TECKWAH GROUP
ANNUAL REPORT
2016

CORE

CONTENTS

From One to ALL comes CORE. The very essence of a fine company does not show in good times. It shows in challenging times. The global economy has been widely seen as lacklustre in the last few years. This is likely to extend into the next few years. Judge a company from what it does, as the wise ancient philosophers say. What has Teckwah done? What will Teckwah do? Sticking to its core. That's the essence that anchors the trilogy of annual reports 2014-2016. From the One-ness of vision, to the All-encompassing will to succeed, to the Core-edge that separates the tough from the otherwise. In a year where Teckwah faces an uncertain economic environment, what's core stays core.

It has always been about discerning a better fit. Teckwah is in the business of augmenting a world of substance. Packaging that speaks volumes, digital solutions, logistics management. An entire living ecosystem. Teckwah has remained steadfast in leading the core vision of a world she adds value to.

Light enters the pupil to guide image creation. Teckwah's strong vision enables us to stay focused.

It has always been technology and innovation that solve problems and better the outlook. In the traditional sense and the digital realm, Teckwah builds her strength right from the core, with the pool of talent painstakingly built and honed over the years.

The hexagon in structural terms, inherits properties of strength with efficient use of materials. Likewise, Teckwah has build up strong structures infused with innovation.

It has always been about the people who build what Teckwah believes in. Every relationship, with clients, employees, shareholders and suppliers, is golden.

CORE relationships

A symbiotic relationship between the bee and flower that harnesses each other's strengths is akin to the relationships Teckwah has with our employees, partners and stakeholders.

CHAIRMAN'S MESSAGE

"Effective cost management twinned with a successful strategy of locating some of our higher volume operations overseas has enabled us to reap cost and earnings advantages presented in the various markets."

Dear Shareholders,

It gives me great pleasure to present to you our Annual Report 2016 and financial results for the year ended 31 December 2016 ("FY2016"). We have turned in a strong set of results. While many other corporations have been posting weaker earnings in the very challenging economic conditions, with Singapore's GDP's growth at only 2.0%[1], we have registered an improved bottomline, a stronger balance sheet and higher cashflow. We achieved this by pursuing a successful strategy of internationalising our operations, adhering to a customer-centric approach to our business through the efforts of our dedicated and experienced staff, and our continual efforts at cost management.

FINANCIAL HIGHLIGHTS

We registered higher operating profit before tax of S$20.1 million, which was an increase of 19.5% from S$16.8 million in the year ended 31 December 2015 ("FY2015"). This was despite an overall decline in revenue of 1.2% to S$183.3 million from S$185.6 million on the back of decreased revenue from the Print-related business, offset by a revenue increase from the Non-print business. Flowing from this, our net profit attributable to owners of the Company increased by 10.2% to S$13.7 million from S$12.4 million in FY2015.

We continued to hold a very strong balance sheet, strengthening our cash and cash equivalents considerably, lowering our gearing ratio and generating higher positive cashflow. Our cash and cash equivalents stood at S$42.4 million as at 31 December 2016, a significant 57.9% increase, compared to S$26.8 million in the previous year. The improved cash position was attributed to higher profits and better sales collection.

After paying dividends amounting to S$4.1 million, which includes S$0.6 million to non-controlling interests, investing S$2.8 million in plant and equipment, and repayment of bank loans and finance leases amounting to S$6.1 million, we generated positive cashflow of S$32.0 million after working capital changes, S$4.2 million more than in the previous year. Our gearing ratio fell to 9.5% from 14.4% in FY2015.

I am delighted to announce that, given our strong financial performance and our commitment towards enhancing shareholder returns, the Board is recommending a final one-tier tax-exempt dividend of 1.5 cent per share subject to the approval of the shareholders at the forthcoming Annual General Meeting.

REAPING THE REWARDS OF SUCCESSFUL PLANNING

Our achievement in turning in another year of profitability is not unfathomable. Effective cost management twinned with a successful strategy of locating some of our higher volume operations overseas has enabled us to reap cost and earnings advantages presented in the various markets. Our investment in the Iskandar Development Zone to cater to high volume print and

[1] Ministry of Trade and Industry, "MTI Maintains 2017 GDP Growth Forecast at "1.0 to 3.0 Per Cent" 17 February 2017. https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2016/PR_4Q2016.pdf.

packaging and our upgraded facilities in Wuxi, China, and Batam, Indonesia, to undertake increased output and offer more packaging solutions, have resulted in higher contributions from these markets, which has positively impacted our earnings. Our Non-print business, specifically in the area of logistics, has also mitigated the impact of a slow economy in Singapore.

IMPROVEMENT AND INVESTMENT IN THE ORGANISATION

Buoyed by a successful year, we will keep on aiming for higher and sustained growth. Towards this end, we commit to an ongoing and continuous re-engineering and revamp of internal workflow, processes and structures, as well as the upgrading of our plants, equipment and human capital skill-sets to stay relevant and competitive. Following a Strategic Business Review which had been carried out in 2015 to map out the future direction of Teckwah, a revised senior management structure was put in place this year to facilitate the Group's future direction. With this new structure, the business development framework has been streamlined and there is now better integration between our Print-related and Non-print businesses. Further to the alignment of business development of our two divisions, we will be strengthening our business development capabilities and the internal working relationships between our different businesses with the aim of expanding our customer base across different industries within the Asia Pacific region.

As in previous years, we will invest in new hardware and software to ensure we are offering the best-in-class products, services and solutions for our customers. Despite already having invested a substantial amount to-date, we will be upgrading our print equipment in tandem with the industry's push towards digitalisation. For our Non-print business, ongoing software upgrades and greater automation will ensure that our service capabilities are at the forefront of the industry, to maximise the supply chain efficiencies of our customers.

CHAIRMAN'S MESSAGE

"I am thus very encouraged about Teckwah's future given the results of our latest Organisation Capability Survey conducted among our Singapore staff which demonstrated that the ratings among our employees on all these areas went up significantly as compared to the previous survey undertaken some years ago."

We had built into our bi-annual corporate-wide teambuilding event, Experiential Learning 2016, the theme of being 'future ready'. Our skills upgrading and training opportunities will continue to reflect this concept to ensure that our staff will not be left behind in the new economy and that their skills and knowledge are relevant for the future direction of the Group.

KEEPING OUR CORE STRONG

Just as it is necessary to be healthy inside and out, it is vital for an organisation to maintain a strong core. A robust structure built on a good foundation can withstand an immense amount of pressure; a weak one will buckle under the slightest force.

The fundamentals that we have identified as being important for us are a shared common destiny, leadership capability, core competencies, good human resource management, business processes and interface, and employee satisfaction. I am thus very encouraged about Teckwah's future given the results of our latest Organisation Capability Survey conducted among our Singapore staff which demonstrated that the ratings among our employees on all these areas went up significantly as compared to the previous survey undertaken some years ago. The employee ratings with respect to common destiny demonstrated the highest increase. It highlights that we are all moving in the same direction to achieve the common goal of the Group. With the right mindset, equipped with the necessary skills and led by a clear strategy embraced by everyone in the organisation, there is no reason why we should not succeed even though external conditions may be challenging.

Learning from Industry Best Practices

I have completed my term as President of Singapore Chinese Chamber of Commerce and Industry and have handed over the responsibilities to the new President. I have benefitted greatly from serving on the committee, gaining good insight into the general workings of the business environment outside Teckwah's own industry. This has enabled us to emulate the best practices from other major players while sharing our own with the business community. I will continue to contribute in whatever way I can to the business community through my ongoing participation in the SCCCI as well as through my role as Nominated Member of Parliament. At the same time, I look forward to learning and growing further from my interactions with others, bringing these experiences into my role in Teckwah.

THE YEAR AHEAD

We had been anticipating the benefits arising from the various bi-lateral and multi-lateral trade agreements, chief among them being the Trans-Pacific Strategic Economic Partnership Agreement which would have facilitated the cross-border flow of goods, services and people. The ratification of such treaties is now less certain, with protectionist ideologies spreading globally. Other downside risks to forecasted global and regional growth include disruptive technologies that could impact our customers' business models and have a knock-on effect on the demand for our goods and services, a global trade slump, stock market volatility, China's fragile credit position and other political events which could upset the balance of power in the region. Despite the challenges on the horizon, we are certain that there will be avenues for us to pursue. We are fundamentally strong and financially sound and will be able to seize strategic opportunities that may be there for the taking.

The Committee on the Future Economy has recently mapped out seven strategies for Singapore's next stage of growth. We have always been guided by national economic policies as they give a clear picture of the government's future stance and the direction of our economy. Heeding these strategies, we need to further diversify our capabilities, deepen our expertise and widen our customer base so as to be able to grow sustainably in tandem with the nation's growth. These strategies are not new to us and in fact Teckwah has already been pursuing them for some time. It is more a matter of intensifying our efforts, remaining sensitive to the dynamic external operating environment and maintaining a mindset that embraces change readily.

IN APPRECIATION

Allow me in closing to express my deepest appreciation to our staff and management for their continued commitment to keeping Teckwah in a position of strength. I would also like to thank the Board of Directors for their dedication and guidance during the year. Our sincere thanks goes out to our customers and business associates for their loyalty and to our shareholders for their steadfast support. We would not have been able to achieve all that we have without the collective efforts of all our stakeholders.

THOMAS CHUA KEE SENG
Chairman and Managing Director

主席致词

“我们制定了正确的战略规划，大力发展海外业务，再结合有效的成本管控，让集团能充分发挥各大市场的成本和盈利优势。”

敬致全体股东，

本人在此欣然向各位呈报截至2016年12月31日财政年度（“2016财年”）的年报和财务业绩。去年，集团业绩表现不俗。尽管宏观经济环境严峻，新加坡GDP增长率仅为2.0%[1]，大部分企业盈利疲软，但德华的营收、资产负债表和现金流均实现上扬。这要归功于集团成功实施了国际化经营战略、坚持客户至上的服务理念、经验丰富的员工团队做出的不懈努力，以及持续强化成本管控。

财务业绩摘要

2016财年税前营运利润为2010万新元，而2015财年的税前利润为1680万新元，同比增长19.5%。集团总收入从2015财年的1亿8560万新元下降了1.2%至1亿8330万新元，其中印刷业务收入减少，非印刷业务收入取得增长。归属于股东的净利润从2015年财年的1240万新元增加10.2%至1370万新元。

我们的资产负债表依然强劲，现金和现金等价物显著增加，负债比率降低，正现金流提高。截至2016年12月31日，现金和现金等价物总计4240万新元，与前一年的2680万新元相比，增加57.9%。现金状况改善的主要原因是利润增加，销售收款加速。扣除410万新元的股息、这包含约60万新元的股息支出致子公司的少数股东权益 、 280万新元的厂房设备投资和610万新元的银行贷款及融资租赁偿还金额后，不计营运资金变动，集团共产生正现金流3200万新元，比前一年多420万新元。集团的负债比率从2015财年的14.4%降至9.5%。

本人欣然宣布，由于财务业绩出色，根据集团提升股东回报的承诺，董事会建议派发每股1.5分新元的年终一级免税股息，待即将召开的年度股东大会批准。

成功规划带来丰硕成果

2016财年集团再次实现稳健盈利，实属意料之中。我们制定了正确的战略规划，大力发展海外业务，再结合有效的成本管控，让集团能充分发挥各大市场的成本和盈利优势。我们投资伊斯干达(Iskandar)开发区，以满足大批量印刷及包装需求；提升在中国无锡和印尼巴淡岛的设施，以增加产量，提供更细致的包装解决方案。这些措施推动上述市场的收入大幅提高，对集团盈利产生了积极的作用。集团的非印刷业务，尤其是物流业务，也成功地减轻了新加坡经济放缓的冲击。

组织结构优化与投资

在2016年成功的基础上，我们将继续追求更强劲的可持续成长。我们致力于持续重整及优化公司的内部工作流程和组织结构、提升厂房和设备、增强员工的技能水平，从而保持德华的竞争力和优势。2015年，我们开展了业务战略评估，制定了德华未来的发展方向；配合新的改变，我们调整了高级管理层人事结构，确保集团朝着未来的方向不断前进。在新的组织结构下，业务发展框架得到优化，印刷业务和非印刷业务实现了进一步整合。为了更好地协调两个业务部门的发展，我们将强化业务开发能力和部门间合作关系，从而吸引亚太地区各行各业的客户，持续扩大集团的客户基础。

和往年一样，我们计划投资新的软硬件设施，确保我们的产品、服务

[1] 新加坡贸易和工业部，“贸工部预测2017年GDP增速为1.0%至3.0%”，2017年2月17日https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2016/PR_4Q2016.pdf.

和解决方案都达到一流水准。迄今，我们已经投入了大量资金，但还会继续提升印刷设备，紧跟行业的数码化潮流。在非印刷业务方面，目前的软件提升及自动化的广泛应用可确保德华更具备业内顶级的运营能力，能够为客户提供更高效的供应链服务。

2016年，集团双年度员工激励营和体验式学习活动的主题是"未雨绸缪"。未来的能力提升和培训机会将继续贯彻这一主题，确保德华的员工在新经济浪潮中与时俱进，不断提升技能与知识，为集团的长远发展贡献力量。

维持强有力的核心

正如人体要保持内外健康，组织也需要有强有力的核心。只有建立在坚实基础上，组织结构才会稳健，才能承受外来的压力；如果存在任何脆弱之处，稍受冲击就会分崩离析。我们认为集团最重要的基础是荣辱与共的信念、领导力、核心竞争力、良好的人力资源管理、业务流程，以及员工满意度。最近一次针对新加坡员工的组织能力调查显示，员工在各个领域的评分与几年前的调查相比有显著提高，让我对德华的未来充满信心。员工在荣辱与共方面的评分增幅最大。这说明全体员工都在朝着集团的共同目标全力迈进。组织内每位成员都具备正确的意识和必要的技能，再加上清晰的战略，即使面临艰难的外部环境，我们也有信心克服逆境，取得成功。

学习行业最佳实践

我已经完成了作为中华总商会会长的任期，并已将工作交给新任会长 。在为总商会服务的过程中，有机会了解到其它产业的经营状况和商业环境，让我受益良多。同时，我们也得以借鉴其它企业的最佳实践，并将自身的经验分享给商界同僚。我将继续以新加坡中华总商会成员和国会官委议员的身份，尽心竭力为商界做出自己的贡献。与此同时，我也期待在与他人的交往互动过程中进一步学习增益，将经验带回德华，更好地履行我在本公司的职责。

未来一年展望

我们此前一直衷心期待各类双边和多边贸易协议能够对商品、服务和人员跨境流动产生促进作用，尤其是跨太平洋战略经济伙伴关系协议。不过，随着全球贸易保护主义升温，这些协议能否通过批准已成未知之数。全球和区域增长也面临着其它风险，包括颠覆性技术对客户商业模式的冲击及其对德华的产品和服务产生的连带影响、全球贸易量缩减、股市动荡、中国信贷体系脆弱，以及有可能扰乱区域势力均衡的其它政治事件。尽管面临种种挑战，我们依然对未来的前景感到乐观。德华的根基十分坚实，财务状况稳健。我们有能力及时发掘与把握发展道路上的各项机遇。

近期，未来经济委员会发布了新加坡下一阶段发展的七大策略。国民经济政策清晰地阐明了政府未来的立场和经济发展方向，这些政策将指导着德华的管理和经营理念。我们需要发展多元化业务能力，深化专长，扩大客户基础，让德华和国家一起持续成长。实际上，我们一直在践行上述策略。未来，我们将再接再厉，密切关注外部的经营环境，审时度势，对变革与创新永远保持开放的心态。

致谢

在此，本人对全体员工和管理层为德华的发展与壮大做出的巨大贡献表示最诚挚的谢意！感谢董事会过去一年来的辛勤付出与指导。最后，衷心感谢所有客户、业务伙伴和股东的支持和信任。德华取得令人满意的业绩是大家共同努力的成果！

蔡其生
主席兼董事经理

BOARD OF DIRECTORS

MR THOMAS CHUA KEE SENG, 63
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 Nominated Member of Parliament.

