SINGAPORE QUALITY AWARD
for business excellence

TECKWAH INDUSTRIAL CORPORATION LTD
(Company Registration Number: 197201105E)

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TECKWAH GROUP ANNUAL REPORT 2019

Beyond here

teckwah

Annual Report **2019**

Beyond here

Nature is limitless;
reaching beyond valleys and mountains,
rivers and seas.

Likewise, Teckwah forays beyond the
"here and now" and into the future -
seeking larger opportunities and
greater capabilities.

Trees and Forests

Always Extending

In tune with market uptrends and future growth trajectories, Teckwah seizes opportunities extending our offerings and reaching new markets.

Chairman's Message

> During the past financial year, we accomplished a number of corporate milestones in our effort to expand beyond our traditional markets and geographical areas.

Dear Shareholders,

We closed the financial year ended 31 December 2019 ("FY2019") profitably, a notable achievement, given the challenging economic environment. Singapore's economy reflected the global outlook, only showing signs of recovery towards the second half of the year. It grew by 0.7%,[1] the slowest growth since 2009 and well below the previous year's 3.4% growth. During the past financial year, we accomplished a number of corporate milestones in our effort to expand beyond our traditional markets and geographical areas. We also garnered several industry and customer accolades for our digital transformation and innovative and creative initiatives. These are testaments to the real progress we have made in these aspects of our organisational transformation and a credit to the attitude, mindset and agility of all our staff.

[1] Ministry of Trade and Industry. "MTI Downgrades 2020 GDP Growth Forecast to "-0.5 to 1.5 Per Cent". https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2019/Economic-Survey-of-Singapore-2019/PR_AES2019.pdf.

Financial Review

We registered a 5.3% increase in revenue of S$174.5 million as compared to S$165.6 million for the financial year ended 31 December 2018 ("FY2018"). The higher revenue stemmed from our new Lifestyle segment. Packaging Printing, and Logistics and Services segments registered revenue of S$90.2 million and S$71.2 million, representing a fall of 1.3% and 4.1% respectively. The decrease was mainly due to lower demand and activities from Singapore and China. Our operating profit before tax stood at S$13.3 million, a 16.8% increase from S$11.4 million in FY2018. This was attributed to better margins from more effective cost management and lower raw material price despite a reduction in revenue. The addition of the Lifestyle segment also contributed to the increase. Consequently, net profit attributable to shareholders grew by 26.1% to S$9.0 million from S$7.1 million in FY2018.

On our balance sheet, cash and cash equivalents stood at S$45.7 million, representing an increase of 26.7% from S$36.1 million as at 31 December 2018. We generated positive cash flow of S$10.2 million net of dividend payments of S$3.5 million, and investment in and deposit placed for plant and equipment of S$11.4 million. The higher cash position resulted from additional bank loans obtained during the year. Consequently, as at 31 December 2019, our debt to equity ratio was 16.1% from 2.81% in FY2018.

“For the year ahead, we will continue to enhance our solutions and services, increase our capabilities, upskill and retrain our staff, extend our value chain and pursue new markets.

Appreciation to our Shareholders

The Board is recommending a final dividend of 1 cent per share, after taking into account our working capital and investment needs. This is to express our appreciation to our shareholders for their continued support and belief in the Group and given our FY2019 financial performance and sound balance sheet. This translates to a dividend yield of 2.2% based on our closing share price of S$0.465 as at 31 December 2019. Together with the earlier declared interim dividend of 0.5 cent per share, the total dividend yield stands at 3.2% and our total dividend payout amounts to 32.1% of our net profit.

Going Beyond the Here and Now – An Eye on the Future

In the past year, we have taken further concrete steps towards transforming the Group into one truly equipped and ready for future technologies, new business ventures and greater opportunities. Our investments in both hardware and software and most importantly, in our people, continued unabated despite the weakened external conditions. Hence, for both our Packaging Printing and Logistics segments, we made significant investments, restructured our assets and upskilled our workforce so as to ready ourselves for the full force of "Industry 4.0", where smart and autonomous systems powered by data and artificial intelligence will define the way business is done and our processes are being carried out.

Our Packaging Printing segment invested in new machinery with in-line UV finishing to enhance our capabilities of providing a greater spectrum of more sophisticated solutions. Our Logistics segment underwent a restructuring with the consolidation of our subsidiary, JNE Logistics Singapore Pte Ltd, into its parent company, Teckwah Logistics Pte Ltd. The integration of operations has streamlined our logistics division, with increased efficiency through shared infrastructure, resources and expertise. It has also enabled us to reallocate our assets more efficiently and pave the way for a more centralised logistics operation with the impending opening of our approximately 120,000 sqft Smart Logistics Centre in early 2021.

One very significant development during the past year was an extension of our business capabilities into the Lifestyle segment with the acquisition of a 70% stake in Profoto Digital Services Pte Ltd ("Profoto®"), an established provider of large format printing and creative project management solutions to a wide range of customers, including those in the luxury segment. Profoto® has as its clients some of the largest and renowned names in the retail and fashion industry. With this investment, Teckwah has been able to gain a foothold in the luxury market and lifestyle space to complement our packaging printing and logistics solutions for the manufacturing and industrial space. The fact that the Lifestyle segment has already made an impactful contribution to our top and bottom lines validates our decision to expand beyond our current markets and offerings.

Looking Ahead to the Possibilities Beyond

In terms of the economic outlook, 2020 will be a difficult year. The coronavirus disease 2019 ("COVID-19") has taken an incalculable toll in terms of human lives and economic impact on China and the rest of the world by virtue of China's importance in the global supply chain, consumer markets and investment landscape. Furthermore, COVID-19 has spread to other countries around the globe which is impacting businesses and which, in turn, has plunged oil prices and stock markets. Singapore has already been impacted directly and our 2020 GDP forecast has been downgraded to "-0.5 to 1.5%".[2] Furthermore, there are other existing downsides to the global economy, among them, the unresolved US-China trade dispute and Middle East tensions.

Teckwah, counting China as a major revenue contributor, will not be spared the economic fallout. We have, however, weathered many economic cycles and other downturns including the SARS and H1N1 outbreaks in 2003 and 2009 respectively. We are financially sound and are prepared to overcome the negative impacts from COVID-19 pandemic. For the year ahead, we will continue to enhance our solutions and services, increase our capabilities, upskill and retrain our staff, extend our value chain and pursue new markets. Our Logistics business will be expanding to multiple locations in Japan. We will also be seeking other opportunities to enhance our Lifestyle segment. There is a lot to look forward to as there will be opportunities even in difficulties.

Appreciation

Finally, on behalf of the Board of Directors, I would like to extend my gratitude to our staff and management for their efforts and commitments during the past year. My heartful appreciation goes out to our business partners, suppliers and customers and of course, our shareholders, for their support. I would like to express our solidarity with our colleagues in China and around the region who are working so bravely and tirelessly during this difficult period. While the immediate road ahead may be challenging, with unity of purpose, mutual support for each other and a single-minded determination, we can forge an even brighter future for our Group.

THOMAS CHUA KEE SENG
Chairman and Managing Director

[2] Ministry of Trade and Industry. "MTI Downgrades 2020 GDP Growth Forecast to "-0.5 to 1.5 Per Cent". https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2019/Economic-Survey-of-Singapore-2019/PR_AES2019.pdf.

主席致辞

敬致全体股东，

我们在截至2019年12月31日的财政年度（“2019财年”）实现了可观利润。在严峻的经济环境下，这是一项值得欣慰的业绩。与全球情况一样，新加坡经济仅在下半年才出现复苏迹象。全年增长率为0.7%，[1] 创2009年以来最低水平，远低于前一年的3.4%。上一财年，在继续深耕传统市场和地区的基础上，我们努力扩大业务版图，实现了一系列重要里程碑。我们的数码转型和创新及创意项目也获得行业和客户授予的多项荣誉。这些彰显了我们在组织转型方面取得的显著进步，也体现了全体德华员工积极的态度、思维和与时俱进精神。

财务业绩摘要

我们取得了1亿7450万新元营收，相较截至2018年12月31日的财政年度（“2018财年”）的1亿6560万新元，同比增长5.3%。营收增长的动力主要是我们新推出的生活与时尚业务。包装印刷和物流及服务板块分别实现营收9020万新元和7120万新元，同比下降1.3%和4.1%。下降的主要原因是新加坡和中国的需求及活动减少。税前营运利润为1330万新元，比2018财年的1140万新元高16.8%。原因在于成本控制得力且原材料价格降低，尽管营收同比减少，但利润率有所提高。新收购的生活与时尚业务也是带动利润增长的原因之一。因此，归属于股东的净利润达到900万新元，与2018财年的710万新元相比增加26.1%。

在资产负债表方面，现金及现金等价物为4570万新元，与截至2018年12月31日的3610万新元相比，增加了26.7%。扣除350万新元的股息支付额以及1140万新元的工厂和设备投资及押金后，实现正现金流1020万新元。现金头寸增加的原因是我们在2019年额外申请了银行贷款。因此，截至2019年12月31日，集团的负债率为16.1%，高于2018财年的2.81%。

感谢及回馈股东

考虑到营运资金和投资需求，董事会建议派发每股1分新元的年终股息。此举旨在感谢股东一如继往地支持并信任德华集团，也符合集团2019财年的财务业绩及资产负债表情况。按照德华截至2019年12月31日0.465新元的收盘价格，股息收益率为2.2%。加上此前宣布的每股0.5分新元的中期股息，全年总股息收益率为3.2%，派息总额占集团净利润的32.1%。

[1]贸易工业部“贸工部将2020年GDP增速预测下调为“-0.5%至1.5%”。
https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2019/Economic-Survey-of-Singapore-2019/PR_AES2019.pdf

“上一财年，在继续深耕传统市场和地区的基础上，
我们努力扩大业务版图，实现了一系列重要里程碑。

立足现在，放眼未来

过去一年，我们继续采取切实有效的措施，推动集团转型，充分利用新技术，探索新商业模式，把握新机遇，成为真正面向未来的企业。尽管外部环境疲弱，但我们依然继续大力投资升级硬件和软件，最重要的是，投资于人才的培养和发展。因此，在包装印刷和物流业务，我们投入了大量资金，用于重组资产，升级员工技能，确保德华集团为“工业4.0时代”的全面到来做好准备。届时，数据和人工智能驱动的智能自动系统将重新定义我们的商业模式和业务流程。

我们的包装印刷部门投资了一台新的印刷机，可直接在生产线上进行UV上光，让我们能够提供更多样、更复杂的解决方案。我们的物流部门进行了结构重组，将子公司JNE后勤服务私人有限公司并入母公司德华后勤服务私人有限公司。此次整合精简了物流部门的运作，通过共享基础设施、资源和专长，提高了运营效率。通过此次整合，我们还能够更高效地重新配置资产，奠定物流业务集中化运营的基础，为2021年初约12万平方英尺智慧物流中心的开业做好准备。

过去一年我们还完成了一个非常重要的项目，即收购Profoto Digital Services Pte Ltd(“Profoto®”)的70%股权，将我们的业务能力延伸到生活与时尚领域。Profoto® 是宽幅印刷和创意项目管理解决方案的领先提供商，服务于包括奢侈品牌在内的各类客户。Profoto® 的客户包括零售和时尚行业规模最大、知名度最高的品牌。通过这项投资，德华成功在奢侈品市场和时尚生活领域立足，与原有的制造业和工业包装印刷及物流解决方案形成互补。生活与时尚业务已经成为营收和利润的主要来源之一，证明我们在现有市场及服务基础上进行扩张的决策是正确的。

展望未来，探索潜能

2020年的经济前景面临巨大挑战。随着2019新冠病毒肺炎的疫情爆发，中国已经付出不可估量的生命和经济代价，由于中国在全球供应链、消费市场和投资领域的重要性，其他地区也受到影响。此外，新冠肺炎已经蔓延到其他国家，对企业造成严重打击，导致油价和股市大跌。新加坡直接受到冲击，2020年GDP增速预测已经下调为“-0.5至1.5%”。[2] 此外，全球经济还面临其他下行风险，如尚未解决的中美贸易争端和中东紧张局势。

中国是我们的主要营收来源之一，因此德华也不免会受到影响。然而，我们曾经成功渡过多个经济周期的更迭，包括疫情引发的经济低迷期，如2003年的“非典”和2009年的H1N1流感。集团的财务状况稳健，已经做好了充分准备，有信心克服新冠肺炎疫情造成的负面影响。未来一年，我们将继续优化解决方案和服务，提升业务能力，通过培训升级员工技能水平，延长集团的价值链，积极进军新市场。我们的物流部门将在日本开设多个新的仓储物流中心。我们也将积极寻找其他机会发展生活与时尚业务。困境中仍有机遇，我们的未来可期！

致谢

最后，我代表董事会感谢全体员工和管理层在过去一年的辛勤努力与无私奉献。我还要感谢商业伙伴、供应商和客户以及全体股东的鼎力支持。在当前的艰难时期，我们在中国和亚太各国的同事一直在努力工作，表现出非凡的勇气和坚持不懈的精神，在此我想向他们表示支持和声援。虽然短期内未来的道路是坎坷的，但在共同目标的指引下，凭着坚定不移的决心，大家相互扶持，同舟共济，我们必定能带领德华集团走向更辉煌的未来！

蔡其生
主席兼董事经理

[2]贸易工业部“贸工部将2020年GDP增速预测下调为“-0.5%至1.5%”。
https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2019/Economic-Survey-of-Singapore-2019/PR_AES2019.pdf

Mountains and Rivers

Always **Expanding**

Like the rivers that flow over terrains yet carve deeply into rocks, we relentlessly seek to expand our footprint while strengthening our presence.

While being nimble and fluid, Teckwah stays strong in our values and steadfast in our vision.

Board of Directors

MR NG NAI PING
Executive Director

MR THOMAS CHUA KEE SENG
Chairman and Managing Director

MS MAI AH NGO
Executive Director

MR PETER CHAN PEE TECK
Lead Independent Director

MR JOHN LIM HWEE CHIANG
Independent Director

MR GERARD TAN WEE SENG
Independent Director

MR LIM LEE MENG
Independent Director

Board of Directors

MR THOMAS CHUA KEE SENG, 66

Chairman and 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 the Immediate Past President of the Singapore Chinese Chamber of Commerce and Industry, and a former Nominated Member of Parliament.

Mr Chua 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 to Managing Director in 1989.

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

MR NG NAI PING, 65

Executive Director

Mr Ng was appointed as Executive Director of the Board on 15 February 1995 and was re-elected to the Board on 26 April 2018. 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, Corporate Communication, InfoComm Technology and Logistics 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.

MS MAI AH NGO, 65

Executive Director

Ms Mai was appointed as Executive Director of the Board on 25 June 1993 and was re-elected to the Board on 26 April 2018. She is currently in charge of Packaging Printing business and Human Resource.

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's Supply Chain business and Technology Licensing Programme. Her position and job scope require her to travel regularly amongst the various countries to develop and identify potential licenses 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 PETER CHAN PEE TECK, 60

Lead Independent Director

Mr Chan was appointed as Independent Director of the Board 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 25 April 2017.

Mr Chan started his private equity career in 1987 with one of the earliest World Bank-sponsored private equity firms in Asia focusing on small and medium growth enterprises. This was followed by him joining ING Baring Asia Private Equity as Managing Director in 1996 to start up its investment programme across ASEAN, India, China, Taiwan and South Korea before he set up Crest Capital Asia in 2004.

Mr Chan graduated with a Bachelor of Accountancy (Hons) from the National University of Singapore and is a Fellow Member of both the Institute of Singapore Chartered Accountants as well as the Certified Public Accountants of Australia (ISCA).

Board of Directors

MR JOHN LIM HWEE CHIANG, 64
Independent Director

Mr John 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 25 April 2017.

Mr John Lim is Co-Founder, Group Chief Executive Officer and Executive Director of ARA Asset Management Limited. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited and Hui Xian Asset Management Limited. Mr Lim is also the Chairman of Suntec Singapore International Convention & Exhibition Services Pte. Ltd.

Mr Lim is Chairman of the Asia Pacific Real Estate Association (APREA), the Consultative Committee to the Department of Real Estate, National University of Singapore, Straits Real Estate and Lim Hoon Foundation. He is a Patron of Jurong Spring Citizens' Consultative Committee and the Securities Investors Association of Singapore (SIAS). He is also a Council Member of Singapore Chinese Chamber of Commerce and Industry.

Mr Lim has more than 30 years of experience in the real estate industry and has received many notable corporate awards. These include the PERE Global Awards 2016 Industry Figure of the Year: Asia, Ernst & Young Entrepreneur of the Year Singapore 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr Lim, along with the Board of Directors of ARA, was also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012. In 2017, he was conferred the Public Service Medal (PBM) by the President of Singapore in recognition of his contributions to the community.

Mr Lim holds a Bachelor of Engineering (First Class Honours) degree in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.

MR LIM LEE MENG, 64
Independent Director

Mr Lim was appointed as Independent Director of the Board on 18 February 1994. He has been the Chairman of the Audit Committee since 15 April 1994, and is a member of the Remuneration Committee. He was re-elected to the Board on 26 April 2018.

Mr Lim is an Executive Director of LeeMeng Capital Pte Ltd. He is also an Independent Director of Tye Soon Ltd and ARA Trust Management (Cache) Limited.

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.

GERARD TAN WEE SENG, 66
Independent Director

Mr Tan was appointed as Independent Director of the Board on 20 February 2013 and was re-elected to the Board on 27 April 2016. He was also appointed as member of the Audit Committee on 20 February 2013 and a member of the Remuneration Committee on 25 April 2019.

Mr Tan is a retired partner from PricewaterhouseCoopers LLP, Singapore. He is also a Director of Singapore Deposit Insurance Corporation Ltd. He currently also serves on the boards and committees of various not-for-profit organisations.

Mr Tan holds a Bachelor of Accountancy (Hons) degree from the University of Singapore and is a Chartered Accountant of the Institute of Chartered Accountants (England & Wales). He is also a Fellow of the Institute of Singapore Chartered Accountants, Fellow of the Singapore Institute of Directors and Fellow of the Singapore Computer Society.

Executive Management

GROUP TOP MANAGEMENT

MR THOMAS CHUA KEE SENG, 66
Chairman and Managing Director

MS MAI AH NGO, 65
Executive Director

MR NG NAI PING, 65
Executive Director

GROUP SENIOR MANAGEMENT

MS JOYCE CHAN CHOY YIN, 54
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 and Development.

Ms Chan 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 and efficiency.

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

MS CHUA AI LING, 38
Group Business Development Director

Ms Chua joined Teckwah in 2006 as a Management Trainee under the Logistics business. In 2008, she was appointed as Project Manager, responsible for designing and implementing new business solutions and proposals for the Group.

Ms Chua was seconded to Shenzhen, China, in 2009 to spearhead various global supply chain projects for European and American brand owners. In 2010, she was promoted to Regional Business Development Manager and was stationed in Shanghai, China, to take charge of business development in greenfield areas as well as the management of regional customers within the APAC region.

Ms Chua returned to Singapore in 2014 and expanded her portfolio to take charge of the Teckwah Digital Solutions team. In 2015, she was promoted to General Manager, Regional Business Development. She was promoted to Group Business Development Director the following year, and is responsible for growing the Group's Packaging Printing and Logistics related businesses in the region.

Ms Chua graduated from the University of Toronto, Canada, with a Bachelor of Science (Honours) in Psychology and Business Management.

MR GOH YIN SHIAN, 41
Finance Director

Mr Goh joined Teckwah in July 2016 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 procuring financial support for the Group and its subsidiaries to meet the Group's strategic objectives. In January 2020, he was appointed as Finance Director and is responsible for Group Finance.

Mr Goh has more than 15 years of working experience in the financial stewardship of large organisations that span multiple businesses and countries. He holds a Bachelor of Commerce (Honours) degree from the University of Western Australia and an Executive MBA from Nanyang Technological University of which he was the 2013 Furama Ltd Endowed Book Prize winner.

He is a Fellow of CPA Australia, a Fellow Chartered Accountant of Singapore (ISCA) and an ASEAN CPA by the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC).

