard **

* Non-executive director
** Independent directors

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At January 1, 2014	At December 31, 2014	At January 1, 2014	At December 31, 2014
The company				
Ordinary shares				
Mr. Chua Kee Seng Thomas	1,900,000	1,900,000	1,608,000	1,608,000
Mr. Lee Chee Sit	-	-	26,216,900	26,216,900
Mdm. Mai Ah Ngo	792,000	792,000	1,608,000	1,608,000
Mr. Ng Nai Ping	780,000	780,000	-	-
Mr. Lim Hwee Chiang John	140,000	-	-	140,000

The directors' interests in the shares and options of the company at January 21, 2015 were the same at December 31, 2014.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the company was granted.

(b) Options exercised

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under options

All outstanding options which were previously granted pursuant to Teckwah Employees' Share Option Scheme had lapsed. At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

6 AUDIT COMMITTEE

The directors of Teckwah Industrial Corporation Ltd have adopted the principles of the Code of Corporate Governance 2012 as formulated by Singapore Exchange Securities Trading Limited with respect to Audit Committees.

The Audit Committee comprises the following independent directors:

Chairman :	Mr. Lim Lee Meng
Members :	Mr. Lim Hwee Chiang John
	Mr. Chan Pee Teck Peter
	Mr. Tan Wee Seng Gerard

The Audit Committee performed the functions set out in the Singapore Companies Act.

REPORT OF THE DIRECTORS

6 AUDIT COMMITTEE (CONT'D)

For the financial year ended December 31, 2014, the Audit Committee held four meetings and reviewed the following:

i) the audit plans and results of the external auditors' examination of the financial statements;

ii) the audit plans and results of out-sourced audit of internal controls and operations and evaluation of the group's systems of internal accounting controls;

iii) the group's financial and operating results and accounting policies;

iv) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;

v) the financial statements of the company, the consolidated financial statements of the group and the external auditors' report on those financial statements before their submission to the directors of the company;

vi) the co-operation and assistance given by the management to the group's external auditors;

vii) the re-appointment of the auditors of the company; and

viii) interested person transactions.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for reappointment as external auditors of the group at the forthcoming Annual General Meeting of the company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Mr. Chua Kee Seng Thomas

....
Mr. Ng Nai Ping

March 27, 2015

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 61 to 137 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2014, and of results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....
Mr. Chua Kee Seng Thomas

....
Mr. Ng Nai Ping

March 27, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of
Teckwah Industrial Corporation Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Teckwah Industrial Corporation Ltd (the "company") and its subsidiaries (the "group") which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2014, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 137.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

INDEPENDENT AUDITORS' REPORT
To the Members of
Teckwah Industrial Corporation Ltd

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Public Accountants and
Chartered Accountants

Singapore
March 27, 2015

STATEMENTS OF FINANCIAL POSITION

December 31, 2014

	Note	GROUP December 31, 2014 $'000	GROUP December 31, 2013 $'000 (Restated)	GROUP January 1, 2013 $'000 (Restated)	COMPANY December 31, 2014 $'000	COMPANY December 31, 2013 $'000
ASSETS						
Current assets						
Cash and cash equivalents	6	22,156	29,529	38,473	868	1,646
Trade and other receivables	7	43,480	48,046	37,851	19,203	17,129
Inventories	8	14,042	12,432	16,620	-	-
Total current assets		79,678	90,007	92,944	20,071	18,775
Non-current assets						
Other assets	9	427	179	244	-	-
Joint venture	10	5,270	6,032	5,829	4,216	4,216
Subsidiaries	11	-	-	-	19,829	19,829
Property, plant and equipment	12	83,829	62,405	31,325	43,370	32,145
Investment properties	13	3,993	2,366	-	1,705	-
Land use rights	14	7,574	7,846	8,103	7,085	7,351
Intangible assets	15	72	83	93	72	83
Goodwill	16	6,691	6,691	6,691	-	-
Deferred tax assets	20	162	188	417	-	-
Total non-current assets		108,018	85,790	52,702	76,277	63,624
Total assets		187,696	175,797	145,646	96,348	82,399
LIABILITIES AND EQUITY						
Current liabilities						
Trade and other payables	17	25,340	35,824	25,961	12,947	17,429
Bank loans	18	7,493	3,536	1,026	5,000	2,500
Finance leases	19	1,098	560	-	-	-
Income tax payable		1,929	2,286	3,251	39	59
Total current liabilities		35,860	42,206	30,238	17,986	19,988
Non-current liabilities						
Bank loans	18	17,500	7,002	1,602	17,500	6,500
Finance leases	19	2,653	1,542	-	-	-
Deferred tax liabilities	20	1,002	1,004	1,338	-	68
Post employment benefits	21	250	119	121	-	-
Total non-current liabilities		21,405	9,667	3,061	17,500	6,568
Capital, reserves and non-controlling interests						
Share capital	22	23,852	23,852	23,852	23,852	23,852
Statutory surplus reserve	23	1,753	1,473	939	-	-
Retained earnings		102,498	97,762	88,501	37,010	31,991
Currency translation reserve		604	(268)	(1,667)	-	-
Equity attributable to owners of the company		128,707	122,819	111,625	60,862	55,843
Non-controlling interests		1,724	1,105	722	-	-
Total equity		130,431	123,924	112,347	60,862	55,843
Total liabilities and equity		187,696	175,797	145,646	96,348	82,399

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Financial Year Ended December 31, 2014

	Note	GROUP 2014 $'000	GROUP 2013 $'000 (Restated)
Revenue	24	166,144	174,347
Other operating income	25	1,618	346
Changes in inventories of finished goods and work in progress		362	(1,071)
Raw materials and consumables used		(54,201)	(56,539)
Employee benefits expense	28	(39,541)	(40,417)
Depreciation, amortisation and impairment expense	28	(6,923)	(5,211)
Other operating expenses	26	(54,698)	(57,137)
Share of profits of joint venture		293	452
Finance costs	27	(562)	(202)
Profit before tax	28	12,492	14,568
Income tax expense	29	(3,319)	(1,975)
Profit for the year		9,173	12,593
Profit attributable to:			
Owners of the company		8,585	12,191
Non-controlling interests		588	402
		9,173	12,593
Earnings per share	31		
Basic		3.68 cents	5.22 cents
Diluted		3.68 cents	5.22 cents

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial Year Ended December 31, 2014

		GROUP	
	Note	2014 $'000	2013 $'000 (Restated)
Profit for the year		9,173	12,593
Other comprehensive (loss) income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		(89)	-
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	20	23	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		903	1,380
Other comprehensive income for the year, net of tax		837	1,380
Total comprehensive income for the year		10,010	13,973
Total comprehensive income attributable to:			
Owners of the company		9,391	13,590
Non-controlling interests		619	383
		10,010	13,973

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial Year Ended December 31, 2014

	Note	Share capital $'000	Statutory surplus reserve $'000	Retained earnings $'000	Currency translation reserve $'000	Equity attributable to owners of the company $'000	Non-controlling interests $'000	Total $'000
GROUP								
Balance at January 1, 2013		23,852	939	88,501	(1,667)	111,625	722	112,347
Total comprehensive income for the year								
Profit for the year		-	-	12,191	-	12,191	402	12,593
Other comprehensive income (loss)		-	-	-	1,399	1,399	(19)	1,380
Total		-	-	12,191	1,399	13,590	383	13,973
Transactions with owners, recognised directly in equity								
Appropriations		-	534	(534)	-	-	-	-
Dividends paid	30	-	-	(2,396)	-	(2,396)	-	(2,396)
Total		-	534	(2,930)	-	(2,396)	-	(2,396)
Balance at December 31, 2013		23,852	1,473	97,762	(268)	122,819	1,105	123,924
Total comprehensive income for the year								
Profit for the year		-	-	8,585	-	8,585	588	9,173
Other comprehensive (loss) income		-	-	(66)	872	806	31	837
Total		-	-	8,519	872	9,391	619	10,010
Transactions with owners, recognised directly in equity								
Appropriations		-	280	(280)	-	-	-	-
Dividends paid	30	-	-	(3,503)	-	(3,503)	-	(3,503)
Total		-	280	(3,783)	-	(3,503)	-	(3,503)
Balance at December 31, 2014		23,852	1,753	102,498	604	128,707	1,724	130,431

	Note	Share capital $'000	Retained earnings $'000	Total $'000
COMPANY				
Balance at January 1, 2013		23,852	12,373	36,225
Profit for the year, representing total comprehensive income for the year		-	21,954	21,954
Dividends paid, representing transactions with owners, recognised directly in equity	30	-	(2,336)	(2,336)
Balance at December 31, 2013		23,852	31,991	55,843
Profit for the year, representing total comprehensive income for the year		-	8,522	8,522
Dividends paid, representing transactions with owners, recognised directly in equity	30	-	(3,503)	(3,503)
Balance at December 31, 2014		23,852	37,010	60,862

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial Year Ended December 31, 2014

	2014 $'000	2013 $'000 (Restated)
Operating activities		
Profit before tax	12,492	14,568
Adjustments for:		
Allowance for doubtful debts	-	22
Bad debts written off	9	17
Write-back of inventories	(65)	(19)
Reversal of impairment of property, plant and equipment	(52)	-
Depreciation and amortisation expense	6,975	5,211
Gain on disposal of property, plant and equipment	(547)	(21)
Share of profit of joint venture	(293)	(452)
Post employment benefits	65	119
Interest income	(211)	(174)
Finance costs	562	202
Operating cash flows before movements in working capital	18,935	19,473
Trade and other receivables and other assets	1,964	(7,803)
Inventories	(1,545)	4,207
Trade and other payables	(10,484)	9,591
Cash generated from operations	8,870	25,468
Interest paid	(562)	(202)
Income tax paid	(1,301)	(5,411)
Net cash from operating activities	7,007	19,855
Investing activities		
Interest received	211	174
Dividends received from joint venture	956	-
Proceeds from disposal of property, plant and equipment	2,651	373
Purchase of property, plant and equipment (Note A)	(28,682)	(35,747)
Net cash used in investing activities	(24,864)	(35,200)
Financing activities		
Dividends paid	(3,503)	(2,396)
Repayment of bank loans	(3,544)	(1,016)
Proceeds from bank loans	18,000	9,000
Repayment of obligations under finance leases	(1,256)	(434)
Net cash from financing activities	9,697	5,154
Net decrease in cash and cash equivalents	(8,160)	(10,191)
Cash and cash equivalents at beginning of year	29,529	38,473
Effect of foreign exchange rate changes	787	1,247
Cash and cash equivalents at end of year	22,156	29,529

Note A

During the year, the additions to property, plant and equipment totalling $31,675,000 (2013 restated : $38,502,000) (Note 12) comprises paid purchases totalling $28,682,000 (2013 restated : $35,747,000), unpaid purchases financed by credit terms totalling $Nil (2013 restated : $151,000) and purchases acquired under finance lease agreement of $2,993,000 (2013 restated : $2,604,000).