Mr Chua began his career with Teckwah in May 1979 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, 62
Executive Director

Mr Ng was appointed as Executive Director of the Board on 15 February 1995 and was re-elected to the Board on 27 April 2016. 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 Communications, InfoComm Technology and the Non-print related Business which includes third-party logistics, reverse logistics, and mission critical parts logistics management. He began his career with the United Overseas Bank Group in 1980 and during his 15 years with the Bank, gained experience in trade banking, real estate financing, corporate banking, and regional branch management.

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

MS MAI AH NGO, 62
Executive Director

Ms Mai was appointed as Executive Director of the Board on 25 June 1993 and was re-elected to the Board on 27 April 2016. She is currently in charge of Print-related Business and Human Resource.

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

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

BOARD OF DIRECTORS

MR PETER CHAN PEE TECK, 57
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 24 April 2015.

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, in 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.

MR JOHN LIM HWEE CHIANG, 61
Independent Director

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

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

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, Ernst & Young Entrepreneur of the Year – Financial Services 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, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012.

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, 61
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 24 April 2015.

Mr Lim is an Executive Director of LeeMeng Capital Pte Ltd. He is also an Independent Director of Tye Soon Ltd and ARA-CWT 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.

MR LEE CHEE SIT, 57
Non-Executive Director

Mr Lee was appointed as Non-Executive Director of the Board in 1991. He was appointed as member of the Remuneration Committee on 28 April 2004. He was re-elected to the Board on 24 April 2015.

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

MR GERARD TAN WEE SENG, 63
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.

Mr Tan is a retired partner from PricewaterhouseCoopers LLP, Singapore. He is also an Independent Director and Non-Executive Chairman of Kronologi Asia Berhad, a Director of Singapore Deposit Insurance Corporation Ltd and a Director and Treasurer of the Singapore Institute of Directors. 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 Accountant (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, 63
Chairman and Managing Director

MS MAI AH NGO, 62
Executive Director

MR NG NAI PING, 62
Executive Director

GROUP SENIOR MANAGEMENT

MS JOYCE CHAN CHOY YIN, 51
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).

MR CHENG CHEE KONG, 48
Business Development Director
Teckwah Logistics Pte Ltd

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

Mr Cheng has more than 24 years of experience in manufacturing, multinational freight and third party logistics companies. He started his career as an Industrial Engineering Engineer in a metal industry and paper mill company. In 1995, Mr Cheng made a career switch to the supply chain industry and progressed into management positions in areas of operations, project implementation, supply chain consultancy and business development. He was previously a regional director heading a sector for the Asia Pacific region with one of the world's largest logistics groups.

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

MS CHUA AI LING, 35
Group Business Development Director

Ms Chua joined Teckwah in 2006 as a Management Trainee under the Non-print 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 and subsequently to Group Business Development Director the following year, responsible for growing the Group's Print and Non-print 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 JAMES CHUA KEE HIN, 56
Senior Regional Business Operations Director
Teckwah Value Chain Pte Ltd

Mr Chua joined Teckwah in 1987 as a Sales and Marketing Executive. Mr Chua oversees the business operations of the Group's Print business in Singapore, Malaysia and Indonesia. He ensures that the operational KPIs are achieved.

He was seconded to Malacca, Malaysia, to set up Teckwah's first overseas subsidiary in 1990. Mr Chua returned to Singapore in 1995 and was appointed Project Manager to take charge of new projects including Digital On-demand Printing. He was Sales and Marketing Manager in 1997 before being promoted to General Manager of Teckwah Printing and Packaging Pte Ltd in 1999 and subsequently to Director in 2001 to oversee the Group's Print-related business.

Prior to his current appointment, Mr Chua was Senior Regional Business Director, a role he had assumed since 2008 where he was responsible for building and strengthening business relationships with customers and achieving optimal level of efficiency and effectiveness for the Group's Print business.

Mr Chua graduated from Ohio State University, USA, with a Bachelor of Science in Business Administration.

MR GOH YIN SHIAN, 38
Group Financial Controller

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.

Mr Goh has more than 14 years of working experience in finance and administration of large organisations of which 8 years were in leading the finance functions of a group of companies spanning 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.

He is a CPA of CPA Australia and a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA).

MR PATRICK KAM SONG TECK, 46
Technology and Productivity Director
Teckwah Value Chain Pte Ltd

Mr Kam joined Teckwah in 2001. He was appointed as Technology and Productivity Director in September 2016. He is responsible for identifying areas for productivity improvement in the Group's Print business operations and searching for sustainable technology that will bring breakthrough improvements to the Company's print capability and quality.

Mr Kam has more than 25 years of experience in the manufacturing industry. He joined Teckwah as Quality Assurance Engineer for the Print business before he was promoted to Manufacturing Manager in 2007 to oversee the Print production.

Prior to his new appointment, Mr Kam was the Business Operations Director of the Group's Print business and was in charge of the operations in Singapore and Iskandar, Malaysia.

Mr Kam graduated from the University of Western Sydney, Australia, with a Bachelor of Engineering Management.

EXECUTIVE MANAGEMENT

MR KEW KEE HING, 53
Senior Business Operations Director Teckwah Logistics Pte Ltd

Mr Kew joined Teckwah in March 1999 as Operations Manager and was responsible for the Print business operations. Mr Kew is currently overseeing the Group's Logistics business operations in the region and is responsible for achieving optimal level of operational efficiency and effectiveness.

Over the years, Mr Kew has been involved in both the Print and Logistics business operations. He has many years of experience in the electronics manufacturing industry in Singapore.

Mr Kew graduated from the National University of Malaysia with a Bachelor of Arts.

MR NG CHEE MUN, 46
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, 54
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).

OPERATIONS REVIEW

FINANCIAL PERFORMANCE

Revenue for the financial year ended 31 December 2016 ("FY2016") fell by 1.2% to S$183.3 million as compared to revenue for the financial year ended 31 December 2015 ("FY2015"). The lower revenue was on account of decreased revenue from the Group's Print-related business mitigated by higher revenue from the Non-print business. Group operating profit before tax increased by 19.5% to S$20.1 million. Flowing from this, net profit attributable to the shareholders of the Company stood at S$13.7 million, which was a 10.2% increase from the previous year's net profit of S$12.4 million.

Breaking down the revenue into the respective business segments, Print-related business posted 56.1% of Group revenue with Non-print business accounting for 43.9%. Singapore operations continued to lead revenue contribution at 61.9%, followed by China at 26.9%.

Print-related business revenue fell by 9.1% to S$102.8 million due to lower demand from some existing customers in Singapore. In spite of lower revenue, its operating profit before tax increased by 15.7% to S$7.3 million on account of better sales mix, improved materials yield and favourable foreign exchange movement.

Non-print business revenue increased by 10.9% to S$79.5 million driven by higher demand from existing customers and contributions from new customers in Singapore and China.

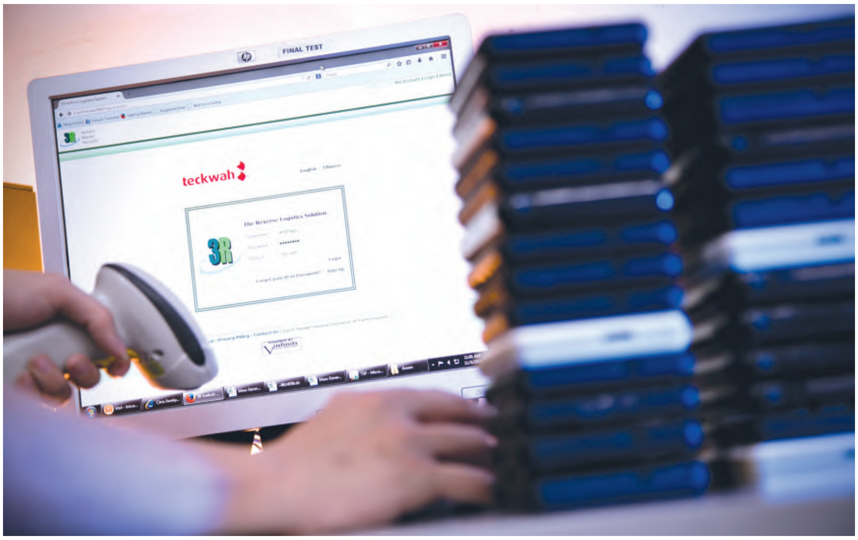
Its operating profit before tax increased by 21.7% to S$12.8 million. The increase was mainly due to increased revenue and better cost management.

Statement of Financial Position

The Group's balance sheet remained robust.

Total assets stood at S$206.5 million as at 31 December 2016, a 7.5% increase compared to the same period last year. Current assets increased by 24.2% to S$109.0 million on higher cash and cash equivalents, trade and other receivables and higher inventories pending shipment. There was, however, a decrease in non-current assets by 6.6% to S$97.5 million primarily due to depreciation and amortisation charges for property, plant and equipment.

OPERATIONS REVIEW



"As at 31 December 2016, the Group's cash and cash equivalents was approximately S$42.4 million, which was 57.9% higher than the same period last year."

Total liabilities increased by 9.4% to S$56.4 million as at the end of the year with higher current liabilities and lower non-current liabilities. Current liabilities increased by 49.4% to S$52.8 million mainly due to reclassification of bank loan from non-current to current as the balance construction loans of S$12.5 million will be due for repayment in FY2017, as well as increased trade and other payables due to higher inventory holdings which were funded by the one-time cash advance from the customer for the one-time warehousing storage and distribution project. Non-current liabilities correspondingly decreased by 77.5% from S$16.3 million to S$3.7 million.

Statement of Cash Flow
The Group generated positive cash flow of S$32.0 million from operations after working capital changes which is S$4.2 million more than that registered in the last financial year. The increase was on account of better credit terms for trade payables.

The Group's investment amounted to S$2.8 million comprising office equipment in Singapore and additional plant and equipment for subsidiaries in China and Indonesia.

The Group also paid out S$4.1 million in dividend, which includes S$0.6 million in dividend to non-controlling interests. The Group's net cash flow from financing activities registered a lesser negative cash flow of S$10.2 million compared to a negative cash flow of S$12.0 million for the same period in the previous year. This was mainly due to lower repayment of bank loans and finance leases. As at 31 December 2016, the Group's cash and cash equivalents was approximately S$42.4 million, which was 57.9% higher than the same period last year.

The Group's gearing ratio stood at 9.5%, a decline from 14.4% as at the end of last year.

CORPORATE HIGHLIGHTS

Upgrading our Systems, Documenting Processes
In line with Teckwah's commitment to continuously keep up with technological changes, we initiated and successfully introduced the new Office365 system as the next generation email system for Teckwah, offering a simple, effective and flexible communications system. The migration was completed smoothly and seamlessly, with non-disruption of operations.

As part of our knowledge management system, we undertake documentation of processes and systems. One such project undertaken was a six-month effort to codify our print business processes to ensure the effective running of the operations. This ensures business continuity and facilitates knowledge transfer throughout the organisation

One instance in which it is vital for an organisation to ensure that there are standard operating procedures in place is during times of crisis or disaster. Having a proper business continuity plan with periodic reviews of procedures to ensure that they are aligned with current business needs allows damage to be contained during such times and enables operations to resume quickly. We successfully carried out our annual Business Continuity Plan during which key functions of our Print and Logistics business units were activated during a staged crisis situation.

Beyond Teckwah – Sharing our Learnings and Experiences

We are a strong advocate of industry contribution and collaboration. Further to this, we were pleased to host a number of enterprise leaders and government agencies, among them senior officers from SPRING, IE Singapore and Jurong Town Corporation. The primary aim of the visits was for us to share our learning experiences and growth strategies with these agencies to facilitate to the initiation of programmes or guidelines to help other promising enterprises succeed.

Celebrating Teckwah's History and Milestones

It was befitting that as Teckwah celebrated its 48th Anniversary, we should also have completed the installation of our Teckwah Gallery. The first part of the two-part gallery, located on two different levels of our Pixel Red premises, presents our rich history and current business offerings in an innovative, engaging and personalised manner. It utilises different media such as actual exhibits, a changing product showcase, rotoscope technology, videos and a 3-D holographic projection to depict our past and present in an interactive way. The second part of the gallery is located on the 5th floor. An art installation on the wall replicates the pixel blocks of the building. It houses still images and a video on staff training activities, company celebrations as well as significant events through the years.

BUSINESS ACCOLADES, CORPORATE ACHIEVEMENTS

We achieved several notable business milestones during the year, a testament to the recognition that we have established in our industry.

Our Non-print business secured several major projects. Notable among these was a contract awarded to our logistics team to manage a consumer care centre, providing a full suite of after-sales service. We were also appointed as a global fulfilment partner of a multinational software maker.

As the first HP 10000 digital press owner in Singapore, our Digital Solutions team showcased our digital capabilities at the Digital Solutions Cooperative ("Dscoop") Asia Conference, garnering great interest among attendees. The conference is an annual event organised among the Hewlett-Packard ("HP") Indigo Press owners, sales and marketing and graphic and production teams with the aim of sharing user experiences of digital printing.

As an organisation committed to business and organisational excellence, we have been the recipient of industry and partner awards. Teckwah Paper Products Sdn Bhd was awarded the Best Supplier Award 2016 by Panasonic Manufacturing Malaysia Berhad (PMMA) for their excellent service and outstanding performance. Teckwah Paper Products Sdn Bhd was the only one of the Supplier Award recipients out of the 180 suppliers of PMMA Asia Pacific to be conferred this honour.

SUSTAINABILITY REPORT

Our employees are always placed at the forefront of our organisation. We are committed to employee welfare and professional development. We provide a wide range of training, learning and recreational opportunities for our staff.

Employee Programmes

Our training programmes are designed to provide opportunities for our staff to upgrade themselves and enhance their professional effectiveness, thereby improving their career prospects within the organisation.

Staff Development and Training

Our annual Training Needs Analysis ("TNA") was completed in February 2016, identifying the skill gaps and training requirements for staff. The resulting Total Learning Plan 2016 injected new and wide-ranging training courses over and above the existing core training programmes. We offered courses such as Essentials of the Personal Data Protection Act, Environmental Training, Body Language and Self-confidence, Environmental Risk Assessment and SWOT analysis, to name a few. The courses aim to equip our staff with skills relevant for their jobs as well as those which will help them progress in their career.

Teckwah's Experiential Learning 2016 was developed around the theme of "Future Ready". The teambuilding activities and debrief sessions were designed to convey the importance of taking responsibility to upgrade skills for the future economy.

Staff Recreation and Welfare

Various events, social outings and recreational activities such as movie nights, recreational and competitive games and a nature walk were organised by our Staff Club to promote relaxation and inter-division bonding among our staff.

"We launched our inaugural Health and Wellbeing programme to encourage staff to cultivate healthy habits and to develop holistic health."

We launched our inaugural Health and Wellbeing programme to encourage staff to cultivate healthy habits and to develop holistic health. Healthy goody bags and recipes, activity stations, games and quizzes were all part of the special two-hour extravaganza to encourage a healthier lifestyle.

Employee Satisfaction

We commissioned and carried out an Organisation Capability Survey to assess the thoughts and feelings of our employees about working conditions in Teckwah and to gather feedback on areas in which have room for improvement. As with the last survey undertaken, which led to several staff-oriented initiatives being implemented, we are committed to improving any aspects highlighted as areas of concern by our staff and to build further on those aspects in which we have done well.

Workplace and Employee Safety

We are in strict compliance with the Workplace Safety and Health ("WHS") Regulations and recommendations, having instituted a Hearing Conservation Programme which is now in its 14th year. This programme minimises the exposure of our employees to noise-induced deafness by a comprehensive set of practices including scheduled noise monitoring and use of appropriate hearing protection devices to counter audio hazards.

We are also OHSAS 18000 compliant with a comprehensive occupational health and safety management system in place.

Environmental Protection

We believe in sustainability over the long term and adhere to principles of environmental sustainability through practical and relevant programmes.