MR NG CHEE MUN, 49
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 the adoption of technologies to enable the delivery of differentiating solutions that expand and create new business streams for the Group.

Mr Ng has more than 18 years of 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 the National University of Singapore with a Bachelor of Computer Science (Honours), a Master of Computing and a Master of Science. He also holds a Master of Science in Computer Science with Distinction from the Faculty of Computer Science, Naval Postgraduate School in Monterey, California, USA.

MS TAN PECK HOON, 57
Corporate Planning and 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 the role of Business Compliance Director. In 2008, her portfolio was expanded to include Corporate Planning functions.

Ms Tan relinquished her Finance portfolio in 2013 after she was appointed Enterprise Risk Management Director. In her new role, she is responsible for ensuring overall compliance of the Group's business processes by working closely with the Risk Management Committee and internal risk category owners. From January 2016, she took over the Group's Quality Systems and Assets Protection Management functions.

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

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

Ridges and Peaks

Always Elevating

Mountains tower over everything, with their imposing ridges and peaks.

At Teckwah, our constant push for innovation and creativity elevates us to new heights of excellence.

Operations Review

"We continued to strengthen our capabilities, increase our service offerings and broaden our geographical footprint in overseas markets.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2019 ("FY2019") the Group recorded a revenue increase of 5.3% to S$174.5 million as compared to S$165.6 million for the financial year ended 31 December 2018 ("FY2018"). The improved revenue was attributed to our new Lifestyle segment. Revenue from our Packaging Printing, and Logistics and Services segments, on the other hand, decreased. Net profit attributable to the shareholders of the company was S$9.0 million, a 26.1% increase from net profit of S$7.1 million in FY2018.

Singapore operations remained the largest contributor to the Group's revenue at 57.2% with China operations the next largest contributor at 26.6%. Customers in the Information and Communication Technologies (ICT), Consumer Electronics, Industrial Chemical and Food and Confectionery Industries were the main revenue contributors.

Revenue from the Group's Packaging Printing segment decreased by 1.3% from $91.3 million to $90.2 million due to decreased demand from some existing customers in Singapore and China. Its operating profit before tax increased by 217.8% to S$1.9 million on the back of reduction in cost of operations through better cost management and higher other income from Government Grants despite a drop in revenue. The Group's Logistics and Services segment registered lower revenue of S$71.2 million from S$74.3 million, which represents a 4.1% decrease over the same period last year. The fall in revenue was on account of decreasing demand from some existing customers in Singapore and China. The segment's operating profit before tax at S$10.5 million was 2.2% lower as compared to FY2018.

Statement of Financial Position

The Group's balance sheet was healthy with total assets of $226.8 million as at 31 December 2019, a 17.2% increase as compared to FY2018. Current assets increased by 12.6% to S$108.6 million due to higher cash and cash equivalents from better cash management as well as higher inventories due to stocking up of inventory for the year-end peak. Non-current assets increased by 21.7% to S$118.2 million on account of the adoption of SFRS(I) 16 Leases with effect from 1st January 2019, increase in other assets, goodwill, and intangible assets, offset by the decrease in property, plant and equipment and land use rights.

Total liabilities as at 31 December 2019 stood at S$65.5 million which was a 81.0% increase as compared to the same period last year. Current liabilities increased by 57.7% to S$46.8 million, while non-current liabilities rose by 186.6% to S$18.7 million. The increase in liabilities was on account of the adoption of SFRS(I) 16 Leases where payment obligations arising from contractual leases are recognised as a liability of the group, higher trade and other payables and additional bank loans taken up for the purchase of Profoto Digital Services Pte Ltd ("Profoto®") as well as a warehouse unit.

Statement of Cash Flow

The Group generated positive cash flow of S$39.0 million from operations after working capital changes, representing a S$19.1 million increase from that recorded in FY2018. The increase was due mainly to higher depreciation for right-of-use assets, lower cash outflow from trade and other payables and higher cash flow generated from collection of trade and other receivables offset by lower cash flow generated from inventories due to stocking up of more raw material for year-end peak compared to the previous year.

The Group invested S$11.4 million in additional plant and equipment deposit and purchase for subsidiaries in Singapore, China, Malaysia, Indonesia and Taiwan. The Group's dividend payout amounted to S$3.5 million, S$2.3 million less than FY2018's dividend payout. As at 31 December 2019, the Group's cash and cash equivalents was approximately S$45.7 million, which was S$9.6 million higher than the same period last year.

The Group's gearing ratio stood at 16.1%, as compared to 2.81% as at the end of last year mainly due to additional bank loans taken up during the year.

CORPORATE HIGHLIGHTS

We continued to strengthen our capabilities, increase our service offerings and broaden our geographical footprint in overseas markets. One of the highlights of FY2019 was the Group's acquisition of a majority stake in Profoto®, a company with considerable expertise in large format printing. With this acquisition, our lifestyle services now include large format printing, fabrication, installation, digital technologies and project management, opening up new markets for us and providing new possibilities for our growth.

Investments in new plant, machinery and equipment in Singapore as well as overseas for our two other business segments ensured that we remained equipped and ready to meet the needs of our clientele. Our Packaging Printing segment invested in a new six colour machine with in-line UV varnish finishing added to our printing capability. As part of our ongoing Digital Transformation & Innovation™ ("DTI™") Programme which was launched in FY2018, we continued working towards enabling shop floor connectivity with data collection automation, process automation and integration as well as data mining and analysis.

The priority for FY2019 was working towards digitally transforming key areas and processes in our logistics operations into a "Smart Warehouse" by leveraging on appropriate technologies as well as the deployment of Robotic Process Automation ("RPA") to perform repetitive tasks. The Smart Warehouse is a consolidation of various logistics operations into a new facility, a Smart Logistics Centre which is projected to be completed in early 2021. It entails strategic layout design that is critical for optimal space utilisation with vertical storage systems and autonomous mobile vehicles to enhance operator safety and ergonomics with minimised need for physical retrieval and the performance of repetitive and onerous warehousing tasks. It is an opportune time to review and re-engineer existing warehouse processes to streamline operations and enhance productivity. Our logistics operations in Indonesia, Singapore, Taiwan and Thailand also moved to larger premises, in preparation for undertaking more complex and integrated logistics projects in future.

Digital Transformation Journey – Winning over Hearts and Minds

While investing in the infrastructure and revamping systems is a vital component of the DTI™ Programme, equally important is ensuring that the people in the organisation are mentally equipped, adequately skilled and wholeheartedly on-board for these changes. To measure our people readiness, organisational confidence and acceptance levels, we conducted our fifth Organisational Capability Survey eliciting responses from 98.2% of employees. Five aspects – Sense of Common Destiny, Business Process and Interfaces, Leadership, Core Competencies and Employee Satisfaction – were measured in the survey. Our staff scored well on all these aspects, scoring above 75% on the measurement index indicating that they were fully committed to our DTI™ Programme.

In conjunction with our DTI™ Programme, our Total Learning Plan 2019 ensured that every staff was prepared for the digital transformation journey through deepening their skillsets and gradually transitioning towards knowledge-based work, so that as an organisation, we collectively continue to create value for our customers, as new technologies and automation improve or even replace processes and new business paradigms replace old ones in the face of disruptions.

The Group also organised our annual Innovation and Ideation ("I&I") Day 2019, an initiative to build an innovative mindset and creative culture within the Group. Participating teams, including two teams from our overseas subsidiaries, displayed their concepts and solutions to help the organisation continuously improve in processes, deliver new efficiencies and overcome current and future challenges. Our overseas subsidiary in Indonesia held its own and first ever I&I Day after successfully participating in the Group's I&I Day in Singapore.

INDUSTRY CERTIFICATIONS AND AWARDS

During the year, the Group attained new industry certifications. Our Singapore Logistics subsidiary successfully renewed its Secure Trade Partnership-Plus Certificate. Our overseas subsidiaries obtained three new

certificates: ISO 9001:2015 Quality Management Systems, ISO 13485:2016 Medical Devices - Quality Management Systems and the Forest Stewardship Council (FSC®) Chain of Custody Certificate.

It was gratifying and a validation of our strategic direction to be recognised by the industry and our customers for our transformation efforts. Teckwah was conferred SIMTech's Partners Recognition Award at SIMTech's Manufacturing Productivity Technology Centre Annual Conference. The award recognises the success of SIMTech's partnership with companies that embarked on the digital transformation journey.

Teckwah was one of three honoured recipients of SIMTech's Best WSQ ("Work Skills Qualifications") Industry Partner Award. The award recognises Teckwah's continuous support towards the WSQ courses.

One of our crowning achievements in FY2019 was garnering a top ten finish at Dell EMC's Innovation Service Partner Forum 2019 in a category which showcased our collaborative and innovative capabilities. Our submission, an RPA solution for inventory replenishment, was up against 140 other project submissions. The recognition serves as a great motivator to continue producing even more innovative solutions and ideas for our clients.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY ("CSR") INITIATIVES

Our sustainability and CSR efforts will be comprehensively covered in our 2019 Sustainability Report, which will be available online later in the year. Nevertheless, several projects warrant mention.

Sustainability Projects

We organised a beach clean-up of East Coast Park over five weekends as part of our environment conservation and recycling efforts. It further served as a recycling educational programme for our staff to identify what types of waste material to recycle and reuse and to instil in them a sense of appreciation for cleaners, gardeners and parks personnel who keep Singapore clean and green.

Employee Programmes

Training, upgrading and enrichment programmes were integral for the continued development of staff. Staff were given the opportunity to attend in-house as well as external programmes. Some of the training programmes conducted included SIMTech's "WSQ Implement Manufacturing Data Mining Techniques" and "WSQ Implement Overall Equipment Effectiveness for Productivity Improvement" training programmes; "3-day

People Leadership Program"; "G7® Expert Training"; and high performing team development programmes such as "Team Synergies and Development Program".

Training aside, management dialogue session, social functions and health and wellness initiatives were an integral part of staff welfare. The quarterly "Staff Appreciation Day"; monthly games; health programmes; and medical checks, in addition to institutionalised staff medical and welfare benefits, were some of the core employee care initiatives of the Group.

Corporate Social Responsibility

Educational Outreach

We supported the training and mentoring of future industry talents through organised visits and internship programmes in partnership with post-secondary education institutions such as ITE College East. We hosted overseas students and groups, facilitating learning sessions and on-site tours of our headquarters. Among them were Executive Master of Business Administrative students from the China Europe International Business School and participants from a Penang-based non-profit training and consultancy organisation.

Community Outreach

During the year, we gave time and resources to several charitable organisations. Staff volunteered at Ren Ci's Vegetarian Food Fiesta organised by Ren Ci Community Hospital, the proceeds of which went towards supporting care services for the elderly across all Ren Ci's healthcare facilities. Our overseas subsidiary in Indonesia also organised community outreach programmes such as home visits and donations to a local old folks' home and orphanage.

业务回顾

财务业绩

截至2019年12月31日的财政年度（“2019财年”），集团实现营收1亿7450万新元，相比2018年12月31日的财政年度（“2018财年”）的1亿6560万新元相比，同比增长5.3%营收增长归功于新增的生活与时尚领域业务。包装印刷和物流及服务业务的营收下降。归属于股东的净利润为900万新元，相比2018财年的710万新元增加26.1%。

新加坡业务依然是集团营收的最大来源，占57.2%；中国业务次之，占26.6%。对集团营收贡献较大的客户来自资讯通讯科技、消费电子、工业化学品和食品及糖果行业。

印刷业务的营收从9130万新元降至9020万新元，同比下降1.3%，主要原因是新加坡和中国部分现有客户的需求减少。税前营运利润同比增长217.8%至190万新元，原因是通过加强成本管理，降低了运营成本，同时政府的奖励提高，抵消了营收的下滑。物流及服务业务的营收从7430万新元降至7120万新元，同比下降4.1%。营收下降的原因是新加坡和中国部分现有客户的需求减少。该业务的税前营运利润比2018财年降低2.2%。

财务状况

截至2019年12月31日，集团的资产负债表保持健康，总资产达2亿2680万新元，比2018财年增加17.2%。流动资产增加12.6%至1亿860万新元，主要原因是成本管理加强，带动现金和现金等价物增加；同时，为年底旺季补充库存导致库存增加。非流动资产同比增加21.7%至1亿1820万新元，原因在于从2019年1月1日起采用SFRS(I) 16租赁会计准则，同时其他资产、商誉和无形资产增加，被物业、厂房、设备和土地使用权的减少部分抵消。

截至2019年12月31日，总债务为6550万新元，比去年同期增加81.0%。流动负债增加57.7%至4680万新元，非流动负债增加186.6%至1870万新元。负债增加的原因是采用了SFRS(I) 16租赁会计准则，合约租赁产生的支付义务计入集团的债务；同时贸易和其他应付账款增加，集团也为收购Profoto Digital Services Pte Ltd（“Profoto®”）和一座仓库向银行额外申请了贷款。

现金流

扣除营运资金变动后，集团的经营活动产生的正现金流为3900万新元，比2018财年多1910万新元。增加的主要原因是使用权资产的折旧增加，贸易和其他应付账款产生的现金流出额减少，贸易和其他应收账款产生的现金流入额增加，同时为年底旺季储备的原材料多于去年，因此库存产生的现金流减少，起到部分抵消作用。

我们投资了1140万新元，用于为新加坡、中国、马来西亚、印尼和台湾的子公司购置厂房和设备。集团支付的股息为350万新元，比2018财年减少230万新元。截至2019年12月31日，集团的现金和现金等价物约为4570万新元，比去年同期增加960万新元。

集团的净负债率为16.1%，高于去年底的2.81%，负债增加的主要原因在于2019年额外申请了贷款。

企业业务活动摘要

我们继续强化业务能力，增加服务品类，扩大海外市场的地域覆盖范围。2019财年，集团收购了Profoto®的多数股权，这家公司专长于宽幅印刷。通过此次收购，我们能为生活与时尚领域的客户提供宽幅印刷、制作、安装、数码技术和项目管理等服务，为集团开辟了新的市场，创造了新的增长引擎。

我们继续为另外两项业务在新加坡和海外购置新厂房、机器和设备，确保我们的设备和技术水平能够继续满足客户需求。包装印刷部门投资了一台新的六色印刷机，可直接在生产线上进行UV上光。按照2018财年启动的数码转型与创新计划的要求，我们继续推进数据收集自动化、流程自动化和整合以及数据挖掘和分析，从而提升公司车间生产数据的连通性。

2019财年的工作重点是实现物流业务关键领域的数码转型，充分发挥相关技术的作用，通过“机器人流程自动化”完成重复任务，打造“智慧仓库”。2021年初，智慧仓库将整合各种物流操作，成为“智慧物流中心”。这需要精巧的布局设计，通过垂直仓储系统优化空间利用率，利用自动驾驶车辆提升操作员的安全，并通过人类工程学指导设计，最大程度减少人工取货，避免用人力完成重复、繁重的仓储任务。集团借此机会，可以评估现有的仓库流程，并重新进行设计，以简化操作并提升效率。我们在印尼、新加坡、台湾和泰国的物流业务将搬迁到更大的园区，为承担更复杂、集成程度更高的物流项目做好准备。

数码转型之旅——赢得人心

投资基础设施、升级系统固然是数码转型与创新计划中不可或缺的一部分，但确保企业员工在心态和技能上做好准备，全心全意地支持转型，也同样重要。为衡量员工的准备程度、信心和接受度，我们开展了第五次组织能力调查，98.2%的员工参与了调查。调查主要涉及五个方面：共同目标感、业务流程与衔接、领导力、核心能力和员工满意度。我们的员工在这五个方面的分数都很高，指数得分高于75%，说明他们充分支持集团的数码转型与创新计划。

在实施数码转型与创新计划的同时，我们还开展了2019年全面学习计划，通过提升员工的技能水平，鼓励他们逐渐转向知识型工作，确保每一位员工为数码转型之旅做好积极准备。在此基础上，随着新技术和自动化改进甚至取代旧的流程，新业务模式淘汰旧业务模式，我们作为一家企业，将继续为客户创造价值。

集团还举办了一年一度的2019年创新与创意日，旨在强化创新意识，培养创意文化。包括两支海外子公司队伍在内的参赛队伍展示了他们的构思和解决方案的能力，帮助公司不断改进流程，提高效率，克服目前和未来的挑战。在从新加坡的集团创新与创意日取得灵感后，印尼子公司也举行了该公司的第一届创新与创意日。

行业认证和荣誉

2019年，集团获得了新的行业认证。新加坡物流子公司获得“安全贸易伙伴证书（升级）”证书成功续期。海外子公司获得三个新的认证：ISO 9001:2015质量管理体系认证，ISO 13485:2016医疗器械质量管理体系认证和森林管理委员会(FSC®）产销监管链证书。

这些说明我们的战略方向得到了行业的认可，我们的转型努力也赢得了客户的信任，对此我们深感自豪。在新加坡制造技术研究院的制造业生产力技术中心年度会议上，德华被授予新加坡制造技术研究院“合作伙伴表彰奖”。该奖项旨在表彰新加坡制造技术研究院与各大企业在开展数码化转型之旅过程中的成功合作典范。

德华是三家荣获新加坡制造技术研究院的新技能资格(WSQ)最佳行业合作伙伴奖的公司之一。此奖项体现了德华对WSQ课程的不懈支持。

2019财年，德华最重要的成就之一是在2019年戴尔EMC创新服务合作伙伴论坛上，入围其中一个评选类别的前十名，充分展现了我们的协作和创新能力。我们提交的参赛项目是补库存机器人流程自动化解决方案，与其他140个参赛作品一同角逐。这项荣誉将激励德华继续为客户提供更好的创新解决办法和方案。

可持续发展与企业社会责任倡议

我们将在今年晚些时候发布集团2019年可持续发展报告，全面介绍我们在可持续发展和企业社会责任方面的各项工作。然而，有几个项目值得在本文中予以介绍。

可持续发展项目

为保护环境、促进回收再利用，我们组织员工利用五个周末清理东海岸公园的沙滩。在清理沙滩的过程中，也提升了员工的回收再利用意识，引导他们辨别可回收再利用的垃圾类型，激发他们对清洁工、园艺工人和公园工作人员等新加坡清洁绿色环境卫士的感激之情。

员工项目

为促进员工的持续发展，我们定期开展培训、技能升级和素质提升项目。员工有机会参加内部和外部举行的各种项目。其中一些培训项目包括新加坡制造技术研究院的“WSQ制造业数据挖掘技巧”和“WSQ通过全局设备效率提升生产力”培训课程；“三天提升人际领导力”；“G7®专家培训”；以及“团队协同效应和发展”等旨在培养高效团队的项目。

除了培训之外，管理层对话、社交聚会和健康福利举措等也是为提升员工福祉而举行的重要活动。集团采取的一些主要的员工关爱举措包括每个季度的“感谢员工日”、每个月的益智游戏活动、保健活动、体检，以及制度化的员工医疗保健和其他福利。

企业社会责任

教育外展

我们通过与工教学院东院合作开展参观和实习项目，全力支持未来行业人才的培训与培养。我们接待了大量海外游学团，安排他们的学习活动，带领他们实地参观我们的总部。其中包括中欧商学院EMBA课程的学生，以及槟城一家非盈利培训与咨询机构组织的游学团。

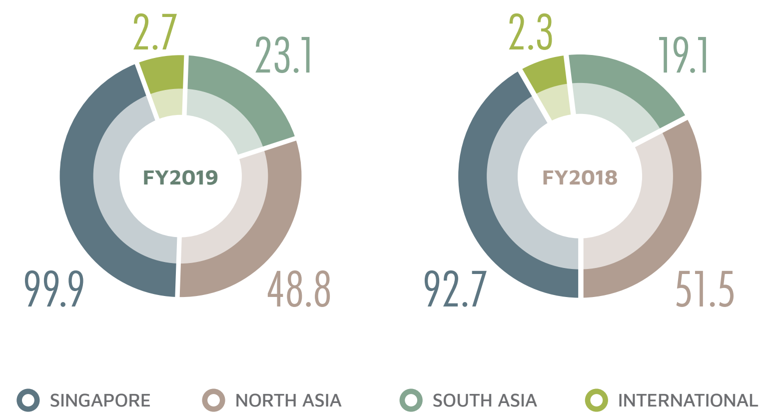
社群项目

2019年，我们付出时间和资源，支持了多家慈善组织。德华员工作为志愿者，参加了仁慈社区医院组织的仁慈素食义卖活动，所得善款全部用于支持仁慈旗下各大医护机构的老年人护理服务。印尼子公司也组织了社群外展活动，如探望当地老人院和孤儿院，并慷慨捐赠物资。