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

1 GENERAL

The company (Registration No. 197201105E) is incorporated in Singapore. With effect from May 22, 2014, its principal place of business and registered office was changed from 25 Pandan Crescent #05-15 TIC Tech Centre, Singapore 128477 to 51 Tai Seng Avenue, #05-01, Pixel Red, Singapore 533941. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the company are those of investment holding and provision of management and financial services.

The principal activities of the joint venture and subsidiaries are disclosed in Notes 10 and 11 respectively.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended December 31, 2014 were authorised for issue by the Board of Directors on March 27, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2014, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

In the current year, the group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The impact of the application of these Standards is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the group.

Specifically, the group has a 49% ownership interest in Teckwah Value Chain (Thailand) Co., Ltd. The directors of the company made an assessment as at the date of initial application of FRS 110 (i.e. January 1, 2014) as to whether or not the group has control over Teckwah Value Chain (Thailand) Co., Ltd in accordance with the new definition of control and the related guidance set out in FRS 110. The directors concluded that it has had control over Teckwah Value Chain (Thailand) Co., Ltd on the basis of the group's contractual rights to appoint the majority of the board of directors. Control of the entity is exercised by the board of directors. Therefore, in accordance with FRS 110, Teckwah Value Chain (Thailand) Co., Ltd continues to be a subsidiary of the group. As a result, there is no restatement of comparative amounts for 2013 and the related amounts as at January 1, 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact of the application of FRS 111

FRS 111 replaces FRS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in FRS 28 (as revised in 2011). FRS 111 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under FRS 111, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under FRS 111 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, FRS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under FRS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the company reviewed and assessed the classification of the group's investments in joint arrangements in accordance with the requirements of FRS 111. The directors concluded that the group's investment in PPH Teckwah Value Chain Sdn Bhd, which was classified as a jointly controlled entity under FRS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under FRS 111 and accounted for using the equity method.

The change in accounting of the group's investment in PPH Teckwah Value Chain Sdn Bhd has been applied in accordance with the relevant transitional provisions set out in FRS 111. Comparative amounts for 2013 have been restated to reflect the change in accounting for the group's investment in PPH Teckwah Value Chain Sdn Bhd. The initial investment as at January 1, 2013 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the group had previously proportionately consolidated (see the tables below for details). Also, the directors of the company performed an impairment assessment on the initial investment as at January 1, 2013 and concluded that no impairment loss is required.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact on profit (loss) for the year preceding the date of initial application of FRS 111

	Year ended December 31, 2013 $'000
Decrease in revenue	(5,873)
Decrease in other income including interest income	(61)
Decrease in changes in inventories of finished goods and work in progress	33
Decrease in raw materials and consumables used	2,999
Decrease in employee benefits expense	1,319
Decrease in depreciation, amortisation and impairment expense	215
Decrease in other operating expenses	849
Decrease in finance costs	3
Increase in share of profits from joint venture	452
Decrease in income tax expense	64
Increase (decrease) in profit for the year	-

Impact on assets, liabilities and equity as at January 1, 2013 of the application of FRS 111

	As at January 1, 2013 as previously reported $'000	FRS 111 adjustments $'000	As at January 1, 2013 as restated $'000
Cash and cash equivalents	42,011	(3,538)	38,473
Trade and other receivables	38,892	(1,041)	37,851
Inventories	17,101	(481)	16,620
Other assets	257	(13)	244
Joint venture	-	5,829	5,829
Property, plant and equipment	32,792	(1,467)	31,325
Land use rights	8,169	(66)	8,103
Trade and other payables	26,702	(741)	25,961
Income tax payable	3,258	(7)	3,251
Deferred tax liabilities	1,488	(150)	1,338

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact on assets, liabilities and equity as at December 31, 2013 of the application of FRS 111

	As at December 31, 2013 as previously reported $'000	FRS 111 adjustments $'000	As at December 31, 2013 as restated $'000
Cash and cash equivalents	33,398	(3,869)	29,529
Trade and other receivables	49,099	(1,053)	48,046
Inventories	12,938	(506)	12,432
Other assets	180	(1)	179
Joint venture	-	6,032	6,032
Property, plant and equipment	63,654	(1,249)	62,405
Land use rights	8,024	(178)	7,846
Trade and other payables	36,627	(803)	35,824
Income tax payable	2,288	(2)	2,286
Deferred tax liabilities	1,142	(138)	1,004

Impact on cash flows for the year preceding the date of initial application of FRS 111

	FRS 111 adjustments $'000
Net cash outflow from operating activities	(507)
Net cash outflow from investing activities	(11)
Net cash inflow from financing activities	-
Net cash outflow	(518)

The application of FRS 111 does not have an impact on the amounts reported for basic and diluted earnings per share in respect of 2014 and 2013.

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements (please see Notes 3, 10 and 11 for details).

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amendments to FRS 110, FRS 112 and FRS 27 Investment Entities

The amendments to FRS 110 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to FRS 112 and FRS 27 to introduce new disclosure requirements for investment entities.

The above amendments do not have any effect on the group's consolidated financial statements as the company is not an investment entity.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the group and the company were issued but not effective:

- Amendments to FRS 19 (2011) *Defined Benefit Plans: Employee Contributions*

- FRS 109 *Financial Instruments*

- FRS 115 *Revenue from Contracts with Customers*

- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

- Improvements to Financial Reporting Standards (January 2014)

- Improvements to Financial Reporting Standards (February 2014)

- Improvements to Financial Reporting Standards (November 2014)

Consequential amendments were also made to various standards as a result of these new/revised standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption, except for the following:

Amendments to FRS 19 (2011) *Defined Benefit Plans: Employee Contributions*

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to periods of service. Other contributions by employees or third parties that are not solely linked to current year service are required to be attributed to periods of service either using the plan's contribution formula or on a straight-line basis.

The amendments apply to annual periods beginning on or after July 1, 2014, with early application permitted. Management is currently evaluating the potential impact of the application of the amendments to FRS 19 on the financial statements of the group in the period of initial application.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 applies to annual periods beginning on or after January 1, 2018, with early application permitted. Management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the group and the company in the period of initial application.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- 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.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 applies to annual periods beginning on or after January 1, 2017, with early application permitted. Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the group and the company in the period of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The amendments apply to annual periods beginning on or after January 1, 2016, with early application permitted. Management is currently evaluating the potential impact of the application of the amendments to FRS 1 on the financial statements of the group and the company in the period of initial application.

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 103 *Business Combinations*	Accounting for contingent consideration in a business combination	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Standard	Topic	Key amendment
FRS 108 *Operating Segments*	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible assets*	Revaluation method: proportionate restatement of accumulated depreciation / amortisation	Removed perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended requirements clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
FRS 24 *Related Party Disclosures*	Key management personnel	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

The management is currently evaluating the impact of the above Improvements to Financial Reporting Standards (January 2014).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Improvements to Financial Reporting Standards (February 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 103 *Business Combinations*	Scope exception for joint ventures	Scope section amended to clarify that FRS 103 does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangements itself.
FRS 113 *Fair Value Measurement*	Scope of portfolio exception	The scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32. Consistent with the prospective initial application of FRS 113, the amendment must be applied prospectively from the beginning of the annual period in which FRS 113 was initially applied.
FRS 40 *Investment Property*	Interrelationship between FRS 103 and FRS 40	Amended to clarify that FRS 40 and FRS 103 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring an investment property must determine whether (a) the property meets the definition of investment property in FRS 40 and (b) the transaction meets the definition of a business combination under FRS 103. The amendment applies prospectively for acquisitions of investment property in periods commencing on or after July 1, 2014. An entity is only permitted to adopt the amendments early and/or restate prior periods if the information to do so is available.

The management is currently evaluating the impact of the above Improvements to Financial Reporting Standards (February 2014).

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Improvements to Financial Reporting Standards (November 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after January 1, 2016, unless otherwise stated.

Standard	Topic	Key amendment
FRS 107 *Financial Instruments: Disclosures*	Servicing contracts	Provides additional guidance to clarify whether a servicing contract results in continuing involvement in a transferred asset for the purpose of determining the disclosures required.
	Applicability of the amendments to FRS 107 to condensed interim financial statements	Clarifies that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with FRS 34 *Interim Financial Reporting.*
FRS 19 *Employee Benefits*	Discount rate: regional market issue	Clarifies that the depth of the market for high quality corporate bonds used in estimating the discount rate for post-employment benefits should be assessed at the currency level instead of at country level.

The management is currently evaluating the impact of the above Improvements to Financial Reporting Standards (November 2014).

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in a joint venture.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In the company's financial statements, investments in subsidiaries and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest rate basis for debt instruments.

Financial assets

Financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower or debtor will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the effect of discounting is immaterial.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Offsetting arrangements

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the company and the group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost is calculated as follows:

Raw materials	:	First-in, first out/Weighted average
Work-in-progress and finished goods	:	Standard cost which approximates actual cost

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes any professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Freehold and leasehold buildings	-	1% to 20%
Plant and machinery	-	10% to 20%
Office equipment, furniture and fittings	-	10% to 33 1/3%
Motor vehicles	-	18% to 20%

Freehold land and assets under construction are not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVESTMENT PROPERTIES – Investment properties refer to the freehold land and buildings held to earn rental income. Buildings are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less any accumulated impairment losses.

Depreciation is charged so as to write off the cost over their estimated useful lives and after taking into account of their estimated residual value using the straight-line method, on the following basis:

Building	-	2% to 3 1/3%

The estimated useful lives, residual values and depreciation method are reviewed at end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

LAND USE RIGHTS - Land use rights are measured initially at cost and amortised on a straight-line basis over the term of the land use rights certificates.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

The amortisation periods for the intangible assets are as follows:

Country club memberships (Note 15) - 30 years

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The amortisation periods for the intangible assets are as follows:

Approved replicator rights (Note 15) - 5 years

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

JOINT VENTURE - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of profit or loss and other comprehensive income of the joint venture. When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the group reduces its ownership interest in a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the group, profits and losses resulting from the transactions with the joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is a reasonable certainty that the group will comply with the conditions attaching to them and the grants will be received. The benefits associated with these grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services that are of short duration is recognised when services are rendered.

