ALL

TECKWAH GROUP
Annual Report 2015

CONTENTS

ALL 全

Leaders create new vistas that unify people, enabling everyone to do better. Leaders prize talents above all, hence they command respect all round.

Teckwah, from integration to consolidation of operations and businesses, has always emphasised people and talents. People – Teckwah's key to success. People make all dreams possible.

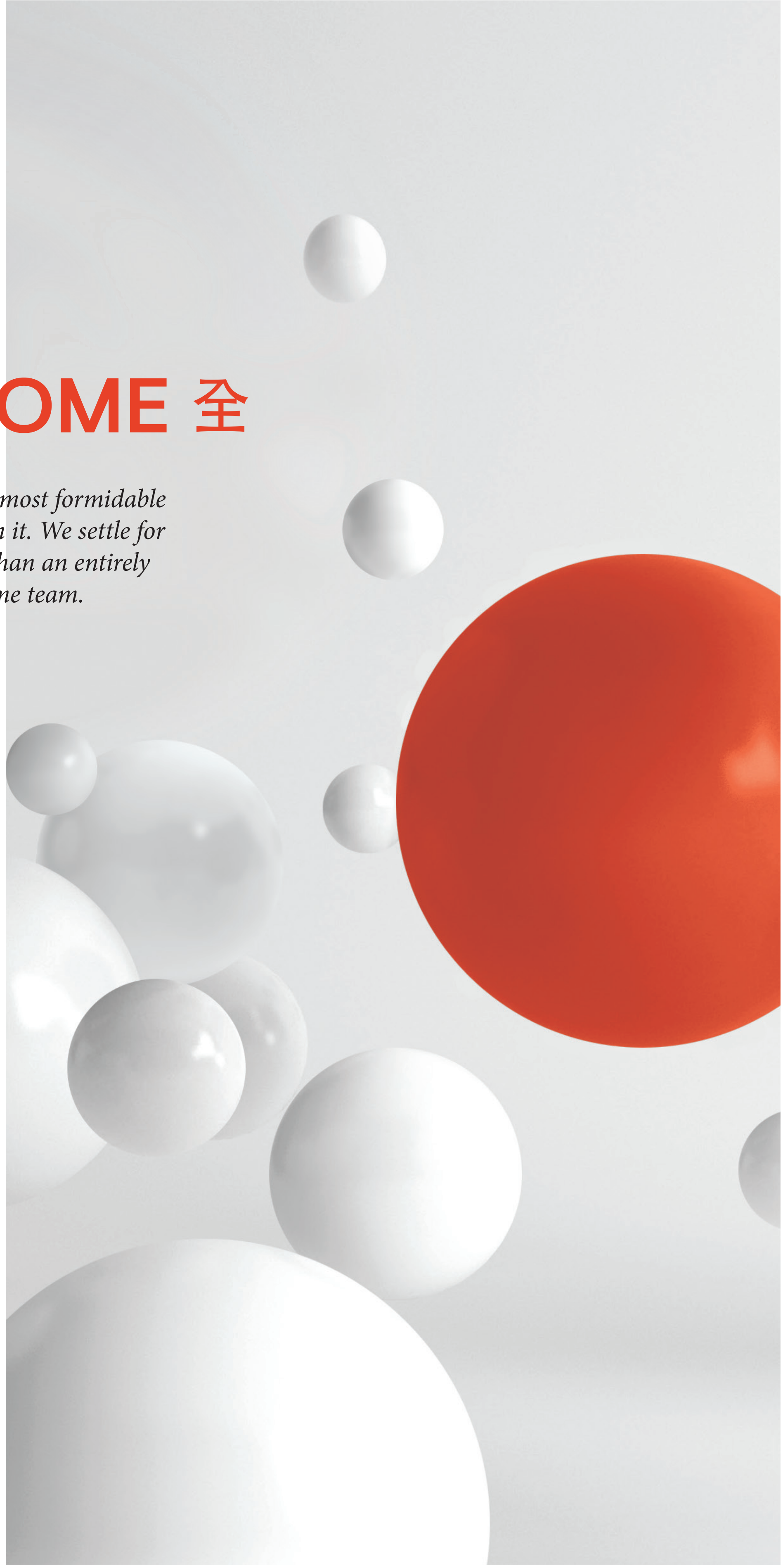
The Chinese character 全 means "all and complete". 全 is made up of people, "人", over leader of the pack, "王". From "ONE" in 2014, Teckwah brought "ALL" into strategic play that will put the Group in good stead for the future, and bolstered everyone to brave short term market volatility with confidence and zest.

ALL-IN 全

As ONE, we brought everyone together. For ONE to work, we call upon ALL onboard. It is nothing short of an all-out and all-in effort.

AWESOME 全

People are our most formidable asset. We mean it. We settle for nothing less than an entirely awesome team.