Financial Highlights

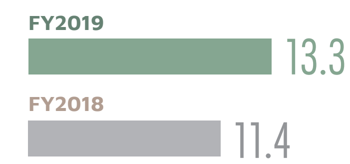
	FY2019	FY2018
Equity attributable to owners of the company ($'000)	152,711	152,828
Cash & cash equivalents ($'000)	45,688	36,052
Total Assets ($'000)	226,785	193,540
Total Debt ($'000)	24,592	4,300
Net Tangible Assets ($'000)	148,095	150,670
Interim Dividend per share (cents)	0.50	0.50
Final Dividend per share (cents)	1.00	1.00
Special Dividend per share (cents)	-	-
Earnings per share (cents)	3.84	3.04
Return on Equity (%)	5.9%	4.7%
Return on Turnover (%)	5.1%	4.3%
Return on Total Assets (%)	4.0%	3.7%
Debt to Equity (%)	16.1%	2.8%
Net Tangible Assets per share (cents)	63.41	64.51
Average staff strength	1,576	1,489
Staff cost ($'000)	52,179	45,819
Staff cost per employee ($'000)	33.11	30.77
Revenue ($'000)	174,459	165,608
Revenue per employee ($'000)	110.70	111.22
Profit before Tax ($'000)	13,307	11,393
Profit before Tax per employee ($'000)	8.44	7.65
Number of shares in absolute number	**233,550,248**	233,550,248

Revenue by Geographical Segments (S$ Million)

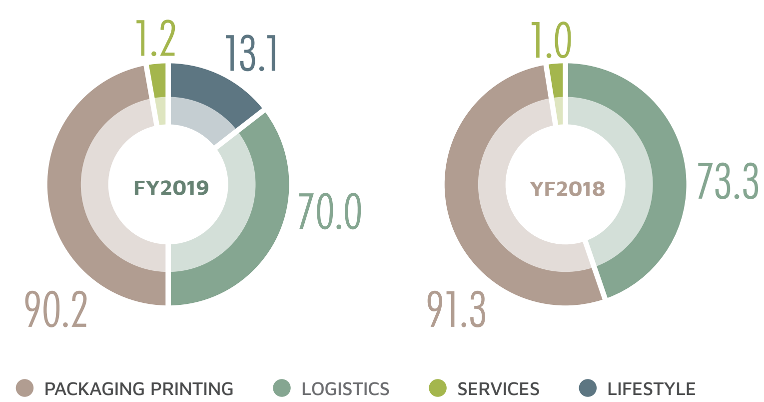


Revenue

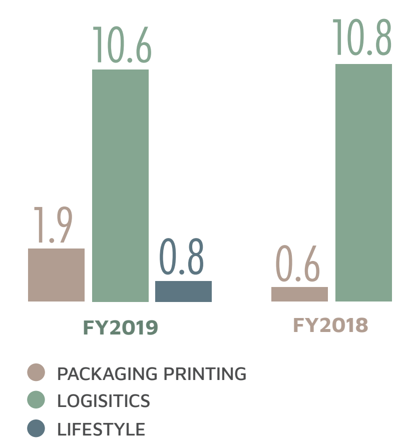
Profit Before Tax (S$ Million)



Revenue by Business Segments (S$ Million)



Profit Before Tax by Business Segments (S$ Million)



Profit attributable to owners of the company ($'000)	Wt average no. of shares ('00,000)	No. of shares ('00,000)
FY2019	FY2019	FY2019
8,966	2,335.50	2,335.50
FY2018	FY2018	FY2018
7,109	2,335.50	2,335.50

Corporate Structure

Teckwah Industrial Corporation Ltd

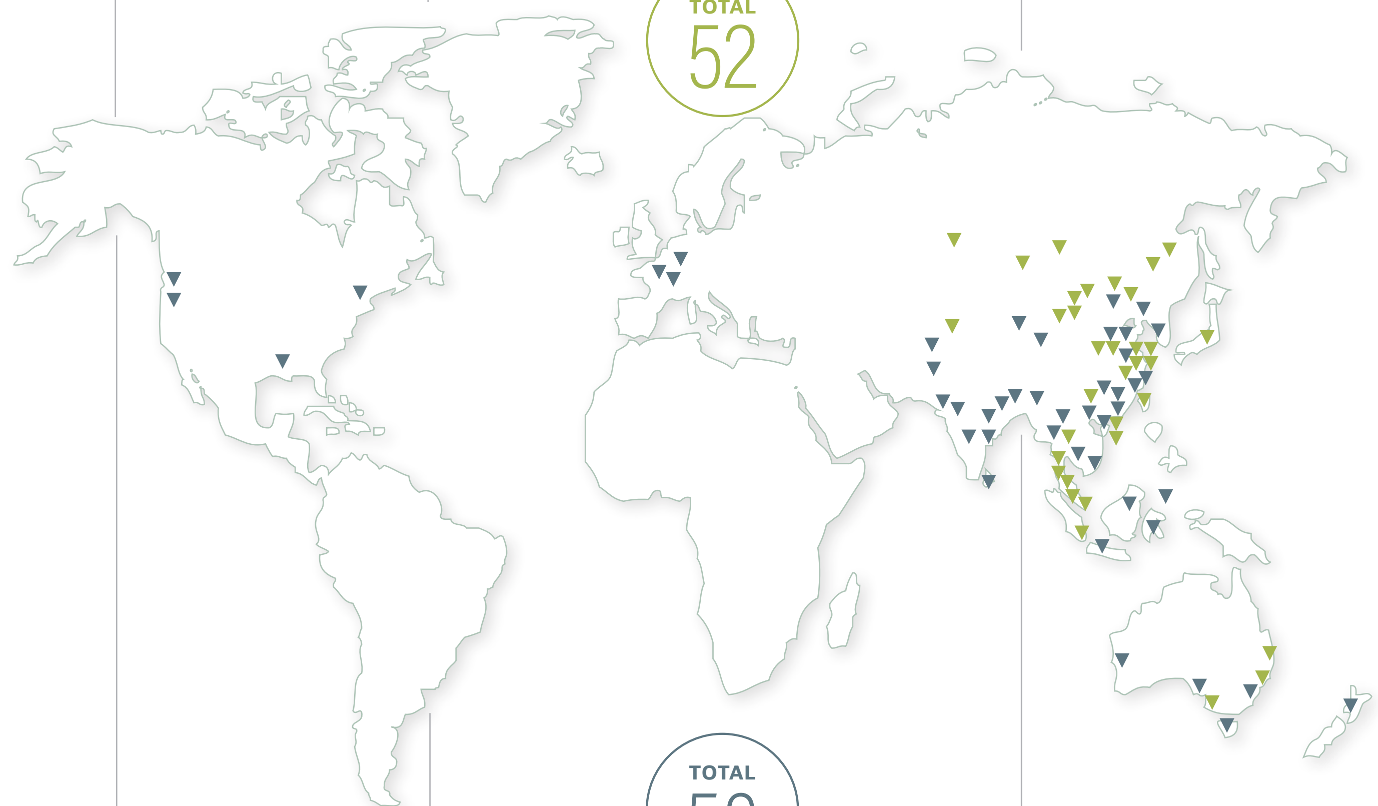
- **Teckwah Logistics Pte Ltd (100%)**
  - JNE Logistics Singapore Pte Ltd (100%)
  - Teckwah Trading (HK) Limited (100%)
  - Teckwah Logistics (India) Private Limited (100%)
  - Teckwah Value Chain Sdn Bhd (100%)
  - PT Teckwah Trading Indonesia (100%)
  - Teckwah Logistics Vietnam Co., Ltd (100%)
  - 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%)
- **PPH Teckwah Value Chain Sdn Bhd (50%)**
  - Teckwah Paper Products Sdn Bhd (100%)
  - Tompac Industrial Sdn Bhd (100%)
- **Profoto Digital Services Pte Ltd (70%)**
  - Profoto Malaysia Sdn Bhd (56%)

Geographic Network

TECKWAH SITES

Australia	3	Indonesia	2	Taiwan	1	Asia Pacific	52
China	31	Japan	1	Thailand	1	Europe	0
Hong Kong	1	Malaysia	5	Vietnam	1	North America	0
India	1	Singapore	5				

TOTAL 52



TOTAL 58

ALLIANCE SITES

Australia	4	India	10	New Zealand	1	Vietnam	2
Bangladesh	1	Indonesia	2	Philippines	2		
Brunei	1	Rep. of Korea	4	Sri Lanka	1	Asia Pacific	49
Cambodia	1	Macau	1	Taiwan	3	Europe	4
China	10	Malaysia	3	Thailand	1	North America	5
Hong Kong	1	Myanmar	1				

Corporate Information

FOUNDER

The Late 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

INDEPENDENT DIRECTORS
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

GROUP SENIOR MANAGEMENT

HUMAN CAPITAL DIRECTOR
Joyce Chan Choy Yin

GROUP BUSINESS DEVELOPMENT DIRECTOR
Chua Ai Ling

FINANCE DIRECTOR
Goh Yin Shian

INFOCOMM TECHNOLOGY DIRECTOR
Ng Chee Mun

CORPORATE PLANNING & ENTERPRISE RISK MANAGEMENT DIRECTOR
Tan Peck Hoon

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

John Lim Hwee Chiang (Chairman)
Lim Lee Meng
Gerard Tan Wee Seng

NOMINATING COMMITTEE

Peter Chan Pee Teck (Chairman)
Thomas Chua Kee Seng
John Lim Hwee Chiang

AUDITORS

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

COMPANY SECRETARIES

Lim Guek Hong ACIS
Michelle Lo Swee Oi ACIS

Partner-In-Charge

Lee Boon Teck

Appointment effective from financial year ended December 31, 2016

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

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TECKWAH LOGISTICS PTE LTD
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86 21 5990 0909 86 21 5990 6090

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86 21 5046 1515 86 21 5046 1248

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852 2610 0758

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TECKWAH LOGISTICS (INDIA) PRIVATE LIMITED
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91 11 2533 3924 91 11 2533 3923

INDONESIA

PT TECKWAH PAPER PRODUCTS INDONESIA
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Mukakuning, Sungai Beduk, Batam 29433, Indonesia
62 770 612042 62 770 612050

PT TECKWAH TRADING INDONESIA
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Jawa Barat 16453, Indonesia
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60 7 297 8181 60 7 297 8182

TECKWAH VALUE CHAIN SDN BHD
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PROFOTO MALAYSIA SDN BHD
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43300 Seri Kembangan, Selangor, Malaysia
60 3 8964 4122 60 3 8964 4922

TAIWAN

TECKWAH VALUE CHAIN (TAIWAN) LTD
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84 028 73022 888 84 028 6291 4745

Financial Report

Corporate Governance Report

The board of directors (the "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 which is essential to the long term sustainability of the Group's business and performance.

This report sets out the Company's corporate governance processes and structures that are in place throughout the financial year ended December 31, 2019 ("FY2019"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "2018 Code"), and as applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Companies Act. The Board confirms that Teckwah has complied substantially with the principles and provisions of the 2018 Code as set out below. Where there are deviations, reasons and explanations in relation to the Company's practices are provided, where appropriate.

A. BOARD MATTERS

PRINCIPLE 1: The Board's Conduct of Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The directors recognise that they have to objectively discharge their duties and responsibilities in the best interests of the Company at all times and to hold Management accountable for performance.

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

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are at arm's length basis. All Interested person transactions are subject to review by the Audit Committee to ensure compliance. Directors facing conflicts of interest will recuse themselves and refrain from participating in discussions and decisions involving the conflict-related matters. Directors provide a disclosure of interests in transactions, property and offices at least annually or as and when such an interest occurs.

The directors understand the Company's business as well as their directorship duties. 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 or half yearly 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 setting 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, compliance with the Companies Act and, rules and requirements of regulatory bodies;

(k) Identifying key stakeholder groups and recognising that their perceptions affect the Group's reputation; and

(l) Considering sustainability issues as part of strategic formulation.

Newly-appointed directors are briefed on the Group's business and Corporate Governance policies. Orientation programmes and familiarisation visits are organised, if necessary, to facilitate a better understanding of the Group's operations. Directors with no prior experience as a director will have to attend the Listed Entity Director Programme conducted by the Singapore Institute of Directors ("SID"). No new director was appointed in FY2019.

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. The Board attended a briefing conducted by the External Auditors on ASC's financial reporting updates, Accounting and Corporate Regulatory Authority's ("ACRA") financial reporting surveillance programme, Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual amendments and Code of Corporate Governance revisions. As part of the Company's continuing education for directors, the company secretary circulates articles, reports and press releases issued by SGX-ST and ACRA which are relevant to the directors. The directors may also attend other appropriate courses, conferences and seminars to develop and maintain their skills and knowledge, at the Company's expense. These include programmes run by the SID and other professional bodies.

Corporate Governance Report

The Board has adopted a set of internal guidelines on matters requiring Board approval. Matters which are specifically reserved for Board decision in 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;
- ◊ matters covered by statutory requirements, Company's Constitution, 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; and
- ◊ all other matters in the reasonable view of Management is of such material nature that require the approval of the Board.

The Board has established board committees, which are the Audit Committee ("AC"), the Nominating Committee ("NC"), Remuneration Committee ("RC") and Enterprise Risk Management Committee ("ERMC") (collectively the "Board Committees"), each committee has its own written terms of reference setting out their composition, authorities and duties including reporting back to the Board.

The directors attend and actively participate in Board and Board Committees meetings. 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 Constitution. 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.

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

Corporate Governance Report

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

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

*Retired on April 25, 2019

Directors with multiple board representations are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Group. The NC will review the multiple board representations held by the directors on an annual basis to ensure that sufficient time and attention is given to the affairs of the Group.

In order to ensure that the Board is able to make informed decisions and discharge its duties and responsibilities, Management provides the Board with complete, adequate and timely information prior to meetings and on an on-going basis, including quarterly management accounts and the Group's performance, position, prospects on a quarterly basis. 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.

Prior to each Board meeting, Management provides the Board with information relevant to matters on the agenda for the meeting. In general, such information is provided at least 3 days in advance of the Board meeting. Management also provides the annual budget to the Board members for endorsement.

The directors are well-informed by the Chairman and MD 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 Constitution of the Company.

The directors have separate and independent access to Management, the company secretary and external advisers (where necessary) at the Company's expense. The company secretary will also ensure that any queries made by the directors will be answered promptly by Management. The directors have been provided with the phone numbers and email particulars of the Company's Senior Management and company secretary to facilitate access. During FY2019, the company secretary attended all meetings of the Board and the Board Committees. The appointment and removal of the company secretary is a matter for the Board as a whole.

Corporate Governance Report

PRINCIPLE 2: **Board Composition and Guidance**

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable decisions in the best interests of the company.

The Board consists of seven directors out of whom three are Executive Directors and four non-executive and independent directors as follows:

Thomas Chua Kee Seng (Chairman)	Executive Chairman & Managing Director ("MD")
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
Gerard Tan Wee Seng	Independent Director

Under Provision 2.1 of the 2018 Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent.

As four of the Company's directors are independent and non-executive, the Company fulfills the 2018 Code's requirement that independent directors make up a majority of the Board where the Chairman is not independent and non-Executive Directors make up a majority of the Board. The Company is also in compliance with Rule 210(5)(c) of the Listing Manual of the SGX-ST.

The Board is of the view that the current Board size of seven 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.

Each year, the Board examines the Board and Board Committees' 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 that collectively as a group provides the core competencies for the leadership of the Company. The Board includes one female director in recognition of the importance of and value of gender diversity; this represents 14.3% of the total Board membership. In terms of Board independence, there are four non-executive independent Directors out of a total of seven directors, hence the independent directors represent 57.1% of the total Board membership. As at December 31, 2019 Teckwah has no alternate director on its Board.

Corporate Governance Report

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

During FY2019, the independent directors led by the Lead Independent Director, met amongst themselves without the presence of the other directors, and the Lead Independent Director provided feedback to the Executive Chairman after such meeting, where appropriate.

PRINCIPLE 3: **Chairman and Chief Executive Officer ("CEO")**

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Thomas Chua Kee Seng is currently the Chairman of the Board and the MD of the Company. The Board has not adopted the recommendation of the 2018 Code to have separate directors appointed as the Chairman and MD. 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. He is available to shareholders where they have concerns and for which contact through the normal channels of communication through the normal channels with the Chairman and MD or Management are inappropriate or inadequate.

Furthermore, all major proposals and decisions made by the Chairman and MD are discussed and reviewed by the AC. His performance and re-appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed by the RC. The Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Chairman and MD 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.

Corporate
Governance Report

PRINCIPLE 4: **Board Membership**

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of 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 & MD
John Lim Hwee Chiang	Independent Director

The NC is guided by its written terms of reference which sets out its authority and responsibilities. The NC is responsible for:

(a) making recommendations to the Board on relevant matters relating to:

(i) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the MD and key management personnel;

(ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and directors;

(iii) the review of training and professional development programmes for the Board and its directors;

(iv) the appointment and re-appointment of directors (including alternate directors, if any).

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, gender, qualifications, experience, personal attributes and skills.

◊ Source from recommendations of fellow Board members, business associates or trade organisations.

Corporate
Governance Report

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 their suitability and ensure that they are aware of the 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 the terms and conditions of appointment such as period of office, compensation and benefits, duties and responsibilities and termination.

For existing directors who retire and stand for re-election, the NC will use the above processes as a basis for the evaluation of these directors, and make recommendations to the Board for the re-nomination of such directors.

New directors who are appointed by way of a board resolution after the NC has approved their nominations, shall submit themselves for re-election at the next AGM of the Company. Regulation 89 of the Company's Constitution requires one third of the Board to retire by rotation at every AGM. For avoidance of doubt, each director shall retire at least once every three years.

With effect from January 1, 2019, all directors, including Executive Directors, must submit themselves for re-nomination and re-appointment at least once every three years, in accordance with Rule 720(5) of the SGX-ST Listing Manual (the "Listing Rules").

Accordingly, the directors due for re-nomination and re-appointment at the forthcoming AGM under Regulation 89 of the Company's Constitution are Mai Ah Ngo, Peter Chan Pee Teck and John Lim Hwee Chiang.

The NC has reviewed and recommended that Mai Ah Ngo, Peter Chan Pee Teck and John Lim Hwee Chiang who are retiring under Regulation 89 of the Company's Constitution at the forthcoming AGM and who have submitted themselves for re-election, be re-elected as directors. The Board has accepted the recommendations of the NC. Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

Corporate Governance Report

Key information on each director is set out on pages 12 to 17. Information relating to directors seeking re-election as set out in Appendix 7.4.1 of the Listing Rules is set out on pages 178 to 189.

The composition of the Board and independence of each independent director are reviewed annually by the NC based on the provisions relating to independence as set out in the 2018 Code and Rule 210(5)(d) of the SGX-ST. The NC requires each independent director to complete and execute a form declaring and affirming his independence and confirming that there exist no conditions that would impair his independence. This declaration of independence is tabled before the NC and, if accepted, the director's independence is then recommended by the NC to the Board. Taking into account the views of the NC, the Board is satisfied that Lim Lee Meng, Peter Chan Pee Teck, John Lim Hwee Chiang and Gerard Tan Wee Seng are independent in the light of the provisions of the 2018 Code and Rule 210(5)(d) of the Listing Rules.

As at December 31, 2019, 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 on 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 interest 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, whether the directors have any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise their independence and interfere with the exercise of their independent business judgment with a view to the best interest of the Group.

Guideline 2.4 of the Code of Corporate Governance 2012 continues to apply prior to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST which comes into effect on January 1, 2022. After due and careful rigorous review, the Board is of the view that all the above-referred three independent directors continue to remain independent in their exercise of judgment and objectivity in Board matters.