Rental income

Rental income is recognised on a straight-line basis over the period of the rental contracts.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The group presents the first two components of defined benefit costs in profit or loss in the line item 'employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited to outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in Singapore dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under header of currency translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

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

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(a) *Critical judgements in applying the group's accounting policies*

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Control over Teckwah Value Chain (Thailand) Co., Ltd

Note 11 describes that Teckwah Value Chain (Thailand) Co., Ltd is a subsidiary of the group even though the group has only a 49% ownership interest in Teckwah Value Chain (Thailand) Co., Ltd.

The directors of the company assessed whether or not the group has control over Teckwah Value Chain (Thailand) Co., Ltd based on whether the group has the practical ability to direct the relevant activities of Teckwah Value Chain (Thailand) Co., Ltd unilaterally. In making their judgement, the directors considered the group's contractual rights to appoint the majority of the board of directors. Control of the entity is exercised by the board of directors. Therefore, in accordance with FRS 110, the group has control over Teckwah Value Chain (Thailand) Co., Ltd.

Classification of PPH Teckwah Value Chain Sdn Bhd as a joint venture

PPH Teckwah Value Chain Sdn Bhd is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the specific assets and the obligations for the liabilities of the joint arrangement. Accordingly, PPH Teckwah Value Chain Sdn Bhd is classified as a joint venture of the group. See Note 10 for details.

(b) *Key sources of estimation uncertainty*

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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

Impairment of goodwill

The group performs an impairment review to ensure that the carrying value of the goodwill amounting to $6,691,000 (2013 : $6,691,000) does not exceed its recoverable amount from the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. In determining the recoverable amount, management exercised judgement in estimating future cash flows, growth rates and discount rates as disclosed in Note 16.

No further impairment loss is assessed to be required in 2014 and 2013.

Impairment of investment in subsidiaries and joint venture

The company performs an impairment review to ensure that the carrying values of the investments in subsidiaries and joint venture, as disclosed in Notes 10 and 11, do not exceed their recoverable amounts.

The recoverable amounts of the investments require the company to estimate future cash flows and a suitable discount rate. Management exercised judgement in determining the discount rates, estimates of future cash flows and other factors used in the valuation process.

Provision for income tax

Significant judgement is involved in determining the provision for income taxes. In 2012, the Comptroller of Income Tax ("CIT") imputed additional tax on the company and group in respect of markup on management fees and rental income deemed to be not at arm's length and hence, the transfer of loss items through group relief was reduced by the amount of additional taxes arising from the aforementioned adjustments. In 2013, the group had assessed the impact and recorded a 5% deemed markup on management fees and increased the rental income and adjustments had been made in respect of previous years as disclosed in Note 29.

During the year, the review by the CIT has been completed, with CIT queries satisfactorily resolved. The group has received tax refunds of $2,344,000.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000 (Restated)**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and cash equivalents)	63,911	72,657	19,726	18,077
Financial liabilities				
Amortised cost	54,084	48,464	35,447	26,429

The group does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(b) *Financial risk management policies and objectives*

The group has financial risk management policies which set out the group's overall business strategies and its risk management philosophy. The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group.

The key financial risks impacting the group include foreign exchange risk, interest rate risk, credit risk and liquidity risk. The group does not hold or issue derivative financial instruments for speculative or hedging purposes.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

There has been no significant change to the manner in which the group manages and measures these financial risks.

(i) Foreign exchange risk management

The group transacts business in various foreign currencies and therefore is exposed to foreign currency risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Australian dollars	499	149	117	206	-	-	-	-
Hong Kong dollars	136	342	10	19	-	-	-	-
Chinese Renminbi	183	781	6	13	224	96	6	6
Indonesian Rupiah	106	90	216	132	-	-	-	-
Singapore dollars	575	607	2,030	1,675	-	-	-	-
United States ("US") dollars	2,352	2,625	8,020	10,674	-	-	593	653

Natural hedges are used to manage some of these risks. The group generally does not use financial derivative contracts to manage foreign exchange risks.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the US dollar against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

If the US dollar strengthens by 5% against the functional currency of each group entity and assuming all other variables remaining constant, profit or loss will increase by:

	2014 **$'000**	**2013** **$'000** **(Restated)**
Group	283	402
Company	30	33

If the US dollar weakens by 5% against the functional currency of each group entity, it would have an equal opposite effect on the amounts shown above, on the basis that all other variables remaining constant.

Based on similar sensitivity analyses in relation to other currencies, any impact on profit or loss is not material.

(ii) Interest rate risk management

The group is exposed to the effect of changes in interest rates attributable to interest-bearing bank loans. The interest rate and terms of repayment of bank loans are disclosed in Note 18. The group does not use financial derivative instruments to hedge interest rate risks.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's:

- profit for the year ended December 31, 2014 would decrease or increase by $125,000 (2013 restated : $53,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's:

- profit for the year ended December 31, 2014 would decrease or increase by $112,500 (2013 : $45,000). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

(iii) Credit risk management

The group's principal financial assets consist of cash and bank balances, trade and other receivables.

Cash and bank balances are held with creditworthy financial institutions.

The group's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The group manages such risks by dealing with creditworthy customers. The largest customer of the group accounts for approximately 23% (2013 restated : 21%) of revenue. Other than this customer, there is no significant concentration of credit given to any single customer or group of customers. The company has significant receivables from subsidiaries as disclosed in Note 7. Credit risk is managed by a credit evaluation process which includes assessment and evaluation of existing and potential customers' credit standing to determine credit limits to be granted, credit policies, credit control and collection procedures. Payments are monitored for compliance with credit terms.

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the reporting period in relation to each class of financial assets is the carrying amounts of these assets, gross up for any allowance for losses, in the statement of financial position.

The maximum amount that the company could be forced to settle under the financial guarantee contract in Note 32, if the full guaranteed amount is claimed by the counterparty to the guarantee, is $38,296,000 (2013 : $34,793,000). The earliest period that the guarantee could be called is within 1 year (2013 : 1 year) from the end of the reporting period. The company considers that it is more likely than not that no amount will be payable under the arrangement.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management

The group maintains adequate cash and credit facilities for its operating requirements.

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
GROUP						
2014						
Non-interest bearing	-	25,340	-	-	-	25,340
Finance lease liability (fixed rate)	6.2	1,276	3,099	-	(624)	3,751
Variable interest rate instrument	2.0	7,984	18,112	-	(1,103)	24,993
		34,600	21,211	-	(1,727)	54,084
2013 (Restated)						
Non-interest bearing	-	35,824	-	-	-	35,824
Finance lease liability (fixed rate)	6.2	652	1,843	-	(393)	2,102
Variable interest rate instrument	2.4	3,670	7,107	-	(239)	10,538
		40,146	8,950	-	(632)	48,464

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
COMPANY						
2014						
Non-interest bearing	-	12,947	-	-	-	12,947
Variable interest rate instrument	1.9	5,484	18,112	-	(1,096)	22,500
		18,431	18,112	-	(1,096)	35,447
2013						
Non-interest bearing	-	17,429	-	-	-	17,429
Variable interest rate instrument	1.9	2,580	6,596	-	(176)	9,000
		20,009	6,596	-	(176)	26,429

(v) Fair value of the group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities of the group and the company recorded at amortised cost in the financial statements approximate their fair values:

	2014		2013	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
GROUP				
Financial liabilities				
Bank loans	24,993	21,592	10,538	10,201

	Fair value hierarchy			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2014				
Financial liabilities				
Bank loans	-	21,592	-	21,592
2013				
Financial liabilities				
Bank loans	-	10,201	-	10,201

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

The fair value of the financial liabilities included in the Level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

(c) Capital risk management policies and objectives

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance, and to ensure that all debt covenants requirements are complied with.

The capital structure of the group consists of debts, which includes the borrowings disclosed in Notes 18 and 19, and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings. The group monitors capital using a gearing ratio, which is total debt divided by total equity. As at December 31, 2014, the group's gearing ratio is 0.2 (2013 restated : 0.1).

The group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The group currently does not adopt any formal dividend policy. There were no changes in the group's approach to capital management from 2013.

5 RELATED PARTY TRANSACTIONS

Some of the group's transactions and arrangements and terms thereof are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless stated otherwise.

During the year, the group entered into the following significant transactions with related parties.

	GROUP	
	2014	**2013**
	$'000	**$'000**
		(Restated)
Sales to a joint venture	9	457
Management fees from a joint venture	250	250
Purchase of goods from a joint venture	(133)	(381)
Dividend income from a joint venture	956	-
Project management services rendered by a shareholder for construction-in-progress	(64)	(128)
Reinstatement works rendered by a company of which a close family member of a director has interest in	(1,080)	-

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

5 RELATED PARTY TRANSACTIONS (CONT'D)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given to or received from related parties except as disclosed in Note 32. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of directors and key management personnel

	GROUP	
	2014	2013
	$'000	$'000 (Restated)
Short-term benefits	5,057	4,820
Post-employment benefits	161	138
	5,218	4,958

The compensation relates to remuneration for directors and key management personnel.

6 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000 (Restated)	$'000	$'000
Cash at bank	17,859	24,485	868	1,646
Fixed deposits	4,279	5,021	-	-
Cash on hand	18	23	-	-
	22,156	29,529	868	1,646

Cash and cash equivalents comprise cash held by the group and short-term fixed deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Short-term fixed deposits earn interest at rates ranging from 0.4% to 8.1% (2013 : 0.2% to 7.5%) per annum.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

7 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
		(Restated)		
Outside parties (trade)	39,456	40,660	67	653
Allowance for doubtful debts	(71)	(73)	-	-
	39,385	40,587	67	653
Joint venture (trade) (Note 10)	329	267	250	250
Subsidiaries (Note 11)				
Trade	-	-	17,841	15,111
Non-trade	-	-	311	17
Other receivables	701	787	-	-
Deposits	1,078	1,466	389	400
Prepayments	1,987	2,589	345	698
Income tax recoverable	-	2,350	-	-
Total	43,480	48,046	19,203	17,129

The average credit period on sales of goods is 60 to 90 days (2013 : 60 to 90 days). No interest is charged on the trade and other receivables on the outstanding balance. Allowance for doubtful debts is determined by reference to past default experience.