With some of our operations having possible impact on the environment, we have attained ISO 14000 certification since 2000 which governs the various aspects of environmental management and set standards for identifying and controlling the environmental impact of business operations. In compliance with stringent standards, we have a strict waste management process in place which minimises the impact of waste material generated by our operations.

Additionally, as an affirmation of our practice of engaging in environmentally safe manufacturing practices, several of our companies dealing in pulp and paper products have met the standards of the Forest Stewardship Council® Chain of Custody. The Forest Stewardship Council® is an international, non-governmental organisation dedicated to promoting responsible management of the world's forests through various schemes, among them, a wood-labeling scheme which enables customers to identify wood and wood-based products from well-managed forests.

Educational Outreach

We continued with our partnership of educational institutes in their internship programmes to provide students the opportunity to gain hands-on experience in various aspects of our business. We extended financial assistance to deserving students through our scholarship grants to Temasek and Ngee Ann Polytechnics as well as to the Singapore Management University. Our internships, scholarships and work experience programmes are a proactive means of nurturing future talent for Singapore's print, packaging, logistics and supply chain industries.

Corporate Social Responsibility

Playing a part in national initiatives which underlines our commitment to give back meaningfully to the community where we are able to, we were proud to sponsor all the souvenir booklets and commemorative magazines for National Day Parade 2016. Our involvement in national initiatives continued with the participation in the Singapore Armed Forces Rededication Ceremony in July 2016.

业务回顾

“截至2016年12月31日，集团的现金和现金等价物约为4240万新元，比去年同期高57.9%。”

财务业绩

截至2016年12月31日的财政年度（“2016财年”），集团收入为1亿8330万新元，比2015财年的收入低1.2%。主要原因是印刷业务同比下降，非印刷业务收入虽有所提高，却不足以抵消前者。集团税前营运利润同比增长19.5%至2010万新元。归属于股东的净利润为1370万新元，比2015财年的1240万新元高10.2%。

从收入贡献比重来看，印刷业务占集团总收入的56.1%，其余的43.9%来自非印刷业务。新加坡业务的收入比重依然居首，占61.9%；中国次之，占26.9%。

由于新加坡部分客户的需求减少，印刷业务的收入下降9.1%至1亿280万新元。虽然收入减少，但得益于销售结构优化、原材料产出率提升、汇率走势有利，印刷业务的税前营运利润增加15.7%至730万新元。

非印刷业务收入增加10.9%至7950万新元，原因是新加坡和中国现有客户需求增加，新客户也带来了额外需求。非印刷业务税前营运利润同比增长21.7%至1280万新元，主要归功于收入增加及成本管控得力。

财务状况

集团的资产负债表保持稳健。

截至2016年12月31日，总资产为2亿650万新元，与前一年同期相比增加7.5%。流动资产增加24.2%至1亿900万新元，主要得益于现金、现金等价物、应收贸易账款和其它应收账款和待发货库存的增长。然而，非流动资产减少6.6%至9750万新元，主要原因在于不动产、厂房和设备的折旧及摊销。

截至年底，总负债增加9.4%至5640万新元，其中流动负债增加，非流动负债减少。流动负债增加49.4%至5280万新元，主要是因为一笔1250万新元的厂房建设贷款余额将于2017财年到期，因此从非流动负债变为流动负债。此外，库存量增加（通过客户为一次性仓储及配送项目而支付的一次性现金预支款来提供资金）带动了贸易和其它应付账款提高，也是原因之一。非流动负债相应地从1630万新元减少77.5%至370万新元。

现金流

扣除营运资金变动后，集团的经营活动产生了3200万新元的正现金流，比去年同期多420万新元。现金流增加得益于我们获得了更优惠的应付贸易帐款的信贷条款。

集团的投资总额为280万新元，包含新加坡的办公设备和中国及印尼子公司的其他厂房和设备。股息分派达到410万新元，这包含约60万新元的股息、支出致子公司的少数股东权益。集团来自融资活动的净现金流录得负1020万新元，表现优于去年同期（净现金流为负1200万新元），主要是因为银行贷款和融资租赁偿还金额降低。截至2016年12月31日，集团的现金和现金等价物约为4240万新元，比去年同期高57.9%。

集团的负债率为9.5%，低于去年同期的14.4%。

企业工作摘要

提升系统及流程记录

坚持与时俱进，紧跟科技发展的步伐，一直是德华秉持的理念。为此，我们成功引进Office365系统，作为德华的新一代邮件系统，让集团内部交流更简单、高效、灵活。系统的无缝迁移已经顺利完成，对公司的运营未产生任何干扰。

“我们举办了首届“健康与福祉”活动，鼓励员工养成健康的生活习惯，全面提升身心健康。”

作为集团知识管理系统的一部分，我们对流程和体系进行了记录存档。其中一个项目是花六个月时间建立印刷业务的文档体系，以此来提高运营操作的效率。该措施确保了业务的连续性，同时促进了整个集团内部的知识交流。

组织需要建立标准化的操作流程，这在危机或灾难期间尤为重要。制定完善的业务持续性计划，定期审查相关流程，确保符合当前的业务需求，能最大程度减少意外事件带来的伤害，并尽快恢复运营。我们成功开展了年度业务持续性计划演习，针对在发生危机的情况下启动印刷和物流业务部门的核心职能进行了模拟演练。

德华之外——分享学习成果和经验

多年来，德华积极倡导行业的互惠与协作。2016年，我们接待了多家企业和政府机关的领导，其中包括标新局、新加坡国际企业发展局（新加坡企发局）和裕廊集团的高管。他们到访的主要目的是听取德华的经验和发展计划，并协助其它有潜力的企业取得成功。

庆祝德华的历史和发展里程碑

在德华成立48周年之际，我们的德华展览馆也顺利落成。德华展览馆分为两部分，分别位于Pixel Red的两个不同楼层，以一种新颖、有趣且富有人文气息的方式，展示德华辉煌的历史和当前的业务情况。展览馆利用实物展示、产品轮换陈列、转描机技术、视频和三维投影等媒介，生动地讲述了集团的过去和现在。展馆的第二部分位于五楼。墙上的艺术装置是公司办公大楼外墙上彩色像素块的复制品，采用大量静态图像和视频，介绍德华多年来的人才培训活动、企业庆典和重要事件。

荣誉与成就

年内，我们取得了一系列具有里程碑意义的光辉成就，彰显了德华在业界的实力和声誉。

非印刷业务部门赢得多个重大项目。其中最重要的是物流团队签订的客户服务中心委托管理合约，为对方提供全套售后服务。我们还成为一家跨国软件公司的全球物流合作伙伴。

作为新加坡第一家拥有HP 10000数码印刷机的企业，我们的数码解决方案团队在亚洲数码解决方案合作大会上充分展示了集团的数码化能力，获得与会者的热烈反响。这是针对惠普Indigo Press数码印刷机所有者、销售、市场营销、平面设计和生产团体的年度会议，旨在分享与交流在数码印刷方面的用户体验。

凭借对打造卓越业务及建设一流企业的热忱与坚持，我们获得了一系列行业及合作伙伴颁发的嘉奖。在松下制造（马来西亚）有限公司主办的供应商年会上，德华纸制品厂凭借出色的服务和表现，荣获2016年最佳供应商奖。德华纸制品厂是松下亚太地区180家供应商中唯一获此殊荣的企业。

可持续发展报告

员工永远是德华最宝贵的资产。我们非常关注员工的福利和职业发展，为员工提供了丰富的培训、学习和娱乐机会。

员工项目

我们的培训项目旨在帮助员工提升自我，提高职业效益，从而改善职业的发展前景。

<u>员工发展与培训</u>

2016年2月，德华举行年度“培训需求分析”，评估员工的技能缺口和培训需求。通过培训需求分析，我们制定了2016年“学习总计划”，在现有核心培训项目的基础上，增加丰富的新课程。我们

提供的课程包括“个人数据保护法基础”、“环保培训”、“肢体语言与自信”、“环保风险评估”和“SWOT分析”等。设立这些课程的目标是让员工更好地掌握本职工作及未来职业发展所需的各项技能。

德华的2016年“体验学习”主题是“未雨绸缪”。通过团建活动和感想分享，我们有效传达了主动提升技能、把握未来经济机遇的重要性。

员工娱乐和福利

集团员工俱乐部组织了各类项目、社交出游和娱乐活动，如电影之夜、休闲竞技比赛和郊游等，帮助员工休闲放松并增进了同事间的情谊。

我们举办了首届“健康与福祉”活动，鼓励员工养成健康的生活习惯，全面提升身心健康。在2小时的活动中，我们给员工发放健康礼包和食谱，组织游戏和问答等活动，积极倡导更健康的生活方式。

员工满意度

我们委托第三方开展了“员工问卷调查”，了解员工对于德华的工作环境有哪些想法和感受，希望公司在哪些方面加以改善。和上次调查一样，我们根据调查结果，推出了多项计划，在员工不满意的方面予以改进，在做得好的方面再接再厉。

工作场所与员工安全

我们严格遵守工作场所安全与健康规定和建议，并推出“听力保护计划”，如今已步入第14个年头。该项目通过一系列措施，包括定期监测噪音、使用合适的听力保护设备对抗噪音危害等，将员工因噪音导致听力受损的风险降至最低。

我们也按照OHSAS 18000的规定，建立了全面的职业健康与安全管理体系。

环境保护

我们深知长期可持续发展的重要性，秉持环境可持续原则，并推出了一系列项目和措施。

鉴于德华的部分业务可能对环境产生影响，我们早在2000年就获得了环保相关的ISO 14000认证。该认证涉及环境管理的各个方面，针对业务运营过程中如何评估和控制环境影响制定了详细标准。多年来，我们严格遵守各项标准，建立了完善的废物管理流程，最大程度地减小运营过程中产生废物的影响。

此外，德华旗下多家涉及纸和纸浆产品的公司已经达到森林管理委员会产销监管链的标准，体现了我们对环保生产实践的坚持。森林管理委员会是一家国际非政府组织，致力于促进对全球森林资源的负责任管理。委员会为此推出了一系列计划，包括树林标识计划，帮助客户识别哪些木制产品来自管理完善的森林。

教育外展项目

我们继续和高等院校合作开展实习项目，让学生有机会亲身体验德华的各项业务。我们在淡马锡理工学院、义安理工学院及新加坡管理大学设立了奖学金，为符合条件的学生提供资助。我们也推出了多个实习、奖学金和工作实践项目，积极培养新加坡印刷、包装、物流和供应链行业的未来人才。

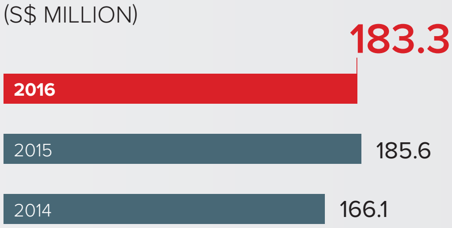
企业社会责任

基于积极回馈社群、为国家贡献力量的企业理念，我们赞助了2016年新加坡国庆庆典的全部纪念册和纪念杂志。此外，我们还参加了2016年7月的新加坡军人节再奉献联合仪式。

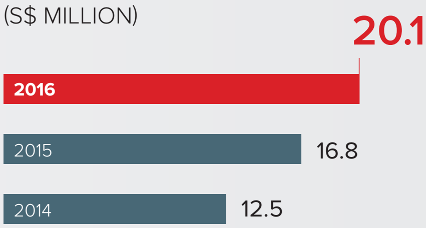
FINANCIAL HIGHLIGHTS

	Y2014	Y2015	Y2016
Equity attributable to owners of the company ($'000)	128,707	138,003	147,185
Cash & cash equivalents ($'000)	22,156	26,832	42,362
Total Assets ($'000)	187,696	192,206	206,545
Total Debt ($'000)	28,744	19,925	13,894
Net Tangible Assets ($'000)	121,944	131,250	140,474
Interim Dividend per share (cents)	0.50	0.50	0.50
Final Dividend per share (cents)	1.00	1.00	1.50
Earnings per share (cents)	3.68	5.32	5.86
Return on Equity (%)	6.7%	9.0%	9.3%
Return on Turnover (%)	5.2%	6.7%	7.5%
Return on Total Assets (%)	4.6%	6.5%	6.6%
Debt to Equity (%)	22.3%	14.4%	9.4%
Net Tangible Assets per share (cents)	52.21	56.20	60.15
Average staff strength	1,384	1,200	1,174
Staff cost ($'000)	39,541	42,907	44,532
Staff cost per employee ($'000)	28.57	35.76	37.93
Revenue ($'000)	166,144	185,575	183,260
Revenue per employee ($'000)	120.05	154.65	156.10
Profit before Tax ($'000)	12,492	16,816	20,091
Profit before Tax per employee ($'000)	9.03	14.01	17.11
Number of shares in absolute numbers	233,550,248	233,550,248	233,550,248

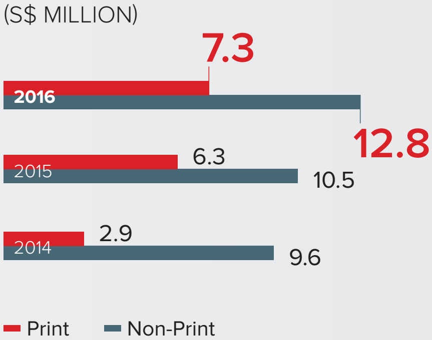
REVENUE
(S$ MILLION)



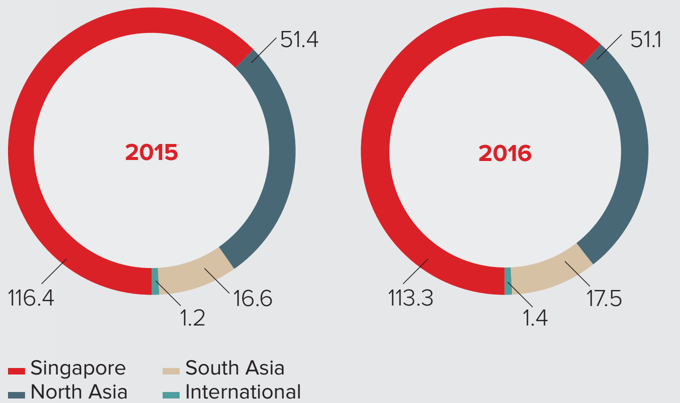
PROFIT BEFORE TAX
(S$ MILLION)



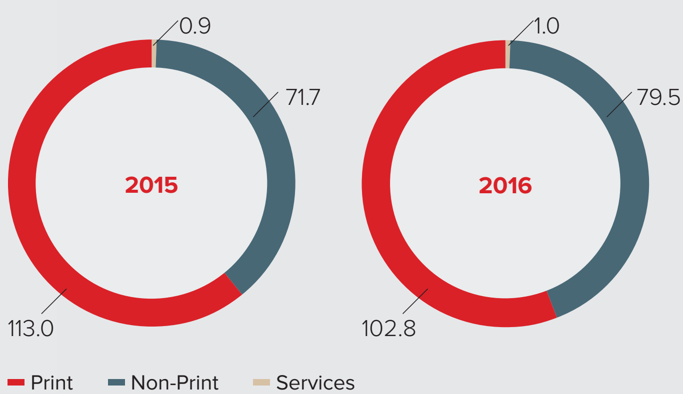
PROFIT BEFORE TAX BY BUSINESS SEGMENTS
(S$ MILLION)



REVENUE BY GEOGRAPHICAL SEGMENTS
(S$ MILLION)



REVENUE BY BUSINESS SEGMENTS
(S$ MILLION)