With effect from January 1, 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

Corporate Governance Report

The Board has recommended that the approval of the shareholders be sought through a Two-Tier Voting process at the forthcoming AGM for the continuation of office of Peter Chan Pee Teck and John Lim Hwee Chiang, who have each served as Independent Non-Executive Directors of the Company for an aggregate term of more than nine years, as Independent Non-Executive Directors of the Company.

The Board has determined that both Peter Chan Pee Teck and John Lim Hwee Chiang continue to remain objective and independent-minded in Board deliberations. Their vast experience enables them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interest of the Company.

The NC ensures that new directors are aware of their duties and obligations. New directors are given a formal letter explaining his/her duties and obligations as a director.

It is also part of the NC's duties to review and ascertain whether a director is able to and has been adequately carrying out his or her duties as a director of the Company. 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. As at the end of the financial year end, it was confirmed that this restriction had been complied with by all directors. The NC is also satisfied that all directors had discharged their duties adequately for FY2019.

The Board believes in carrying out succession planning for its Top Management team to ensure continuity of leadership. Since 2013, there has been an on-going informal succession programme initiated by the Chairman and MD to prepare a team of future leaders for the Group's long-term sustainability. The potential successors to key positions are identified and development plans instituted for them. The Chairman and MD constantly updates the NC and RC and keeps them informed that the succession plan is on track. All the members participated in the meeting and discussion.

Provision 1.4 of the 2018 Code recommends that a summary of the NC' activities be disclosed in the annual report. During FY2019, the NC met once, reviewed and recommended the re-nomination of directors who were due for re-election by rotation under the Company's Constitution at the forthcoming AGM; reviewed and determined the independence of the independent directors including conducting a rigorous review of the independence of those directors who have served on the Board for more than nine years; decided whether the directors were able to and have been adequately carrying out his or her duties as a director of the Company and reviewed the succession plans for directors, in particular the Chairman and MD and key management personnel.

Corporate Governance Report

PRINCIPLE 5: **Board Performance**

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC has adopted a system of assessing the effectiveness of the Board as a whole and the Board Committees and the contribution of the directors to the effectiveness of the Board. The Board assessment as a whole considered the following key performance criteria:

◊ Board size and composition

◊ Effectiveness of Board processes

◊ Board performance in fulfilling fiduciary and supervisory duties

◊ Board Committee performance

The assessment of individual directors, including the contribution by the Chairman and MD, considered the following key performance criteria:

◊ Director's duties

◊ Level of commitment (including attendance records, level of preparedness for meetings and participation in and outside meetings)

◊ Technical expertise e.g. financial, business-specific competencies and special skills and contributions made by the directors

◊ Interpersonal relationships with other directors and Senior Management

For the purpose of its evaluation of the directors' performance, the NC focuses on whether the directors, individually or collectively possess 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.

All directors individually complete a board evaluation questionnaire on the effectiveness of the Board, Board Committees and the directors based on the assessment criteria. The company secretary collated and submitted the results of the questionnaires to the NC. The responses are then discussed by the NC for recommendations to be made to the Board.

The Chairman and MD will act on the results of the evaluation and where appropriate and in consultation with the NC, propose the appointment of new directors or seek the resignation of current directors. Any renewal or replacement of directors does not necessarily reflect their contributions to date and it may be driven by the need to position and shape the Board in line with the medium term needs of the Group and its business.

Corporate Governance Report

The NC has assessed the current performance of the Board, the Board Committees, the Chairman and MD to-date, as well as the performance of each individual Director and is of the view that the performance of the Board as a whole, the Board Committees, the Chairman and MD, and of each individual director, had met their performance objectives.

No external evaluation facilitator was engaged for the financial year in review.

The Board had adopted an internal guideline that seeks to address the competing time commitments that may be faced when a director holds multiple board appointments. The NC noted that, based on the attendance of the Board and Board committee meetings held during the financial year, the directors present were able to participate at the meetings to carry out their duties. 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.

B. REMUNERATION MATTERS

PRINCIPLE 6: **Procedures for developing remuneration policies**

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Remuneration Committee ("RC")

The RC comprises the following members:

John Lim Hwee Chiang (Chairman)	Independent Director
Lim Lee Meng	Independent Director
Gerard Tan Wee Seng	Independent Director

The functions of the RC is to review and make recommendations to the Board on:

(i) A framework of remuneration for the Board and key management personnel; and

(ii) The specific remuneration packages for each director as well as for the key management personnel.

and in doing so the RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

Corporate Governance Report

The RC's recommendations, which cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind (as applicable). In the process, the RC takes into account the performance of the Group, as well as individual directors and key executives, aligning their interest with those of the shareholders and linking rewards to corporate and individual performance. In its deliberations, the RC takes into account industry practices and norms in compensation. No director is involved in deciding his own remuneration.

The RC also reviews the Company's obligations arising in the event of termination of the Chairman and MD, and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. 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. The RC will consider whether there is a requirement to institute 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 if the above exceptional circumstances materialise.

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. The services of an external remuneration consultant shall be engaged once in every three years. No external remuneration consultant was engaged for FY2019.

Provision 1.4 of the 2018 Code recommends that a summary of the RC's activities be disclosed in the annual report. The RC is guided by its written terms of reference. During the year, the RC met once and all the committee members were involved in the review and recommendation of the remuneration of the Executive Directors and key management personnel and recommended the independent directors' fees for FY2019.

PRINCIPLE 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Group advocates a performance-based remuneration system that is aligned to the interests of the shareholders and other stakeholders, is flexible and responsive to the market and the performance of the Company and individual employees, and promotes the long-term success of the Company. The Company seeks to ensure that the level and mix of remuneration are competitive and relevant. The performance-based remuneration takes into account the risk policies of the Company, is symmetric with risk outcomes and is sensitive to the time horizon of risks.

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An annual review of remuneration is carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, having regard to the financial and commercial health and business needs of the Group including market trends.

Non-Executive Directors do not have service contracts and are paid directors' fees subject to approval by shareholders at the AGM of the Company. The Board concurred with the RC that the proposed directors' fees for the year ended December 31, 2019 is appropriate to the level of contribution and is not excessive, taking into account factors such as consideration the level of contribution by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors.

The RC ensures that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

PRINCIPLE 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration of Executive Directors and key management personnel comprises a fixed component and a variable component. The fixed component is in the form of a base salary, annual wage supplement and benefits-in-kind. The variable bonus element is in the form of performance bonus and profit sharing, based on the Company's and respective individual key performance indicators that are designed to incentivise good performance, leading to value creation of the Company. The key performance indicators include the Company's profitability and other financial and operational indicators as determined by the Board. Staff appraisals are conducted once a year. The Executive Directors and key management personnel had met their respective key performance indicators in respect of FY2019. Executive directors do not receive directors' fees.

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

During FY2019, there was no termination, retirement or post employment benefits granted to any director or key management personnel.

In view of the competitive pressures in the labour market on retaining talent, the Company believes that it is not in its best interest to disclose the details of the remuneration of the individual directors and top five key management personnel (who are not directors) as require by Provision 8.1(a) and (b) of the 2018 Code. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure. The Company believes that given the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the disclosure would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Group's talent pool.

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A breakdown, showing the level and mix of each individual director's remuneration payable for FY2019 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 1,499,999	46.74%	51.85%	1.41%	0.00%	100.00%
Mai Ah Ngo	500,000 to 749,999	50.57%	40.04%	9.39%	0.00%	100.00%
Ng Nai Ping	500,000 to 749,999	51.02%	39.68%	16.30%	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%

*Retired on April 25, 2019

James Chua Kee Hin (brother of Thomas Chua Kee Seng); Chua Bee Lay (sister of Thomas Chua Kee Seng); Chua Ai Ling (daughter of Thomas Chua Kee Seng and Mai Ah Ngo); Chua Xing Ling (daughter of Thomas Chua Kee Seng and Mai Ah Ngo) and Chua Bao Hui (daughter of Thomas Chua Kee Seng and Mai Ah Ngo) are employees of the Group whose remuneration exceeded $100,000 each during the financial year, who are immediate family members of the directors.

The Company has taken a stance not to adopt the full disclosure under Provision 8.2 of the 2018 Code because it is of the view that such disclosure of remuneration of employees who are immediate family members of a director or CEO may be detrimental to the Group's interest as it may lead to poaching of executives within a highly competitive industry. The Company also wishes to maintain confidentiality of remuneration within the Group for more harmonious and effective human resource management.

The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage independent directors to hold shares in the Company.

Corporate Governance Report

C. ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Risk Management and internal controls

The Board, through the Enterprise Risk Management Committee ("ERMC"), which was established on November 9, 2012, determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. 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 Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. During FY2019, the ERMC assisted the Board in the oversight of the Group's risk profile and policies, reviewed the adequacy and effectiveness of the Group's risk management system including the framework and process for the identification and management of significant risks, and reports to the Board on material matters, findings and recommendations pertaining to risk management. The AC provided oversight of the financial reporting risk and reviewed the adequacy and effectiveness of the Group's internal control and compliance systems.

The Risk Management Report is found on page 59 to 63.

The Board requires and has received on a quarterly basis, assurance from:

(a) the Chairman and MD, the Executive Directors, Senior Management and the Finance Director that the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group and those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements; and

(b) the Chairman and MD, the Executive Directors, Senior Management and the Finance Director regarding the adequacy and effectiveness of the risk management and internal controls systems of the Group and those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements.

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PRINCIPLE 10: **Audit Committee**

The Board has an Audit Committee ("AC") which discharges its duties objectively.

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 duties include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

(c) reviewing the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit;

(f) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function; and

(g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

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 victimisation and harassment by their colleagues. The Company will treat all information received confidentially and protect the identity and interest of all whistle-blowers. There was no reported incident in FY2019.

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The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

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 Risk Services Pte Ltd ("PwC"). In accordance with the risk-based internal audit plan approved by the AC, PwC conducts regular internal audit reviews of the Group's companies, recommends necessary improvements and enhancements of internal controls, and reports to the AC. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

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 audit approach adopted by PwC is consistent with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.

To ensure adequacy of the internal audit function, the AC reviews and approves the risk-based internal audit plan on an annual basis.

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 primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the internal auditor. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

The AC meets the internal and external auditors, without the presence of the Company's Management at least once a year.

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 reviews the findings of the auditors and the assistance given to them by Management.

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The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors.

The AC was satisfied that the Company's external auditors and the audit engagement partner assigned to the audit had adequate resources and experience to meet its audit obligations. In this connection, the Company has complied with Rule 712 of the Listing Manual of the SGX-ST.

The AC confirms that it has undertaken a review of the independence of the external auditors through discussions with external auditors as well as reviewing 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$343,200/-.

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 Listing Rules, 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.

In line with the Listing Rules, the Board provides a negative assurance statement to the shareholders in its quarterly announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company, had pursuant to the amended Rule 720(1) of the Listing Rules, received undertakings from all its directors and executive officers that they each shall to the best of their abilities, in the exercise of their powers and duties, comply with the provisions of the Listing Rules and the Securities and Futures Act and will procure the Company to do so.

The AC, with the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Company's systems 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 is satisfied that there were adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The AC concurs with the Board's comment. The Board, together with the AC and Management, will continue to enhance and improve the existing internal controls framework to identify and mitigate these risks. There were no material weaknesses identified by the Board or the AC for FY2019.

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Significant financial statement reporting matters

The significant issues considered by the AC in relation to the financial statements during the year ended December 31, 2019 are detailed below, alongside the actions taken by the AC to address the issues.

Significant matters considered	How the issues were addressed by the AC
Impairment of Goodwill	The impairment of goodwill was identified by the external auditors as a key audit matter in its audit report for the financial year ended December 31, 2019. See page 69 of the Annual Report. The AC considered the approach and methodology used by Management in its annual goodwill impairment assessment. The AC reviewed the reasonableness of key assumptions used in the calculations of the discount rates and growth rates during the period in the discounted cash flow projections, and was satisfied that these were appropriate. See Note 18 of the financial statements.
Business combination	The AC considered the findings of the external auditors, including their review of the key terms of the purchase agreements, assessment of management's identification and fair value measurement of identifiable assets and liabilities in the calculation of goodwill and intangible assets. Throughout the acquisition process, Management proactively informed and consulted with the AC to seek their views and feedback on the key terms of the purchase agreements. The AC was satisfied that the methodology used by Management, accounting treatment and estimates adopted, as well as the disclosures made in the financial statements, were appropriate. See Note 12 to the financial statements.

Provision 1.4 of the 2018 Code recommends that a summary of the AC's activities be disclosed in the annual report. The AC is guided by its written terms of reference. The AC performs the functions specified in Section 201B of the Companies Act, Chapter 50 (the "Companies Act"), the Listing Manual of the SGX-ST and the 2018 Code. The AC met four times during FY2019. The AC reviewed the draft unaudited full year and quarterly financial results; reviewed and approved the internal audit plan for execution. The AC also reviewed with Management the internal controls and financial reporting matters and discussed with Management and external auditors on the accounting principles and practices adopted by the Group which could have an impact on the Group's financial statements.

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D. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: **Shareholder Rights and Conduct of General Meetings**

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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, in a timely and consistent manner.

The Company provides shareholders the opportunity to participate effectively in and vote at the general meetings of shareholders and informs them of the rules, including the voting procedures that govern the general meetings of shareholders.

The Company's regulations allow a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Companies Act (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through CPF agent bank may attend and vote at each AGM.

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

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. All resolutions at the AGM are put to the vote by way of poll and the detailed results of the voting for each of the resolutions are announced to the SGX-ST.

All directors and Management attend the general meetings of shareholders to address any questions that the shareholders may have. The external auditors of the Company are also present at annual general meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. During FY2019, all directors attended the AGM of the Company, which was the only general meeting held during the financial year.

For FY2019, the Company was not able to implement absentia voting methods such as voting via emails or fax since security, integrity of the information, authentication of the identity of shareholders and other pertinent issues have not been satisfactorily resolved. The Company will take into account any measures and legislations that may be introduced by the relevant authorities as a result of the current environment in formulating the framework and procedures to effect additional methods of voting.

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Provision 11.5 of the 2018 Code provides that the Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The Company currently does not publish minutes of general meetings of shareholders on its corporate website as minutes of general meetings which include substantial comments or queries from shareholders and responses from the Board, are available to shareholders upon written request.

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.

PRINCIPLE 12: **Engagement with Shareholders**

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company believes in regular, effective and fair communication with the shareholders. The Company's website is at www.teckwah.com.sg. The Company's latest annual reports, financial results and corporate announcements are available on the Company's website. The Company does not practice selective disclosure of material information. The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company and the Group are made to the shareholders. Any such information, should they arise, are communicated to the shareholders through the Company's annual reports and announcements to the SGX-ST and subsequently posted on the Company's website.

The Company provides an avenue for communication between the Board and all shareholders via its Corporate Communication Department which manages investor relations and attends to their queries. Shareholders may contact the Company with questions via the Get In Touch page of the Company's corporate website.

To enable the Board to understand the views of shareholders, shareholders are encouraged to attend the AGM and extraordinary general meetings of the Company to stay apprised of the Group's strategy and goals. At the general meetings, the shareholders are given an opportunity to air their views and ask questions regarding the Company and the Group.

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

E. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: **Engagement with Stakeholders**

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best intersts of the company are served.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

Details of the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019 will be set out in the Company's Sustainability Report.

The Company maintains a current corporate website to communicate and engage with stakeholders. The Company's website is at www.teckwah.com.sg

Material Contracts

There was no material contract entered into by the Company or its subsidiaries involving the interest of the Chairman and CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

F. INTERESTED PERSON TRANSACTIONS

During FY2019, there was no interested person transaction ("IPT") (excluding transactions less than $100,000) entered into by the Group.

There is no Shareholders' Mandate for 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 IPTs are subject to review by the AC to ensure compliance.

G. 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 for appropriate follow-up action.

H. 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 half year and full year results 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.

I. ENTERPRISE RISKS MANAGEMENT

Managing Enterprise Risks in Teckwah

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, centered upon the aim of creating shared value and sustained growth that benefits 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 its organisational goals.

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The Teckwah ERM framework ensures effective risk management practices and policies are embedded into the way businesses are conducted in Teckwah. The risk assessment process constitutes an important component of ERM as it provides the structured approach to framing the organisation's risk profile. This process enables Management to identify the Group's top risks and the emergent risk profile encompasses the four main perspectives – strategic/external, regulatory, financial and operational.

To create a risk-aware culture in Teckwah, ERM training is a compulsory module in the Training & Development Plan in Singapore, particularly for new employees, at the Executive/Managerial level. The curriculum includes the Group's risk strategy and policy, framework and profile. A key message communicated to all employees is that everyone has a role to play in managing risks within the organisation.

Strategic/External Risks

To ensure sustainable growth and the continued creation of shared value to its stakeholders, organisations today must have the agility and dexterity to be able to anticipate, react to and manage change. Teckwah has over the years transformed from a family-run business to a professionally managed organisation. The visionary leadership of Management has led the company to effectively develop and deploy its mid and long-term strategies both on a local and global scale.

With majority of total revenue in FY2019 contributed by its multinational customers, the Group is inevitably exposed to external risks amid evolving modus operandi of businesses and changing demand patterns. Teckwah closely monitors the global and regional economic conditions and actively identifies the latest market trends and risks impacting businesses. Such research data are incorporated into the periodic reviews of the Group's long-term strategic blueprint to ascertain the robustness of its strategies against external forces.

Regulatory Risks

The Group is perfectly positioned to deliver globally 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.

The Group recognises the importance of establishing resilient relationships with business partners and local authorities to keep abreast of prevailing changes in statutory and regulatory requirements in the countries we operate in. Internally, the Group has invested in training and sharing sessions for employees to be in touch with the latest regulatory changes and the potential impact these changes may have as well as any non-compliance of regulatory requirements on the businesses. Various polices have also been put in place to ensure that employees are equipped with the relevant 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 these risks. Credit risk is managed through the credit approval process that sets the credit limits and through constant monitoring and periodic reviewing of collection performance. Specific provisions will be made once trade debts are deemed uncollectible.

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 diligent cash flow management is enforced to ensure the Group's liquidity status consistently remains in a healthy position.

Operational Risk

Teckwah's operating environment is developed and managed based on locally and internationally recognised standards in quality management and practices. They include ISO 9001, ISO 14001, ISO 28000, OHSAS 18001, ISO 22301, STP (Secure Trade Partnership) Plus Certification, SS 620:2016 Good Distribution Practice for Medical Devices (GDPMDS) Certification, FSC® CoC (Forest Stewardship Council® Chain of Custody) Certification and the TAPA FRS (Transported Asset Protection Association Facility Security Requirements as Classification A) Certification. To minimise and avoid both anticipated and unanticipated risks to its local and regional operations, Management has initiated and established the operating systems and measures to govern its practices, whilst protecting its people and assets.

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 effectively and responsibly identifies, assesses and treats all QuESH-related risks associated with our business activities, products and services. Operational objectives are set in consideration of prevention of pollution, injury and ill-health. Employees undergo training and re-training on their roles and responsibilities under QuESHMS. All building premises are closely monitored and guarded by in-house security systems with access to all areas generally restricted and limited to authorised personnel.

Information, Cyber & Data Security

The Group is committed to uphold information and cybersecurity, data protection (including personal data) and to safeguard our customers' valued assets and intellectual property (IP) at all premises. Our robust IT infrastructure, systems and operational processes are not only designed and maintained to comply with industry practices, but also to protect the organisation against cyber threats that may come in the form of phishing, hacking, spam, malware and virus. Management also recognises the need to conduct periodic assessments and tests on the organisation's security posture as well as the degree of vulnerability in its IT systems.

Corporate Governance Report

At the enterprise level, identifying key gaps and vulnerabilities in its current cyber security capabilities and General IT Control capabilities can enable the prioritisation of measures to be implemented to close the gaps and further strengthen the Group's security posture. At the operational level, periodic reviews are conducted by the Heads of Departments to affirm that all employees have been granted the appropriate levels of authorised access to systems in accordance with their current roles and responsibilities. The Group is also committed to strengthen the cybersecurity awareness among its employees, to equip them with the knowledge, resources and skills to keep cyber threats at bay.