ALWAYS 全

The future is what we make of it. We see Planet Teckwah evolving. It is an ecosystem of synergy and harmony, where principles and profits are synonyms.

CHAIRMAN'S MESSAGE

Dear Shareholders

I am pleased to present to you our Annual Report 2015 and financial results for the year ended 31 December 2015 ("FY2015"). While the global and consequently local economic conditions remained challenging, with Singapore's economy growing by a mere 2.0%, our strategic initiatives which had been planned and meticulously implemented over the course of these past five years, have borne results. We have bettered our previous year's (financial year ended 31 December 2014 ("FY2014")) performance, in terms of revenue growth and profitability, strengthened our balance sheet and continued to make improvements across our operations and processes, with efficacious cost management and continued productivity and skills enhancements.

FINANCIAL HIGHLIGHTS

Group revenue for FY2015 increased by 11.7% to S$185.6 million from S$166.1 million in FY2014 driven by the proportionate increased revenue from our Print-related and Non-print related business. Operating profit before tax rose by 34.6% to S$16.8 million as compared to S$12.5 million in the previous year on the back of increased sales, cost savings realised on the relocation of our corporate headquarters to Pixel Red and the absence of one-off expenses incurred in the relocation. Consequently, we registered a net profit increase of 44.6% to S$12.4 million from S$8.6 million in FY2014.

We fortified our balance sheet considerably with increased cash and cash equivalents of S$26.8 million as at 31 December 2015, a 21.1% rise over the previous year's balance of S$22.2 million after payment of dividends amounting to S$3.6 million, S$8.1 million investment in Pixel Red's facilities, software system upgrade and purchase of new machineries for our plants in Wuxi, China and Batam, Indonesia. The increase was attributed largely to higher sales collections and lesser capital expenditure outlay, offset by payment to creditors and bank loan repayments. Concurrently, our gearing ratio improved to 14.4% as at 31 December 2015, with repayment of bank loans, finance leases and the payment of income tax out of internally generated funds, offset by increased trade and other payables and deferred tax liabilities. We generated positive cashflow of S$27.8 million after working capital changes, against the S$8.9 million in the same period last year from the higher profits achieved and the absence of one-off expenses. Lower progress payments for the construction of Pixel Red was also a factor in the marked increase in operating cashflow.

In light of our profitability in the financial year ended 31 December 2015, the Board is recommending a final one-tier tax-exempt dividend of 1.0 cent per share subject to the approval of the shareholders at the forthcoming Annual General Meeting.

EXECUTING OUR PLANS

Our commendable showing in FY2015 is the fruition of a long journey, which began as a conceptualisation of a roadmap for Teckwah to where and who it wanted to be. We made strategic moves relocating our corporate headquarters to our own premises at Pixel Red, investing in facilities in the Iskandar Development Zone to cater to high volume print and packaging, and upgrading our facilities in China and Indonesia to handle increased output and offer more innovative packaging solutions.

Despite the immense pressures exerted by external economic forces such as increasing business costs, intensifying competition and a shortage of skilled labour, we took it upon ourselves to upgrade our capabilities, in addition to expanding our capacities. Hence, our foray into new media and digital solutions to augment our existing offerings in print and packaging solutions. Difficult decisions were also taken to streamline and rationalise operations, particularly in our Non-print business sectors but these were necessary steps in our effort to optimise our resources, with reallocation of assets to higher yielding opportunities.

With our plans going according to script, due in no small measure to the determination, drive and hard work of our management and staff, we have begun to reap the rewards of our investments, efforts and sacrifices.

MAPPING THE NEXT LAP

The race to stay at the top of our game never ends. We have commenced drawing up the blueprints for our next phase, in tandem with the Singapore government's plan for Singapore's future growth phase. As Singapore as a nation gears up to be ready to tackle the inevitable challenges ahead, Teckwah, likewise, has to be future-ready for the new economic, technological, geo-political landscape that is imminent. Suffice to say, in order for us to remain relevant and competitive, we will have to continue to focus on upgrading skills, improving efficiency and effectiveness and being customer-centric in continuing to be a solutions provider at the forefront of change.

While the future may present certain business challenges, economic uncertainty and external threat, there are opportunities to be leveraged on. Bi-lateral and multi-lateral trade agreements, such as the Trans-Pacific

CHAIRMAN'S MESSAGE

Strategic Economic Partnership Agreement and the proposed Free Trade Area of the Asia Pacific, among nations in the region are anticipated to facilitate the cross-border flow of goods, services and people. We are well-placed to capitalise on such developments, having established a presence in and developed competencies for the various markets in the region. The digitisation of the business landscape and the Internet of Things will necessitate us to adapt our corporate strategies, review our management systems, refine our human resource policies and develop our people's skill sets. Having already begun to take steps to address the needs of a new business landscape, we are optimistic that we will capably negotiate the transition into a business of the future and for the future.