Included in the group's trade receivable balance are debtors with a carrying amount of $10.5 million (2013 restated : $11.5 million) which are past due at the end of the reporting period for which the group has not provided as the amounts are still considered recoverable. The group does not hold any collateral over these balances. The aging analysis of these receivables is as follows:

	1 - 30 days overdue $'000	31 - 60 days overdue $'000	61 - 90 days overdue $'000	> 90 days overdue $'000	Total $'000
GROUP					
2014	9,118	1,263	114	24	10,519
2013 (Restated)	10,182	856	319	192	11,549

In determining the recoverability of a receivable, the group considers any change in the credit quality of the receivables from the date of credit was initially granted to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for doubtful debts:

	GROUP 2014 $'000	GROUP 2013 $'000 (Restated)
Balance at beginning of the year	73	56
Increase in allowance recognised in profit or loss	-	22
Amounts written off during the year	(2)	-
Exchange difference	-	(5)
Balance at end of the year	71	73

The allowance is for specific trade receivables with balance of $71,000 (2013 : $73,000) which are past due and have no response to payment demands.

8 INVENTORIES

	GROUP 2014 $'000	GROUP 2013 $'000 (Restated)
Finished goods	4,154	3,120
Work-in-progress	433	528
Raw materials	9,455	8,784
Total	14,042	12,432

During the year, write-downs have been reversed by $65,000 (2013 restated : $19,000) as the group was able to dispose the slow moving inventory at a value higher than the carrying value.

9 OTHER ASSETS

	GROUP 2014 $'000	GROUP 2013 $'000 (Restated)
Deposits	262	21
Tax recoverable	165	158
Total	427	179

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

10 JOINT VENTURE

	GROUP	
	2014 $'000	2013 $'000 (Restated)
Unquoted equity shares, at cost	4,216	4,216
Share of post-acquisition profits, net of dividend received	1,054	1,816
	5,270	6,032

The details of the joint venture are as follows:

Name of joint venture	Principal activities/Country of incorporation and operation	Effective equity interest/voting power held by group 2014 %	2013 %
PPH Teckwah Value Chain Sdn Bhd	Investment holding and provision of management services/Malaysia	50	50

The above joint venture is accounted for using the equity method in these consolidated financial statements and is audited by an overseas practice of Deloitte Touche Tohmatsu Limited. PPH Teckwah Value Chain Sdn Bhd is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that parties to the joint arrangement have rights to the specific assets and obligations for the liabilities of a joint arrangement.

The amounts due to/from the joint venture are unsecured, interest-free and repayable on demand.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with FRSs.

	Dec 31, 2014 $'000	Dec 31, 2013 $'000
Current assets	9,867	11,164
Non-current assets	2,646	2,857
Current liabilities	(1,841)	(1,681)
Non-current liabilities	(163)	(276)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	5,964	7,738
Current financial liabilities (excluding trade and other payables and provisions)	(4)	(3)
Non-current financial liabilities (excluding trade and other payables and provisions)	(162)	(276)

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

10 JOINT VENTURE (CONT'D)

	Year ended Dec 31, 2014 $'000	Year ended Dec 31, 2013 $'000
Revenue	12,942	12,830
Profit for the year	586	904
Other comprehensive loss for the year	(198)	(496)
Total comprehensive income for the year	388	408
Dividends paid by the joint venture during the year	(1,912)	-

The above profit or loss for the year include the following:

Depreciation and amortisation	432	431
Interest income	100	126
Interest expense	4	4
Income tax expense	12	128

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

	GROUP	
	2014 $'000	2013 $'000
Net assets of the joint venture	10,509	12,064
Proportion of the group's ownership interests in the joint venture	50%	50%
Other adjustments	16	-
Carrying amount of the group's interest in the joint venture	5,270	6,032

11 SUBSIDIARIES

	COMPANY	
	2014 $'000	2013 $'000
Unquoted equity shares, at cost	22,799	22,799
Deemed investment	2,484	2,484
Less: Impairment loss	(5,454)	(5,454)
	19,829	19,829

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

11 SUBSIDIARIES (CONT'D)

The details of the group's significant subsidiaries at December 31, 2014 are as follows:

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2014 %	2013 %
Teckwah Value Chain Pte Ltd	Investment holding; manufacturer of paper products and importer, exporter of paper and paper products; provision of value chain management services and graphic design/ Singapore	100	100
Techwave Media Services Pte Ltd	Provision of value chain management services/ Singapore	100	100
Teckwah Logistics Pte Ltd	Provision of third party logistic services/ Singapore	100	100
Teckwah Online Pte Ltd	Provision of network services including on-line games and distribution of games software/ Singapore	100	100
P.T. Teckwah Paper Products Indonesia [(a)]	Manufacture and sales of corrugated boxes/ Indonesia	100	100
Wuxi Teckwah Printing & Packaging Co., Ltd [(a)]	Manufacture of flexible packing and printing materials/ People's Republic of China ("PRC")	100	100
Teckwah Value Chain (Shanghai) Co., Ltd [(b) (i)]	Provision of value chain management services/ PRC	100	100
Teckwah Packaging Systems (Shanghai) Co., Ltd [(b) (i)]	Provision of value chain management services/ PRC	100	100

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

11 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2014 %	2013 %
Teckwah Packaging Systems (Suzhou) Co., Ltd [(e)]	Provision of value chain management services/ PRC	100	100
Teckwah Packaging Systems (Shenzhen) Co., Ltd [(b) (i), (f)]	Provision of value chain management services/ PRC	100	100
Teckwah Value Chain (Thailand) Co., Ltd [(b) (ii), (c)]	Provision of value chain management services/ Thailand	49	49
Teckwah Value Chain (Japan) Co. Ltd [(b) (iii)]	Provision of value chain management services/ Japan	70	70
JNE Logistics Singapore Pte Ltd	Critical parts management/ Singapore	100	100
Teckwah Value Chain Pty Ltd [(b) (iv)]	Provision of value chain management services/ Australia	100	100
Teckwah Logistics (India) Private Limited [(b) (vii)]	Provision of third party logistic services/ India	100	100
Teckwah Trading (HK) Limited [(b) (v)]	Provision of third party logistic services/ PRC	100	100
Teckwah Trading (Shanghai) Co., Ltd [(b) (i)]	Provision of third party logistic services/ PRC	100	100
Singapore Print Media Hub Pte. Ltd [(d)]	Investment holding & manufacturing of packaging solutions/ Singapore	100	100

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

11 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2014 %	2013 %
Teckwah Value Chain (Taiwan) Ltd [b] [vi]	Provision of third party logistic and value chain management services/ Taiwan	100	100
Teckwah PharmaPack Solutions Sdn. Bhd. [a]	Manufacturer of paper products and importer, exporter of paper and paper products; provision of value chain management services and graphic design/ Malaysia	100	100
Teckwah Value Chain Sdn. Bhd. [a]	Provision of third party logistic services/ Malaysia	100	100
Shanghai Jointac International Logistics Co., Ltd [b] [i]	Provision of third party logistic services/ PRC	51	51

The above subsidiaries are audited by Deloitte & Touche LLP, Singapore except as indicated below:

(a) These subsidiaries are audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(b) The subsidiaries are audited by another firm of auditors as follows:

(i) Shu Lun Pan CPA Co., Ltd
(ii) S.K. Accountant Services Company Limited
(iii) Iwata Accounting Office
(iv) William Buck (NSW) Pty Ltd
(v) Tai Kong CPA Limited Certified Public Accountants
(vi) Wang & Tang Certified Public Accountants
(vii) Sudit K Parekh & Co

(c) The group has a 49% ownership interest in Teckwah Value Chain (Thailand) Co., Ltd. The directors determined that it has control over Teckwah Value Chain (Thailand) Co., Ltd on the basis of the group's contractual rights to appoint the majority of the board of directors. Control of the entity is exercised by the board of directors. Therefore, in accordance with FRS 110, Teckwah Value Chain (Thailand) Co., Ltd is a subsidiary of the group.

(d) The company is dormant and not audited since incorporation.

11 SUBSIDIARIES (CONT'D)

(e) The company has obtained local tax clearance and hence was not audited in the year.

(f) Subsequent to the end of the reporting period, Teckwah Packaging Systems (Shenzhen) Co., Ltd was deregistered. The above deregistration is not expected to have any material impact on the group's net tangible assets or earnings per share.

The amounts due to/from subsidiaries are unsecured, interest-free and repayable on demand.

Information about the composition of the group at the end of the financial year is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries 2014	2013
Manufacturer of paper products and importer, exporter of paper and paper products; provision of value chain management services and graphic design	Singapore and Malaysia	2	2
Provision of value chain management services	Singapore, PRC and Australia	6	6
Provision of third party logistic services	Singapore, India, PRC and Malaysia	5	5
Provision of network services including on-line games and distribution of games software	Singapore	1	1
Manufacture and sales of paper products, corrugated boxes, flexible packing and printing materials	Indonesia and PRC	2	2
Investment holding & manufacturing of packaging solutions	Singapore	1	1
Provision of third party logistic and value chain management services	Taiwan	1	1
Critical parts management	Singapore	1	1
		19	19

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

11 SUBSIDIARIES (CONT'D)

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries 2014	2013
Provision of value chain management services	Thailand and Japan	2	2
Provision of third party logistic services	PRC	1	1
		3	3

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Shanghai Jointac International Logistics Co., Ltd	PRC	49%	49%	544	380	1,337	757
Individually immaterial subsidiaries with non-controlling interests [1]				44	22	387	348
Total				588	402	1,724	1,105

[1] Individually immaterial subsidiaries consist of Teckwah Value Chain (Thailand) Co., Ltd and Teckwah Value Chain (Japan) Co. Ltd with proportion of ownership interests and voting rights held by non-controlling interests of 51% and 30% respectively.