Human Capital Management

Human Capital in Teckwah merits much diligence as the Group holds in high esteem the value that its people bring to the business and to the organisation. The Group manages its Human Capital risks via a structured approach that ultimately achieves its Human Capital goals in talent acquisition, engagement, satisfaction and retention. In ensuring these people-related goals support the diverse operations locally and regionally, Management firmly aligns its Human Capital strategies with the Group's strategic blueprint, ascertaining the effective optimisation of its use of people at all levels of operations and management.

Business Continuity Management

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 disaster detection, response, and recovery and restoration capabilities, thereby ensuring the continual provision of services to customers. To assure the continued feasibility and effectiveness of the BCM Plan, the BCM Exercises are conducted periodically, with the latest desktop exercise performed in January 2020.

Corporate Governance Report

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 sustained growth for the organisation and its stakeholders. Key risks identified are presented to the Board. Teckwah's ERM framework not only assures the risk management practices put in place are effective, but clearly defines a Risk Structure that outlines the roles and responsibilities of Management and the Audit Committee.

The effectiveness of the ERM framework and the risk management process is reviewed by the Enterprise 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 Enterprise 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 Enterprise 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.

Directors' Statement

The directors present their statement 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, 2019.

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 74 to 177 are drawn up so as to give a true and fair view of the financial position of the Group and of the company as at December 31, 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the company for the financial year then ended 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.

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

*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 1,2019	At December 31, 2019	At January 1, 2019	At December 31, 2019
The company				
Ordinary shares				
Mr. Chua Kee Seng Thomas	1,900,000	1,900,000	1,808,000	1,808,000
Mdm. Mai Ah Ngo	792,000	792,000	1,808,000	1,808,000
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, 2020 were the same at December 31, 2019.

4 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.

Directors' Statement

5 AUDIT COMMITTEE

The directors of Teckwah Industrial Corporation Ltd have adopted the principles of the Code of Corporate Governance 2018 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.

For the financial year ended December 31, 2019, 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.

Directors' Statement

6 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 31, 2020

Independent Auditor's Report
to the Members of Teckwah Industrial Corporation Ltd

Report on the Audit of the Financial Statements

Opinion

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, 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 177.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the company as at December 31, 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	Our audit performed and responses thereon
Goodwill Impairment Review	
The Group is required to annually test goodwill for impairment. Significant judgement is required in estimating the recoverable amount of the cash generating unit associated with the goodwill. Key inputs used in the above estimation include growth rates and the discount rate of the business. The key assumptions and information of the goodwill are disclosed in Note 18 to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in the assessment of the value-in-use using discounted cash-flow model. Our procedures included: ◊ Independently developed expectations and compared to those used by management in the key assumptions such as growth rates and the discount rates; ◊ Assessed and challenged the accuracy of prior year's forecast with reference to current year's actuals on whether the Group has achieved the results; and ◊ Performed sensitivity analysis around key assumptions such as growth rates and discount rates used in the computation of the projected cash flows. Based on our procedures, we noted that management's key assumptions to be within a reasonable range of our expectations.

Independent Auditor's Report
to the Members of Teckwah Industrial Corporation Ltd

Business combination	
During the year, the Group acquired a subsidiary for a purchase consideration of $8,451,000. The Group is required to assess and determine the fair values of the assets acquired and liabilities assumed, including any identifiable intangible assets. Any excess of the purchase consideration over the fair value of the net assets acquired is recognised as goodwill. Significant management judgement is involved in the valuation of these assets and liabilities. The goodwill arising from the above acquisition of $2,402,000 and $4,109,000 respectively are dependent on the valuation of assets acquired and liabilities assumed. Details of the acquisition are disclosed in Note 12 of the financial statements.	We have discussed and reviewed management's assessment of the acquisition which was accounted for as business combination. Our procedures included: ◊ Read the key terms of the sale and purchase agreement to obtain an understanding of the transaction; ◊ Assessed management's identification and fair value measurement of identifiable assets and liabilities in the calculation of the goodwill and intangible assets; ◊ Involved our valuation specialist, where applicable to evaluate management's basis for identification and valuation of goodwill and intangible assets; and ◊ Assessed the purchase agreement for any contingent consideration. Based on our procedures, we noted management's accounting of the transaction to be appropriate.

Independent Auditor's Report
to the Members of Teckwah Industrial Corporation Ltd

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report
to the Members of Teckwah Industrial Corporation Ltd

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report
to the Members of Teckwah Industrial Corporation Ltd

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine the matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 31, 2020

Statements of Financial Position

December 31, 2019

	Note	GROUP 2019 $'000	GROUP 2018 $'000	COMPANY 2019 $'000	COMPANY 2018 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	47,088	36,052	5,807	5,422
Trade and other receivables	7	46,623	46,999	10,701	10,832
Inventories	8	14,915	13,429	-	-
Total current assets		108,626	96,480	16,508	16,254
Non-current assets					
Other assets	9	5,897	2,703	-	-
Derivative financial instrument	10	-	-	926	-
Joint venture	11	4,376	4,179	4,216	4,216
Subsidiaries	12	-	-	28,248	19,797
Property, plant and equipment	13	69,316	72,563	29,867	34,213
Investment properties	14	5,183	4,240	3,331	2,357
Right-of-use assets	15	13,731	-	-	-
Land use rights	16	6,108	6,400	5,757	6,022
Intangible assets	17	4,109	-	-	-
Goodwill	18	9,093	6,691	-	-
Deferred tax assets	22	346	284	-	-
Total non-current assets		118,159	97,060	72,345	66,605
Total assets		226,785	193,540	88,853	82,859
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	19	30,178	25,992	8,909	8,859
Bank loans	20	5,802	-	5,480	-
Lease liabilities	21	6,885	995	20	20
Income tax payable		3,147	2,655	748	701
Total current liabilities		46,012	29,642	15,157	9,580
Non-current liabilities					
Trade and other payables	19	4,334	-	667	-
Bank loans	20	1,241	-	-	-
Lease liabilities	21	10,664	3,305	31	51
Deferred tax liabilities	22	2,710	2,742	755	856
Post employment benefits	23	527	490	-	-
Total non-current liabilities		19,476	6,537	1,453	907

Statements of Financial Position

December 31, 2019

	Note	GROUP 2019 $'000	GROUP 2018 $'000	COMPANY 2019 $'000	COMPANY 2018 $'000
Capital, reserves and non-controlling interests					
Share capital	24	23,852	23,852	23,852	23,852
Statutory surplus reserve	25	3,197	3,015	-	-
Capital reserve	26	(4,241)	-	-	-
Retained earnings		133,298	128,078	48,391	48,520
Currency translation reserve		(3,395)	(2,117)	-	-
Equity attributable to owners of the company		152,711	152,828	72,243	72,372
Non-controlling interests		8,586	4,533	-	-
Total equity		161,297	157,361	72,243	72,372
Total liabilities and equity		226,785	193,540	88,853	82,859

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss

Financial year ended December 31, 2019

	Note	GROUP 2019 $'000	GROUP 2018 $'000
Revenue	27	174,459	165,608
Other operating income	28	1,566	1,122
Changes in inventories of finished goods and work in progress		187	114
Raw materials and consumables used		(44,665)	(46,416)
Employee benefits expense	31	(52,179)	(45,819)
Depreciation and amortisation	31	(19,451)	(9,917)
Other operating expenses	29	(46,018)	(53,307)
Share of profit of joint venture	11	210	232
Finance costs	30	(802)	(224)
Profit before tax	31	13,307	11,393
Income tax expense	32	(2,409)	(2,965)
Profit for the year		10,898	8,428
Profit attributable to:			
Owners of the company		8,966	7,109
Non-controlling interests		1,932	1,319
		10,898	8,428
Earnings per share	34		
Basic		3.84 cents	3.04 cents
Diluted		3.84 cents	3.04 cents

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Financial year ended December 31, 2019

	Note	GROUP 2019 $'000	GROUP 2018 $'000
Profit for the year		10,898	8,428
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	23	20	52
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	22	(9)	(13)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(1,404)	(1,149)
Other comprehensive loss for the year, net of tax		(1,393)	(1,110)
Total comprehensive income for the year		9,505	7,318
Total comprehensive income attributable to:			
Owners of the company		7,699	5,999
Non-controlling interests		1,806	1,319
		9,505	7,318

See accompanying notes to financial statements.

Statements of
Changes in Equity
Financial year ended December 31, 2019

	Note	Share capital $'000	Statutory surplus reserve $'000	Capital 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, 2018		23,852	2,927	-	126,857	(968)	152,668	3,847	156,515
Total comprehensive income for the year									
Profit for the year		-	-	-	7,109	-	7,109	1,319	8,428
Other comprehensive income (loss)		-	-	-	39	(1,149)	(1,110)	-	(1,110)
Total		-	-	-	7,148	(1,149)	5,999	1,319	7,318
Transactions with owners, recognised directly in equity									
Appropriations		-	88	-	(88)	-	-	-	-
Dividends paid	33	-	-	-	(5,839)	-	(5,839)	-	(5,839)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(633)	(633)
Total		-	88	-	(5,927)	-	(5,839)	(633)	(6,472)
Balance at December 31, 2018		23,852	3,015	-	128,078	(2,117)	152,828	4,533	157,361
Adjustments on adoption of SFRS(I) 16		-	-	-	(72)	-	(72)	-	(72)
As adjusted at January 1, 2019		23,852	3,015	-	128,006	(2,117)	152,756	4,533	157,289
Total comprehensive income for the year									
Profit for the year		-	-	-	8,966	-	8,966	1,932	10,898
Other comprehensive income (loss)		-	-	-	11	(1,278)	(1,267)	(126)	(1,393)
Total		-	-	-	8,977	(1,278)	7,699	1,806	9,505
Transactions with owners, recognised directly in equity									
Appropriations		-	182	-	(182)	-	-	-	-
Dividends paid	33	-	-	-	(3,503)	-	(3,503)	-	(3,503)
Acquisition of subsidiaries	12	-	-	(4,241)	-	-	(4,241)	2,742	(1,499)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(495)	(495)
Total		-	182	(4,241)	(3,685)	-	(7,744)	2,247	(5,497)
Balance at December 31, 2019		23,852	3,197	(4,241)	133,298	(3,395)	152,711	8,586	161,297

Statements of
Changes in Equity
Financial year ended December 31, 2019

	Note	Share capital $'000	Retained earnings $'000	Total $'000
COMPANY				
Balance at January 1, 2018		23,852	45,737	69,589
Profit for the year, representing total comprehensive income for the year		-	8,622	8,622
Dividends paid, representing transactions with owners, recognised directly in equity	33	-	(5,839)	(5,839)
Balance at December 31, 2018		23,852	48,520	72,372
Profit for the year, representing total comprehensive income for the year		-	3,374	3,374
Dividends paid, representing transactions with owners, recognised directly in equity	33	-	(3,503)	(3,503)
Balance at December 31, 2019		23,852	48,391	72,243

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Financial year ended December 31, 2019

	2019 $'000	2018 $'000
Operating activities		
Profit before tax	13,307	11,393
Adjustments for:		
Loss allowance	1	-
Bad debts written off	9	9
Write-down/(Write-back) of inventories	6	(8)
Depreciation and amortisation expense	19,451	9,917
Gain on disposal of property, plant and equipment	(64)	(83)
Share of profit of joint venture	(210)	(232)
Post employment benefits	11	56
Gain on disposal of intangible assets	-	(82)
Unrealised foreign exchange loss	33	63
Interest income	(378)	(294)
Finance costs for bank loan and finance leases	802	224
Operating cash flows before movements in working capital	32,968	20,963
Trade and other receivables and other assets	5,977	1,556
Inventories	(1,502)	355
Trade and other payables	1,546	(2,939)
Cash generated from operations	38,989	19,935
Interest paid for bank loan and finance leases	(802)	(224)
Income tax paid	(2,819)	(2,912)
Net cash from operating activities	35,368	16,799
Investing activities		
Interest received	378	294
Dividends received from joint venture	-	500
Proceeds from disposal of property, plant and equipment	173	229
Deposit placed for purchase of property, plant and equipment	(4,140)	-
Purchase of property, plant and equipment (Note A)	(7,226)	(5,605)
Net cash flow on acquisition of subsidiaries (Note 12)	(5,434)	-
Proceeds from disposal of intangible assets	-	87
Net cash used in investing activities	(16,249)	(4,495)

Consolidated Statement of Cash Flows

Financial year ended December 31, 2019

	2019 $'000	2018 $'000
Financing activities		
Dividends paid	(3,503)	(5,839)
Dividends paid to non-controlling interests	(495)	(633)
Placement in restricted cash	(1,000)	-
Repayment of bank loans	(2,059)	(1,084)
Proceeds from bank loans	7,867	847
Repayment of obligations under finance leases	-	(1,118)
Repayment of lease liabilities	(9,733)	-
Proceeds from finance lease (Note B)	-	4,403
Net cash used in financing activities	(8,923)	(3,424)
Net increase in cash and cash equivalents	10,196	8,880
Cash and cash equivalents at beginning of year	36,052	27,710
Effect of foreign exchange rate changes	(560)	(538)
Cash and cash equivalents at end of year	45,688	36,052

Consolidated Statement of Cash Flows

Financial year ended December 31, 2019

	2019	2018
	$'000	$'000
Cash and cash equivalents comprise the following		
Cash and bank balances	47,088	36,052
Less: Placement in Restricted cash	(1,000)	-
Less: Restricted cash from acquisition of subsidiaries	(400)	-
Cash and cash equivalents at end of financial year	45,688	36,052

Note A

During the year, the additions to property, plant and equipment totalling $7,321,000 (Note 13) comprised of paid purchases totalling $7,226,000 and purchases acquired under finance lease arrangements of $95,000.

Note B

In 2018, the Group obtained additional finance lease in relation to certain property, plant and equipment acquired in 2017, amounting to $4,403,000.

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2019

1 GENERAL

The company (Registration No. 197201105E) is incorporated in Singapore with its principal place of business and registered office at 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 11 and 12 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, 2019 were authorised for issue by the Board of Directors on March 31, 2020.

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 (International) ("SFRS(I)s").

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 SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases,* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *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

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Adoption of new and revised standards

On January 1, 2019, the Group and the company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is January 1, 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

◊ requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

◊ does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

Notes to Financial Statements

December 31, 2019

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

◊ Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;

◊ Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

◊ Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Group has applied the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

◊ The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

◊ The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.

◊ The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

Notes to Financial Statements

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◊ The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

◊ The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the leased assets and obligations under finance leases measured applying SFRS(I) 1-17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from January 1, 2019.

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

(d) Financial impact of initial application of SFRS(I) 16

The lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on January 1, 2019 ranges from 1.55% to 5.0%.

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The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at December 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	2019
	$'000
Operating lease commitments at December 31, 2018	12,101
Less: Short-term leases and leases of low value assets	(549)
Less: Effects of discounting	(755)
Add: Finance lease liabilities recognised under SFRS(I) 1-17 at December 31, 2018	4,300
Add: Present value of lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	3,793
Add: Present value of lease payments not previously included in operating lease commitments	1,313
Lease liabilities recognised at January 1, 2019	20,203

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application, except for the right-of-use assets for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date. Consequently, right-of-use assets of $15.62 million were recognised on January 1, 2019, prepayments decreased by $0.19 million and the net impact on retained earnings of $0.07 million was recognised on January 1, 2019.

Notes to Financial Statements
December 31, 2019

Standards issued by not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the Group and company were issued but not effective:

Effective for annual periods beginning on or after January 1, 2020

◊ Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*

◊ Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*

◊ Amendments to References to the Conceptual Framework in SFRS(I) Standards

Effective date is deferred indefinitely

◊ Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) 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.

Notes to Financial Statements
December 31, 2019

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.

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.

Notes to Financial Statements

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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 SFRS(I)s). 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 SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 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 at fair value, with changes in fair value 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.

Notes to Financial Statements

December 31, 2019

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) 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 SFRS(I) 1-12 *Income Taxes* and SFRS(I)1-19 *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 SFRS(I) 2*Share-based Payment* at the acquisition date; and

◊ Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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 SFRS(I).

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.

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to Financial Statements

December 31, 2019

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

◊ the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

◊ the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

◊ the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Notes to Financial Statements

December 31, 2019

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of conditions at the reporting date.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

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December 31, 2019

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

◊ existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

◊ an actual or expected significant deterioration in the operating performance or results of the debtor; and

◊ an actual or expected significant adverse change in the regulatory or economic environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are generally more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable:

Notes to Financial Statements
December 31, 2019

◊ information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due based on factors considered such as past payment history, ongoing business dealings, settlement arrangements and financial status of the debtor, being reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the counterparty; or

b) a breach of contract, such as a default or past due event; or

c) it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

d) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract or invoice and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

◊ Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group or individual basis.);

◊ Past-due status;

◊ Nature, size and industry of debtors; and

◊ External credit ratings where available.

The grouping is reviewed periodically by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

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Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

LEASES (before January 1, 2019) - 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. 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.

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LEASES (after January 1, 2019)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

◊ fixed lease payments (including in-substance fixed payments), less any lease incentives;

◊ variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

◊ the amount expected to be payable by the lessee under residual value guarantees;

◊ the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

◊ payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the relate right-of-use asset) whenever:

◊ the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

◊ the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

◊ a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-ofuse asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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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 33⅓%
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.

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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.

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 $3\frac{1}{3}$%

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.

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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.

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	-	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:

Customer relationship	-	10 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

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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.

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 SFRS(I) 5 *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.

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The requirements of SFRS(I) 9 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 SFRS(I) 1-36 *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 SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

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 SFRS(I) 9. 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.

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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.

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses 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.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

◊ the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

◊ the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

◊ the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with SFRS(I) 9. In contract, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Specifically, revenue is recognised in profit or loss as follows:

i. Revenue from sale of goods

The Group sells paper products and flexible packing and printing materials to its customers. Revenue is recognised when control and significant risk and rewards of ownership of the goods has transferred to the customer based on shipping terms. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The customers have a right to return if the goods are found to be defective or does not meet specifications. Such claims have historically not been significant.

ii. Revenue from logistics services

Revenue from transportation/freight forwarding is recognised upon completion of the service which is expected to approximate revenue to be recognised over time, based on the time elapsed, due to the short service period. Services are billed upon completion, on a monthly basis.

Value added logistics services refer to the rendering of import/export clearance, handling and storage of customer's goods at the Group's warehouse. Revenue from provision of value added logistics service is recognised over the respective service period based on the services provided as the customer simultaneously receives and consumes the services provided by the Group over the period. As the Group has the right to invoice the customers based on volume of goods to be handled by the Group and based on the storage space occupied by the customers, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligations.

Management fees from customers are recognised when services are rendered. Management has assessed that the stage of completion is determined as the proportion of the total service period that has elapsed as at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for these services are due in accordance with payment schedules in the customer contract, on straight-line basis over the term of the contract.

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iii. Provision of lifestyle printing services

The Group sells photo finishing, film processing, digital printing, digital composites, computer graphics, fabrication and installation of event booths and props to its customers. Revenue is recognised when control and significant risk and rewards of ownership of the goods and/or services has transferred to the customer based on shipping terms or completion of performance obligation. A receivable is recognised by the Group when the goods and/or services are delivered to the customers as this represents the point in time which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The customers have a right to return if the goods are found to be defective or does not meet specifications. Such claims have historically not been significant as the goods and services have been customised to customers specification beforehand.

iv. Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

v. Management and consultancy services

Management fees are recognised when services are rendered. Management has assessed that the stage of completion is determined as the proportion of the total service period that has elapsed as at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

vi. Rental income

The Group's policy for recognition of revenue from operating leases is described above under "Leases - The Group as lessor".

vii. Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

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.

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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.

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.

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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.

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.

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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 and statement of changes in equity 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.

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.

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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.

SHARE CAPITAL - Ordinary shares are classified as equity, incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends are deducted from shareholders equity and recorded as a liability when declared payable. Proposed dividends which are subject to shareholders approval are not deducted from equity and are not recorded as liabilities.