ALL – TECKWAH'S PEOPLE AND TALENTS

A constant and unchanging factor in Teckwah's steadfastness throughout the years has been our people. 'All' summarises the cohesiveness of our organisation; everyone united in a common endeavor to continue to provide the best-in-class customer-driven solutions and services. Complementing our investment in hardware and systems is our commitment to develop our people to be primed to deal with new technologies and changing skills. In partnering our staff in their career growth and development, we will be able to ensure that our human resource initiatives are in line with our corporate strategies and business objectives for sustainable and responsible growth.

OUTLOOK

2016 is expected to be a challenging one for both Singapore and the world. Singapore's economy is forecast to grow by only 1-3% according to the Ministry of Trade and Industry. China's fragile economic conditions and its government's efforts to rebalance it will have global implications. The ongoing political conflicts around the world, instability in oil prices and volatility in stock markets spell out a less than rosy outlook. We thus have to be prepared for difficult times. Our healthy financial position will enable us to weather the obstacles ahead while continuing to take steps to be competitive and seek new upstream activities to widen revenue sources. We will remain resolute in our goal to bring Teckwah into the future of possibilities and opportunities.

IN APPRECIATION

In conclusion, the Board of Directors and I would like to extend our appreciation to our staff and management for their dedication and hard work. I would also like to thank the Board of Directors for their invaluable guidance during the year. Lastly but no less importantly, my sincere appreciation extends to our customers, business associates and our shareholders for their patronage, support and loyalty.

TRIBUTE TO OUR FOUNDER, MR CHUA SENG TEK

2015 was significant for Teckwah due to the passing of our founder, Mr Chua Seng Tek. Having started this company 48 years ago, Mr Chua remained an integral part of this organisation until his demise. He set the tone and direction for our values, culture and spirit, always leading through example with kindness, generosity and consideration. He inspired us to give our very best for the company and to each other. His legacy lives on in our work and our corporate unity and while we will miss him, we will never forget him and what he has taught us.

THOMAS CHUA KEE SENG
Chairman and Managing Director

A CONSTANT AND UNCHANGING FACTOR IN TECKWAH'S STEADFASTNESS THROUGHOUT THE YEARS HAS BEEN OUR PEOPLE. 'ALL' SUMMARISES THE COHESIVENESS OF OUR ORGANISATION; EVERYONE UNITED IN A COMMON ENDEAVOR TO CONTINUE TO PROVIDE THE BEST-IN-CLASS CUSTOMER-DRIVEN SOLUTIONS AND SERVICES.

主席致词

敬爱的股东：

本人在此欣然向各位报告截至2015年12月31日财政年度（“2015财年”）的年报和财务业绩。虽然全球和区域经济环境依然充满挑战，新加坡的经济增长率仅有2.0%，但过去五年来我们精心制定并严格执行的各项发展策略都取得了成效。和去年（截至2014年12月31日的财政年度）相比，今年的营业额增长和盈利水平均有所提高，资产负债表得到加强，运营和流程进一步优化，成本管理效果显著，生产效率和技术不断提升。

业绩概述

集团2015财年的收入从2014财年的1亿6610万元上扬11.7%至1亿8560万元，主要得益于印刷和非印刷业务的收入双双提高。由于营收增加，集团总部迁至Pixel Red后成本减少，再加上不存在去年迁址产生的一次性开支，税前营业利润达1680万元，比去年的1250万元上升34.6%。因此，我们的净利润也从2014财年的860万元提高44.6%至1240万元。

我们的资产负债表显著强化，截至2015年12月31日，现金和现金等价物增至2680万元，比去年的2220万元高21.1%。上述数值已扣除360万元的股息支出，以及810万元的投资，包括Pixel Red各项的设施、软件系统升级、为中国无锡及印度尼西亚峇淡岛厂房购置的新设备。现金和现金等价物的增加主要得益于收回的销售款增多及资本支出减少，但偿还债务和银行贷款起到一定的抵消作用。与此同时，由于偿还银行贷款、融资租赁和所得税的缴纳均出自内部产生的资金，虽然应付贸易账款和其它应付账款及递延税有所增加，截至2015年12月31日，我们的负债率降至14.4%。由于盈利上扬，加上不存在各项一次性支出，营运资金调整后的正现金流达2780万元，而去年同期为890万元。Pixel Red建设工程进度款减少，也是促进营运现金流显著提高的原因之一。

根据截至2015年12月31日的本财年盈利情况，董事会建议派发每股1.0分的年终一级免税股息，待即将召开的年度股东大会批准。

各项计划进展顺利

我们在2015财年能取得出色的业绩，是根据德华的长期发展进程一步步不懈努力的成果。本公司的发展策略包括将企业总部迁至自有物业Pixel Red；在依斯干达开发区投资建设新厂房，以满足印刷和包装业务需求；升级中国和印度尼西亚的厂房以提升产能；提供更创新的包装解决方案等。