11 SUBSIDIARIES (CONT'D)

Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Shanghai Jointac International Logistics Co., Ltd	
	Dec 31, 2014 $'000	Dec 31, 2013 $'000
Current assets	4,643	3,663
Non-current assets	562	457
Current liabilities	(2,477)	(2,575)
Non-current liabilities	-	-
Equity attributable to owners of the company	1,391	788
Non-controlling interests	1,337	757

	Shanghai Jointac International Logistics Co., Ltd	
	Year ended Dec 31, 2014 $'000	Year ended Dec 31, 2013 $'000
Revenue	8,047	5,811
Expenses	(6,938)	(5,036)
Profit for the year	1,109	775
Profit attributable to owners of the company	565	395
Profit attributable to the non-controlling interests	544	380
Profit for the year	1,109	775
Other comprehensive income attributable to owners of the company	37	28
Other comprehensive income attributable to non-controlling interests	36	28
Other comprehensive income for the year	73	56
Total comprehensive income attributable to owners of the company	602	423
Total comprehensive income attributable to non-controlling interests	580	408
Total comprehensive income for the year	1,182	831
Dividends paid to non-controlling interests	-	-
Net cash inflow from operating activities	597,317	1,222,801
Net cash outflow from investing activities	(277,981)	(274,555)
Net cash inflow	319,336	948,246

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12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold building $'000	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
GROUP								
Cost:								
At January 1, 2013 (restated)	2,170	4,339	8,139	50,841	14,700	1,340	7,229	88,758
Currency realignment	(60)	(121)	288	944	75	21	116	1,263
Additions	-	-	1,690	6,332	1,667	31	28,782	38,502
Disposals	-	(46)	(234)	(5,647)	(538)	(12)	-	(6,477)
Transfer to investment properties (1)	(853)	(1,670)	-	-	-	-	-	(2,523)
Reclassifications	-	-	1,900	2,578	-	-	(4,478)	-
At December 31, 2013 (restated)	1,257	2,502	11,783	55,048	15,904	1,380	31,649	119,523
Currency realignment	(25)	(49)	210	388	95	17	-	636
Additions	-	-	3,062	12,113	3,409	251	12,840	31,675
Disposals	-	-	(2,698)	(9,696)	(5,050)	(95)	-	(17,539)
Transfer to investment properties (1)	-	-	(1,744)	-	-	-	-	(1,744)
Reclassifications	-	-	28,185	1,700	13,174	-	(43,059)	-
At December 31, 2014	1,232	2,453	38,798	59,553	27,532	1,553	1,430	132,551
Accumulated depreciation:								
At January 1, 2013 (restated)	-	95	4,395	39,300	12,804	783	-	57,377
Currency realignment	-	(4)	104	765	82	20	-	967
Charge for the year	-	49	849	3,036	786	166	-	4,886
Disposals	-	-	(213)	(5,413)	(483)	(12)	-	(6,121)
Transfer to investment properties (1)	-	(47)	-	-	-	-	-	(47)
Reclassification	-	-	-	-	4	-	-	4
At December 31, 2013 (restated)	-	93	5,135	37,688	13,193	957	-	57,066
Currency realignment	-	(1)	72	310	80	11	-	472
Charge for the year	-	50	1,548	2,902	1,940	209	-	6,649
Disposals	-	-	(2,513)	(7,886)	(4,957)	(70)	-	(15,426)
Transfer to investment properties (1)	-	-	(39)	-	-	-	-	(39)
Reclassifications	-	-	(2)	-	2	-	-	-
At December 31, 2014	-	142	4,201	33,014	10,258	1,107	-	48,722

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land $'000	Freehold building $'000	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Impairment loss:								
At January 1, 2013	-	-	-	52	4	-	-	56
Reclassification	-	-	-	-	(4)	-	-	(4)
At December 31, 2013	-	-	-	52	-	-	-	52
Reversal [2]	-	-	-	(52)	-	-	-	(52)
At December 31, 2014	-	-	-	-	-	-	-	-
Carrying amount:								
At December 31, 2014	1,232	2,311	34,597	26,539	17,274	446	1,430	83,829
At December 31, 2013 (restated)	1,257	2,409	6,648	17,308	2,711	423	31,649	62,405

(1) This pertains to transfer to investment properties (Note 13).
(2) Impairment loss is reversed to profit or loss as assessed to be no longer required.

The carrying amount of the group's property, plant and equipment includes an amount of $5,338,000 (2013: $2,934,700) secured in respect of assets held under finance leases.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
COMPANY						
Cost:						
At January 1, 2013	1,277	126	4,723	482	2,867	9,475
Transfer [1]	-	-	49	-	-	49
Additions	-	-	40	-	28,782	28,822
At December 31, 2013	1,277	126	4,812	482	31,649	38,346
Transfer [1]	-	-	60	-	-	60
Additions	2,127	-	1,177	-	11,761	15,065
Disposals	(1,277)	(126)	(4,036)	-	-	(5,439)
Transfer to investment properties [2]	(1,744)	-	-	-	-	(1,744)
Reclassifications	28,185	1,700	13,174	-	(43,059)	-
At December 31, 2014	28,568	1,700	15,187	482	351	46,288
Accumulated depreciation:						
At January 1, 2013	1,079	126	4,439	223	-	5,867
Transfer [1]	-	-	27	-	-	27
Charge for the year	119	-	110	78	-	307
At December 31, 2013	1,198	126	4,576	301	-	6,201
Transfer [1]	-	-	51	-	-	51
Charge for the year	866	114	1,051	78	-	2,109
Disposals	(1,245)	(126)	(4,033)	-	-	(5,404)
Transfer to investment properties [2]	(39)	-	-	-	-	(39)
At December 31, 2014	780	114	1,645	379	-	2,918
Carrying amount:						
At December 31, 2014	27,788	1,586	13,542	103	351	43,370
At December 31, 2013	79	-	236	181	31,649	32,145

[1] This pertains to transfer of plant and equipment from subsidiaries.

[2] This pertains to transfer to investment properties (Note 13).

13 INVESTMENT PROPERTIES

	GROUP			COMPANY	
	Freehold land $'000	Building $'000	Total $'000	Building $'000	Total $'000
Cost:					
At January 1, 2013	-	-	-	-	-
Currency realignment	(27)	(52)	(79)	-	-
Transfer [(1)]	853	1,670	2,523	-	-
At December 31, 2013	826	1,618	2,444	-	-
Currency realignment	(16)	(32)	(48)	-	-
Transfer [(1)]	-	1,744	1,744	1,744	1,744
At December 31, 2014	810	3,330	4,140	1,744	1,744
Accumulated depreciation:					
At January 1, 2013	-	-	-	-	-
Currency alignment	-	(2)	(2)	-	-
Transfer [(1)]	-	47	47	-	-
Charge for the year	-	33	33	-	-
At December 31, 2013	-	78	78	-	-
Currency alignment	-	(3)	(3)	-	-
Transfer [(1)]	-	39	39	39	39
Charge for the year	-	33	33	-	-
At December 31, 2014	-	147	147	39	39
Carrying amount:					
At December 31, 2014	810	3,183	3,993	1,705	1,705
At December 31, 2013	826	1,540	2,366	-	-

(1) This pertains to transfer from property, plant and equipment (Note 12).

2014

The investment properties of the group consists of one unit of freehold land and buildings located at No. 1, Jalan Mega 1/9, Nusa Cemerlang Industrial Park (NCIP) 79200 Nusajaya, Johor Bahru and certain units in 51 Tai Seng Avenue, Pixel Red, Singapore 533941.

2013

The investment property of the group consists of one unit of freehold land and buildings located at No.1 , Jalan Mega 1/9, Nusa Cemerlang Industrial Park (NCIP) 79200 Nusajaya, Johor Bahru.

The property rental income from the group's investment properties all of which are leased out under operating leases, amounted to $240,000 (2013 : $45,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $60,000 (2013 : $5,100).

NOTES TO FINANCIAL STATEMENTS
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13 INVESTMENT PROPERTIES (CONT'D)

Fair value measurement of the group's investment properties

The fair values of the group's investment properties at December 31, 2014 and 2013 have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The group classified its investment properties using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the disclosure. As at the end of the reporting period, the fair value measurements of the group's properties are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at December 31, 2014 and 2013 are as follows:

Description	Fair value as at December 31, 2014 S$'000	Fair value as at December 31, 2013 S$'000	Valuation technique(s)	Significant unobservable input(s)	Range 2014 S$	Range 2013 S$
Factory comprised of production and office areas	5,481	5,204	Market comparable approach	Price per square meter [(1)]	616 – 812	628 – 828
Office building	4,200	-	Market comparable approach	Price per square meter [(1)]	1,956 – 3,983	-

(1) Price per square meter is based on recent transactions for similar properties adjusted for location, size, improvement, time element, tenure, prevailing market conditions and all other relevant factors affecting its value. Any significant isolated increases (decreases) in the estimated price per square meter would result in a significantly higher (lower) fair value measurement.

14 LAND USE RIGHTS

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000 (Restated)	$'000	$'000
Cost:				
At beginning of year	8,855	8,811	7,971	7,971
Currency realignment	19	44	-	-
At end of year	8,874	8,855	7,971	7,971
Accumulated amortisation:				
At beginning of year	1,009	708	620	355
Amortisation for the year	282	282	266	265
Currency realignment	9	19	-	-
At end of year	1,300	1,009	886	620
Carrying amount:				
At end of year	7,574	7,846	7,085	7,351

The land use rights comprise the following:

(a) lease of land for the group's factory and office buildings located at Jiangsu Province, Xishan City Dang Kou Town, People's Republic of China. The lease will expire in year 2053 and the group does not have an option to purchase the land upon expiry of the rights; and

(b) lease of industrial land located at Tai Seng Avenue in Paya Lebar iPark, Singapore from Jurong Town Corporation. The leases will expire in 2041 with an option to extend for additional lease term of 29 years if the company meets certain conditions stipulated by Jurong Town Corporation within five years after the issue of the temporary occupation permit for the building.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

15 INTANGIBLE ASSETS

	GROUP Country club memberships $'000	GROUP Approved replicator rights $'000	GROUP Total $'000	COMPANY Country club memberships $'000	COMPANY Total $'000
Costs:					
At January 1, 2013 and December 31, 2013 and 2014	341	1,342	1,683	341	341
Accumulated amortisation:					
At January 1, 2013	248	1,186	1,434	248	248
Amortisation for the year	10	-	10	10	10
At December 31, 2013	258	1,186	1,444	258	258
Amortisation for the year	11	-	11	11	11
At December 31, 2014	269	1,186	1,455	269	269
Impairment loss:					
At January 1, 2013 and December 31, 2013 and 2014	-	156	156	-	-
Carrying amount:					
At December 31, 2014	72	-	72	72	72
At December 31, 2013	83	-	83	83	83

The approved replicator rights comprise the right to manufacture software products for a major software multinational corporation. It is subject to annual renewal without obligation to make additional payments.