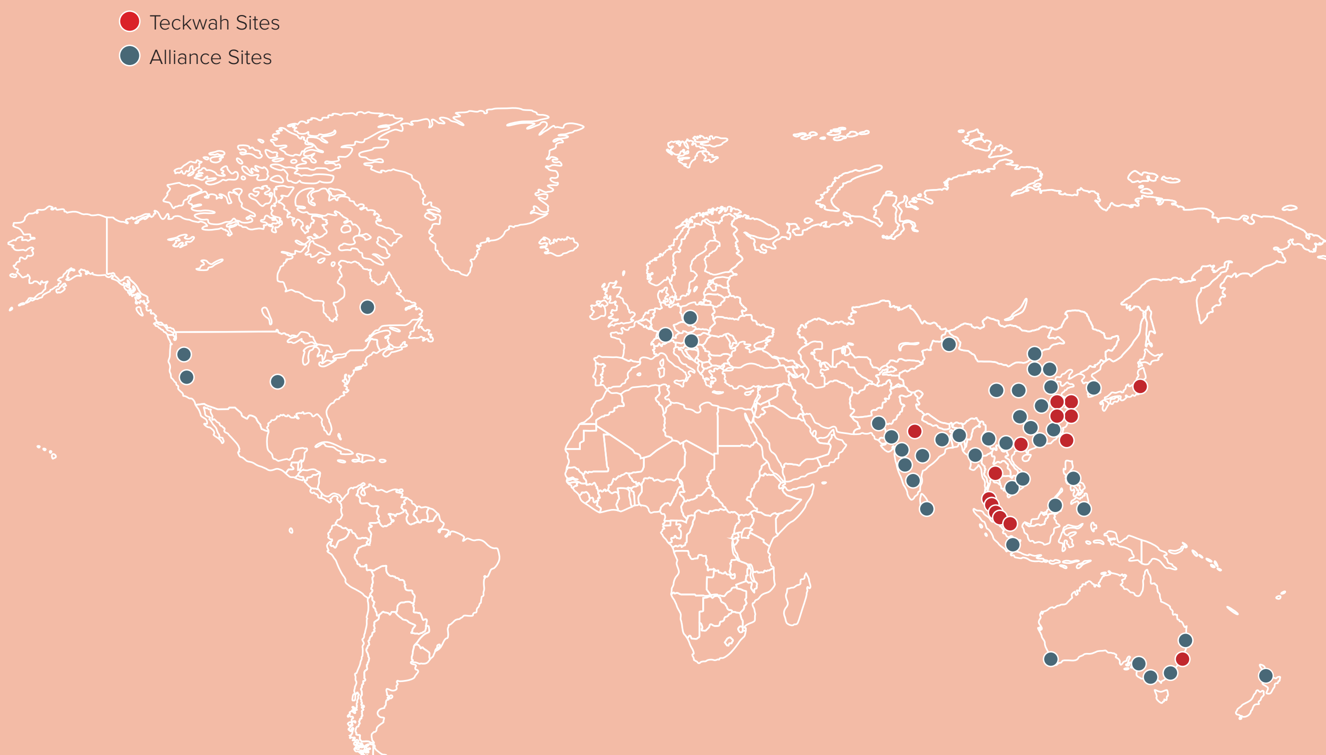


CORPORATE STRUCTURE

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 Trading (Shanghai) Co., Ltd (100%)
    - Shanghai Jointac International Logistics Co., Ltd (51%)
- TECKWAH ONLINE PTE LTD (100%)
- TECKWAH VALUE CHAIN PTE LTD (100%)
  - PT Teckwah Paper Products Indonesia (100%)
  - Wuxi Teckwah Printing & Packaging Co., Ltd (100%)
  - Teckwah Value Chain (Thailand) Co Ltd (49%)
  - Teckwah Value Chain Pty Ltd (100%)
  - Teckwah Value Chain (Japan) Co., Ltd (70%)
  - Singapore Print Media Hub Pte Ltd (100%)
  - Teckwah Value Chain (Taiwan) Ltd (100%)
  - Teckwah PharmaPack Solutions Sdn Bhd (100%)
- TECHWAVE MEDIA SERVICES PTE LTD (100%)
  - Teckwah Packaging Systems (Shanghai) Co., Ltd (100%)
  - Teckwah Value Chain (Shanghai) Co., Ltd (100%)
- PPH TECKWAH VALUE CHAIN SDN BHD (50%)
  - Teckwah Paper Products Sdn Bhd (100%)
  - Tompac Industrial Sdn Bhd (100%)

GEOGRAPHIC NETWORK



Country	Teckwah Sites	Alliance Sites
Australia	1	6
Bangladesh	0	1
Brunei	0	1
China	27	10
Cambodia	0	1
Hong Kong	1	1
India	1	10
Indonesia	2	2
Japan	1	0
Rep. of Korea	0	4
Macau	0	1
Malaysia	4	3
Myanmar	0	1
New Zealand	0	1
Philippines	0	2
Singapore	4	0
Sri Lanka	0	1
Taiwan	1	3
Thailand	1	1
Vietnam	0	2
Asia Pacific	**43**	**51**
North America	**0**	**5**
Europe	**0**	**3**
TOTAL	**43**	**59**

CORPORATE INFORMATION

FOUNDER
Chua Seng Tek

BOARD OF DIRECTORS
Chairman and Managing Director
Thomas Chua Kee Seng

Executive Directors
Mai Ah Ngo
Ng Nai Ping

Lead Independent Director
Peter Chan Pee Teck

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

GROUP TOP MANAGEMENT

Chairman and Managing Director
Thomas Chua Kee Seng

Executive Directors
Mai Ah Ngo
Ng Nai Ping

GROUP SENIOR MANAGEMENT

Human Capital Director
Joyce Chan Choy Yin

Business Development Director
Cheng Chee Kong

Group Business Development Director
Chua Ai Ling

Senior Regional Business Operations Director
James Chua Kee Hin

Group Financial Controller
Goh Yin Shian

Technology and Productivity Director
Patrick Kam Song Teck

Senior Business Operations Director
Kew Kee Hing

InfoComm Technology Director
Ng Chee Mun

Corporate Planning and Enterprise Risk Management Director
Tan Peck Hoon

AUDIT COMMITTEE
Chairman
Lim Lee Meng

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

REMUNERATION COMMITTEE
Chairman
John Lim Hwee Chiang

Lee Chee Sit
Lim Lee Meng

NOMINATING COMMITTEE
Chairman
Peter Chan Pee Teck

Thomas Chua Kee Seng
John Lim Hwee Chiang

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

Partner-In Charge
Lee Boon Teck
Appointment effective from financial year ended December 31, 2016

COMPANY SECRETARY
Lim Guek Hong ACIS
Michelle Lo Swee Oi ACIS

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

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

PRINCIPAL BANKERS
DBS Bank
OCBC Bank

CONTACT LIST

SINGAPORE

Teckwah Industrial Corporation Ltd
51 Tai Seng Avenue, #05-01
Pixel Red Singapore 533941
Tel: 65 6872 8181
Fax: 65 6872 8199
Web: www.teckwah.com.sg
Email: info@teckwah.com.sg

Teckwah Value Chain Pte Ltd
51 Tai Seng Avenue, #05-01
Pixel Red Singapore 533941
Tel: 65 6872 8181
Fax: 65 6872 8229

Teckwah Logistics Pte Ltd
51 Tai Seng Avenue, #05-01
Pixel Red Singapore 533941
Tel: 65 6872 8181
Fax: 65 6872 8229

JNE Logistics Singapore Pte Ltd
51 Tai Seng Avenue, #05-01
Pixel Red Singapore 533941
Tel: 65 6282 0475
Fax: 65 6282 0455

AUSTRALIA

Teckwah Value Chain Pty Ltd
ABN 35 115 902 380
ACN 115 902 380

Unit 9, 54 Beach Street, Kogarah,
NSW 2217, Australia
Tel: 61 2 9588 4494
Fax: 61 2 9587 4004

CHINA

Shanghai Jointac International Logistics Co., Ltd
2F, Building 2,
No. 1295 Xinjinqiao Road,
Pudong, Shanghai 201206
People's Republic of China
Tel: 86 21 2025 0880
Fax: 86 21 2025 0881
Web: www.jointac.com

Teckwah Trading (Shanghai) Co., Ltd
Building No. 11, 255 Beihe Road,
Jia Ding Shanghai 201807
People's Republic of China
Tel: 86 21 5990 0909
Fax: 86 21 5990 6090

Teckwah Packaging Systems (Shanghai) Co., Ltd
#15, 5th Floor, Block C,
No. 69 Xi Ya Road,
Waigaoqiao Free Trade Zone
Pudong Shanghai 200131
People's Republic of China
Tel: 86 21 5046 1515
Fax: 86 21 5046 1248

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

HONG KONG

Teckwah Trading (HK) Limited
Unit 1-12 10/F MITA Centre
No. 552-566 Castle Peak Road
Kwai Chung, N.T. H.K.
Tel: 852-2771 9557
Fax: 852-2771 8558

INDIA

Teckwah Logistics (India) Private Limited
91-92, Kiran Garden,
Main Matiyala Road,
New Delhi - 59, India
Tel: 91 11 2533 3924
Fax: 91 11 2533 3923

INDONESIA

PT Teckwah Paper Products Indonesia
Batamindo Industrial Park
Jalan Beringin Lot 268-269,
318 & 320
Mukakuning – Batam 29433
Indonesia
Tel: 62 770 612042 / 612074
Fax: 62 770 612050

PT Teckwah Trading Indonesia
JL. Pulo Buaran Raya Blok JJ Kav 7-8
JIEP Pulogadung
Jakarta Timur-Indonesia
Tel: 62 21 460 6435
Fax: 62 21 460 6450

JAPAN

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

MALAYSIA

Teckwah PharmaPack Solutions Sdn Bhd
20 & 22, Jalan Mega 1,
Taman Perindustrian Nusa Cemerlang
79200 Iskandar Puteri Johor Malaysia
Tel: 60 7 297 8181
Fax: 60 7 297 8182

Teckwah Value Chain Sdn Bhd
11-1, Jalan Suria Puchong 4,
Pusat Perniagaan Suria Puchong
47110 Selangor Malaysia
Tel: 60 3 8211 1131
Fax: 60 3 8090 8130

TAIWAN

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

THAILAND

Teckwah Value Chain (Thailand) Co Ltd
2/1 Soi On-Nut 74/4 Kwang Pravet
Khet Pravet
Bangkok 10250 Thailand
Tel: 66 2 721 6138-9
Fax: 66 2 721 7862

CONTENTS

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

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

The Board and the committees are formed to assist the Board in the execution of its responsibilities, meet at least once in every quarter or as convened when necessary. To facilitate directors' attendance at meetings, the dates of Board and Board Committee meetings are scheduled up to one year in advance. Telephonic attendance and conference via audio-visual communication at Board meetings are allowed under the Company's 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 is responsible for:

a) Formulating and approving the broad policies, strategies and financial objectives of the Group and monitoring its performance;
b) Approving annual budgets, major funding proposals, investment and divestment proposals;
c) Overseeing the processes for evaluating the adequacy of internal controls and risk management;
d) Approving quarterly and full year results announcements, annual report and audited financial statements;
e) Reviewing management performance and providing guidance to executive management;
f) Approving the nominations of board directors;
g) Ensuring adequacy of necessary financial and human resources to meet the Group's objectives;
h) Providing entrepreneurial leadership and 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 and compliance with the Companies Act and rules and requirements of regulatory bodies;
k) Identifying key stakeholder groups and recognising that their perceptions affecting the Group's reputation; and
l) Considering sustainability issues as part of strategic formulation.

CORPORATE GOVERNANCE REPORT

In the year under review, the number of board meetings and committee 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	4	4			1	1		
Peter Chan Pee Teck	4	3	4	3			1	0
Lim Lee Meng	4	4	4	4	1	1		
John Lim Hwee Chiang	4	4	4	4	1	0	1	1
Gerard Tan Wee Seng	4	4	4	4				

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 requires the approval of the Board.

CORPORATE GOVERNANCE REPORT

The Board has established a number of committees namely the Nominating Committee ("NC"), Audit Committee ("AC"), Remuneration Committee ("RC") and Enterprise Risk Management Committee ("ERMC") to assist in the execution of responsibilities more effectively. These committees function within clearly defined terms of reference and operating procedures. Please refer to pages 41 to 49 of this report for further information on these Board Committees.

New directors are given a formal letter explaining his/her duties and obligations as a director. Newly-appointed directors are briefed on the Group's business and Corporate Governance policies. Orientation programmes and familiarization visits are organized, if necessary, to facilitate a better understanding of the Group's operations. No new director was appointed during the year under review.

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 a legal professional re: Updates on SGX Rules and amendments to Companies Act affecting company and directors. The Board was also briefed/updated on the new Singapore Standards on Auditing – the new Audit Report format to include key audit matters from financial year 2016 by the external auditors. As part of the Company's continuing education for directors, the Company Secretary circulates articles, reports and press releases issued by SGX-ST, Accounting and Corporate Regulatory Authority which are relevant to the directors. The directors may also attend other appropriate courses, conferences and seminars, at the Company's expense, this include programs run by the Singapore Institute of Directors and other professional bodies.

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

Principle 2: Board Composition and Guidance

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

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

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

As four of the Company's directors are independent, the Company fulfills the Code's requirement that at least half of the Board should comprise independent directors where the Chairman is part of the Management team.

Each year, the Board examines its size, composition, skills and core competencies of its members to ensure an appropriate balance of skills and experience. The Board comprised directors from different industries with vast experience and knowledge 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.

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

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

As at 31 December 2016, 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 interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent directors. However, the Board and NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a director. These factors include, inter alia, 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. After due and careful rigorous review, the Board is of the view that all the three independent directors remain independent in their exercise of judgment and objectivity in Board matters.

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

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

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

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

Principle 4: Board Membership

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

Nominating Committee ("NC")

The NC comprises the following members:

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

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

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

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

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

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

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

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

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

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

During the year, the NC met once, evaluating the Board's performance and contribution of each Board member as well as discussing the re-appointment of directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM").

The Board believes in carrying out succession planning for its Top Management team to ensure continuity of leadership. Since 2013, there has been an ongoing informal succession programme initiated by the Chairman and Managing Director 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. All the members participated in the meeting and discussion.

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

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

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

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

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

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

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

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

The NC also investigated each director's other board appointments. It is part of the NC's duties to review and ascertain whether any director who has multiple board representations is able to and has been effectively carrying out his duties as a director in accordance with its internal guidelines. All directors are required to formally declare their other board representations. The Board had resolved to limit each director to hold not more than 6 directorships in listed companies including the Company. At the end of the financial year end, it was confirmed that this restriction was complied with by all directors. The NC is also satisfied that all directors have discharged their duties adequately for FY2016.

Key information on each director is set out of pages 14 to 17.

Principle 5: Board Performance

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

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

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

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory. The Board 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.

Principle 6: Access to Information

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

The Board has separate and independent access to Management and the Company Secretary, and is free to request for additional information as needed to make informed decisions. In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board with quarterly management accounts. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise. Wherever necessary, senior Management staff will be invited to attend the Board meetings to answer queries and provide detailed insights into their areas of operation.

As a general rule, Board papers prepared for each meeting are normally circulated at least 3 days in advance of each meeting. This is to give directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive.

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

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

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

Remuneration Committee ("RC")

The RC comprises the following members:-

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

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation. During FY2016, the RC has engaged the services of an external remuneration consultant, Regulation Data Specialist to perform an assessment on the remuneration package of the Chairman & Managing Director. The RC undertook a review of the independence and objectivity of the external remuneration consultant and confirmed that it does not have such a relationship with the Company.

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

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

Principle 8: Level and Mix of Remuneration

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

The executive directors' remuneration packages are based on the performance of the Group and the individual. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate. Executive directors do not receive directors' fees. The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place for its executive directors and key management executive officers.

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

Principle 9: Disclosure on Remuneration

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

Non-executive directors have no service contracts and are paid directors' fees subject to approval by shareholders at the AGM of the Company. The Board concurred with the RC that the proposed directors' fees for FY2016 is appropriate and not excessive, taking into consideration the level of contribution by the directors and factors such as effort and time-spent for serving on the Board and Board Committees. The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage non-executive directors to hold shares in the Company.

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

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. 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 in above exceptional circumstances.