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.

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 12 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.

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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 SFRS(I) 10, the Group has control over Teckwah Value Chain (Thailand) Co., Ltd.

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.

Impairment of goodwill

The Group performs an impairment review to ensure that the carrying value of the goodwill amounting to $9,093,000 (2018: $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 18 with the assumption that the contract with its customer continues to be renewed.

No impairment loss is assessed to be required in 2019 and 2018.

Business combinations

As disclosed in Note 12 to the financial statements, the Group had a business acquisition during the year. As part of the business combination, the Group is required to assess and determine the fair values of the assets acquired and liabilities assumed, including any identifiable intangible assets. Any excess of the purchase consideration over the fair value of net assets acquired is recognised as goodwill. Management has engaged an external independent valuer to determine the fair valuation of the assets acquired and liabilities assumed (including any intangible assets). Significant management judgement is involved in the valuation estimates for the intangible assets and goodwill.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at amortised cost	92,387	81,790	16,394	16,108
Derivative financial instrument	-	-	926	-
Financial liabilities				
Financial liabilities at amortised cost	41,555	25,992	15,056	8,859
Lease liabilities	17,549	4,300	51	71

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.

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

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(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			
	Liabilities		Assets	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
United States dollars ("USD")	1,770	2,194	12,127	13,904

	COMPANY			
	Liabilities		Assets	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
United States dollars ("USD")	-	2	475	708

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

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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.

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:

	2019	2018
	$'000	$'000
Group	518	586
Company	24	35

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.

(ii) Interest rate risk management

The Group is exposed to the effect of changes in interest rates attributable to interest-bearing bank loans and finance leases. The interest rate and terms of repayment of bank loans and lease liabilities of the Group are disclosed in Notes 20 and 21 to the financial statements. The Group does not use financial derivative instruments to hedge interest rate risks.

The interest rates for fixed deposits are disclosed in Note 6 to the financial statements.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and on the assumption that the change took place at the beginning of a financial year and is held constant throughout the reporting period.

If interest rate had been 100 basis points higher/lower and all other variables were held constant, the Group's profit before tax would decrease/increase by $70,400 (2018: $Nil). The company's profit before tax would decrease/increase by $54,800 (2018: $Nil). This is mainly attributable to the Group's and company's exposure to variable interest bearing bank balance and bank loans.

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(iii) Overview of the Group's exposure to credit risk

Credit risk is the risk that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the company minimise credit risk by dealing exclusively with reputable counterparties.

The Group develops and maintains its credit risk grading to categorise according to their degree of risk of default. The Group uses its own internal trading records to rate its major customers and other debtors.

The Group and company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

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The table below details the credit quality of the Group and company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Group - December 31, 2019						
Trade receivables	7	(a)	Lifetime ECL (simplified approach)	41,179	(1)	41,178
Other receivables	7,9	Performing	12-month ECL	3,388	-	3,388
Amounts due from related party/joint venture	7	Performing	12-month ECL	733	-	733

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Group - December 31, 2018						
Trade receivables	7	(a)	Lifetime ECL (simplified approach)	41,623	-	41,623
Other receivables	7,9	Performing	12-month ECL	3,670	-	3,670
Amounts due from related party/joint venture	7	Performing	12-month ECL	445	-	445

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	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Company - December 31, 2019						
Trade receivables	7	(a)	Lifetime ECL (simplified approach)	125	-	125
Other receivables	7	Performing	12-month ECL	22	-	22
Amount due from subsidiaries/joint venture	7	Performing	12-month ECL	10,440		10,440

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Company - December 31, 2018						
Trade receivables	7	(a)	Lifetime ECL (simplified approach)	89	-	89
Other receivables	7	Performing	12-month ECL	24	-	24
Amount due from subsidiaries/joint venture	7	Performing	12-month ECL	10,573		10,573

Note:

(a) The Group and company determines the expected credit losses on these items by using an estimation based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

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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 amount that the company could be forced to settle under the financial guarantee contract in Note 35, is $45,396,500 (2018: $47,753,000). The company considers that it is more likely than not that no amount will be payable under the arrangement.

(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.

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	Effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
December 31, 2019						
Non-interest bearing	-	30,178	667	-	-	30,845
Variable interest						
rate instrument	1.55 – 10.88	6,056	626	833	(472)	7,043
Fixed interest						
rate instrument	3.1	-	3,900	-	(233)	3,667
Lease liabilities		7,326	11,243	-	(1,020)	17,549
Total		43,560	16,436	833	(1,725)	59,104
December 31, 2018						
Non-interest bearing	-	25,992	-	-	-	25,992
Fixed interest						
rate instrument	4.1	1,111	3,470	-	(281)	4,300
Total		27,103	3,470	-	(281)	30,292

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	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000
Company					
December 31, 2019					
Non-interest bearing	-	8,909	667	-	9,576
Variable interest rate instrument	2.76	5,631	-	(151)	5,480
Lease liabilities	-	22	32	(3)	51
Total		14,562	699	(154)	15,107
December 31, 2018					
Non-interest bearing	-	8,859	-	-	8,859
Fixed interest rate instrument	4.5	23	54	(6)	71
Total		8,882	54	(6)	8,930

Non-derivative financial assets

All financial assets of the Group and the company are non-interest bearing as at December 31, 2019 and December 31, 2018.

(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)

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

The carrying amounts of bank loans are reasonable approximation of fair values as they are floating rate instruments.

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(c) *Capital 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 externally imposed capital requirements are complied with.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Notes 20 and 21, and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

Certain subsidiaries of the Group are required to set aside a minimum amount of profits annually in accordance with local laws and regulations. Such profits are accumulated in a separate reserve called "Statutory Surplus Reserve" as disclosed in Note 25 to the financial statements. The Group is in compliance with externally imposed capital requirements for the financial years ended December 31, 2019 and 2018.

There were no changes in the Group's approach to capital management from 2018.

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 other than those disclosed elsewhere in the financial statements.

	GROUP	
	2019	2018
	$'000	$'000
Sales to a joint venture	5	43
Sales to a company of which a director of subsidiary has interest in	363	105
Management fees from a joint venture	250	250
Purchases of goods from a joint venture	(24)	-
Purchase of goods from a company of which a close family member of a director has interest in	-	(14)

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

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Compensation of directors and key management personnel

	GROUP	
	2019	2018
	$'000	$'000
Short-term benefits	5,733	5,477
Post-employment benefits	272	282
	6,005	5,759

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

6 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at bank	43,480	28,679	4,807	5,422
Fixed deposits	2,118	7,348	-	-
Cash on hand	90	25	-	-
	45,688	36,052	4,807	5,422
Restricted cash	1,400	-	1,000	-
	47,088	36,052	5,807	5,422

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 1.0% to 6.5% (2018: 0.7% to 6.3%) per annum.

As at December 31, 2019, restricted cash relates to funds held in designated bank accounts which are earmarked only for the purposes of payment for business acquisition and to secure credit facilities.

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7 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Outside parties (trade)	41,179	41,623	125	89
Loss allowance	(1)	-	-	-
	41,178	41,623	125	89
Joint venture (trade) (Note 11)	251	199	250	172
Subsidiaries (trade) (Note 12)	-	-	10,190	10,401
Related party (non-trade)	482	246	-	-
Other receivables	1,529	2,119	-	-
Deposits	1,371	1,149	22	24
Prepayments	1,812	1,663	114	146
Total	46,623	46,999	10,701	10,832

The average credit period on sales of goods is 60 to 90 days (2018: 60 to 90 days). No interest is charged on the trade and other receivables on the outstanding balance.

Loss allowance for trade receivables - outside parties is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a reference to past default experience of the debtors, adjusted for factors that may be specific to the debtors such as general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance against its receivables over 90 days past due because historical experience has indicated that most of these receivables are generally not recoverable, unless the Group has reasonable and supportable information that demonstrates otherwise.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

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As the Group and company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group and company's different customer base.

The following is an ageing analysis of trade receivables:

	Current	1 to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	> 90 days overdue	Total
	$'000	$'000	$'000	$'000	$'000	$'000
GROUP						
December 31, 2019	34,464	5,306	859	272	277	41,178
December 31, 2018	32,650	7,760	844	290	79	41,623

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The Group's trade receivables that are past due at the reporting date but not impaired relates to debtors where there is no change in credit quality of these customers as the Group had assessed them to be recoverable based on past payment history, ongoing dealings and settlement arrangements, including subsequent receipts received after year-end. Trade receivables that are neither past due nor impaired are considered recoverable.

Analysis of amounts due from subsidiaries and related party

For purpose of impairment assessment, amounts due from subsidiaries are considered to have low credit risk as the timing of payment is controlled by the ultimate holding company taking into account cash flow management within the Group and there has been no significant increase in the risk of default on the amounts due from subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the subsidiaries and related party, adjusted for factors that are specific to the subsidiaries and related party and general economic conditions of the industry in which the subsidiaries and related party operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Management determines that the amount due from subsidiaries and related party are subjected to immaterial credit loss.

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8 INVENTORIES

	GROUP 2019	GROUP 2018
	$'000	$'000
Finished goods	2,954	2,910
Work-in-progress	1,175	949
Raw materials	10,786	9,570
Total	14,915	13,429

The cost of inventories recognised as an expense includes $6,000 in respect of write-downs of inventory to net realisable value (2018: reversal of $8,000).

9 OTHER ASSETS

	GROUP 2019	GROUP 2018
	$'000	$'000
Deposits	4,140	1,859
Tax recoverable	1,757	844
Total	5,897	2,703

Deposits include payments paid for purchase of certain equipment.

10 DERIVATIVE FINANCIAL INSTRUMENT

	COMPANY 2019	COMPANY 2018
	$'000	$'000
At beginning of the year	-	-
Arising from acquisition of subsidiaries (Note 12)	649	-
Fair value changes during the year	277	-
	926	-

The above represents a call option which provides the company a right to acquire shares owned by the non-controlling interest of a subsidiary.

The fair value of the call option determined using binomial pricing model is classified under Level 3 of the fair value hierarchy. At the end of each financial reporting period, any changes to fair value of the call option will be recognised in profit or loss.

The key unobservable input used to determine the fair value of the call option is the adjusted operating profit before tax ("OPBT"). Any increase in the OPBT will cause the fair value of the call option to increase.

11 JOINT VENTURE

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	4,216	4,216	4,216	4,216
Share of post-acquisition profits, net of dividend received	2,079	1,869	-	-
Foreign exchange difference	(1,919)	(1,906)	-	-
	4,376	4,179	4,216	4,216

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	
		2019	2018
		%	%
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.

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The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with SFRS(I)s.

	GROUP	
	2019	2018
	$'000	$'000
Current assets	6,675	6,311
Non-current assets	3,832	4,022
Current liabilities	(1,568)	(1,835)
Non-current liabilities	(187)	(142)

The above amounts of assets and liabilities include the following:

	GROUP	
	2019	2018
	$'000	$'000
Cash and cash equivalents	2,301	2,216
Revenue	12,754	12,646
Profit for the year	420	464
Other comprehensive loss for the year	(18)	(35)
Total comprehensive income for the year	402	429
Dividends paid by the joint venture during the year	-	(1,010)

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

	GROUP	
	2019	2018
	$'000	$'000
Depreciation and amortisation	570	285
Interest income	17	56
Interest expense	9	8
Income tax expense	185	205

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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	
	2019	2018
	$'000	$'000
Net assets of the joint venture	8,752	8,356
Proportion of the Group's ownership interests in the joint venture	50%	50%
Other adjustments	-	1
Carrying amount of the Group's interest in the joint venture	4,376	4,179

12 SUBSIDIARIES

	COMPANY	
	2019	2018
	$'000	$'000
Unquoted equity shares, at cost	31,250	22,799
Deemed investment	2,484	2,484
Less: Impairment loss	(5,486)	(5,486)
	28,248	19,797

Movement in provision for impairment loss:

	COMPANY	
	2019	2018
	$'000	$'000
Balance at beginning of the year and at the end of the year	5,486	5,486

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The details of the Group's subsidiaries at December 31 are as follows:

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held	
		2019	2018
		%	%
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
PT 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 Packaging Systems (Shanghai) Co., Ltd	Provision of value chain management services/PRC.	100	100
Teckwah Value Chain (Thailand) Co., Ltd[(b)]	Provision of value chain management services/Thailand.	49	49
Teckwah Value Chain (Japan) Co., Ltd	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	Provision of value chain management services/ Australia.	100	100
Teckwah Logistics (India) Private Limited	Provision of third party logistic services/India.	100	100

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Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2019 %	2018 %
Teckwah Trading (HK) Limited	Provision of third party logistic services/PRC.	100	100
Teckwah Trading (Shanghai) Co., Ltd	Provision of third party logistic services/PRC.	100	100
Singapore Print Media Hub Pte Ltd	Investment holding and manufacturing of packaging solutions/Singapore.	100	100
Teckwah Value Chain (Taiwan) Ltd	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	Provision of third party logistic services/PRC.	51	51
PT Teckwah Trading Indonesia[(c)]	Provision of third party logistic services/Indonesia.	100	100
Profoto Digital Services Pte Ltd	Provision of lifestyle printing services	70	-
Profoto Malaysia Sdn Bhd	Provision of lifestyle printing services	56	-

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

(b) 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 SFRS(I) 10, Teckwah Value Chain (Thailand) Co., Ltd is a subsidiary of the Group.

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(c) The Group has a 67% direct ownership interest in PT Teckwah Trading Indonesia. 33% (2018: 33%) equity interest is registered under the name of third parties, holding in trust for the Group. The directors determined that it has control over PT Teckwah Trading Indonesia on the basis of the Group's contractual rights to appoint the board of directors. Control of the entity is exercised by the board of directors.

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

Subsequent to financial year end, the Group's wholly owned subsidiary, Teckwah Logistics Ptd Ltd ("TWL") incorporated Teckwah Logistics Vietnam Company Limited ("Teckwah Vietnam"). The principal activity of Teckwah Vietnam is that of warehousing and storage of goods.

Acquisition of subsidiaries

On 30 April 2019, the Group completed the acquisition of 70% and 56% of the total issued and paid up share capital for Profoto Digital Services Pte Ltd and Profoto Malaysia Sdn Bhd, which are engaged in the business of providing life size printing and fabrication services.

a) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

	2019 S$'000
Cash and bank balances	3,066
Trade and other receivables	5,125
Inventories	152
Property, plant and equipment (Note 13)	919
Intangible assets (Note 17)	4,403
Trade and other payables	(2,669)
Bank loans	(1,220)
Lease liabilities	(168)
Deferred tax liabilities (Note 22)	(766)
Income tax payable	(51)
Total net identifiable assets	8,791
Non-controlling interests	(2,742)
Goodwill arising from acquisition (Note 18)	2,402
	8,451
Add: Fair value of call option (Note 10)	649
Total consideration	9,100

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b) Effect on cash flows of the Group

	2019
	S$'000
Total consideration	9,100
Less: consideration payable	(1,000)
Consideration paid by cash	8,100
Less: Cash and bank balances in subsidiaries acquired	(3,066)
Add: Restricted cash	400
Net cash outflow from the acquisition	5,434

c) Non-controlling interests

The Group has elected to measure the non-controlling interests at the non-controlling interests' proportionate share of the subsidiaries' net identifiable assets.

d) Acquisition-related costs and call and put option

The Group incurred acquisition related cost of $258,000 relating to external legal, consultancy and valuation fees. These costs have been included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

As part of the sale and purchase agreement, call and put options has been granted to the company and the non-controlling shareholder of a subsidiary respectively. The call option (Note 10) is exercisable at any point of time within three years from the initial acquisition completion date while the put option (Note 19) is exercisable at year two onwards subject to meeting certain conditions.

e) Revenue and profit contribution

If acquisition has occurred on January 1, 2019, the revenue and net profit contribution to the Group would have been $20,295,000 and $1,524,000.

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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	
		2019	2018
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	3	3
Provision of third party logistic services.	Singapore, India, Indonesia, PRC and Malaysia	6	6
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 and 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
		17	17

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Principal activities	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2019	2018
Provision of value chain management services.	Thailand and Japan	2	2
Provision of third party logistic services.	PRC	1	1
Provision of lifestyle size printing services	Singapore and Malaysia	2	-
		5	3

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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 allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	2019	2018	2019	2018
				$'000	$'000	$'000	$'000
Shanghai Jointac International Logistics Co., Ltd	PRC	49%	49%	1,580	1,181	5,034	4,070
Profoto Digital Sevices Pte Ltd	Singapore	30%	-	133	-	2,528	-
Profoto Malaysia Sdn Bhd	Malaysia	44%	-	61	-	405	-
Individually immaterial subsidiaries with non-controlling interests				32	138	619	463
Total				1,806	1,319	8,586	4,533

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Summarised financial information in respect of the Group's subsidiary 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		Profoto Digital Services Pte Ltd		Profoto Malaysia Sdn Bhd	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	13,300	11,024	7,837	-	1,140	-
Non-current assets	5,358	684	7,196	-	176	-
Current liabilities	(4,778)	(3,401)	(3,604)	-	(313)	-
Non-current liabilities	(3,607)	-	(2,195)	-	(29)	-
Equity attributable to owners of the company	(5,239)	(4,237)	(6,706)	-	(569)	-
Non-controlling interests	(5,034)	(4,070)	(2,528)	-	(405)	-

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	Shanghai Jointac International Logistics Co., Ltd		Profoto Digital Services Pte Ltd		Profoto Malaysia Sdn Bhd	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	16,911	16,395	11,663	-	1,438	-
Expenses	(13,638)	(13,984)	(11,229)	-	(1,299)	-
Profit for the year	3,273	2,411	434	-	139	-
Profit attributable to owners of the company	1,669	1,230	301	-	78	-
Profit attributable to the non-controlling interests	1,604	1,181	133	-	61	-
Profit for the year	3,273	2,411	434	-	139	-
Other comprehensive loss attributable to owners of the company	(135)	(118)	-	-	1	-
Other comprehensive loss attributable to non-controlling interests	(129)	(114)	-	-	-	-
Other comprehensive loss for the year	(264)	(232)	-	-	1	-

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	Shanghai Jointac International Logistics Co., Ltd		Profoto Digital Services Pte Ltd		Profoto Malaysia Sdn Bhd	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Total comprehensive income attributable to owners of the company	1,535	1,112	304	-	78	-
Total comprehensive income attributable to non-controlling interests	1,474	1,067	130	-	62	-
Total comprehensive income for the year	3,009	2,179	434	-	140	-
Net cash inflow (outflow) from operating activities	3,943	2,733	4,285	-	(115)	-
Net cash (outflow) inflow from investing activities	(91)	14	(885)	-	(7)	-
Net cash outflow from financing activities	(966)	(993)	(919)	-	(64)	-
Net cash inflow (outflow)	2,886	1,754	2,481	-	(186)	-

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13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building	Leasehold buildings	Plant and machinery	Office equipment, furniture and fittings	Motor vehicles	Assets under construction	Total
GROUP	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:								
At January 1, 2018	1,074	2,138	40,074	63,949	32,328	2,001	2,709	144,273
Currency realignment	-	-	(220)	(707)	(89)	(35)	(23)	(1,074)
Additions	-	-	197	1,749	727	-	2,932	5,605
Disposals	-	-	(78)	(1,922)	(1,606)	-	-	(3,606)
Transfer to investment properties[2]	-	-	(85)	-	-	-	-	(85)
Reclassifications	-	-	55	2,664	28	-	(2,747)	-
At December 31, 2018	1,074	2,138	39,943	65,733	31,388	1,966	2,871	145,113
Currency realignment	(2)	(4)	(290)	(876)	(123)	(23)	(19)	(1,337)
Acquisition of subsidiaries	-	-	43	674	136	66	-	919
Additions	-	-	1,807	3,854	1,170	88	402	7,321
Disposals	-	-	(476)	(987)	(888)	(218)	-	(2,569)
Transfer to investment properties[2]	-	-	(1,315)	-	-	-	-	(1,315)
Reclassifications	-	-	289	1,680	598	-	(2,567)	-
At December 31, 2019	1,072	2,134	40,001	70,078	32,281	1,879	687	148,132