The cost of the approved replicator rights has been fully impaired since 2009.

16 GOODWILL

	GROUP 2014 $'000	GROUP 2013 $'000
Cost:		
At beginning and end of year	8,044	8,044
Impairment:		
At beginning and end of year	(1,353)	(1,353)
Carrying amount:		
At December 31	6,691	6,691

16 GOODWILL (CONT'D)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2014 $'000	2013 $'000
Business segment		
Non-print	6,691	6,691

The goodwill allocated to the non-print business arose from the acquisition of JNE Logistics Singapore Pte Ltd, over a period from 2004 to 2006.

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined using discounted cash flow projections. The key assumptions for the calculations are those regarding the discount rates, growth rates and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on business trends. Changes in direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the first year of projection and extrapolates cash flows for the following four years based on estimated average growth rates.

The growth rate is projected at 5% (2013: 5%) per annum for the next five years. The net recoverable amount is estimated to exceed the carrying amount as at year end and therefore, no further impairment loss has been recorded during the year.

The rate used to discount the forecast cash flows is 10% (2013: 10%).

As at December 31, 2014, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000 (Restated)	$'000	$'000
Outside parties (trade)	14,526	15,921	207	159
Joint venture (Note 10)				
- Trade	402	29	41	20
- Non-trade	-	14	-	-
Subsidiaries (non-trade) (Note 11)	-	-	9,512	4,607
Accrued operating expenses	10,412	19,860	3,187	12,643
	25,340	35,824	12,947	17,429

The average credit period on purchases of goods is 60 to 90 days (2013 : 60 to 90 days). No interest is charged on the trade payables.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

18 BANK LOANS

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At amortised cost				
Current	7,493	3,536	5,000	2,500
Non-current	17,500	7,002	17,500	6,500
Total	24,993	10,538	22,500	9,000

The group has 3 principal bank loans:

a. A loan of $493,000 (2013 : $1,538,000). The unsecured bank loan bears interest at floating rate and is repayable in 36 equal monthly instalments, commencing on June 1, 2012. The loan is guaranteed by a subsidiary. The average effective interest rate is 5.1% (2013 : 5.1%).

b. A loan of $22,500,000 (2013 : $9,000,000). The unsecured bank loan bears interest at swap rate plus 1.65% per annum and is repayable in 14 quarterly instalments, commencing on September 30, 2014. The loan is guaranteed by its subsidiaries. The average effective interest rate is 1.9% (2013 : 1.9%).

c. A loan of $2,000,000 (2013 : $Nil). The unsecured bank loan bears interest at floating rate and is repayable within 12 months after the end of the reporting period. The loan is guaranteed by the company. The average effective interest rate is 1.4% (2013 : Nil%).

At December 31, 2014, the group had available $Nil (2013 : $16,000,000) of undrawn committed borrowing facilities in respect of all conditions precedent had been met.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

19 FINANCE LEASES

	GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Amount payable under finance leases:				
Within one year	1,276	652	1,098	560
In the second to fifth year inclusive	3,099	1,843	2,653	1,542
Less: Future finance charges	(624)	(393)	-	-
Present value of lease obligations	3,751	2,102	3,751	2,102
Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,098)	(560)
Amount due for settlement after 12 months			2,653	1,542

The group's obligation under finance leases are secured by the lessors' title to the lease assets. The weighted average effective interest rate implicit in the lease is 6.2% per annum (2013 : 6.2%).

20 DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets and liabilities recognised by the group and the company, and movements thereon during the current and prior reporting periods:

GROUP

Deferred tax liabilities (assets)	Accelerated tax depreciation $'000	Other temporary differences $'000	Tax losses $'000	Total $'000
At January 1, 2013 (as restated)	1,322	(323)	(78)	921
(Credit) Charge to profit or loss for the year (Note 29)	(410)	269	12	(129)
Currency realignment	29	(2)	(3)	24
At December 31, 2013 (as restated)	941	(56)	(69)	816
Credit to other comprehensive income for the year	-	(23)	-	(23)
Charge (Credit) to profit or loss for the year (Note 29)	46	(6)	-	40
Currency realignment	11	(3)	(1)	7
At December 31, 2014	998	(88)	(70)	840

COMPANY

Deferred tax liabilities	Accelerated tax depreciation $'000
At January 1, 2013	135
Credit to profit or loss for the year	(67)
At December 31, 2013	68
Credit to profit or loss for the year	(68)
At December 31, 2014	-

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

20 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Certain deferred tax assets and liabilities have been offset in accordance with the group and company's accounting policy. The following is the analysis of the deferred tax balances (after offset) in the statement of financial position purposes:

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax liabilities	1,002	1,004	-	68
Deferred tax assets	(162)	(188)	-	-
Net deferred tax liabilities	840	816	-	68

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $24,277,000 (2013 : $13,393,000). The corresponding tax effect, if any, has not been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21 POST EMPLOYMENT BENEFITS

The group operates a defined severance benefit scheme for qualifying employees of its subsidiary in Indonesia in accordance with Indonesian Labour Law No.13/2003, based on service and last salary. The number of employees entitled to the benefits is 63 (2013: 59). The subsidiary does not set up fund for this program.

Amounts recognised in the statement of comprehensive income in respect of these post-employment benefits are as follows:

	GROUP	
	2014 $'000	2013 $'000
Service costs:		
Current service cost	22	30
Past service cost and loss from settlements	4	7
Net interest expense	16	14
Foreign exchange difference	(5)	(46)
Components of defined benefits cost recognised in profit or loss	37	5

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

21 POST EMPLOYMENT BENEFITS (CONT'D)

	GROUP	
	2014	2013
	$'000	$'000
Remeasurement on the net defined benefit liability:		
Actuarial loss arising from changes in financial assumptions	89	-
Components of defined benefits cost recognised in other comprehensive loss	89	-
Total	126	5

The amount recognised in the statement of financial position in respect of the group's post-employment benefits is as follows:

	GROUP	
	2014	2013
	$'000	$'000
Present value of unfunded obligations	250	119

Movement in the present value of the defined benefits obligation were as follows:

	GROUP	
	2014	2013
	$'000	$'000
Defined benefit obligation:		
At beginning of year	119	121
Current service costs	22	30
Past service cost and loss from settlements	4	7
Interest costs	16	14
Benefits paid	(2)	(13)
Actuarial loss	89	-
Foreign exchange difference	2	(40)
At end of year	250	119

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

21 POST EMPLOYMENT BENEFITS (CONT'D)

The cost of providing post employment benefits is calculated by an independent actuary, PT Padma Radya Aktuari. The actuarial valuation was carried out using the following key assumptions:

	GROUP	
	2014	**2013**
Discount rate	8.00%	8.60%
Salary incremental rate	8%	8%
Mortality rate *	100% TMI3	100% TMI3
Disability rate *	5% TMI3	5% TMI3
Resignation rate	10% p.a.	10% p.a.
Early retirement rate	N/A	N/A
Normal retirement rate	100%	100%
Other termination rate	Nil	Nil

* TMI3 represents Table of Mortality Indonesian 3.

The average duration of the benefit obligation at December 31, 2014 is 10.05 years (2013 : 11.03 years). The group expects to contribute approximately $8,000 (2013 : $6,000 to its defined benefit plan in the subsequent financial year.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and salary incremental rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

2014

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by $27,000 (increase by $31,000).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $33,000 (decrease by $29,000).

2013

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by $19,000 (increase by $22,000).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $24,000 (decrease by $21,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

22 SHARE CAPITAL

	GROUP AND COMPANY			
	2014	2013	2014	2013
	Number of ordinary shares		Amount	
	'000	'000	$'000	$'000
Issued and paid up:				
At beginning and end of year	233,550	233,550	23,852	23,852

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividend as and when declared by the company.

23 STATUTORY SURPLUS RESERVE

In accordance with the relevant PRC regulations and the articles of association, the subsidiaries in PRC are required to allocate, where applicable, certain percentage of profit after taxation as determined in accordance with PRC accounting standards and regulations, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the entity. Subject to certain restrictions set out in the Company Law of the PRC and articles of association, the statutory surplus reserve can be used to make up for losses or for conversion to share capital. Except for the reduction of losses incurred, other usage should not result in the statutory surplus reserve falling below 25% of the registered capital of the relevant subsidiary.

24 REVENUE

	GROUP	
	2014	2013
	$'000	$'000
		(Restated)
Sales of goods	99,828	102,341
Logistics services	64,571	70,348
Scrap sales	1,190	1,225
Management and consultancy services	250	250
Rental income	305	183
	166,144	174,347

25 OTHER OPERATING INCOME

	GROUP	
	2014	2013
	$'000	$'000
		(Restated)
Gain on disposal of property, plant and equipment	547	21
Interest income on bank deposits	211	174
Government grant	460	96
Compensation from customer	187	-
Others	213	55
	1,618	346

NOTES TO FINANCIAL STATEMENTS
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26 OTHER OPERATING EXPENSES

	GROUP	
	2014	2013
	$'000	$'000
		(Restated)
Transportation and storage expenses	31,197	32,150
Rental and utilities expenses	10,816	14,649
Marketing expenses	894	591
Net foreign exchange losses	176	473
Upkeep of property, plant and equipment	3,804	1,904
Maintenance costs	871	774
Others	6,940	6,596
	54,698	57,137

27 FINANCE COSTS

	GROUP	
	2014	2013
	$'000	$'000
		(Restated)
Interest expense on:		
Bank borrowings	505	244
Finance leases	183	71
	688	315
Less: amounts included in the cost of qualifying assets	(126)	(113)
	562	202

During the year, the group uses loans of $24,993,000 (2013 : $10,538,000) of interest rates ranging from 1.4% to 5.1% (2013 : 1.9% to 5.1%) to construct the qualifying assets.