虽然企业成本上升、竞争加剧和技术劳力短缺等外部经济因素带来了巨大压力，但在扩大产能之余，我们也在积极提升业务能力。在印刷和包装业务的基础上，我们正式进军新媒体和数码业务。此外，我们还果断精简及优化了各项运营流程，尤其是非印刷业务。这些是非常有必要的举措，有助于优化资源利用，将资产用于投资收益更高的机会。

得益于管理层和全体员工的决心、毅力和奋斗，各项计划进展顺利。我们此前的投资、努力和付出已开始为企业带来丰硕的回报。

规划下一段旅程

追求卓越的道路永无止境。为配合新加坡政府的未来增长规划，我们已经着手制定下一阶段的蓝图。在新加坡沉稳应对各项挑战之际，德华也必须为新的经济、科技和地缘政治形势做好充分的准备。要保持竞争力，我们必须不断升级技术，提高效率和效力，以客户为核心，始终站在变革的前沿，为客户提供最佳的解决方案。

虽然未来存在经营上的挑战、经济方面的不确定性和外部威胁，但同时也蕴含着大量机遇。区域各国之间签订的双边和多边协议，如“跨太平洋战略经济伙伴关系协定”和拟建立的“亚太自由贸易区”等，都有望进一步促进产品、服务和人员的跨境流动。我们的业务遍布亚太地区的各大市场，因此能充分利用这一跨国合作的趋势。随着企业经营的数码化和物联网的发展，我们也需调整经营策略，重新评估管理体系，优化人力资源策略，提升从业人员技能。针对新的业务需求，我们已经采取了多项有效措施，这些将推动德华顺利转型并发展为一家面向未来的成功企业。

“互助共荣”—— 德华精英

多年来，德华长盛不衰的背后推动力始终是人才。“共荣”体现了集团的凝聚力；所有人团结一心，共同奋进，以客户为中心，提供顶尖的解决方案和服务。除了投资硬件和系统，我们也致力于培养人才，让他们掌握最新的技术与技能。通过全力协助员工实现职业成长，我们能确保集团的人力资源管理与可持续发展的经营策略及业务目标保持一致。

展望

对新加坡和全世界而言，2016年将是充满挑战的一年。据贸工部的预测，2016年新加坡的经济增长率只有1-3%。中国脆弱的经济形势和政府的再平衡举措将给全球经济带来冲击。而全球各地持续不断的政治冲突、油价的动荡起伏和股市的波动也预示着前景堪忧。因此，我们必须未雨绸缪。集团财务状况稳健，预计能安然度过未来的困境。与此同时，我们会不断提高竞争力，寻找新的上游业务，进一步拓宽收入来源。我们将再接再厉，努力把握机遇，带领德华迈向更辉煌的未来。

致谢

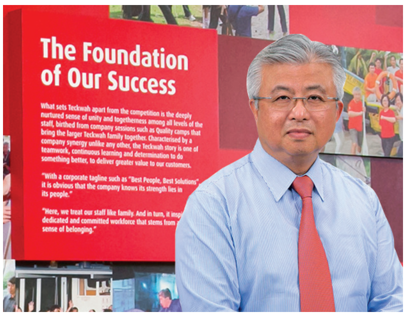
在此，董事会和本人感谢全体员工和管理层的辛勤付出与无私奉献。我也要感谢董事会过去一年来给予的宝贵指导。最后，衷心感谢所有客户、业务伙伴及股东的支持与信任。

向创始人蔡承泽先生致敬

2015年，德华创始人蔡承泽先生去世。蔡先生在48年前创立了德华，直至去世前，他一直是集团不可或缺的支柱。他确立了德华价值观、企业文化和精神的基调及方向，始终以身作则，为人和善、慷慨体贴。他激励我们全力以赴，对公司尽责，对同事尽心。他的精神遗产将一直影响着我们的工作和集团的发展。在此，我们深切地怀念蔡承泽先生，并将永远铭记他的教导。

蔡其生
主席兼董事经理

BOARD OF DIRECTORS



MR THOMAS CHUA KEE SENG, 62
Chairman & Managing Director

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

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

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

MR NG NAI PING, 61
Executive Director

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

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

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

MS MAI AH NGO, 61
Executive Director

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

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

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

BOARD OF DIRECTORS

MR PETER CHAN PEE TECK, 56
Lead Independent Director

Mr Chan was appointed as Independent Director on 12 September 1991. He has been the Chairman of the Nominating Committee since 20 March 2002, and a member of the Audit Committee since 15 April 1994. Mr Chan was appointed as the Lead Independent Director since 23 February 2006. He was re-elected to the Board on 24 April 2015.