In view of the competitive pressures in the labour market on retaining talent, the Company believes that it is not in the best interest of the Company to disclose the details of the remuneration of the top five key management personnel who are not directors or the CEO as require by the Guideline 9.3 of the Code 2012. 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 interest and hamper its ability to retain and nurture the Group's talent pool.

A breakdown, showing the level and mix of each individual director's remuneration payable for FY 2016 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	36.77%	61.61%	1.62%	0.00%	100.00%
Mai Ah Ngo	500,000 to 749,999	41.64%	51.30%	7.06%	0.00%	100.00%
Ng Nai Ping	500,000 to 749,999	40.63%	52.17%	7.19%	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%

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 $50,000 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 Guideline 9.4 of the Code 2012 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.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability and Audit

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

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

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

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements 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 Manual of the SGX-ST, received undertakings from all its directors and executive officers that they each shall, in the exercise of their powers and duties as directors and officers comply with the best of their abilities with the provisions of the SGX-ST's Listing Rules and the Securities and Futures Act and will procure the Company to do so.

CORPORATE GOVERNANCE REPORT

Principle 11: Risk Management And Internal Controls

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

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

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

The AC, through 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, with the concurrence of the AC, is of the opinion that the Group's framework of internal controls, addressing the financial, operational, compliance and information technology controls and risk management systems were adequate and effective to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholder value.

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

Principle 12: Audit Committee

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

Audit Committee ("AC")

The AC comprises the following members:-

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

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

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

The AC has the explicit authority to investigate any matter within its terms of reference, and has full access to, and the co-operation of Management with full discretion to invite any director or executive officer to attend its meetings. Minutes of the AC meetings are circulated to the Board for its information. The AC meets the internal and external auditors, without the presence of the Company's Management at least once a year. In addition to its statutory functions, the AC considers and reviews any other matters as may be agreed by the AC and the Board. In particular, the duties of AC include:

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

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

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

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

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

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

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

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

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

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

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.

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 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$216,000/-.

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

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

The Company has a whistle-blowing policy in place which encourages employees and vendors to report malpractices and misconduct in the workplace. The Company will protect employees who have acted in good faith, from victimization and harassment by their colleagues. The Company will treat all information received confidentially and protect the identity and interest of all whistle-blowers. There have been no reported incidents pertaining to whistle-blowing for FY2016.

Significant financial statement reporting matter

The significant issue considered by the AC in relation to the financial statements during the year ended 31 December 2016 is detailed below, alongside the actions taken by the AC to address the issue.

Significant matter considered	How the issue was 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 31 December 2016. See page 59 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 16 of the financial statements.

Principle 13: Internal Audit

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

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

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

The internal audit function is currently outsourced to PricewaterhouseCoopers LLP ("PwC"). In accordance with the risk-based internal audit plan approved by the AC, PwC conducts regular audit of internal control systems of the Group's companies, recommend necessary improvements and enhancements, and report 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 annual internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the AC. Every quarter, the AC and Management review and discuss internal audit findings, recommendations and status of remediation at the AC meetings.

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

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

D. SHAREHOLDERS RIGHTS

Principle 14: Shareholder Rights and Responsibilities

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

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

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

Principle 15: Communication with Shareholders

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

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

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

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

Principle 16: Conduct of Shareholder Meetings

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

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

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

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

E. INTERESTED PERSON TRANSACTIONS

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

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

There was no new significant IPT of or over $100,000 in value entered into during FY2016.

F. CODE OF BUSINESS ETHICS

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

G. DEALINGS IN SECURITIES

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

H. ENTERPRISE RISKS MANAGEMENT

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, centred 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.

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 structural 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 has been made a compulsory module in the Training & Development Plan in Singapore, particularly for new employees, at the Executive / Managerial level. The curriculum included the Group's risk strategy and policy, framework and profile. One of the key messages communicated is that every employee has a role to play in managing risks within the organisation.

Strategic / External Risks

To ensure growth sustainability 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-owned 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 FY 2016 contributed by its multi-national customers, the Group is inevitably exposed to external risks amid evolving modus operandi of businesses and changing consumption 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 policies have also been put in place to ensure that employees are equipped with the relevant knowledge to perform their roles.

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 limit 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 to 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 remains in a healthy position at all times.

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, GDPMDS (Good Distribution Practice for Medical Devices Singapore) Certification and FSC® CoC (Forest Stewardship Council® Chain of Custody) 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, while 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 seeks to effectively identify, assess and treat all QuESH related risks associated with our business activities, products and services in a responsible manner. Operational objectives are set in consideration of prevention of pollution, injury and ill-health. Employees 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 Technology & Data

The Group is committed to uphold information and cyber security, data protection (including personal data) and 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 best practices, but also to protect the organisation against cyber threats that may come in the form of hacking, spam, malware and virus. 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 to their current roles and responsibilities.

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 businesses and to the organisation as a whole. The Group manages its Human Capital risks via a structured approach that can ultimately achieve its Human Capital goals in talent acquisition, engagement, satisfaction and retention. In ensuring these people-related goals support our diverse operations locally and regionally, Management firmly aligns its Human Capital strategies with the Group's strategic blueprint, ascertaining the effective optimisation of its 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 Plan, the BCM Exercise is conducted periodically, with the latest review performed in December 2016.

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 growth sustainability for the organisation and its stakeholders. Key risks identified are presented to the Board periodically. Teckwah's ERM framework not only assures the risk management practices put in place are effective, but it also helps to clearly define 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 Risk Management Committee on behalf of the Board. Appropriate risk treatments are developed and adequate internal controls are put in place to closely monitor and manage these risks. These mitigation strategies are reviewed by the Risk Management Committee and the Board on a quarterly basis. Based on the preceding reviews, the Board is of the opinion, with concurrence from the Risk Management Committee and Audit Committee, that there are adequate controls in place within Teckwah Group to address its strategic, financial, operational and regulatory risks.

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, 2016.

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 62 to 131 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, 2016, 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. Lee Chee Sit *
Mr. Chan Pee Teck Peter **
Mr. Lim Hwee Chiang John **
Mr. Lim Lee Meng **
Mr. Tan Wee Seng Gerard **

* Non-executive director
** Independent directors

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in the name of directors		**Shareholdings in which directors are deemed to have an interest**	
	At January 1, 2016	At December 31, 2016	At January 1, 2016	At December 31, 2016
The company				
Ordinary shares				
Mr. Chua Kee Seng Thomas	1,900,000	1,900,000	1,608,000	1,608,000
Mr. Lee Chee Sit	-	-	26,216,900	26,216,900
Mdm. Mai Ah Ngo	792,000	792,000	1,608,000	1,608,000
Mr. Ng Nai Ping	780,000	780,000	-	-
Mr. Lim Hwee Chiang John	-	-	140,000	140,000

The directors' interests in the shares and options of the company at January 21, 2017 were the same at December 31, 2016.

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.

5 AUDIT COMMITTEE

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

The Audit Committee comprises the following independent directors:

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

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

For the financial year ended December 31, 2016, 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.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONT'D)

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.

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 27, 2017

INDEPENDENT AUDITORS' 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, 2016, 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, including a summary of significant accounting policies, as set out on pages 62 to 131.

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 Financial Reporting Standards in Singapore ("FRSs") 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, 2016 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 ("ACRA") *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.

INDEPENDENT AUDITORS' REPORT

To the Members of Teckwah Industrial Corporation Ltd

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. The matter was 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 judgment 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 16 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 develop expectations and compare to those used by management in the key assumptions such as growth rates and the discount rate; • Assess and challenge 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 rate and discount rate 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.

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 auditors' report, which we obtained prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express an 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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair 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.

AUDITORS' 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Teckwah Industrial Corporation Ltd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

(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.

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 auditors' report is Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 27, 2017

STATEMENTS OF FINANCIAL POSITION

December 31, 2016

	Note	GROUP 2016 $'000	GROUP 2015 $'000	COMPANY 2016 $'000	COMPANY 2015 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	42,362	26,832	6,894	638
Trade and other receivables	7	46,613	44,054	13,157	17,414
Inventories	8	20,070	16,898	-	-
Total current assets		109,045	87,784	20,051	18,052
Non-current assets					
Other assets	9	389	343	-	-
Joint venture	10	4,060	3,924	4,216	4,216
Subsidiaries	11	-	-	19,797	19,797
Property, plant and equipment	12	74,896	81,653	39,741	42,565
Investment properties	13	4,140	4,183	2,245	2,218
Land use rights	14	6,997	7,297	6,554	6,820
Intangible assets	15	20	62	20	62
Goodwill	16	6,691	6,691	-	-
Deferred tax assets	20	307	269	-	-
Total non-current assets		97,500	104,422	72,573	75,678
Total assets		206,545	192,206	92,624	93,730
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	36,207	28,002	9,062	10,245
Bank loans	18	12,564	5,115	12,500	5,000
Finance leases	19	940	956	5	-
Income tax payable		3,072	1,265	313	87
Total current liabilities		52,783	35,338	21,880	15,332
Non-current liabilities					
Bank loans	18	-	12,500	-	12,500
Finance leases	19	390	1,354	-	-
Deferred tax liabilities	20	2,884	2,157	1,230	596
Post employment benefits	21	390	263	-	-
Total non-current liabilities		3,664	16,274	1,230	13,096

STATEMENTS OF FINANCIAL POSITION

December 31, 2016

	Note	GROUP 2016 $'000	GROUP 2015 $'000	COMPANY 2016 $'000	COMPANY 2015 $'000
Capital, reserves and non-controlling interests					
Share capital	22	23,852	23,852	23,852	23,852
Statutory surplus reserve	23	2,701	2,060	-	-
Retained earnings		120,526	111,020	45,662	41,450
Currency translation reserve		106	1,071	-	-
Equity attributable to owners of the company		147,185	138,003	69,514	65,302
Non-controlling interests		2,913	2,591	-	-
Total equity		150,098	140,594	69,514	65,302
Total liabilities and equity		206,545	192,206	92,624	93,730

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Financial year ended December 31, 2016

	Note	GROUP 2016 $'000	GROUP 2015 $'000
Revenue	24	183,260	185,575
Other operating income	25	1,050	1,028
Changes in inventories of finished goods and work in progress		788	1,232
Raw materials and consumables used		(52,595)	(63,071)
Employee benefits expense	28	(44,532)	(42,907)
Depreciation and amortisation	28	(9,131)	(8,982)
Other operating expenses	26	(58,387)	(55,297)
Share of profit (loss) of joint venture		250	(12)
Finance costs	27	(612)	(750)
Profit before tax	28	20,091	16,816
Income tax expense	29	(5,200)	(3,535)
Profit for the year		14,891	13,281
Profit attributable to:			
Owners of the company		13,684	12,417
Non-controlling interests		1,207	864
		14,891	13,281
Earnings per share	31		
Basic		5.86 cents	5.32 cents
Diluted		5.86 cents	5.32 cents

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial year ended December 31, 2016

	Note	GROUP 2016 $'000	2015 $'000
Profit for the year		14,891	13,281
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	21	(45)	-
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	20	11	24
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(1,237)	470
Other comprehensive income for the year, net of tax		(1,271)	494
Total comprehensive income for the year		13,620	13,775
Total comprehensive income attributable to:			
Owners of the company		12,685	12,908
Non-controlling interests		935	867
		13,620	13,775

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2016

	Note	Share capital $'000	Statutory surplus reserve $'000	Retained earnings $'000	Currency translation reserve $'000	Equity attributable to owners of the company $'000	Non-controlling interests $'000	Total $'000
GROUP								
Balance at January 1, 2015		23,852	1,753	102,498	604	128,707	1,724	130,431
Total comprehensive income for the year								
Profit for the year		-	-	12,417	-	12,417	864	13,281
Other comprehensive income		-	-	24	467	491	3	494
Total		-	-	12,441	467	12,908	867	13,775
Transactions with owners, recognised directly in equity								
Appropriations		-	307	(307)	-	-	-	-
Dividends paid	30	-	-	(3,612)	-	(3,612)	-	(3,612)
Total		-	307	(3,919)	-	(3,612)	-	(3,612)
Balance at December 31, 2015		23,852	2,060	111,020	1,071	138,003	2,591	140,594
Total comprehensive income for the year								
Profit for the year		-	-	13,684	-	13,684	1,207	14,891
Other comprehensive loss		-	-	(34)	(965)	(999)	(272)	(1,271)
Total		-	-	13,650	(965)	12,685	935	13,620
Transactions with owners, recognised directly in equity								
Appropriations		-	641	(641)	-	-	-	-
Dividends paid	30	-	-	(3,503)	-	(3,503)	-	(3,503)
Total		-	641	(4,144)	-	(3,503)	-	(3,503)
Others								
Dividends declared to non-controlling interests		-	-	-	-	-	(613)	(613)
Total		-	-	-	-	-	(613)	(613)
Balance at December 31, 2016		23,852	2,701	120,526	106	147,185	2,913	150,098

	Note	Share capital $'000	Retained earnings $'000	Total $'000
COMPANY				
Balance at January 1, 2015		23,852	37,010	60,862
Profit for the year, representing total comprehensive income for the year		-	7,943	7,943
Dividends paid, representing transactions with owners, recognised directly in equity	30	-	(3,503)	(3,503)
Balance at December 31, 2015		23,852	41,450	65,302
Profit for the year, representing total comprehensive income for the year		-	7,715	7,715
Dividends paid, representing transactions with owners, recognised directly in equity	30	-	(3,503)	(3,503)
Balance at December 31, 2016		23,852	45,662	69,514

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2016

	2016 $'000	2015 $'000
Operating activities		
Profit before tax	20,091	16,816
Adjustments for:		
Allowance for doubtful debts	16	-
Write-down (Write-back) of inventories	213	(66)
Depreciation and amortisation expense	9,131	8,982
Loss (Gain) on disposal of property, plant and equipment	127	(12)
Share of (profit) loss of joint venture	(250)	12
Post employment benefits	82	37
Intangible assets written off	32	-
Unrealised foreign exchange loss	297	1,763
Interest income	(152)	(189)
Finance costs	612	750
Operating cash flows before movements in working capital	30,199	28,093
Trade and other receivables and other assets	(3,074)	(223)
Inventories	(3,634)	(2,780)
Trade and other payables	8,534	2,688
Cash generated from operations	32,025	27,778
Interest paid	(612)	(750)
Income tax paid	(2,693)	(3,151)
Net cash from operating activities	28,720	23,877
Investing activities		
Interest received	152	189
Dividends received from joint venture	-	713
Proceeds from disposal of property, plant and equipment	18	51
Purchase of property, plant and equipment (Note A)	(2,790)	(7,539)
Purchase of investment properties	-	(604)
Net cash used in investing activities	(2,620)	(7,190)
Financing activities		
Dividends paid	(3,503)	(3,612)
Dividends paid to non-controlling interests	(613)	-
Repayment of bank loans	(5,116)	(7,465)
Proceeds from bank loans	66	115
Repayment of obligations under finance leases	(997)	(1,037)
Net cash used in financing activities	(10,163)	(11,999)
Net increase in cash and cash equivalents	15,937	4,688
Cash and cash equivalents at beginning of year	26,832	22,156
Effect of foreign exchange rate changes	(407)	(12)
Cash and cash equivalents at end of year	42,362	26,832

Note A

In 2016, the additions to property, plant and equipment totalling $2,820,000 (Note 12) comprised paid purchases totalling $2,790,000 and purchases acquired under finance lease agreement of $30,000.

See accompanying notes to financial statements.

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 10 and 11 respectively.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended December 31, 2016 were authorised for issue by the Board of Directors on March 27, 2017.

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 ("FRSs").

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2016, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in significant changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*[1]
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

[1] Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
[3] Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.
[4] Application has been deferred indefinitely, however, early application is still permitted.

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

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

FRS 109 *Financial Instruments*

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

Key requirements of FRS 109:

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Management does not expect impact of FRS 109 to be significant on the financial statements of the group and the company.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue,* FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods is transferred to the customer. Performance obligation is discharged through the delivery of services to the customer. In addition, extensive disclosures are required by FRS 115.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases and its associated interpretative guidance. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer. Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 115 and FRS 116 will result in certain additional disclosures in the financial statements with respect of revenue recognition and leases, including for example whether any significant judgement and estimation was involved. The Group also has operating lease commitments which may be recorded on the statement of financial position.