28 PROFIT BEFORE TAX

Profit for the year has been arrived at after charging (crediting):

	GROUP	
	2014	2013
	$'000	$'000
		(Restated)
Employee benefit expenses (including directors' remuneration):		
Employee remuneration	35,532	36,595
Defined contribution plans	3,972	3,817
Defined benefit plans	37	5
Total employee benefits expense	39,541	40,417

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

28 PROFIT BEFORE TAX (CONT'D)

	GROUP	
	2014 $'000	2013 $'000 (Restated)
Directors' remuneration:		
- of the company	2,212	2,348
- of the subsidiaries	686	481
Total directors' remuneration	2,898	2,829
Directors' fees:		
- of the company	231	203
Audit fees:		
- paid/payable to auditors of the company	233	216
- paid/payable to other auditors	172	189
Total audit fees	405	405
Non-audit fees:		
- paid/payable to auditors of the company	126	146
- paid/payable to other auditors	167	173
Total non-audit fees	293	319
Aggregate amount of fees paid to auditors	698	724
Net foreign exchange losses	176	473
Write-back of inventories	(65)	(19)
Allowance for doubtful trade debts	-	22
Bad debts written off	9	17
Depreciation, amortisation and impairment:		
Depreciation of property, plant and equipment	6,649	4,886
Depreciation of investment properties	33	33
Amortisation of land use rights	282	282
Amortisation of intangible assets	11	10
Reversal of impairment of property, plant and equipment	(52)	-
Total depreciation, amortisation and impairment	6,923	5,211
Gain on disposal of property, plant and equipment	(547)	(21)
Cost of inventories recognised as an expense	53,839	57,610

NOTES TO FINANCIAL STATEMENTS

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29 INCOME TAX EXPENSE

	GROUP	
	2014	2013
	$'000	$'000 (Restated)
Current tax	2,776	2,998
Withholding tax	119	46
Deferred tax (Note 20)	3	(108)
Under (Over) provision in prior years:		
Current tax	384	(940)
Deferred tax (Note 20)	37	(21)
Income tax expense for the year	3,319	1,975

Domestic income tax is calculated at 17% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the financial year can be reconciled to the accounting profit as follows:

	GROUP			
	2014		2013	
	$'000	%	$'000 (Restated)	% (Restated)
Profit before tax	12,492		14,568	
Tax at the domestic income tax rate of 17%	2,124	17.0	2,477	17.0
Tax effect of share of results of joint venture	(50)	(0.4)	(77)	(0.5)
Tax effect of expenses that are not deductible in determining taxable profit	76	0.6	68	0.5
Tax-exempt income	(79)	(0.6)	(83)	(0.6)
Effect of different tax rates of subsidiaries operating in other jurisdiction	403	3.2	128	0.9
Deferred tax benefits not recognised	330	2.6	481	3.3
Utilisation of deferred tax benefits not previously recognised	(40)	(0.3)	(58)	(0.4)
Under (Over) provision in prior years	421	3.4	(961)	(6.6)
Withholding tax	119	1.0	46	0.3
Others	15	0.1	(46)	(0.3)
Total income tax expense	3,319	26.6	1,975	13.6

29 INCOME TAX EXPENSE (CONT'D)

Subject to agreement with the Comptroller of Income Tax and compliance with certain conditions of the relevant tax legislations, certain subsidiaries have unabsorbed tax losses and capital allowances which are available for set off against future taxable income of the respective subsidiaries as follows:

	GROUP	
	2014 $'000	2013 $'000 (Restated)
Tax losses		
At beginning of year	4,524	1,893
Prior year adjustment	(4)	292
Arising in current year	503	2,908
Utilised in current year	(230)	(339)
Currency realignment	(51)	(230)
At end of year	4,742	4,524
Temporary differences		
At beginning of year	(14)	65
Prior year adjustment	20	1
Arising in current year	18	(79)
Utilised in current year	(6)	-
Currency realignment	-	(1)
At end of year	18	(14)
Deferred tax benefit on above, unrecorded	1,280	1,229

No deferred tax benefit has been recognised due to the unpredictability of future profit streams.

In 2012, the Comptroller of Income Tax ("CIT") imputed additional tax on the company and a subsidiary, Teckwah Value Chain Pte Ltd for YA 2007 and 2008. This was in respect of markup on management fees and rental income received by the company which was deemed to be not at arm's length and disallowing the claim of loss items transferred from the company to Teckwah Value Chain Pte Ltd under the Group Relief system. CIT was reviewing the tax assessments from YA 2007 to 2012. Management had filed the objections in December 2012 and was working on the proposal and supporting schedules to submit to the CIT to resolve the insufficient markup of the management fees and rental income. Meanwhile an additional tax of $660,000 and $1,314,000 had been recorded by the company and group respectively in the financial statements for year ended December 31, 2012.

In 2013, the group has recorded the 5% deemed markup in the company's and subsidiaries' (Teckwah Value Chain Pte Ltd, JNE Logistics Singapore Pte Ltd and Teckwah Logistics Pte Ltd) accounts and additional tax expense of $1,700,000 for the group. Following an appeal to CIT, the group then adjusted for over provision of tax made in respect of YA 2007 to 2012 in the statement of profit or loss, resulting in an estimated tax recoverable of $2,350,000 (Note 7) for the subsidiaries, pending review by the CIT.

During the year, the review by the CIT has been completed, with CIT queries satisfactorily resolved. The group has received tax refunds of $2,344,000.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

30 DIVIDENDS

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Dividends paid during the year were as follows:				
(i) Final dividends of 1.00 cents (2013 : 0.50 cents) per share in respect of the preceding year	2,336	1,168	2,336	1,168
(ii) Interim dividends of 0.50 cents (2013 : 0.50 cents) per share in respect of the current year	1,167	1,168	1,167	1,168
(iii) Final dividends of JPY Nil cents (2013 : JPY 37.5 cents) per share in respect of the preceding year	-	60	-	-
	3,503	2,396	3,503	2,336

In respect of the current year, the directors propose that a dividend of 1.00 cents per share will be paid to shareholders on May 18, 2015. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on May 7, 2015. The total estimated dividend to be paid is $2,336,000.

31 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the company is based on the following data:

	GROUP	
	2014	2013
	$'000	$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the company)	8,585	12,191
	2014	2013
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	233,550	233,550

32 COMMITMENTS AND CONTINGENT LIABILITIES

	GROUP 2014 $'000	GROUP 2013 $'000	COMPANY 2014 $'000	COMPANY 2013 $'000
(i) Guarantees given to banks in respect of credit facilities of subsidiaries (unsecured)	-	-	38,296	34,793

The amount of guarantees given by the company relates to facilities granted to the subsidiaries and the subsidiaries have not utilised these facilities fully.

	GROUP 2014 $'000	GROUP 2013 $'000	COMPANY 2014 $'000	COMPANY 2013 $'000
(ii) Estimated amounts committed for acquisition of property, plant and equipment	3,879	23,427	3,879	21,128

33 OPERATING LEASE ARRANGEMENTS

The group as lessee

	GROUP 2014 $'000	GROUP 2013 $'000 (Restated)
Minimum lease payments paid under operating leases recognised as an expense	8,325	12,357

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP 2014 $'000	GROUP 2013 $'000 (Restated)
Within one year	2,636	7,491
In the second to fifth years inclusive	3,580	4,305
Total excluding the commitments stated in the following paragraphs	6,216	11,796

These pertain mainly to commitments in respect of non-cancellable operating leases for the rental of warehouse and office equipment.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

33 OPERATING LEASE ARRANGEMENTS (CONT'D)

In addition to the above, the company sold its leasehold property and fittings to a third party in 2004 and the property and fittings were leased back by the company for 10 years from August 2004. Quarterly rent and service charges of $1,366,000 are payable for the first 3 years of the lease. Thereafter, increase in rent and service charges is determined with reference to any increase in the consumer price index provided that such increase will not exceed 2.5% of the rent and service charges for the preceding year.

On July 30, 2007, the company entered into another lease for additional space. Quarterly rent and service charges of $276,000 are payable for the first year of the lease. Thereafter, the increase in rental and service charges is determined with reference to any increase in the consumer price index provided that such increase will not exceed 2.5% of the rent and service charges for the preceding year.

The company has the option to renew both leases for an additional 5 years at rates to be agreed with the landlord. Both leases have ended in July 2014 and the company has chosen not to renew.

The group as lessor

The group rents out its investment properties (Note 13) in Singapore and Malaysia under operating leases. Property rental income earned during the year was $240,000 (2013 : $45,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating properties amounted to $60,000 (2013 : $5,100).

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease payments:

	GROUP	
	2014	**2013**
	$'000	**$'000**
		(Restated)
Within one year	438	-
In the second to fifth years inclusive	813	-
After five years	1,251	-

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

34 SEGMENT INFORMATION

Business segments

The business of the group is organised into the following business segments:

(i) Print which includes printing and packaging, digital database management, packaging design and provision of value chain services;

(ii) Non-print which includes third party logistics, return, refurbishment and remarketing services for computer equipment;

(iii) Services which includes property management and others.

The above segments are the basis on which the group reports its primary segment information.

This is also the information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

SEGMENT REVENUES AND RESULTS

The following is an analysis of the group's revenue and results by reportable segments.

	Print $'000	Non-print $'000	Services $'000	Elimination $'000	Total $'000
2014					
REVENUE					
External sales	101,192	64,573	379	-	166,144
Inter-segment sales	28,820	7,944	24,676	(61,440)	-
Total revenue	130,012	72,517	25,055	(61,440)	166,144
RESULTS					
Segment results	2,340	10,175	(1,372)	-	11,143
Interest income					211
Other income					1,407
Profit from operations					12,761
Share of profit of joint venture					293
Finance costs					(562)
Profit before tax					12,492
Income tax expense					(3,319)
Profit for the year					9,173

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

34 SEGMENT INFORMATION (CONT'D)

	Print $'000	Non-print $'000	Services $'000	Elimination $'000	Total $'000
OTHER SEGMENT INFORMATION					
Capital expenditure	15,958	652	15,065	-	31,675
Depreciation and amortisation	3,917	647	2,411	-	6,975
Reversal of impairment of property, plant and equipment	(52)	-	-	-	(52)
2013 (Restated)					
REVENUE					
External sales	103,600	70,360	387	-	174,347
Inter-segment sales	12,176	7,020	30,972	(50,168)	-
Total revenue	115,776	77,380	31,359	(50,168)	174,347
RESULTS					
Segment results	4,904	10,857	(1,789)	-	13,972
Interest income					174
Other income					172
Profit from operations					14,318
Share of profit of joint venture					452
Finance costs					(202)
Profit before tax					14,568
Income tax expense					(1,975)
Profit for the year					12,593
OTHER SEGMENT INFORMATION					
Capital expenditure	9,300	380	28,822	-	38,502
Depreciation and amortisation	3,933	644	634	-	5,211

34 SEGMENT INFORMATION (CONT'D)

SEGMENT ASSETS AND LIABILITIES

	Print $'000	Non-print $'000	Services $'000	Elimination $'000	Total $'000
2014					
Assets					
Segment assets	93,364	34,664	59,506	-	187,534
Unallocated assets					162
Consolidated total assets					187,696
Liabilities					
Segment liabilities	14,197	7,702	3,441	-	25,340
Unallocated liabilities					31,925
Consolidated total liabilities					57,265
2013 (Restated)					
Assets					
Segment assets	89,862	36,477	49,270	-	175,609
Unallocated assets					188
Consolidated total assets					175,797
Liabilities					
Segment liabilities	15,253	7,742	12,829	-	35,824
Unallocated liabilities					16,049
Consolidated total liabilities					51,873

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

Goodwill has been allocated to reportable segments as described in Note 16. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

34 SEGMENT INFORMATION (CONT'D)

REVENUES FROM MAJOR PRODUCTS AND SERVICES

The group's revenue from each product and service is as described under business segments.