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GROUP	Freehold land	Building	Leasehold buildings	Plant and machinery	Office equipment, furniture and fittings	Motor vehicles	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation:								
At January 1, 2018	-	252	9,473	38,635	17,872	1,039	-	67,271
Currency realignment	-	-	(108)	(493)	(69)	(24)	-	(694)
Charge for the year	-	43	1,757	3,954	3,483	274	-	9,511
Disposals	-	-	(70)	(1,857)	(1,598)	-	-	(3,525)
Transfer to investment properties [2]	-	-	(13)	-	-	-	-	(13)
Reclassifications	-	-	-	18	(18)	-	-	-
At December 31, 2018	-	295	11,039	40,257	19,670	1,289	-	72,550
Currency realignment	-	-	(185)	(566)	(98)	(18)	-	(866)
Charge for the year	-	51	1,725	4,347	3,427	245	-	9,795
Disposals	-	-	(455)	(941)	(855)	(207)	-	(2,458)
Transfer to investment properties [2]	-	-	(205)	-	-	-	-	(205)
Reclassifications	-	(9)	-	9	-	-	-	-
At December 31, 2019	-	337	11,919	43,106	22,144	1,309	-	78,815
Carrying amount:								
At December 31, 2019	1,072	1,796	28,082	26,972	10,137	570	687	69,316
At December 31, 2018	1,074	1,843	28,904	25,476	11,718	677	2,871	72,563

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	Leasehold buildings	Plant and machinery	Office equipment, furniture and fittings	Motor vehicles	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
COMPANY						
Cost:						
At January 1, 2018	29,694	1,722	16,789	665	50	48,920
Additions	-	-	32	-	740	772
Disposals	-	-	(29)	-	-	(29)
Transfer to investment properties [2]	(85)	-	-	-	-	(85)
Reclassification	55	-	55	-	(110)	-
At December 31, 2018	29,664	1,722	16,847	665	680	49,578
Additions	21	-	31	-	-	52
Disposals	-	-	-	-	(4)	(4)
Transfer to investment properties [2]	(1,315)	-	-	-	-	(1,315)
Reclassification	77	-	599	-	(676)	-
At December 31, 2019	28,447	1,722	17,477	665	-	48,311
Accumulated depreciation:						
At January 1, 2018	4,446	629	6,884	144	-	12,103
Charge for the year	1,219	173	1,779	132	-	3,303
Disposals	-	-	(28)	-	-	(28)
Transfer to investment properties [2]	(13)	-	-	-	-	(13)
At December 31, 2018	5,652	802	8,635	276	-	15,365
Charge for the year	1,184	172	1,795	133	-	3,284
Disposals	-	-	-	-	-	-
Transfer to investment properties [2]	(205)	-	-	-	-	(205)
At December 31, 2019	6,631	974	10,430	409	-	18,444
Carrying amount:						
At December 31, 2019	21,816	748	7,047	256	-	29,867
At December 31, 2018	24,012	920	8,212	389	680	34,213

(1) This pertains to transfer of plant and equipment to subsidiaries.

(2) This pertains to transfer to investment properties due to change in tenanted floor space (Note 14).

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14 INVESTMENT PROPERTIES

	GROUP			COMPANY
	Freehold land	Buildings	Total	Building
	$'000	$'000	$'000	$'000
Cost:				
At January 1, 2018	706	4,087	4,793	2,705
Transfer[1]	-	85	85	85
At December 31, 2018	706	4,172	4,878	2,790
Transfer[1]	-	1,315	1,315	1,315
Currency realignment	(1)	(3)	(4)	-
At December 31, 2019	705	5,484	6,189	4,105
Accumulated depreciation:				
At January 1, 2018	-	507	507	330
Transfer[1]	-	13	13	13
Charge for the year	-	118	118	90
At December 31, 2018	-	638	638	433
Transfer[1]	-	205	205	205
Currency alignment	-	(1)	(1)	-
Charge for the year	-	164	164	136
At December 31, 2019	-	1,006	1,006	774
Carrying amount:				
At December 31, 2019	705	4,478	5,183	3,331
At December 31, 2018	706	3,534	4,240	2,357

[1] This pertains to transfer from property, plant and equipment (Note 13).

The investment properties of the Group consist of one unit of freehold land and building 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 (Note 16 (b)).

The property rental income from the Group's investment properties all of which are leased out under operating leases, amounted to $1,036,000 (2018: $746,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $ 231,000 (2018: $158,000).

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Fair value measurement of the Group's investment properties

The fair values of the Group's investment properties located in Singapore (at December 31, 2018) and Malaysia (at December 31, 2019 and December 31, 2018) 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 fair value of the Group's investment property located in Singapore at December 31, 2019 is determined by management based on valuations carried out at December 31, 2018 by independent valuers as stated above. Management has assessed that there is no significant change in the valuation techniques and significant unobservable inputs in the current year.

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, 2019 and December 31, 2018 are as follows:

Description	Fair value as at		Valuation technique(s)	Significant unobservable input(s)	Range	
	2019	2018			2019	2018
	S$'000	S$'000			S$	S$
Factory comprised of production and office areas	3,911	4,446	Market comparable approach	Price per square meter[1]	128 to 528	230 to 900
Office building	8,340	6,780	Market comparable approach	Price per square meter[1]	2,410 to 6,507	2,410 to 6,507

[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.

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15 RIGHT-OF-USE ASSETS

The Group leases several leasehold buildings, plant machinery, office equipment, furniture and fittings and motor vehicle. The average lease term is 3 to 5 years (2018: 3 to 5 years).

	Leasehold buildings	Plant and machinery	Office equipment, furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At January 1, 2019	21,676	42	849	-	22,567
Additions	6,427	-	840	75	7,342
Expired during the year	(1,782)	-	(249)	-	(2,031)
Currency realignment	(557)	(3)	-	-	(560)
At December 31, 2019	25,764	39	1,440	75	27,318
Accumulated depreciation:					
At January 1, 2019	6,581	11	351	-	6,943
Charge for the year	8,297	16	583	21	8,917
Expired during the year	(1,782)	-	(249)	-	(2,031)
Currency realignment	(241)	(1)	-	-	(242)
At December 31, 2019	12,855	26	685	21	13,587
Carrying amount:					
At December 31, 2019	12,909	13	755	54	13,731

Included in the Group's plant and machinery and motor vehicles is an amount of $5,320,000 (2018: $6,650,000) secured in respect of assets held under finance leases. These pertain to the plant and machineries and motor vehicles, where the Group and company make periodic lease payments, which are used for the purpose of the Group's operations.

In addition, the Group and company made upfront payment(s) in full to secure the right-of-use of certain leasehold lands. These leasehold lands, amounting to $6,108,000 and $5,757,000 (2018: $6,400,000 and $6,022,000) for the Group and company respectively, are presented within land use rights (Note 16).

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16 LAND USE RIGHTS

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cost:				
At beginning of year	8,813	8,839	7,971	7,971
Currency realignment	(24)	(26)	-	-
At end of year	8,789	8,813	7,971	7,971
Accumulated amortisation:				
At beginning of year	2,413	2,129	1,949	1,683
Reclassification	-	16	-	-
Amortisation for the year	281	283	265	266
Currency realignment	(13)	(15)	-	-
At end of year	2,681	2,413	2,214	1,949
Carrying amount: At end of year	6,108	6,400	5,757	6,022

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.

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17 INTANGIBLE ASSETS

	GROUP			COMPANY
	Country club memberships	Customer relationship	Total	Country club memberships
	$'000	$'000	$'000	$'000
Costs:				
At January 1, 2018	309	-	309	309
Disposed off during the year	(309)	-	(309)	(309)
At December 31, 2018	-	-	-	-
Acquired on acquisition of subsidiaries	-	4,403	4,403	-
At December 31, 2019	-	4,403	4,403	-
Accumulated amortisation:				
At January 1, 2018	299	-	299	299
Amortisation for the year	5	-	5	5
Disposed off during the year	(304)	-	(304)	(304)
At December 31, 2018	-	-	-	-
Amortisation for the year	-	294	294	-
At December 31, 2019	-	294	294	-
Carrying amount:				
At December 31, 2019	-	4,109	4,109	-
At December 31, 2018	-	-	-	-

The amortisation expense has been included in the line item "depreciation and amortisation expense" in profit or loss.

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18 GOODWILL

	GROUP	
	2019	2018
	$'000	$'000
Cost:		
At beginning of year	8,044	8,044
Acquired on acquisition of subsidiaries (Note 12)	2,402	-
At end of year	10,446	8,044
Impairment:		
At beginning and end of year	(1,353)	(1,353)
Carrying amount:		
At December 31	9,093	6,691

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:

	2019	2018
	$'000	$'000
Business segment		
Logistics	6,691	6,691
Lifestyle	2,402	-
	9,093	6,691

The goodwill allocated to the logistics business arose from the acquisition of JNE Logistics Singapore Pte Ltd, over a period from 2004 to 2006 and the goodwill allocated to the lifestyle business arose from the acquisition of Profoto Digital Services Pte Ltd and Profoto Malaysia Sdn Bhd in 2019.

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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 include the discount rates, terminal 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 historical and future business trends. Changes in direct costs are based on past practices and expectations of future changes in the market.

The key assumptions of average growth rate and terminal growth rate ranges from 0% to 3% and 0% to 3.7% (2018: 0%) respectively. The discount rates applied ranged from 10% to 13.4% (2018: 10%).

Based on the Group's impairment assessment, 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. As at December 31, 2019, 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.

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19 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Outside parties (trade)	16,576	14,282	612	1,241
Joint venture (trade) (Note 11)	59	6	41	-
Subsidiaries (non-trade) (Note 12)	-	-	4,567	4,640
Put option over non-controlling interests (Note 12)	3,667	-	-	-
Accrued operating expenses	14,210	11,704	4,356	2,978
	34,512	25,992	9,576	8,859
Less: Non-current portion	(4,334)	-	(667)	-
Current portion	30,178	25,992	8,909	8,859

The average credit period on purchases of goods is 60 to 90 days (2018: 60 to 90 days). No interest is charged on the trade payables.

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

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20 BANK LOANS

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At amortised cost				
Bank borrowings	7,043	-	5,480	-
Less : Amount due for settlement within 12 months (shown under current liabilities)	(5,802)	-	(5,480)	-
Amount due for settlement after 12 months	1,241	-	-	-

The Group has the following bank loans:

a. A secured loan amounting to $5,480,000 which bears interest at LIBOR rate plus 1.0% per annum and is repayable in 9 quarterly instalments, commencing on July 31, 2019. The average effective interest rate is 2.76% per annum.

b. An unsecured loan amounting to $875,000 which bears interest at fixed deposit rate plus 0.23% - 0.38% per annum. The loan is repayable over 20 years, commencing on January 31, 2019. The average effective interest rate is 1.55% per annum.

c. Secured loans amounting to $688,000 which carries average effective interest rates from 6.25% - 10.88% per annum. The loans are repayable in 36 - 60 monthly installments, commencing August 1, 2015 – August 1, 2018.

Bank loans are secured by:

i) A corporate guarantee by a subsidiary;

ii) Personal guarantee by a Director of a subsidiary; and

iii) Fixed deposits placed with the bank.

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The carrying amounts of the Group's and the company's bank loans approximate their fair values.

The table below details changes in the Group's liability arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities.

			Non-cash changes		
	January 1, 2018	Financing cash flows	Foreign exchange movement	Others[2]	December 31, 2018
	$'000	$'000	$'000	$'000	$'000
Bank loans (Note 20)	233	(237)	4	-	-
Finance lease (Note 21)	933	(1,118)	82	4,403	4,300
	1,166	(1,355)	86	4,403	4,300

			Non-cash changes			
	January 1, 2019 (Restated)[1]	Financing cash flows	Foreign exchange movement	Acquisition of subsidiaries (Note 12)	Others[2]	December 31, 2019
	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans (Note 20)	-	5,808	15	1,220	-	7,043
Lease liabilities (Note 21)	20,203	(9,733)	(431)	168	7,342	17,549
	20,203	(3,925)	(416)	1,388	7,342	24,592

(1) Includes adjustment arising from adoption of SFRS(I) 16 on January 1, 2019

(2) Others include new lease liabilities during the year

Notes to Financial Statements

December 31, 2019

21 LEASES LIABILITIES (Group as lessee)

Lease Liabilities *(Disclosure required by SFRS(I)16)*

	GROUP
	2019
	$'000
Maturity analysis:	
Year 1	7,325
Year 2	5,712
Year 3	3,506
Year 4	1,659
Year 5	367
	18,569
Less: Unearned interest	(1,020)
	17,549
Analysed as:	
Current	6,885
Non-current	10,664
	17,549

Notes to Financial Statements

December 31, 2019

Finance Leases *(Disclosure required by SFRS(I) I-17)*

	GROUP	
	Minimum lease payments	Present value of minimum lease payments
	2018	2018
	$'000	$'000
Amounts payable under finance leases:		
Within one year	1,111	995
In the second to fifth years inclusive	3,470	3,305
Less: Future finance charges	(281)	-
Present value of lease obligations	4,300	4,300
Less: Amount due for settlement within 12 months (shown under current liabilities)		(995)
Amount due for settlement after 12 months		3,305

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 4.1% per annum.

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December 31, 2019

22 DEFERRED TAX ASSETS AND LIABILITIES

GROUP

Deferred tax liabilities (assets)	Accelerated tax depreciation	Other temporary differences	Tax losses	Total
	$'000	$'000	$'000	$'000
At January 1, 2018	2,819	(362)	(70)	2,387
Credit to other comprehensive income for the year	13	-	-	13
(Credit) Charge to profit or loss for the year (Note 32)	(155)	187	9	41
Currency realignment	5	8	4	17
At December 31, 2018	2,682	(167)	(57)	2,458
Acquisition of subsidiaries (Note 12)	-	766	-	766
Credit to other comprehensive income for the year	9	-	-	9
(Credit) Charge to profit or loss for the year (Note 32)	(569)	(323)	19	(873)
Currency realignment	(3)	9	(2)	4
At December 31, 2019	2,119	285	(40)	2,364

Notes to Financial Statements

December 31, 2019

COMPANY

Deferred tax liabilities	Accelerated tax depreciation
	$'000
At January 1, 2018	1,040
Credit to profit or loss for the year	(184)
At December 31, 2018	856
Credit to profit or loss for the year	(101)
At December 31, 2019	755

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deferred tax liabilities	2,639	2,742	755	856
Deferred tax asset	(346)	(284)	-	-
Total	2,293	2,458	755	856

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 $34,756,000 (2018: $31,701,300). No liabilities has 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.

Notes to Financial Statements

December 31, 2019

23 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 and for qualifying employees of its subsidiary in India in accordance with The Payment of Gratuity Act, 1972, based on service and last salary. The number of employees entitled to the benefits for Indonesia is 71 (2018: 73) and for India is 5 (2018: 5). The subsidiaries does not set up a fund for this program.

The plan in Indonesia and India typically exposes the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest rate Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to Financial Statements

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Amounts recognised in the statement of profit or loss and other comprehensive income in respect of these post-employment benefits are as follows:

	GROUP	
	2019	2018
	$'000	$'000
Service costs:		
- Current service cost	48	52
- Past service cost and loss from settlements	(21)	3
- Net interest expense	40	34
- Components of defined benefits cost recognised in profit or loss	67	89
Remeasurement on the net defined benefit liability:		
- Actuarial (losses) gains arising from changes in experience adjustments	(44)	(4)
- Actuarial gains arising from changes in financial assumptions	30	(45)
- Actuarial gains arising from changes in obligations	(1)	(3)
- Components of defined benefits cost recognised in other comprehensive income	(15)	(52)
Total	52	37

Notes to Financial Statements
December 31, 2019

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

	GROUP	
	2019	2018
	$'000	$'000
Present value of unfunded obligations	527	490

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

	GROUP	
	2019	2018
	$'000	$'000
Defined benefit obligation:		
At beginning of year	490	463
Current service costs	48	52
Past service cost and loss from settlements	(21)	19
Interest costs	40	34
Benefits paid	(25)	(1)
Actuarial loss	(15)	(55)
Foreign exchange difference	10	(22)
At end of year	527	490

Notes to Financial Statements
December 31, 2019

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

	GROUP	
	2019	2018
Discount rate	7.10% to 7.50%	7.70% to 8.25%
Salary incremental rate	8%	8% to 10%
Mortality rate	100% TMI3* IALM(2012-14) ult***	100% TMI3* IALM(2006-08) ult**
Disability rate	5% TMI3* IALM(2012-14) ult***	5% TMI3* IALM(2006-08) ult**
Resignation rate	5% to 10% p.a.	5% to 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.

** IALM(2006-08) ult represents Indian Assured Lives Mortality (2006-08) ultimate.

*** IALM(2012-14) ult represents Indian Assured Lives Mortality (2012-14) ultimate.

The average duration of the benefit obligation at December 31, 2019 for Indonesia is 11.51 years (2018: 12.63 years) and for India is 7.93 years (2018: 9.03 year). The Group expects to contribute approximately $12,000 (2018: $26,000) 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 Group has assessed that any reasonably possible change to the key assumptions applied is not likely to cause the retirement benefit obligations to increase/decrease significantly. Accordingly, no sensitivity analysis is performed.

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December 31, 2019

24 SHARE CAPITAL

	GROUP AND COMPANY			
	Number of ordinary shares		Amount	
	2019	2018	2019	2018
	'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.

25 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.

In accordance with the relevant laws and regulations of Thailand, the subsidiary in Thailand is required to set up a reserve fund to allocate, at each distribution of dividend, a certain percentage of profit after taxation, to the reserve fund until such reserve reaches 10% of the registered capital of the entity.

26 CAPITAL RESERVE

Capital reserve represents the fair value and net present value of the call and put options liability at initial recognition (Note 12).

27 REVENUE

The Group derives its revenue from the transfer of goods and services at a point in time and over time in the following major product/service lines. This is consistent with the revenue that is disclosed for each reportable segments (Note 37).

Notes to Financial Statements

December 31, 2019

A disaggregation of the Group's revenue for the year is as follows:

	GROUP	
	2019	2018
	$'000	$'000
Sale of goods[1]	88,940	89,672
Logistics services[2]	69,963	73,204
Lifestyle printing, design, build and installation[1]	13,065	-
Scrap sales[1]	1,133	1,687
Management and consultancy services[2]	250	250
Rental income	1,037	746
Others	71	49
	174,459	165,608

[1] Recognised at a point in time.

[2] Recognised over time.