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 has, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the group's ownership interests in existing subsidiaries

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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.

Effective interest method

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

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

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

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

Derecognition of financial liabilities

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The group as lessor

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

The group as lessee

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 3⅓%

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

INTANGIBLE ASSETS

Intangible assets acquired separately

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

The amortisation periods for the intangible assets are as follows:

Country club memberships (Note 15) - 30 years

Intangible assets acquired in a business combination

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

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

The amortisation periods for the intangible assets are as follows:

Approved replicator rights (Note 15) - 5 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Sale of goods

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

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

Rendering of services

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

Rental income

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

Interest income

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

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

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

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

Control over PT Teckwah Trading Indonesia

Note 11 describes that PT Teckwah Trading Indonesia is a subsidiary of the group even though the group has only a 33% direct ownership interest in PT Teckwah Trading Indonesia.

The directors of the company assessed that the group has 100% effective interest. In making their judgement on whether or not the group has control over PT Teckwah Trading Indonesia, the directors considered the group's contractual rights to appoint the board of directors. Control of the entity is exercised by the board of directors. Therefore, in accordance with FRS 110, the group has control over PT Teckwah Trading Indonesia.

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

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

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

(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 $6,691,000 (2015 : $6,691,000) does not exceed its recoverable amount from the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. In determining the recoverable amount, management exercised judgement in estimating future cash flows, growth rates and discount rates as disclosed in Note 16.

No impairment loss is assessed to be required in 2016 and 2015.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Financial assets				
Loans and receivables (including cash and cash equivalents)	87,765	69,816	19,771	17,856
Financial liabilities				
Amortised cost	50,101	47,927	21,567	27,745

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

(b) *Financial risk management policies and objectives*

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

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

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

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

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

(i) Foreign exchange risk management

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

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

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Australian dollars	107	328	65	229	-	-	-	-
Hong Kong dollars	100	67	-	-	-	-	-	-
Chinese Renminbi	175	239	6	6	96	23	6	7
Indonesian Rupiah	574	482	1,813	1,636	-	-	-	-
Singapore dollars	599	311	1,097	1,573	-	-	-	-
United States ("US") dollars	1,511	1,963	19,241	9,533	-	-	642	481

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

Foreign currency sensitivity

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

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:

	2016 $'000	2015 $'000
Group	887	379
Company	32	24

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

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

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

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

(ii) Interest rate risk management

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

Interest rate sensitivity

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

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

- profit for the year ended December 31, 2016 would decrease or increase by $62,800 (2015 : $88,100). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

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

- profit for the year ended December 31, 2016 would decrease or increase by $62,500 (2015 : $87,500). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

(iii) Credit risk management

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

Cash and bank balances are held with reputable financial institutions.

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

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

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

(iii) Credit risk management (cont'd)

The group manages such risks by dealing with creditworthy customers. The largest customer of the group accounts for approximately 24% (2015 : 22%) of revenue. Other than this customer, there is no significant concentration of credit given to any single customer or group of customers. The company has significant receivables from subsidiaries as disclosed in Note 7. Credit risk is managed by a credit evaluation process which includes assessment and evaluation of existing and potential customers' credit standing to determine credit limits to be granted, credit policies, credit control and collection procedures. Payments are monitored for compliance with credit terms.

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

The maximum amount that the company could be forced to settle under the financial guarantee contract in Note 32, if the full guaranteed amount is claimed by the counterparty to the guarantee, is $38,131,000 (2015 : $35,208,000). The earliest period that the guarantee could be called is within 1 year (2015 : 1 year) from the end of the reporting period. The company considers that it is more likely than not that no amount will be payable under the arrangement.

(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.

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

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

(iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustment $'000	Total $'000
GROUP					
2016					
Non-interest bearing	-	36,207	-	-	36,207
Finance lease liability (fixed rate)	3.3	1,093	465	(228)	1,330
Variable interest rate instruments	2.7	12,910	-	(346)	12,564
Total		50,210	465	(574)	50,101
2015					
Non-interest bearing	-	28,002	-	-	28,002
Finance lease liability (fixed rate)	3.3	1,111	1,587	(388)	2,310
Variable interest rate instruments	2.7	5,633	12,847	(865)	17,615
Total		34,746	14,434	(1,253)	47,927
COMPANY					
2016					
Non-interest bearing	-	9,062	-	-	9,062
Finance lease liability (fixed rate)	2.3	5	-	-	5
Variable interest rate instruments	2.7	12,846	-	(346)	12,500
Total		21,913	-	(346)	21,567
2015					
Non-interest bearing	-	10,245	-	-	10,245
Variable interest rate instruments	2.7	5,519	12,846	(865)	17,500
Total		15,764	12,846	(865)	27,745

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

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

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

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

	2016		2015	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$'000	**$'000**	**$'000**	**$'000**
GROUP				
Financial liabilities				
Bank loans	12,564	12,564	17,615	16,664

	Fair value hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2016				
Financial liabilities				
Bank loans	-	12,564	-	12,564
2015				
Financial liabilities				
Bank loans	-	16,664	-	16,664

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

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

(c) Capital risk management policies and objectives

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

The capital structure of the group consists of debts, which includes the borrowings disclosed in Notes 18 and 19, and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings. The group monitors capital using a gearing ratio, which is total debt divided by total equity. As at December 31, 2016, the group's gearing ratio is 0.1 (2015 : 0.1).

Certain subsidiaries of the group is 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 23 to the financial statements. The group is in compliance with externally imposed capital requirements for the financial years ended December 31, 2016 and 2015.

The group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The group currently does not adopt any formal dividend policy. There were no changes in the group's approach to capital management from 2015.

5 RELATED PARTY TRANSACTIONS

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

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

	GROUP	
	2016 **$'000**	**2015** **$'000**
Sales to a joint venture	72	35
Management fees from a joint venture	250	250
Purchase of goods from a joint venture	-	(26)
Dividend income from a joint venture	-	713
Purchase of goods from a company of which a close family member of a director has interest in	(38)	(86)
Professional services rendered by a company of which a director has interest in	(67)	-

5 RELATED PARTY TRANSACTIONS (CONT'D)

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

Compensation of directors and key management personnel

	GROUP	
	2016 $'000	**2015 $'000**
Short-term benefits	5,842	5,783
Post-employment benefits	237	217
	6,079	6,000

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

6 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Cash at bank	36,911	22,271	6,894	638
Fixed deposits	5,416	4,536	-	-
Cash on hand	35	25	-	-
	42,362	26,832	6,894	638

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

Short-term fixed deposits earn interest at rates ranging from 0.8% to 6.3% (2015 : 1.2% to 7.3%) per annum.

7 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Outside parties (trade)	40,416	40,272	93	87
Allowance for doubtful debts	(17)	(58)	-	-
	40,399	40,214	93	87
Joint venture (trade) (Note 10)	298	283	252	252
Subsidiaries (Note 11)				
Trade	-	-	12,444	16,802
Other receivables	3,271	1,072	45	-
Deposits	1,166	1,186	43	77
Prepayments	1,479	1,299	280	196
Total	46,613	44,054	13,157	17,414

The average credit period on sales of goods is 60 to 90 days (2015 : 60 to 90 days). No interest is charged on the trade and other receivables on the outstanding balance. Allowance for doubtful debts is determined by reference to past default experience.

Included in the group's trade receivable balance are debtors with a carrying amount of $9.0 million (2015 : $9.2 million) which are past due at the end of the reporting period for which the group has not recognised as allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. Of the trade receivables balance at the end of the year, $7,600,000 (2015: $7,700,000) is due from the group's largest customer. The group does not hold any collateral over these balances. The aging analysis of these receivables is as follows:

	1 to 30 days overdue $'000	31 to 60 days overdue $'000	61 to 90 days overdue $'000	> 90 days overdue $'000	Total $'000
GROUP					
2016	7,923	947	85	25	8,980
2015	7,776	573	124	710	9,183

In determining the recoverability of a receivable, the group considers any change in the credit quality of the receivables from the date of credit was initially granted to the end of the reporting period. Accordingly, the management believes that there are no further credit allowances required in excess of the allowance for doubtful debts.

The company's trade receivables due from subsidiaries are interest-free and repayable on demand. The company has not recognised any allowance as the directors are of the view that these receivables are recoverable.

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for doubtful debts:

	GROUP	
	2016 $'000	**2015 $'000**
Balance at beginning of the year	58	71
Increase in allowance recognised in profit or loss	16	-
Amounts written off during the year	(57)	(11)
Exchange difference	-	(2)
Balance at end of the year	17	58

The allowance is for specific trade receivables with balance of $17,000 (2015 : $58,000) which are past due and have no response to payment demands.

8 INVENTORIES

	GROUP	
	2016 $'000	**2015 $'000**
Finished goods	9,809	4,952
Work-in-progress	795	867
Raw materials	9,466	11,079
Total	20,070	16,898

The cost of inventories recognised as an expense includes $213,000 in respect of write-downs of inventory to net realisable value (2015: reversal of $66,000). Previous write-downs have been reversed as a result of the group being able to dispose the slow moving inventory at a value higher than the carrying value.

9 OTHER ASSETS

	GROUP	
	2016 $'000	**2015 $'000**
Deposits	269	229
Tax recoverable	120	114
Total	389	343

10 JOINT VENTURE

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted equity shares, at cost	4,216	4,216	4,216	4,216
Share of post-acquisition profits, net of dividend received	1,848	1,598	-	-
Foreign exchange difference	(2,004)	(1,890)	-	-
	4,060	3,924	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 2016 %	2015 %
PPH Teckwah Value Chain Sdn Bhd	Investment holding and provision of management services/Malaysia	50	50

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

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

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

	GROUP	
	2016 $'000	2015 $'000
Current assets	8,099	7,678
Non-current assets	1,978	1,930
Current liabilities	(1,875)	(1,703)
Non-current liabilities	(75)	(88)

10 JOINT VENTURE

The above amounts of assets and liabilities include the following:

	GROUP 2016 $'000	GROUP 2015 $'000
Cash and cash equivalents	4,353	4,157
Revenue	12,011	11,046
Profit (loss) for the year	500	(24)
Other comprehensive loss for the year	(191)	(1,181)
Total comprehensive income (loss) for the year	309	(1,205)
Dividends paid by the joint venture during the year	-	(1,426)

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

	GROUP 2016 $'000	GROUP 2015 $'000
Depreciation and amortisation	273	428
Interest income	82	81
Interest expense	4	4
Income tax (credit) expense	96	(11)

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 2016 $'000	GROUP 2015 $'000
Net assets of the joint venture	8,127	7,817
Proportion of the group's ownership interests in the joint venture	50%	50%
Other adjustments	(4)	15
Carrying amount of the group's interest in the joint venture	4,060	3,924

11 SUBSIDIARIES

	COMPANY 2016 $'000	COMPANY 2015 $'000
Unquoted equity shares, at cost	22,799	22,799
Deemed investment	2,484	2,484
Less: Impairment loss	(5,486)	(5,486)
	19,797	19,797

Movement in provision for impairment loss:

	COMPANY 2016 $'000	COMPANY 2015 $'000
Balance at beginning of the year	5,486	5,454
Charged to profit or loss during the year	-	32
Balance at end of the year	5,486	5,486

The details of the group's significant subsidiaries at December 31, 2016 are as follows:

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2016 %	2015 %
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[d]	Provision of network services including on-line games and distribution of games software/ Singapore	100	100
P.T. Teckwah Paper Products Indonesia [a]	Manufacture and sales of corrugated boxes/ Indonesia	100	100

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

11 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2016 %	2015 %
Wuxi Teckwah Printing & Packaging Co., Ltd [a]	Manufacture of flexible packing and printing materials/ People's Republic of China ("PRC")	100	100
Teckwah Value Chain (Shanghai) Co., Ltd [b] [i]	Provision of value chain management services/ PRC	100	100
Teckwah Packaging Systems (Shanghai) Co., Ltd [b] [i]	Provision of value chain management services/ PRC	100	100
Teckwah Value Chain (Thailand) Co., Ltd [b] [ii], [c]	Provision of value chain management services/ Thailand	49	49
Teckwah Value Chain (Japan) Co. Ltd [b] [iii]	Provision of value chain management services/ Japan	70	70
JNE Logistics Singapore Pte Ltd	Critical parts management/ Singapore	100	100
Teckwah Value Chain Pty Ltd [b] [iv]	Provision of value chain management services/ Australia	100	100
Teckwah Logistics (India) Private Limited [b] [vii]	Provision of third party logistic services/ India	100	100
Teckwah Trading (HK) Limited [b] [v]	Provision of third party logistic services/ PRC	100	100
Teckwah Trading (Shanghai) Co., Ltd [b] [i]	Provision of third party logistic services/ PRC	100	100

11 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2016 %	2015 %
Singapore Print Media Hub Pte. Ltd [(d)]	Investment holding & manufacturing of packaging solutions/ Singapore	100	100
Teckwah Value Chain (Taiwan) Ltd [(b) (vi)]	Provision of third party logistic and value chain management services/ Taiwan	100	100
Teckwah PharmaPack Solutions Sdn. Bhd. [(a)]	Manufacturer of paper products and importer, exporter of paper and paper products; provision of value chain management services and graphic design/ Malaysia	100	100
Teckwah Value Chain Sdn. Bhd. [(a)]	Provision of third party logistic services/ Malaysia	100	100
Shanghai Jointac International Logistics Co., Ltd [(b) (i)]	Provision of third party logistic services/ PRC	51	51
PT Teckwah Trading Indonesia [(b) (viii), (e)]	Provision of third party logistic services/ Indonesia	100	100

11 SUBSIDIARIES (CONT'D)

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

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

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

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

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

(d) The company is dormant and not audited.

(e) The group has a 33% direct ownership interest in PT Teckwah Trading Indonesia. 67% (2015: 67%) 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. Subsequent to financial year end, the Group's direct ownership in PT Teckwah Trading Indonesia ("PTTTI") increased from 33% to 67%.