GEOGRAPHICAL INFORMATION

The group operates in nine geographical market segments - Singapore, People's Republic of China, Indonesia, Malaysia, Thailand, Japan, Australia, India and Taiwan.

The group's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2014	2013	2014	2013
	$'000	$'000 (Restated)	$'000	$'000 (Restated)
Singapore	108,578	114,955	76,390	57,563
People's Republic of China	40,419	41,859	13,941	13,570
Indonesia	12,058	11,499	2,972	2,367
Malaysia	2,386	532	14,390	11,872
Thailand	353	188	37	29
Japan	1,366	1,638	57	61
Australia	502	2,849	46	108
India	136	555	-	4
Taiwan	346	272	23	28
	166,144	174,347	107,856	85,602

INFORMATION ABOUT MAJOR CUSTOMERS

In 2014, the non-print segment has one customer whose revenue exceeds ten percent of the group's revenue. In 2013, the non-print segment has two customers whose revenue exceeds ten percent of the group's revenue.

35 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the group set up a new entity in Indonesia with a direct equity interest of 33% for a sum of $92,000.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2015

NUMBER OF FULLY PAID AND ISSUED SHARES	:	233,550,248
CLASS OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	1 vote per share

Distribution of Shareholders by Size of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.03	18	0.00
100 - 1,000	29	0.99	27,091	0.01
1,001 - 10,000	1,993	67.83	7,632,248	3.27
10,001 - 1,000,000	896	30.50	62,532,975	26.77
1,000,001 and above	19	0.65	163,357,916	69.95
TOTAL	**2,938**	**100.00**	**233,550,248**	**100.00**

Twenty Largest Shareholders as at 12 March 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	CHUA SENG TEK HOLDINGS PTE LTD	69,811,980	29.89
2	AIRJET INVESTMENTS PTE LTD	35,650,000	15.26
3	LEE KAY HUAN HOLDINGS PTE LTD	26,216,900	11.23
4	OCBC SECURITIES PRIVATE LTD	4,529,000	1.94
5	DBS NOMINEES PTE LTD	3,220,000	1.38
6	HO JUAT KENG	3,182,000	1.36
7	PHILLIP SECURITIES PTE LTD	2,811,000	1.20
8	CIMB SECURITIES (SINGAPORE) PTE LTD	2,641,000	1.13
9	MAYBANK KIM ENG SECURITIES PTE LTD	2,523,000	1.08
10	CHUA KEE SENG	1,900,000	0.81
11	SEET CHRISTINA	1,765,000	0.76
12	ROCKVILLE HOLDINGS PTE LTD	1,608,000	0.69
13	CHUA KEE TEANG	1,184,000	0.51
14	GOH BONG CHEE	1,082,400	0.46
15	GOH KIM SENG	1,048,436	0.45
16	GOH GEOK KHIM	1,048,400	0.45
17	GOH KIM SOON	1,048,400	0.45
18	GOH POH CHOO	1,048,400	0.45
19	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,040,000	0.45
20	YIM CHOI WAH	1,000,000	0.43
	TOTAL	**164,357,916**	**70.38**

The percentage of shareholding held in the hands of the public is approximately 41.383% which is more than 10% of the issued share capital of the Company. Therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been compiled with.

SUBSTANTIAL SHAREHOLDERS AS AT MARCH 12, 2015

As Recorded in the Company's Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%***	**No. of Shares**	**%***
Chua Seng Tek Holdings Pte Ltd	69,811,980	29.89	-	-
Lee Kay Huan Holdings Pte Ltd (1)	26,216,900	11.23	-	-
Airjet Investments Pte Ltd (2)	35,200,000	15.07	-	-

Notes:

1) Mr Lee Chee Sit and Mr Lee Chee Peck are deemed to have an interest in the 26,216,900 shares which Lee Kay Huan Holdings Pte Ltd has an interest in by virtue of the provisions of Section 7 of the Companies Act, Cap. 50.

2) Ho Bee Holdings Pte Ltd and Mr Chua Thian Poh are deemed to have an interest in the 35,200,000 shares which Airjet Investments Pte. Ltd. has an interest in by virtue of the provisions of Section 7 of the Companies Act, Cap. 50.

* Based on 233,550,248 ordinary shares as at March 12, 2015.

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

Notice is hereby given that the Annual General Meeting of the Company will be held at 51 Tai Seng Avenue, #05-01 Pixel Red, Singapore 533941 on Friday, April 24, 2015 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended December 31, 2014 and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt dividend of 1.0 Singapore cent per ordinary share in respect of the year ended December 31, 2014. **(Resolution 2)**

3. To re-elect the following directors retiring pursuant to the Company's Articles of Association:-
   (i) Mr Lim Lee Meng [See Explanatory Note (a)] **(Resolution 3)**
   (ii) Mr Peter Chan Pee Teck [See Explanatory Note (b)] **(Resolution 4)**
   (iii) Mr. Lee Chee Sit **(Resolution 5)**

4. To re-appoint Deloitte & Touche LLP as Auditors for the ensuing year and to authorise the directors to fix their remuneration. **(Resolution 6)**

5. To approve the proposed directors' fees of $231,000 for the year ended December 31, 2014. (2013: $203,151) **(Resolution 7)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:-

6. (a) That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors of the Company:-

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

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

   at any time to such persons and upon such terms and conditions and for such purposes as the directors may, in their absolute discretion, deem fit and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the directors while this Resolution is in force, provided that the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing of this Resolution and the aggregate number of shares issued other than on a pro rata basis to existing shareholders does not exceed 20% of the total number of issued shares (excluding treasury shares) in the Company;

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

(b) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares of the Company (excluding treasury shares) as at the time of the passing of this Resolution after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities which were issued pursuant to previous shareholders' approval, and which are outstanding as at the date of the passing of this Resolution;
(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and
(iii) any subsequent bonus issue, consolidation or subdivision of the shares; and

(c) such authority to continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, unless previously revoked or varied at a general meeting of the Company. [see Explanatory Note (c)] **(Resolution 8)**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on May 8, 2015 for the preparation of dividend warrants for the proposed tax exempt (one-tier) final dividend of 1.0 Singapore cent per ordinary share for the financial year ended December 31, 2014 (the "**Proposed Dividend**").

Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road, #02-00, Singapore 068898, up to the close of business at 5.00 p.m. on May 7, 2015 will be registered to determine shareholders' entitlement to the Proposed Dividend. The Proposed Dividend, if approved, will be paid on May 18, 2015 to shareholders registered in the books of the Company on May 7, 2015.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the Proposed Dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

By Order of the Board

Lo Swee Oi
Company Secretary
April 8, 2015
Singapore

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

EXPLANATORY NOTES:

(a) Mr Lim Lee Meng, if re-elected, will remain as the Chairman of the Audit Committee and Member of the remuneration Committee. Mr Lim is considered an Independent Director for purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Full particulars on Mr Lim are set out on page 18 of the Annual Report.

(b) Mr Peter Chan Pee Teck, if re-elected, will remain as the Chairman of the Nominating Committee and Member of the Audit Committee. Mr Chan is considered an Independent Director for purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Full particulars on Mr Chan are set out on page 17 of the Annual Report.

(c) The proposed ordinary resolution 8 above, if passed, will empower the directors from the date of the above Meeting until the date of the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis.

For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time that this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

NOTES TO PROXY FORM:

(i) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(ii) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, 51 Tai Seng Avenue, #05-01 Pixel Red, Singapore 533941 not less than 48 hours before the meeting.

(iii) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(iv) In the case of joint shareholders, all holders must sign the form of proxy.

PERSONAL DATA PRIVACY:

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

PROXY FORM

TECKWAH INDUSTRIAL CORPORATION LTD
Company Registration No. 197201105E
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy Teckwah shares, the Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the time frame specified. (Agent Banks: Please see Note 8 on required format) Any voting instructions must also be submitted to their Agent Banks within the time frame specified to enable them to vote on the CPF investor's behalf.

I/We ______________________ (Name) ______________ (NRIC/Passport/Company Registration No.)

of ____ (Address)

being a member/members of TECKWAH INDUSTRIAL CORPORATION LTD hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Friday, April 24, 2015 at 9.30 a.m. and at any adjournment thereof.

I/We have indicated with an "x" in the appropriate box below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	For	Against
1.	Adoption of Directors' Reports and Audited Financial Statements		
2.	Declaration of a final one-tier tax-exempt dividend		
3.	Re-election of Mr Lim Lee Meng		
4.	Re-election of Mr Peter Chan Pee Teck		
5.	Re-election of Mr Lee Chee Sit		
6.	Re-appointment of Auditors		
7.	Approval of Directors' Fees		
8.	Authority to issue additional shares pursuant to Section 161 of the Companies Act, Cap. 50.		

Dated this ____________ day of ____________ 2015.

Register	Number of Shares Held
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Corporation's Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Please cut along dotted line

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

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

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 51 Tai Seng Avenue, #05-01 Pixel Red, Singapore 533941 not less than 48 hours before the time set for the Meeting.

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

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. Agent Banks acting on the request of CPF Investors who wish to attend the Meeting as observers are requested to submit in writing, a list of details of the Investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for the Meeting.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2015.

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teckwah

Teckwah Industrial Corporation Ltd
(Company Registration Number: 197201105E)

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2006 & 2011 WINNER