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

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

MR JOHN LIM HWEE CHIANG, 60
Independent Director

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

Mr Lim is the Group 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. and the management council of The Management Corporation Strata title Plan No. 2197 (Suntec City). In addition, Mr Lim is the Chairman of the Property Management Committee of the Singapore Chinese Chamber of Commerce & Industry, 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 holds a Bachelor of Engineering (First Class Honours) 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, 60
Independent Director

Mr Lim was appointed as Independent Director on 18 February 1994. He has been the Chairman of the Audit Committee since 15 April 1994, and a member of the Remuneration Committee. He was re-elected to the Board on 24 April 2015.

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

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

MR LEE CHEE SIT, 56
Non-Executive Director

Mr Lee was appointed as Non-Executive Director 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, 62
Independent Director

Mr Tan is a retired partner from PricewaterhouseCoopers LLP, Singapore. He was appointed as Independent Director on 20 February 2013 and was re-elected to the Board on 23 April 2013. He was also appointed as member of the Audit Committee on 20 February 2013.

Mr Tan 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 non-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 and Fellow of the Singapore Computer Society.

EXECUTIVE MANAGEMENT

GROUP TOP MANAGEMENT

MR THOMAS CHUA KEE SENG, 62
Chairman & Managing Director

MS MAI AH NGO, 61
Executive Director

MR NG NAI PING, 61
Executive Director

GROUP SENIOR MANAGEMENT

MS JOYCE CHAN CHOY YIN, 50
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.

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

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

MR CHENG CHEE KONG, 47
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 Industrial Engineering Engineer in metal industry and paper mill company. In 1995, Mr Cheng made a career switch to supply chain industry and progressed into management positions in areas of operations, projects implementation, supply chain consultancy and business development. He was previously regional director heading a sector for the Asia Pacific region with one of the world's largest logistics group.

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

MR JAMES CHUA KEE HIN, 55
Senior Regional Business Director
Teckwah Value Chain Pte Ltd

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

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

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

MR PATRICK KAM SONG TECK, 45
Business Operations Director
Teckwah Value Chain Pte Ltd

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

Mr Kam has more than 24 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. From there, his areas of responsibilities grew to include managing the Pre-press, Turnkey and Print-on-Demand departments. In 2013, he led a project team to set up the manufacturing plant in Iskandar.

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

MR KEW KEE HING, 52
Senior Business Operations Director
Teckwah Logistics Pte Ltd

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.

Mr Kew joined Teckwah in March 1999 as Operations Manager and was responsible for the Print business operations. Over the years, he has been involved in both the Print and Logistics business operations.

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

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

EXECUTIVE MANAGEMENT

MR NG CHEE MUN, 45
InfoComm Technology Director

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

Mr Ng has more than 20 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 Bachelor of Computer Science (Honours), Master of Computing, and Master of Science. He also holds a Master of Science in Computer Science with Distinction from Faculty of Computer Science, Naval Postgraduate School, Monterey California USA.

MS TAN PECK HOON, 53
Corporate Planning & Enterprise Risk Management Director

Ms Tan joined Teckwah in November 2002 as Group Financial Controller. She was promoted to Finance Director in January 2006 and at the same time took up 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. On 1 January 2016, she took over the Group's Quality Systems and Assets Protection Management functions.

Effective 1 April 2016, Ms Tan commenced covering the portfolio of the Group Financial Controller whose last day of service was on 31 March 2016. The Group Financial Controller was overall responsible for the accounting, finance and taxation functions of the Group.

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 Bachelor of Accountancy. She is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA).

OPERATIONS REVIEW

FINANCIAL PERFORMANCE

Group revenue for the financial year ended 31 December 2015 ("FY2015") grew by 11.7% to S$185.6 million as compared to the same period last year (financial year ended 31 December 2014 or "FY2014"). The higher revenue achieved was due to the improved revenue contributions from the Print-related and Non-print business. With increased sales, cost savings resulting from the Group's relocation of our headquarters to Pixel Red and the absence of one-off expenses related to the relocation, Group operating profit before tax increased by 34.6% to S$16.8 million, from S$12.5 million in FY2014. Consequently, we registered S$12.4 million net profit attributable to the shareholders of the company, a 44.6% increase from FY2014's S$8.6 million.

In terms of revenue contribution, Print-related business accounted for 60.9% of Group revenue, with Non-print business contributing the remaining 39.1%. From a geographical perspective, Singapore operations continued to be the main contributor to Group revenue at 62.7%, with China the second largest contributor at 27.0%.

Print-related business revenue rose by 11.7% to S$113.0 million on the back of higher demand from existing customers in Singapore, China and Indonesia. Its operating profit before tax increased by 117.2% to S$6.3 million driven by increased sales, the absence of the one-off expenses incurred in FY2014 and costs savings on labour and rental with the relocation of the corporate headquarters to Pixel Red and part of the production to the Iskandar Development Zone, Johor.