There are no performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

28 OTHER OPERATING INCOME

	GROUP	
	2019	2018
	$'000	$'000
Gain on disposal of property, plant and equipment	64	83
Interest income on bank deposits	378	294
Government grant	590	402
Carpark rental income	92	90
Others	442	253
	1,566	1,122

Notes to Financial Statements
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29 OTHER OPERATING EXPENSES

	GROUP	
	2019	2018
	$'000	$'000
Transportation and storage expenses	25,849	30,785
Rental and utilities expenses	3,701	10,201
Marketing expenses	662	650
Net foreign exchange gains	(74)	(373)
Upkeep of property, plant and equipment	4,149	3,179
Maintenance costs	1,445	1,331
Property tax	537	519
Professional fees	1,896	1,557
Staff welfare, entertainment and travelling expenses	2,655	2,477
Sub-contracting costs	3,198	1,093
Others	2,000	1,888
	46,018	53,307

30 FINANCE COSTS

	GROUP	
	2019	2018
	$'000	$'000
Interest expense on:		
- Bank borrowings	279	26
- Finance leases	-	198
- Lease liabilities	523	-
	802	224

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December 31, 2019

31 PROFIT BEFORE TAX

Profit for the year has been arrived at after charging:

	GROUP	
	2019	2018
	$'000	$'000
Employee benefit expenses (including directors' remuneration):		
Employee remuneration	46,999	40,866
Defined contribution plans	5,128	4,926
Defined benefit plans	52	27
Total employee benefits expense	52,179	45,819
Directors' remuneration:		
- of the company	2,805	2,417
- of the subsidiaries	311	311
Total directors' remuneration	3,116	2,728
Directors' fees:		
- of the company	244	231
Audit fees:		
- paid/payable to auditors of the company	257	222
- paid/payable to other auditors	192	172
Total audit fees	449	394
Non-audit fees:		
- paid/payable to auditors of the company	86	108
- paid/payable to other auditors	30	22
Total non-audit fees	116	130
Aggregate amount of fees paid to auditors	565	524

Notes to Financial Statements

December 31, 2019

	GROUP 2019 $'000	GROUP 2018 $'000
Net foreign exchange gains	(74)	(373)
Write-down (Write-back) of inventories	6	(8)
Bad-debts written off	9	9
Gain on disposal of property, plant and equipment	(64)	(83)
Cost of inventories recognised as an expense	44,478	46,302
Depreciation and amortisation:		
Depreciation of property, plant and equipment	9,795	9,511
Depreciation of investment properties	164	118
Depreciation of right-of-use assets	8,917	-
Amortisation of land use rights	281	283
Amortisation of intangible assets	294	5
Total depreciation and amortisation	19,451	9,917

32 INCOME TAX EXPENSE

	GROUP 2019 $'000	GROUP 2018 $'000
Current tax	3,113	3,278
Withholding tax	92	128
Deferred tax (Note 22)	(294)	58
Overprovision in prior years:		
- Current tax	77	(482)
- Deferred tax (Note 22)	(579)	(17)
Income tax expense for the year	2,409	2,965

Notes to Financial Statements

December 31, 2019

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 2019 $'000	GROUP 2019 %	GROUP 2018 $'000	GROUP 2018 %
Profit before tax	13,307		11,393	
Tax at the domestic income tax rate of 17%	2,262	17.0	1,937	17.0
Tax effect of share of results of joint venture	(35)	(0.3)	(39)	(0.3)
Tax effect of expenses that are not deductible in determining taxable profit	646	4.8	978	8.6
Tax-exempt income	(167)	(1.3)	(167)	(1.5)
Effect of different tax rates of subsidiaries operating in other jurisdiction	326	2.4	472	4.1
Deferred tax benefits not recognised	92	0.7	176	1.5
Utilisation of deferred tax assets previously not recognised	(298)	(2.2)	-	-
Overprovision in prior years	(502)	(3.7)	(499)	(4.4)
Withholding tax	92	0.7	128	1.1
Others	(7)	-	(21)	(0.1)
Total income tax expense	2,409	18.1	2,965	26.0

Notes to Financial Statements

December 31, 2019

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	
	2019	2018
	$'000	$'000
Tax losses		
At beginning of year	4,619	3,800
Adjustment	(1,046)	-
Arising in current year	405	962
Utilised in current year	(1,178)	-
Currency realignment	(23)	(143)
At end of year	2,777	4,619

	GROUP	
	2019	2018
	$'000	$'000
Temporary differences		
At beginning of year	1,271	1,366
Prior year adjustment	158	(22)
Arising in current year	12	-
Utilised in current year	-	(61)
Currency realignment	(29)	(12)
At end of year	1,412	1,271
Deferred tax benefit on above, unrecorded [1]	577	990
Deferred tax benefit on above, recorded	346	284

[1] The above deferred tax benefit has not been recognised due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of $207,000 (2018: $1,424,000) that will expire in 2022. Other tax losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

Notes to Financial Statements

December 31, 2019

33 DIVIDENDS

	GROUP AND COMPANY			
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Dividends paid during the year were as follows:				
(i) Final dividends of 1.00 cents (2018 : 1.00 cents) per share in respect of the preceding year	2,335	2,336	2,335	2,336
(ii) Special dividends of Nil cents (2018 : 1.00 cents) per share in respect of the preceding year	-	2,335	-	2,335
(iii) Interim dividends of 0.50 cents (2018 : 0.50 cents) per share in respect of the current year	1,168	1,168	1,168	1,168
	3,503	5,839	3,503	5,839

In respect of the current year, the directors propose that a final dividend of 1.00 cents per share will be paid to shareholders, subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $2,335,500.

Notes to Financial Statements

December 31, 2019

34 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	
	2019	2018
	$'000	$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the company)	8,966	7,109

	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earning per share	233,550	233,550

35 COMMITMENTS AND CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
(i) Guarantees given to banks in respect of credit facilities of subsidiaries (unsecured)	-	-	45,571	47,753

The amount of guarantees given by the company relates to facilities granted to the subsidiaries which are not utilised.

Notes to Financial Statements

December 31, 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
(ii) Estimated amounts committed for acquisition of property, plant and equipment	954	2,724	-	620

36 OPERATING LEASE ARRANGEMENTS

The group as a lessee

Disclosure required by SFRS(I) 1-17

At December 31, 2018, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP
	2018
	$'000
Within one year	6,986
In the second to fifth years inclusive	5,115
Total excluding the commitments stated in the following paragraphs	12,101

The Group as lessor

The group leases units in the its warehouse and office premises to external parties under non-cancellable operating leases.

Disclosure required by SFRS(I) 16

Operating leases, in which the group is the lessor, relate to investment properties owned by the group with lease terms of between 2 to 3 years.

Maturity analysis of operating lease payments:

	GROUP
	2019
	$'000
Year 1	1,156
Year 2	846
Year 3	392
Total	2,394

Notes to Financial Statements
December 31, 2019

Disclosure required by SFRS(I) 1-17

The group rents out its investment properties (Note 14) in Singapore and Malaysia under operating leases. Property rental income earned during the year was $1,036,000 (2018 : $746,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating properties amounted to $231,000 (2018 : $158,000).

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

	GROUP
	2018
	$'000
Within one year	716
In the second to fifth years inclusive	841
After five years	1,557

37 SEGMENT INFORMATION

Business segments

Effective from April 30, 2019, arising from acquistion of subsidiaries (Note 12), the Group has organised its structure into the following business segments as part of the Group's continued pursuit on strategic focus:

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

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

(iii) Lifestyle which includes provision of digital graphic printing, event set-ups, window-display and project management services; and

(iv) Services which includes property management and others.

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. 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.

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

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	Packaging Printing	Logistics	Lifestyle	Services	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2019						
REVENUE						
External sales	90,194	70,046	13,065	1,154	-	174,459
Inter-segment sales	32,299	8,853	36	14,039	(55,227)	-
Total revenue	122,493	78,899	13,101	15,193	(55,227)	174,459
RESULTS						
Segment results	1,449	10,276	890	(282)	-	12,333
Interest income						378
Other income						1,188
Profit from operations						13,899
Share of profit of joint venture						210
Finance costs						(802)
Profit before tax						13,307
Income tax expense						(2,409)
Profit for the year						10,898
OTHER SEGMENT INFORMATION						
Capital expenditure	5,204	1,813	167	42	-	7,226
Depreciation and amortisation	6,318	8,346	1,105	3,682	-	19,451

Notes to Financial Statements
December 31, 2019

	Packaging Printing	Logistics	Services	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
2018					
REVENUE					
External sales	91,337	73,257	1,014	-	165,608
Inter-segment sales	33,218	9,306	14,894	(57,418)	-
Total revenue	124,555	82,563	15,908	(57,418)	165,608
RESULTS					
Segment results	(62)	9,729	596	-	10,263
Interest income					294
Other income					828
Profit from operations					11,385
Share of profit of joint venture					232
Finance costs					(224)
Profit before tax					11,393
Income tax expense					(2,965)
Profit for the year					8,428
OTHER SEGMENT INFORMATION					
Capital expenditure	4,526	307	772	-	5,605
Depreciation and amortisation	5,518	733	3,666	-	9,917

Notes to Financial Statements
December 31, 2019

SEGMENT ASSETS AND LIABILITIES

	Packaging Printing	Logistics	Lifestyle	Services	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2019						
Assets						
Segment assets	91,002	67,874	11,388	56,175	-	226,439
Unallocated assets						346
Consolidated total assets						226,785
Liabilities						
Segment liabilities	16,965	23,372	5,083	14,211	-	59,631
Unallocated liabilities						5,857
Consolidated total liabilities						65,488

	Packaging Printing	Logistics	Services	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
2018					
Assets					
Segment assets	87,980	52,615	52,661	-	193,256
Unallocated assets					284
Consolidated total assets					193,540
Liabilities					
Segment liabilities	15,646	10,842	4,294	-	30,782
Unallocated liabilities					5,397
Consolidated total liabilities					36,179

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December 31, 2019

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.

All assets are allocated to reportable segments other than deferred tax assets. Goodwill has been allocated to reportable segments as described in Note 18. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore	99,878	92,694	77,359	66,917
People's Republic of China	46,326	49,355	22,376	15,920
Indonesia	15,472	14,407	5,609	4,464
Malaysia	6,545	3,994	8,558	8,850
Thailand	968	664	408	63
Japan	2,523	2,147	1,106	231
Australia	1,100	884	414	87
India	711	742	336	221
Taiwan	936	721	1,647	23
	174,459	165,608	117,813	96,776

Notes to Financial Statements

December 31, 2019

INFORMATION ABOUT MAJOR CUSTOMERS

In 2019 and 2018, the logistics segment has one customer whose revenue exceeds ten percent of the Group's revenue.

38 SUBSEQUENT EVENT

The Covid-19 outbreak subsequent to the reporting period is expected to impact certain segments of the business of the Group. As the situation relating to the spread remains dynamic, it is currently not possible to ascertain the full financial impact it may have on the financial performance of the Group in 2020. Nonetheless, management believes that the cash and cash equivalents including available banking facilities will enable the Group to continue as a going concern.

Additional information on Directors seeking re-election

Additional information on Directors seeking re-election

Ms Mai Ah Ngo, Mr Peter Chan Pee Teck and Mr John Lim Hwee Chiang are the Directors seeking re-election at the 2020 annual general meeting of the Company ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of SGX-ST is set out below:

Name of Director	Mai Ah Ngo	Peter Chan Pee Teck	John Lim Hwee Chiang
Date of appointment	June 25, 1993	September 12, 1991	February 17, 1994
Date of last re-appointment (if applicable)	April 26, 2018	April 25, 2017	April 25, 2017
Age	65	60	64
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the performance, contributions, qualifications, expertise, work experience and suitability of Ms Mai Ah Ngo for re-election as Executive Director of the Company. The Board has accepted the NC's recommendation and concluded that Ms Mai continue to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, expertise, work experience and suitability of Mr Peter Chan Pee Teck for re-election as Lead Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Chan continue to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, expertise, work experience and suitability of Mr John Lim Hwee Chiang for re-election as Non-Executive Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Lim continue to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether Board appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Executive Director. Responsible for the Packaging Printing business and Human Resources	Lead Independent Director Chairman of Nominating Committee Member of Audit Committee	Independent Director Chairman of Remuneration Committee Member of Audit Committee Member of Nominating Committee
Academic / professional qualifications	Bachelor of Arts Degree from Nanyang University Executive MBA from National University of Singapore	Bachelor of Accountancy (Hons) from National University of Singapore	Bachelor of Engineering (First Class Honours) Degree in Mechanical Engineering from National University of Singapore Master of Science in Industrial Engineering from National University of Singapore Diploma in Business Administration from National University of Singapore
Working experience and occupation(s) during the past 10 years	Executive Director of Teckwah Industrial Corporation Ltd (from 1990 to present)	Managing Partnerof Crest Capital Asia Pte Ltd (from 2009 to present)	Group CEO of ARA Asset Management Limited (from 2002 to present)
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 792,000 shares Deemed interest: 1,808,000 shares	Nil	Direct interest: NIL Deemed interest: 140,000 shares

Additional information on Directors seeking re-election

Name of Director	Mai Ah Ngo	Peter Chan Pee Teck	John Lim Hwee Chiang
Any relationship (including immediate family relationships) with any existing director/existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder	Thomas Chua Kee Seng (Spouse) – Chairman and Managing Director of Teckwah Industrial Corporation James Chua Kee Hin (brother-in-law) – Senior Regional Business Operations Director of Teckwah Value Chain Pte Ltd Goh Bong Chee (cousin-in-law) – Senior Sourcing and Purchasing Manager of Teckwah Value Chain Pte Ltd Chua Bee Lay (sister-in-law) – Program Manager of Teckwah Value Chain Pte Ltd Chua Ai Ling (daughter) – Group Business Development Director Calvin Ong (nephew-in-law) – Sourcing and Purchasing Manager of Teckwah Value Chain Pte Ltd Chua Bao Hui (daughter) – Corporate Communications Manager of Teckwah Industrial Corporation Ltd Chua Xing Ling (daughter) – Senior Corporate Planning and Enterprise Risk Management Manager of Teckwah Industrial Corporation Ltd.	Nil	Nil
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes
Other Principal Commitments including Directorships			
Past 5 years	No	1. Crest Capital Enterprises Pte. Ltd. 2. Crest Resource Services Pte Ltd 3. The Enterprise Development Fund Ltd 4. Crest EFA Manager Pty Ltd	1. ARA Fund Management (Harmony III) Limited 2. Suntec (PM) Pte. Ltd. 3. ARA Fund Management (Century) Limited 4. ARA Managers (Harmony) Pte. Ltd. 5. ARA Asia Dragon Limited 6. ARA Trust Management (Dynasty) Pte. Ltd. 7. ARA Trust Management (Cache) Limited 8. ARA Trust Management (USH) Pte. Ltd. 9. ARA Business Management (USH) Pte. Ltd. 10. Chinese Chamber Realty Private Limited

Additional information on Directors seeking re-election

Name of Director	Mai Ah Ngo	Peter Chan Pee Teck	John Lim Hwee Chiang
			11. The Financial Board of the Singapore Chinese Chamber of Commerce 12. Singapore Chinese Chamber of Commerce Foundation 13. APM (Holdings) Pte. Ltd. 14. APM Property Management Pte Ltd 15. Quantum Interactive Pte. Ltd. 16. Chairman of the Property Management Committee of the Singapore Chinese Chamber of Commerce & Industry
Present	1. Executive Director of Teckwah Industrial Corporation Ltd 2. Director of Teckwah Group's subsidiaries and associated Companies	1. Director of Crest Capital Group's Subsidiaries and Associated Companies 2. Director of ARA Trust Management (Suntec) Limited 3. Director of Clarity Singapore Limited 4. Director of Princess III Corporation 5. Director of Loyola III Pty Ltd 6. Director of The Enterprise Fund VI Pte Ltd	1. Director of ARA Group's subsidiaries and associated Companies 2. Chairman of Suntec Singapore International Convention & Exhibition Services Pte. Ltd. 3. Council Member of the Singapore Chinese Chamber of Commerce & Industry 4. Chairman of the Consultative Committee to the Department of Real Estate, National University of Singapore 5. Chairman of the Asia Pacific Real Estate Association 6. Holder of Public Service Medal 7. Patron of Jurong Spring Citizen's Consultative Committee and the Securities Investor Association of Singapore 8. Director of Harmony Convention Holdings Pte. Ltd. 9. Director of Harmony Investors Group Limited 10. Director of Harmony Investors Holding Limited 11. Director of ARA Asia Dragon II Limited 12. Director of ADF Dragon II Limited 13. Director of Hui Xian Investment Limited 14. Director of Hui Xian (B.V.I) Limited 15. Director of Harmony Partners Investments Limited 16. Director of Park Mall Investment Limited 17. Director of Park Mall Holdings Limited 18. Director of Park Mall Pte. Ltd. 19. Director of The Land Managers (S) Pte. Ltd. 20. Director of VMF3 Ltd 21. Director of Plus Grow Investments Limited

Additional information on Directors seeking re-election

Name of Director	Mai Ah Ngo	Peter Chan Pee Teck	John Lim Hwee Chiang
			22. Director of JL Investment Group Limited 23. Director of JLIG (Dragon) Limited 24. Director of Lim Hoon Foundation Limited 25. Director of JL Investment Holding (2012) Ltd 26. Director of JL Equity I Pte. Ltd. 27. Director of JL Equity II Limited 28. Director of Straits Real Estate Pte. Ltd. 29. Director of JL Equity III Limited 30. Director of The Land Managers Holdings Pte. Ltd. 31. Director of JL Financial Holdings Pte. Ltd. 32. Director of JL Equity V Limited
Disclose the following matters concerning appointment/re-appointment of director, chief executive officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against me or against a partnership of which I was a partner at the time when I was a partner or at any time within 2 years from the date I ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which I was a director or an equivalent person or a key executive, at the time when I was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date I ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against me?	No	No	No

Additional information on Directors seeking re-election

Name of Director	Mai Ah Ngo	Peter Chan Pee Teck	John Lim Hwee Chiang
(d) Whether I have ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or have been the subject of any criminal proceedings (including any pending criminal proceedings of which I am aware) for such purpose?	No	No	No
(e) Whether I have ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which I am aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against me in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on my part, or I have been the subject of any civil proceedings (including any pending civil proceedings of which I am aware) involving an allegation of fraud, misrepresentation or dishonesty on my part?	No	No	No
(g) Whether I have ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether I have ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether I have ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining me from engaging in any type of business practice or activity?	No	No	No

Additional information on Directors seeking re-election

Additional information on Directors seeking re-election

Name of Director	Mai Ah Ngo	Peter Chan Pee Teck	John Lim Hwee Chiang
(j) Whether I have ever, to my knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when I was so concerned with the entity or business trust?	No	No	No
(k) Whether I have been the subject of any current or past investigation or disciplinary proceedings, or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.

Statistics of Shareholdings AS AT MARCH 30, 2020

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	0.04	18	0.00
100 - 1,000	49	1.96	38,791	0.02
1,001 - 10,000	1,735	69.46	6,606,048	2.83
10,001 - 1,000,000	689	27.58	45,852,075	19.63
1,000,001 and above	24	0.96	181,053,316	77.52
TOTAL	**2,498**	**100.00**	**233,550,248**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT MARCH 30, 2020

	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	35,030,700	15.00
3	LEE KAY HUAN HOLDINGS PTE LTD	26,216,900	11.23
4	HSBC (SINGAPORE) NOMINEES PTE LTD	7,342,600	3.14
5	DBS NOMINEES PTE LTD	6,600,100	2.83
6	ABN AMRO CLEARING BANK N.V.	6,508,500	2.79
7	RAFFLES NOMINEES (PTE) LIMITED	4,246,100	1.82
8	CITIBANK NOMINEES SINGAPORE PTE LTD	2,692,500	1.15
9	MAYBANK KIM ENG SECURITIES PTE. LTD	2,389,700	1.02
10	CHUA KEE SENG	1,900,000	0.81
11	SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	1,838,000	0.79
12	ROCKVILLE HOLDINGS PTE LTD	1,808,000	0.77
13	SEET CHRISTINA	1,765,000	0.76
14	CHUA KUAN LIM CHARLES	1,599,500	0.68
15	HO CHUN HSIEN (HE JUNXIAN)	1,530,000	0.66
16	HUNG JEN HUI	1,244,200	0.53
17	OCBC SECURITIES PRIVATE LTD	1,153,500	0.49
18	GOH BONG CHEE	1,082,400	0.46
19	NG KWONG CHONG OR LIU OI FUI IVY	1,060,000	0.45
20	GOH KIM SENG	1,048,436	0.45
	TOTAL	**176,868,116**	**75.72**

The percentage of shareholding held in the hands of the public is approximately 36.558% 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 30, 2020

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]	35,030,700	15.00	-	-
Quarz Capital ASIA (Singapore) Pte Ltd[3]			11,687,800	5.00

Notes:

1) Mr Lee Chee Sit and Mr Lee Chee Peck are deemed to have an interest in the 26,216,900 shares held by Lee Kay Huan Holdings Pte Ltd.

2) Ho Bee Holdings Pte Ltd and Mr Chua Thian Poh are deemed to have an interest in the 35,030,700 shares held by Airjet Investments Pte. Ltd.

3) Quarz Capital ASIA (Singapore) Pte Ltd is deemed to have an interest in the 11,687,800 shares held in its capacity as investment advisor and fund manager of various funds and accounts.

* Based on 233,550,248 ordinary shares as at March 30, 2020.

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