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

11 SUBSIDIARIES (CONT'D)

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	
		2016	2015
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	4	4
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 & 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
		18	18

11 SUBSIDIARIES (CONT'D)

Principal activities	Place of incorporation and operation	Number of non wholly-owned subsidiaries 2016	2015
Provision of value chain management services	Thailand and Japan	2	2
Provision of third party logistic services	PRC	1	1
		3	3

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

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	2016	2015	2016	2015
				$'000	$'000	$'000	$'000
Shanghai Jointac International Logistics Co., Ltd	PRC	49%	49%	1,143	817	2,607	2,155
Individually immaterial subsidiaries with non-controlling interests [1]				64	47	306	436
Total				1,207	864	2,913	2,591

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

11 SUBSIDIARIES (CONT'D)

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

	Shanghai Jointac International Logistics Co., Ltd	
	2016 $'000	**2015 $'000**
Current assets	14,562	6,297
Non-current assets	608	557
Current liabilities	(9,849)	(2,455)
Equity attributable to owners of the company	(2,714)	(2,244)
Non-controlling interests	(2,607)	(2,155)

	Shanghai Jointac International Logistics Co., Ltd	
	2016 $'000	**2015 $'000**
Revenue	12,622	10,482
Expenses	(10,289)	(8,814)
Profit for the year	2,333	1,668
Profit attributable to owners of the company	1,190	851
Profit attributable to the non-controlling interests	1,143	817
Profit for the year	2,333	1,668
Other comprehensive (loss) income attributable to owners of the company	(81)	2
Other comprehensive (loss) income attributable to non-controlling interests	(78)	1
Other comprehensive income for the year	(159)	3
Total comprehensive income attributable to owners of the company	1,109	853
Total comprehensive income attributable to non-controlling interests	1,065	818
Total comprehensive income for the year	2,174	1,671
Net cash inflow from operating activities	2,558	1,243
Net cash outflow from investing activities	(260)	(193)
Net cash outflow from financing activities	(1,245)	-
Net cash inflow	1,053	1,050

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold building $'000	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
GROUP								
Cost:								
At January 1, 2015	1,232	2,453	38,798	59,553	27,532	1,553	1,430	132,551
Currency realignment	(159)	(317)	107	(345)	(13)	9	(11)	(729)
Additions	-	-	1,578	2,219	2,399	178	1,165	7,539
Disposals	-	-	(14)	(1,462)	(824)	(150)	-	(2,450)
Reclassifications	-	-	-	-	1,606	-	(1,606)	-
At December 31, 2015	1,073	2,136	40,469	59,965	30,700	1,590	978	136,911
Currency realignment	(23)	(45)	(271)	(881)	(80)	(27)	(21)	(1,348)
Additions	-	-	159	1,206	1,106	340	9	2,820
Disposals	-	-	(6)	(1,181)	(232)	(122)	-	(1,541)
Transfer to investment properties (2)	-	-	(115)	-	-	-	-	(115)
Reclassifications	-	-	-	453	506	-	(959)	-
At December 31, 2016	1,050	2,091	40,236	59,562	32,000	1,781	7	136,727
Accumulated depreciation:								
At January 1, 2015	-	142	4,201	33,014	10,258	1,107	-	48,722
Currency realignment	-	(22)	25	274	59	7	-	343
Charge for the year	-	46	1,889	3,243	3,200	189	-	8,567
Disposals	-	-	(13)	(1,403)	(808)	(150)	-	(2,374)
At December 31, 2015	-	166	6,102	35,128	12,709	1,153	-	55,258
Currency realignment	-	(4)	(104)	(573)	(54)	(18)	-	(753)
Charge for the year	-	43	1,831	3,208	3,467	184	-	8,733
Disposals	-	-	(5)	(1,050)	(228)	(113)	-	(1,396)
Transfer to investment properties (2)	-	-	(11)	-	-	-	-	(11)
At December 31, 2016	-	205	7,813	36,713	15,894	1,206	-	61,831
Carrying amount:								
At December 31, 2016	1,050	1,886	32,423	22,849	16,106	575	7	74,896
At December 31, 2015	1,073	1,970	34,367	24,837	17,991	437	978	81,653

The carrying amount of the group's property, plant and equipment includes an amount of $3,783,000 (2015 : $4,230,000) secured in respect of assets held under finance leases.

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
COMPANY						
Cost:						
At January 1, 2015	28,568	1,700	15,187	482	351	46,288
Transfer [1]	-	-	(1)	-	-	(1)
Additions	1,480	22	429	-	495	2,426
Disposals	-	-	-	(94)	-	(94)
Reclassifications	-	-	514	-	(514)	-
At December 31, 2015	30,048	1,722	16,129	388	332	48,619
Transfer [1]	-	-	(1)	-	-	(1)
Additions	-	-	301	206	10	517
Disposals	-	-	(2)	-	-	(2)
Transfer to investment properties [2]	(115)	-	-	-	-	(115)
Reclassifications	-	-	342	-	(342)	-
At December 31, 2016	29,933	1,722	16,769	594	-	49,018
Accumulated depreciation:						
At January 1, 2015	780	114	1,645	379	-	2,918
Transfer [1]	-	-	(1)	-	-	(1)
Charge for the year	1,254	171	1,729	77	-	3,231
Disposals	-	-	-	(94)	-	(94)
At December 31, 2015	2,034	285	3,373	362	-	6,054
Transfer [1]	-	-	(1)	-	-	(1)
Charge for the year	1,227	172	1,771	67	-	3,237
Disposals	-	-	(2)	-	-	(2)
Transfer to investment properties [2]	(11)	-	-	-	-	(11)
At December 31, 2016	3,250	457	5,141	429	-	9,277
Carrying amount:						
At December 31, 2016	26,683	1,265	11,628	165	-	39,741
At December 31, 2015	28,014	1,437	12,756	26	332	42,565

[1] This pertains to transfer of plant and equipment from (to) subsidiaries.
[2] This pertains to transfer to investment properties due to change in tenanted floor space (Note 13).

13 INVESTMENT PROPERTIES

	GROUP			COMPANY
	Freehold land $'000	Buildings $'000	Total $'000	Building $'000
Cost:				
At January 1, 2015	810	3,330	4,140	1,744
Currency realignment	(104)	(205)	(309)	-
Additions	-	604	604	604
At December 31, 2015	706	3,729	4,435	2,348
Transfer [(1)]	-	115	115	115
Currency realignment	(15)	(30)	(45)	-
Additions	-	-	-	-
At December 31, 2016	691	3,814	4,505	2,463
Accumulated depreciation:				
At January 1, 2015	-	147	147	39
Currency alignment	-	(17)	(17)	-
Charge for the year	-	122	122	91
At December 31, 2015	-	252	252	130
Transfer [(1)]	-	11	11	11
Currency alignment	-	(3)	(3)	-
Charge for the year	-	105	105	77
At December 31, 2016	-	365	365	218
Carrying amount:				
At December 31, 2016	691	3,449	4,140	2,245
At December 31, 2015	706	3,477	4,183	2,218

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

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 (Note14 (b)).

13 INVESTMENT PROPERTIES (CONT'D)

The property rental income from the group's investment properties all of which are leased out under operating leases, amounted to $798,000 (2015 : $697,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $145,000 (2015 : $185,000).

Fair value measurement of the group's investment properties

The fair values of the group's investment properties at December 31, 2016 and 2015 have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at December 31, 2016 and 2015 are as follows:

Description	Fair value as at December 31		Valuation technique(s)	Significant unobservable input(s)	Range	
	2016 S$'000	2015 S$'000			2016 S$	2015 S$
Factory comprised of production and office areas	4,703	4,806	Market comparable approach	Price per square meter [1]	548 - 880	560 - 695
Office building	5,750	5,850	Market comparable approach	Price per square meter [1]	2,969 - 3,501	2,162 - 3,750

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

14 LAND USE RIGHTS

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cost:				
At beginning of year	8,884	8,874	7,971	7,971
Currency realignment	(33)	10	-	-
At end of year	8,851	8,884	7,971	7,971
Accumulated amortisation:				
At beginning of year	1,587	1,300	1,151	886
Amortisation for the year	283	283	266	265
Currency realignment	(16)	4	-	-
At end of year	1,854	1,587	1,417	1,151
Carrying amount:				
At end of year	6,997	7,297	6,554	6,820

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.

15 INTANGIBLE ASSETS

	GROUP			COMPANY
	Country club memberships $'000	Approved replicator rights $'000	Total $'000	Country club memberships $'000
Costs:				
At January 1, 2015 and December 31, 2015	341	1,342	1,683	341
Written off during the year	(32)	(1,342)	(1,374)	(32)
At December 31, 2016	309	-	309	309
Accumulated amortisation:				
At January 1, 2015	269	1,186	1,455	269
Amortisation for the year	10	-	10	10
At December 31, 2015	279	1,186	1,465	279
Amortisation for the year	10	-	10	10
Written off during the year	-	(1,186)	(1,186)	-
At December 31, 2016	289	-	289	289
Impairment loss:				
At January 1, 2015 and December 31, 2015	-	156	156	-
Written off during the year	-	(156)	(156)	-
At December 31, 2016	-	-	-	-
Carrying amount:				
At December 31, 2016	20	-	20	20
At December 31, 2015	62	-	62	62

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

The cost of the approved replicator rights has been fully impaired since 2009 and written-off in 2016 as no longer in use.

16 GOODWILL

	GROUP	
	2016 $'000	2015 $'000
Cost:		
At beginning and end of year	8,044	8,044
Impairment:		
At beginning and end of year	(1,353)	(1,353)
Carrying amount:		
At December 31	6,691	6,691

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:

	2016 $'000	2015 $'000
Business segment		
Non-print	6,691	6,691

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

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

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

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

The growth rate is projected at average of 3.3% for the next five years (2015: 3.2% for the next five years). The net recoverable amount is estimated to exceed the carrying amount as at year end and therefore, no further impairment loss has been recorded during the year.

The rate used to discount the forecast cash flows is 10% (2015 : 10%).

As at December 31, 2016, 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.

17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Outside parties (trade)	15,926	14,349	382	299
Joint venture (trade) (Note 10)	34	36	21	23
Subsidiaries (non-trade) (Note 11)	-	-	4,607	4,537
Accrued operating expenses	20,247	13,617	4,052	5,386
	36,207	28,002	9,062	10,245

The average credit period on purchases of goods is 60 to 90 days (2015 : 60 to 90 days). No interest is charged on the trade payables.

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

18 BANK LOANS

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At amortised cost				
Current	12,564	5,115	12,500	5,000
Non-current	-	12,500	-	12,500
Total	12,564	17,615	12,500	17,500

The group has the following bank loans:

a. A loan of $12,500,000 (2015 : $17,500,000). The unsecured bank loan bears interest at swap rate plus 1.65% per annum and is repayable in 14 quarterly instalments, commencing on September 30, 2014. The loan is guaranteed by certain subsidiaries. The average effective interest rate is 2.7% (2015 : 2.7%).

b. A loan of $64,000 (2015 : $Nil) was guaranteed by a subsidiary. The average effective interest rate was 5.4% (2015 : Nil%).

19 FINANCE LEASES

	GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	1,093	1,111	940	956
In the second to fifth years inclusive	465	1,587	390	1,354
Less: Future finance charges	(228)	(388)	-	-
Present value of lease obligations	1,330	2,310	1,330	2,310
Less: Amount due for settlement within 12 months (shown under current liabilities)			(940)	(956)
Amount due for settlement after12 months			390	1,354

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 3.3% per annum (2015 : 3.3%).

20 DEFERRED TAX ASSETS AND LIABILITIES

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

GROUP

Deferred tax liabilities (assets)	Accelerated tax depreciation $'000	Other temporary differences $'000	Tax losses $'000	Total $'000
At January 1, 2015	998	(88)	(70)	840
Credit to other comprehensive income for the year	-	(24)	-	(24)
Charge (Credit) to profit or loss for the year (Note 29)	1,078	(27)	-	1,051
Currency realignment	19	3	(1)	21
At December 31, 2015	2,095	(136)	(71)	1,888
Credit to other comprehensive income for the year	-	(11)	-	(11)
Charge (Credit) to profit or loss for the year (Note 29)	904	(222)	18	700
Currency realignment	4	(5)	1	-
At December 31, 2016	3,003	(374)	(52)	2,577

COMPANY

Deferred tax liabilities	Accelerated tax depreciation $'000
At January 1, 2015	-
Charge to profit or loss for the year	596
At December 31, 2015	596
Charge to profit or loss for the year	634
At December 31, 2016	1,230

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

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax liabilities	2,884	2,157	1,230	596
Deferred tax asset	(307)	(269)	-	-
Total	2,577	1,888	1,230	596

20 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

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 $25,878,000 (2015 : $20,212,000). No liabilities has not been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21 POST EMPLOYMENT BENEFITS

The group operates a defined severance benefit scheme for qualifying employees of its subsidiary in Indonesia in accordance with Indonesian Labour Law No. 13/2003, based on service and last salary. The number of employees entitled to the benefits is 86 (2015 : 67). The subsidiary does not set up fund for this program.

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

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.

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

	GROUP	
	2016 $'000	**2015 $'000**
Service costs:		
Current service cost	40	36
Past service cost and loss from settlements	1	27
Net interest expense	24	22
Foreign exchange difference	2	(29)
Components of defined benefits cost recognised in profit or loss	67	56
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in experience adjustments	10	-
Actuarial gains arising from changes in financial assumptions	35	-
Components of defined benefits cost recognised in other comprehensive income	45	-
Total	112	56

21 POST EMPLOYMENT BENEFITS (CONT'D)

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

	GROUP	
	2016 **$'000**	**2015** **$'000**
Present value of unfunded obligations	390	263

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

	GROUP	
	2016 **$'000**	**2015** **$'000**
Defined benefit obligation:		
At beginning of year	263	250
Current service costs	40	36
Past service cost and (gain) loss from settlements	1	27
Interest costs	24	22
Benefits paid	(1)	(2)
Actuarial loss	48	-
Foreign exchange difference	15	(70)
At end of year	390	263

21 POST EMPLOYMENT BENEFITS (CONT'D)

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

	GROUP	
	2016 $'000	**2015 $'000**
Discount rate	8.00%	9.00%
Salary incremental rate	8%	8%
Mortality rate *	100% TMI3	100% TMI3
Disability rate *	5% TMI3	5% TMI3
Resignation rate	10% p.a.	10% p.a.
Early retirement rate	N/A	N/A
Normal retirement rate	100%	100%
Other termination rate	Nil	Nil

* TMI3 represents Table of Mortality Indonesian 3.

The average duration of the benefit obligation at December 31, 2016 is 9.74 years (2015 : 9.86 years). The group expects to contribute approximately $11,000 (2015 : $8,000) to its defined benefit plan in the subsequent financial year.

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

2016

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by $34,000 (increase by $45,000).

- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $48,000 (decrease by $37,000).

21 POST EMPLOYMENT BENEFITS (CONT'D)

2015

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by $26,000 (increase by $31,000).

- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $32,000 (decrease by $29,000).

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

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

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

22 SHARE CAPITAL

	GROUP AND COMPANY			
	2016	2015	2016	2015
	Number of ordinary shares		Amount	
	'000	'000	$'000	$'000
Issued and paid up:				
At beginning and end of year	233,550	233,550	23,852	23,852

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

23 STATUTORY SURPLUS RESERVE

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

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.

24 REVENUE

	GROUP	
	2016 **$'000**	**2015** **$'000**
Sales of goods	104,813	113,061
Logistics services	76,220	70,260
Scrap sales	1,108	1,265
Management and consultancy services	282	250
Rental income	837	739
	183,260	185,575

25 OTHER OPERATING INCOME

	GROUP	
	2016 **$'000**	**2015** **$'000**
Gain on disposal of property, plant and equipment	-	12
Interest income on bank deposits	152	189
Government grant	577	477
Carpark rental income	82	72
Others	239	278
	1,050	1,028

26 OTHER OPERATING EXPENSES

	GROUP	
	2016 $'000	2015 $'000
Transportation and storage expenses	38,414	34,967
Rental and utilities expenses	8,351	6,797
Marketing expenses	789	635
Net foreign exchange (gain) losses	(366)	1,334
Upkeep of property, plant and equipment	2,731	2,641
Maintenance costs	992	1,034
Property tax	507	757
Professional fees	1,426	1,618
Staff welfare, entertainment and travelling expenses	2,458	2,479
Sub-contracting costs	962	902
Loss on disposal of property, plant and equipment	127	-
Others	1,996	2,133
	58,387	55,297

27 FINANCE COSTS

	GROUP	
	2016 $'000	2015 $'000
Interest expense on:		
Bank borrowings	453	582
Finance leases	159	168
	612	750

28 PROFIT BEFORE TAX

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

	GROUP	
	2016 $'000	**2015 $'000**
Employee benefit expenses (including directors' remuneration):		
Employee remuneration	39,908	38,301
Defined contribution plans	4,512	4,550
Defined benefit plans	112	56
Total employee benefits expense	44,532	42,907
Directors' remuneration:		
- of the company	3,017	2,616
- of the subsidiaries	365	804
Total directors' remuneration	3,382	3,420
Directors' fees:		
- of the company	231	231
Audit fees:		
- paid/payable to auditors of the company	216	225
- paid/payable to other auditors	185	190
Total audit fees	401	415
Non-audit fees:		
- paid/payable to auditors of the company	39	41
- paid/payable to other auditors	144	173
Total non-audit fees	183	214
Aggregate amount of fees paid to auditors	584	629
Net foreign exchange (gain) losses	(366)	1,334
Allowance (Write-back) of inventories	213	(66)
Allowance for doubtful trade debts	16	-
Depreciation and amortisation:		
Depreciation of property, plant and equipment	8,733	8,567
Depreciation of investment properties	105	122
Amortisation of land use rights	283	283
Amortisation of intangible assets	10	10
Total depreciation and amortisation	9,131	8,982
Loss (gain) on disposal of property, plant and equipment	127	(12)
Cost of inventories recognised as an expense	51,807	61,839

29 INCOME TAX EXPENSE

	GROUP	
	2016 **$'000**	**2015** **$'000**
Current tax	4,502	2,570
Withholding tax	253	15
Deferred tax (Note 20)	722	1,040
(Over) Under provision in prior years:		
Current tax	(255)	(101)
Deferred tax (Note 20)	(22)	11
Income tax expense for the year	5,200	3,535

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			
	2016		**2015**	
	$'000	**%**	**$'000**	**%**
Profit before tax	20,091		16,816	
Tax at the domestic income tax rate of 17%	3,415	17.0	2,859	17.0
Tax effect of share of results of joint venture	(43)	(0.2)	2	0.0
Tax effect of expenses that are not deductible in determining taxable profit	1,254	6.2	312	1.9
Tax-exempt income	(234)	(1.2)	(164)	(1.0)
Effect of different tax rates of subsidiaries operating in other jurisdiction	869	4.3	617	3.7
Deferred tax benefits not recognised	12	0.0	123	0.7
Utilisation of deferred tax benefits not previously recognised	-	-	(197)	(1.2)
(Over) Under provision in prior years	(277)	(1.4)	(90)	(0.5)
Withholding tax	253	1.3	15	0.1
Others	(49)	(0.2)	58	0.3
Total income tax expense	5,200	25.8	3,535	21.0

29 INCOME TAX EXPENSE (CONT'D)

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

	GROUP	
	2016 $'000	**2015 $'000**
Tax losses		
At beginning of year	4,698	5,023
Prior year adjustment	(169)	266
Arising in current year	160	444
Utilised in current year	-	(769)
Currency realignment	(60)	(266)
At end of year	4,629	4,698
Temporary differences		
At beginning of year	573	370
Prior year adjustment	(96)	(5)
Arising in current year	105	212
Utilised in current year	-	(19)
Currency realignment	(8)	15
At end of year	574	573
Deferred tax benefit on above, unrecorded [1]	1,081	1,199
Deferred tax benefit on above, recorded	307	207

[1] The above deferred tax benefit has not been recognised due to the unpredictability of future profit streams.