OPERATIONS REVIEW

Non-print business revenue grew by 11.0% to S$71.7 million due to increased demand from existing customers in Singapore and China as well as contribution from new customers in Singapore and Indonesia. Its operating profit before tax increased by 9.4% to S$10.5 million. This rise was mainly attributed to better sales mix and increased activities from existing customers. In addition, there was also absence of the one-off expenses incurred on the relocation of headquarters in mid FY2014.

Statement of Financial Position
The Group's balance sheet strengthened with an increase in total assets, cash and cash equivalents and a decrease in total liabilities.

Total assets increased by 2.4% to S$192.2 million as at 31 December 2015 with an increase in current assets of 10.2% to S$87.8 million due mainly to higher cash and cash equivalents, trade and other receivables and higher inventories in anticipation of impending orders from customers. This was partly offset by a decrease in non-current assets by 3.3% to S$104.4 million primarily due to decreases in property, plant and equipment, joint venture and land use rights, partially offset by increases in deferred tax assets and investment properties.

Total liabilities decreased by 9.9% to S$51.6 million as at the end of the year due to the repayment of bank loans, finance leases and the payment of income taxes which were paid out from internally generated funds, offset by increases in trade and other payables and deferred tax liabilities. Current liabilities decreased 1.5% to S$35.3 million; non-current liabilities decreased 23.8% to S$16.3 million.

Statement of Cash Flow
For the year ended 31 December 2015, the Group generated positive cash flow of S$27.8 million from operations after working capital changes as compared to S$8.9 million for the same period last year. The increase was mainly attributed to higher profit contributed by increased revenue and the absence of one-off expenses. Additionally, as a substantial portion of progress payments for the construction costs of Pixel Red was made last year, a much smaller portion comparatively had to be made this year.

The Group continued to invest S$8.1 million into Pixel Red's facilities, software system upgrade and addition of new machineries at Wuxi, China and Batam, Indonesia. The Group also paid out S$3.6 million in dividend. As at 31 December 2015, the Group's cash and cash equivalents was approximately S$26.8 million.

The Group registered a negative cash flow from financing activities of S$12.0 million compared to a positive cash flow of S$9.7 million for the same period in the previous year. This was mainly on account of the payment of dividends, repayment of bank loans and the absence of a new term loan in the current financial year. The Group's gearing ratio has correspondingly decreased from 22.3% as at 31 December 2014 to 14.4% as at 31 December 2015.

CORPORATE HIGHLIGHTS

Doing our part for SG50

As a homegrown Singapore company, Singapore's 50th celebration of nationhood was an important milestone. SPRING Singapore, the Singapore Economic Development Board and International Enterprise, jointly organised a national level competition, "Global Leaders, Local Champions" which saw teams from the local tertiary institutions being invited to tell the stories creatively of local and foreign companies, including Teckwah, that have contributed significantly to Singapore in the last 50 years. Teckwah worked with a team of students from Temasek Polytechnic's 3D Media Technology course who recreated the Teckwah story from its inception to growth, interlinking the Group's growth with the various stages of Singapore's own development story.

Enhancing our Strengths, Developing our Competencies

During the course of the year, we enhanced our capabilities and entrenched our presence further in Indonesia. We set up a new facility in Jakarta to support the growth of our Non-print business.

ACCOLADES AND ACHIEVEMENTS

As an organisation committed to business and organisational excellence, we have been the recipient of industry and partner awards.

We were conferred the inaugural "Productivity Partners Recognition –Towards Lean Enterprises" award from the Singapore Institute of Manufacturing Technology ("SIMTech"). The award acknowledges organisations that have made efforts in driving and increasing productivity while at the same time creating and promoting a culture of continuous improvement. Our stringent business practices in logistics were also given due recognition with Teckwah Logistics successfully attaining the Good Distribution Practices for Medical Devices Certification in December 2015. The certification is an endorsement of its quality distribution management system of medical devices which ensures that the devices are consistently stored, transported and handled under stipulated conditions in accordance with product specifications.

OPERATIONS REVIEW

Our Chairman and Managing Director, Mr Thomas Chua Kee Seng, led by example in terms of service to the community. Mr Chua's tireless contribution as a Nominated Member of Parliament continued in earnest as he represented the needs of the business community and society at large. He also continues to serve as President of the Singapore Chinese Chamber of Commerce and Industry. Additionally, Mr Chua has been chosen to serve on Singapore's Committee on the Future Economy, in the area of corporate innovation, one of the five key areas of the committee's focus.

SUSTAINABILITY REPORT

We are committed to employee welfare and professional development and provide a wide range of training, learning and recreational opportunities for our staff. We also uphold the principles of environmental sustainability through practical and relevant programmes.

Employee Programmes

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

<u>Staff Development and Talent Management Initiatives</u>

We carried out our annual comprehensive Training Needs Analysis ("TNA") in February 2015 to identify the skill gaps and training needs for staff. Upon the completion of the TNA, the training and development team sourced and met with suitable training service providers to identify training programmes for the 2015/2016 training calendar. Staff were offered training programmes such as Risk Management, Effective Communication, Management and Leadership, Human Resources Management and Language courses. Workplace Safety Health and Security briefings and workshops continued to be part of the learning initiatives for the year.

We organised a two-week intensive training for operative staff in Singapore and Johor on the use of the new equipment installed in our facilities in Pixel Red and the Iskandar Development Zone to achieve maximum efficiency. A total of 1280 training hours were expended in both locations with immensely positive outcomes achieved.

<u>Active Employment for Seniors</u>

We believe that employees have much to contribute to the organisation regardless of age. Employment of mature workers adds value to the organisation as they bring with them a great deal of experience and skills. Teckwah has provided re-employment opportunities for our mature workers upon reaching retirement age and have taken steps to align job responsibilities with the physical abilities of our senior employees to allow them to continue in employment for as long as possible.

Staff Recreation and Welfare
Various events, social outings and recreational activities such as movie nights and excursions to Singapore's attractions were organised. The highlight of such activities was an enjoyable and meaningful outing to the Singapore Flyer and the Singapore Chinese Chamber of Commerce and Industry's SG50 Special Exhibition, "47 Hill Street". The event, in commemoration of Singapore's Golden Jubilee, was organised to enable staff to behold the spectacle of modern-day Singapore from atop the Singapore Flyer and to fully appreciate the "Singapore story", of nation-building through foresight, hardwork and sacrifice.

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 13th 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
With some of our operations having possible impact on the environment, we have attained ISO 14000 certification since 2000. This certification governs the various aspects of environmental management and set standards for identifying and controlling the environmental impact of business operations. In compliance with the stringent standards set, we have a strict waste management process in place which minimises the impact of waste material generated by our operations.

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.

OPERATIONS REVIEW

One of our staff-originated initiatives, the 'Go GREEN" programme, has been implemented company-wide. The programme encourages everybody to get rid of their individual bins and to throw their paper and other recyclable waste into the recycling bins provided. The objective is to encourage people to discard their waste responsibly so as to facilitate recycling where possible, resulting in a concerted effort to recycle all forms of paper and other waste from the office to production areas.

Educational Outreach

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. Towards this end, 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 in their pursuit of higher education through our scholarship grants to Nanyang, Temasek and Ngee Ann Polytechnics as well as to the Singapore Management University.

Corporate Social responsibility

The devastating 7.8 magnitude earthquake that struck Nepal on 25 April 2015 galvanised our Singapore management team into organising a fundraising effort with contributions from Singapore, Johor and Malacca staff, to help our Nepalese colleagues affected by the earthquake.

Aside from monetary contributions, Teckwah also lent support in terms of expertise. Teckwah was the main event collateral sponsor for a mega charity gala dinner and concert, "Love from the STARS", held on 10 May 2015 at Resorts World Sentosa. The fundraising event, which was graced by Guest-of-Honour, President Tony Tan, and Emeritus Senior Minister Goh Chok Tong as well as celebrities from Hong Kong, was in celebration of Singapore's Golden Jubilee. The event raised more than the S$6 million target for six local charities.

Our Digital Solutions team initiated a donation campaign with three local charities as beneficiaries. Christmas e-cards with embedded links were sent to our customers, inviting them to select the donation amount and recipient charity which would be honoured by Teckwah. The initiative was the first time Teckwah has involved customers in our gifting programme.

业务回顾

财务表现

截至2015年12月31日的财政年度（“2015财年”），集团的营业额为1亿8560万元，比去年（截至2014年12月31日的财政年度，即“2014财年”）同期高11.7%。营业额增长的原因是印刷和非印刷业务贡献的营业额双双提高。由于销售额增加，集团总部迁至Pixel Red后成本减少，加上不存在去年迁址产生的一次性开支，集团税前营业利润达1680万元，比去年的1250万元高34.6%。因此，归属于股东的净利润也从2014财年的860万元上升至1240万元，增幅达44.6%。

在营业额贡献比重方面，印刷业务占集团总营业额的60.9%，其余的39.1%来自非印刷业务。按区域来分析，新加坡业务贡献的营业额依然居首，占62.7%；中国次之，占27.0%。

由于新加坡、中国和印度尼西亚现有客户的需求增多，印刷业务的营业额增长11.7%至1亿1300万元。由于销售额增加，不存在去年迁址产生的一次性开支，加上集团总部迁至Pixel Red且部分生产活动转移到柔佛州依斯干达开发区后，人工和租金成本减少，印刷业务的税前营业利润同比增长117.2%至630万元。

由于新加坡和中国现有客户的需求增多且公司获得新加坡和印度尼西亚的新客户订单，非印刷业务营业额同比增长11.0%至7170万元，非印刷业务的税前营业利润同比增长9.4%至1050万元。上述增幅主要得益于销售组合改善和现有客户的业务增多。此外，今年不存在2014财年年中总部迁址时产生的一次性支出。