30 DIVIDENDS

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Dividends paid during the year were as follows:				
(i) Final dividends of 1.00 cents (2015 : 1.00 cents) per share in respect of the preceding year	2,336	2,336	2,336	2,336
(ii) Interim dividends of 0.50 cents (2015 : 0.50 cents) per share in respect ofthe current year	1,167	1,167	1,167	1,167
(iii) Final dividends of THB Nil cents (2015: THB 14,400 cents) per share in respect of the preceding year	-	109	-	-
	3,503	3,612	3,503	3,503

In respect of the current year, the directors propose that a final dividend of 1.50 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 $3,503,000.

31 EARNINGS PER SHARE

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

	GROUP	
	2016 $'000	2015 $'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the company)	13,684	12,417

	2016 $'000	2015 $'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earning per share	233,550	233,550

32 COMMITMENTS AND CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
(i) Guarantees given to banks in respect of credit facilities of subsidiaries (unsecured)	-	-	38,131	35,208

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

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
(ii) Estimated amounts committed for acquisition of property, plant and equipment	-	601	-	216

33 OPERATING LEASE ARRANGEMENTS

	GROUP	
	2016 $'000	**2015 $'000**
The group as lessee		
Minimum lease payments paid under operating leases recognised as an expense	6,624	4,714

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

	GROUP	
	2016 $'000	**2015 $'000**
Within one year	4,958	4,833
In the second to fifth years inclusive	2,181	3,020
Total excluding the commitments stated in the following paragraphs	7,139	7,853

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

33 OPERATING LEASE ARRANGEMENTS (CONT'D)

The group as lessor

The group rents out its investment properties (Note 13) in Singapore and Malaysia under operating leases. Property rental income earned during the year was $798,000 (2015 : $697,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating properties amounted to $145,000 (2015 : $185,000).

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

	GROUP	
	2016 $'000	**2015 $'000**
Within one year	639	824
In the second to fifth years inclusive	127	988
After five years	766	1,812

34 SEGMENT INFORMATION

Business segments

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

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

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

(iii) Services which includes property management and others.

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

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.

34 SEGMENT INFORMATION (CONT'D)

SEGMENT REVENUES AND RESULTS

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

	Print $'000	Non-print $'000	Services $'000	Elimination $'000	Total $'000
2016					
REVENUE					
External sales	102,760	79,540	960	-	183,260
Inter-segment sales	28,900	11,281	15,094	(55,275)	-
Total revenue	131,660	90,821	16,054	(55,275)	183,260
RESULTS					
Segment results	6,929	12,632	(158)	-	19,403
Interest income					151
Other income					899
Profit from operations					20,453
Share of profit of joint venture					250
Finance costs					(612)
Profit before tax					20,091
Income tax expense					(5,200)
Profit for the year					14,891
OTHER SEGMENT INFORMATION					
Capital expenditure	2,112	191	517	-	2,820
Depreciation and amortisation	4,773	768	3,590	-	9,131

34 SEGMENT INFORMATION (CONT'D)

SEGMENT REVENUES AND RESULTS (CONT'D)

	Print $'000	Non-print $'000	Services $'000	Elimination $'000	Total $'000
2015					
REVENUE					
External sales	113,004	71,740	831	-	185,575
Inter-segment sales	31,820	9,095	14,708	(55,623)	-
Total revenue	144,824	80,835	15,539	(55,623)	185,575
RESULTS					
Segment results	6,710	11,185	(1,345)	-	16,550
Interest income					189
Other income					839
Profit from operations					17,578
Share of loss of joint venture					(12)
Finance costs					(750)
Profit before tax					16,816
Income tax expense					(3,535)
Profit for the year					13,281
OTHER SEGMENT INFORMATION					
Capital expenditure	4,604	559	2,980	-	8,143
Depreciation and amortisation	4,642	735	3,605	-	8,982

34 SEGMENT INFORMATION (CONT'D)

SEGMENT ASSETS AND LIABILITIES

	Print $'000	Non-print $'000	Services $'000	Elimination $'000	Total $'000
2016					
Assets					
Segment assets	95,832	50,164	60,242	-	206,238
Unallocated assets					307
Consolidated total assets					206,545
Liabilities					
Segment liabilities	17,329	16,198	16,964	-	50,491
Unallocated liabilities					5,956
Consolidated total liabilities					56,447

	Print $'000	Non-print $'000	Services $'000	Elimination $'000	Total $'000
2015					
Assets					
Segment assets	94,503	40,574	56,860	-	191,937
Unallocated assets					269
Consolidated total assets					192,206
Liabilities					
Segment liabilities	16,221	8,757	23,212	-	48,190
Unallocated liabilities					3,422
Consolidated total liabilities					51,612

34 SEGMENT INFORMATION (CONT'D)

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 16. 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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	113,337	116,390	69,127	73,937
People's Republic of China	49,345	50,022	13,719	15,021
Indonesia	13,596	13,453	3,724	3,348
Malaysia	3,523	2,756	10,359	11,650
Thailand	400	373	16	25
Japan	1,739	1,416	110	57
Australia	614	484	115	96
India	430	279	6	-
Taiwan	276	402	17	19
	183,260	185,575	97,193	104,153

INFORMATION ABOUT MAJOR CUSTOMERS

In 2016 and 2015, the non-print segment has one customer whose revenue exceeds ten percent of the group's revenue.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

35 IFRS CONVERGENCE IN 2018

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after January 1, 2018. The group will be adopting the new framework for the first time for financial year ending December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening statement of financial position as at January 1, 2017 (date of transition). Management is currently performing a detailed analysis of the transtiion options and other requirement of IFRS 1, including financial effects on transition to the new framework.

STATISTICS OF SHAREHOLDINGS

As At March 6, 2017

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	34	1.22	27,491	0.01
1,001 - 10,000	1,898	68.08	7,302,348	3.13
10,001 - 1,000,000	832	29.84	56,018,375	23.98
1,000,001 and above	23	0.82	170,202,016	72.88
TOTAL	**2,788**	**100.00**	**233,550,248**	**100.00**

TWENTY-ONE LARGEST SHAREHOLDERS AS AT MARCH 6, 2017

	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	36,638,000	15.69
3	LEE KAY HUAN HOLDINGS PTE LTD	26,216,900	11.23
4	DBS NOMINEES PTE LTD	4,799,800	2.06
5	RAFFLES NOMINEES (PTE) LTD	4,102,700	1.76
6	OCBC SECURITIES PRIVATE LTD	3,961,200	1.70
7	MAYBANK KIM ENG SECURITIES PTE LTD	2,528,800	1.08
8	NG KWONG CHONG OR LIU OI FUI IVY	2,353,000	1.01
9	CITIBANK NOMINEES SINGAPORE PTE LTD	2,040,500	0.87
10	CHUA KEE SENG	1,900,000	0.81
11	SEET CHRISTINA	1,765,000	0.76
12	CHUA KEE TEANG	1,661,900	0.71
13	ROCKVILLE HOLDINGS PTE LTD	1,608,000	0.69
14	PHILLIP SECURITIES PTE LTD	1,242,100	0.53
15	HUNG JEN HUI	1,149,200	0.49
16	GOH BONG CHEE	1,082,400	0.46
17	CHUA KUAN LIM CHARLES	1,069,900	0.46
18	GOH KIM SENG	1,048,436	0.45
19	GOH GEOK KHIM	1,048,400	0.45
20	GOH KIM SOON	1,048,400	0.45
21	GOH POH CHOO	1,048,400	0.45
	Total:	**168,125,016**	**72.00**

The percentage of shareholding held in the hands of the public is approximately 41.012% 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 6, 2017

as recorded in the Company's Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%***	**No. of Shares**	**%***
Chua Seng Tek Holdings Pte Ltd	69,811,980	29.89	-	-
Lee Kay Huan Holdings Pte Ltd[1]	26,216,900	11.23	-	-
Airjet Investments Pte. Ltd.[2]	35,200,000	15.07	-	-

Notes:

1) Mr Lee Chee Sit and Mr Lee Chee Peck are deemed to have an interest in the 26,216,900 shares which Lee Kay Huan Holdings Pte Ltd has an interest in by virtue of the provisions of Section 7 of the Companies Act, Cap. 50.

2) Ho Bee Holdings Pte Ltd and Mr Chua Thian Poh are deemed to have an interest in the 35,200,000 shares which Airjet Investments Pte. Ltd. has an interest in by virtue of the provisions of Section 7 of the Companies Act, Cap. 50.

* Based on 233,550,248 ordinary shares as at March 6, 2017.

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

Notice is hereby given that the Annual General Meeting of Teckwah Industrial Corporation Ltd (the "Company") will be held at 51 Tai Seng Avenue, #05-01 Pixel Red, Singapore 533941 on Monday, April 24, 2017 at 9.30 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2016 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt dividend of 1.5 Singapore cents per ordinary share in respect of the year ended December 31, 2016. **(Resolution 2)**

3. To re-elect the following directors retiring pursuant to the Company's Constitution:-
   (i) Mr Lee Chee Sit **(Resolution 3)**
   (ii) Mr Peter Chan Pee Teck [see Explanatory Note (a)] **(Resolution 4)**
   (iii) Mr John Lim Hwee Chiang [see Explanatory Note (b)] **(Resolution 5)**

4. To re-appoint Deloitte & Touche LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To approve the proposed Directors' fees of $231,000 for the year ended December 31, 2016. (2015: $231,000) **(Resolution 7)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as ordinary resolution:-

6. (a) That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors of the Company:-

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

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

   at any time to such persons and upon such terms and conditions and for such purposes as the directors may, in their absolute discretion, deem fit and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the directors while this Resolution is in force, provided that the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing of this Resolution and the aggregate number of shares issued other than on a pro rata basis to existing shareholders does not exceed 20% of the total number of issued shares (excluding treasury shares) in the Company;

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

(b) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares of the Company (excluding treasury shares) as at the time of the passing of this Resolution after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities which were issued pursuant to previous shareholders' approval, and which are outstanding as at the date of the passing of this Resolution;
(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and
(iii) any subsequent bonus issue, consolidation or subdivision of the shares; and

(c) such authority to continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, unless previously revoked or varied at a general meeting of the Company. [see Explanatory Note (c)] **(Resolution 8)**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on May 8, 2017 for the purpose of determining shareholders' entitlements to the proposed tax exempt (one-tier) final dividend of 1.5 Singapore cents per ordinary share for the financial year ended December 31, 2016 (the "**Proposed Dividend**"), and will re-open at 9.00 a.m. on May 11, 2017.

Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road, #02-00, Singapore 068898, up to 5.00 p.m. on May 8, 2017 will be registered to determine shareholders' entitlement to the Proposed Dividend. Members whose securities accounts with the Central Depository (Pte) Limited ("CDP") are credited with the shares as at 5.00 p.m. on May 8, 2017 will be entitled to such Proposed Dividend.

The Proposed Dividend, if approved at the Annual General Meeting to be held on April 24, 2017, will be paid on May 18, 2017.

By Order of the Board

Lo Swee Oi
Company Secretary
March 31, 2017
Singapore

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

Explanatory Notes:

(a) Mr Peter Chan Pee Teck, if re-elected, will remain as a member of the Audit Committee and the Chairman of the Nominating Committee. Mr Chan is considered an Independent Director for purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Full particulars on Mr Chan are set out on page 16 of the Annual Report.

(b) Mr John Lim Hwee Chiang, if re-elected, will remain as a member of the Audit and Nominating Committees and the Chairman of Remuneration Committee. Mr Lim is considered an Independent Director for purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Full particulars on Mr Lim are set out on page 16 of the Annual Report.

(c) The proposed ordinary resolution 8 above, if passed, will empower the directors from the date of the above Meeting until the date of the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis.

For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time that this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Note:

(i) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

(ii) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 51 Tai Seng Avenue #05-01 Pixel Red Singapore 533941 not less than 48 hours before the time set for the AGM.

(iii) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

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

Personal data privacy:

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

PROXY FORM

TECKWAH INDUSTRIAL CORPORATION LTD
Company Registration No. 197201105E
(Incorporated in the Republic of Singapore)

Important

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We ______________________ (Name) ______________________ (NRIC/Passport/Company Registration No.) of ______________________ (Address)

being a member/members of TECKWAH INDUSTRIAL CORPORATION LTD hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Monday, April 24, 2017 at 9.30 a.m. and at any adjournment thereof.

I/We have indicated with an "x" in the appropriate box below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of a final one-tier tax-exempt dividend		
3.	Re-election of Mr Lee Chee Sit		
4.	Re-election of Mr Peter Chan Pee Teck		
5.	Re-election of Mr John Lim Hwee Chiang		
6.	Re-appointment of Auditors		
7.	Approval of Directors' Fees		
8.	Authority to issue additional shares pursuant to Section 161 of the Companies Act, Cap. 50.		

Dated this ______________ day of ______________ 2017.

Register	Number of Shares Held
1) CDP Register	
2) Register of Members	

____
Signature(s) of Member(s)/Corporation's Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

Notes:

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289)) of Singapore, you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore ("the Act"), a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3 Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.

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

5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 51 Tai Seng Avenue #05-01 Pixel Red Singapore 533941 not less than 48 hours before the time appointed for the Meeting.

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

7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8 Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

9 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Act.

10 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the meeting.

11 An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated March 31, 2017.

SINGAPORE QUALITY AWARD
for business excellence
2006 & 2011 WINNER

teckwah

Teckwah Industrial Corporation Ltd
(Company Registration Number: 197201105E)

51 Tai Seng Avenue
#05-01 Pixel Red Singapore 533941
Tel: 65 6872 8181
Fax: 65 6872 8199
Web: www.teckwah.com.sg
Email: info@teckwah.com.sg