财务状况

集团的资产负债表得到强化，总资产、现金和现金等价物增加，总债务减少。

截至2015年12月31日，集团总资产增加2.4%至1亿9220万元，其中流动资产增加10.2%至8780万元，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的增长，此外，为满足预期客户订单需求，库存也有所提高。与此同时，非流动资产减少3.3%至1亿440万元，主要原因在于不动产、厂房和设备、合资公司和土地使用权减少，而递延税资产和投资物业的增加将其部分抵消。

截至年末，应付贸易账款和其它应付账款及递延税负债有所增加，集团总债务却减少9.9%至5160万元，主要原因在于偿还银行贷款、融资租赁和所得税的缴纳均出自内部产生的资金。流动负债减少1.5%至3530万元；非流动负债减少23.8%至1630万元。

现金流

截至2015年12月31日的财政年度，在营运资金调整后，集团的经营活动产生了2780万元的正现金流，而去年同期为890万元。增幅主要得益于营业额增加，同时不存在一次性支出，从而推动净利润提高。此外，因去年已经支付了Pixel Red建设工程的大部分进度款，今年需要支付的金额大幅减少。

业务回顾

集团的投资金额为810万元，主要用于Pixel Red的各项设施、软件升级，以及为中国无锡及印度尼西亚峇淡岛厂房购置新设备。集团还支付了360万元的股息。截至2015年12月31日，集团的现金和现金等价物约为2680万元。

集团的融资活动产生了1200万元的负现金流，去年同期则产生了970万元的正现金流。主要原因在于股息支付、偿还银行贷款、同时无新增定期贷款。因此，截至2015年12月31日，集团的负债率降至14.4%，低于2014年12月31日的22.3%。

企业亮点

积极参与建国50周年庆贺活动

作为一家新加坡本土企业，新加坡建国50周年纪念对德华具有无比重要的意义。新加坡标新局、新加坡经济发展局和国际企业发展局共同举办了一场全国性的比赛——“全球领袖，本土冠军”。多家新加坡高等学府的队伍受邀参赛，用创意形式讲述过去50年来国内外企业为新加坡作出的巨大贡献，其中就包括德华集团。德华和淡马锡理工大学3D媒体技术课程的学生携手合作，生动重现了德华的成立和发展故事，体现了集团成长历程和新加坡不同发展阶段之间的紧密联系。

强化优势，发展能力

年内，我们进一步巩固和提升了印度尼西亚的业务。我们在雅加达建立了新的设施，进一步支持非印刷业务的增长。

荣誉和成就

凭借对卓越经营和组织建设的坚持，我们获得了业内机构和合作伙伴颁发的一系列荣誉。

新加坡制造技术研究所授予德华首届“生产力伙伴认证——建设精益企业”奖。该奖项旨在表彰企业在提高生产力以及创造并推广追求卓越的文化方面所付出的不懈努力。

我们在物流方面的最佳实践也得到认可。2015年12月，德华后勤服务荣获“优质的医疗器械分配规范认证(GDPMDS)”。此项认证表明，德华后勤服务的先进质量管理体系能确保在医疗器械分配的过程中，始终按照产品规范在合适的条件下储存、运输和处理器械。

我们的主席兼董事经理蔡其生先生以身作则，积极参加社群服务。蔡先生继续担任新加坡国会官委议员。他也继续担任新加坡中华总商会的会长，尽职尽责地为商界和社会服务。此外，蔡先生也被选为新加坡未来经济委员会的成员，负责企业创新领域，是委员会的五大核心领域之一。

可持续发展报告

我们密切关注员工福利及职业发展状况，为旗下的员工提供丰富的培训、学习和娱乐机会。我们秉持环境可持续发展原则，并推出了一系列实践项目和相关措施。

员工项目

我们的培训项目旨在帮助员工提升自我，提高专业效率，从而能改善事业发展前景。

员工培养和人才管理倡议

2015年2月，德华举行年度“全方位培训评定计划”，评估员工的技能水平和培训需求。“培训需求分析”完成后，培训部门着手精选合适的培训机构，并确定2015/2016年的培训安排。员工培训项目包括风险管理、有效沟通、企业管理及领导力、人力资产管理和语言课程等。工作场所安全及健康培训也是今年的重要学习内容之一。

我们组织了为期两周的高强度培训课程，帮助新加坡及柔佛的操作员熟悉Pixel Red和依斯干达开发区新装设备的使用，有效地提升了工作效率。两地培训时长共计1280小时，取得了良好的效果。

积极返聘资深员工

我们相信无论年龄多大，员工都能为企业作出贡献。聘用成熟员工能增加企业的价值，因为这类员工通常具备丰富经验和优秀技能。德华为到达退休年龄的成熟员工提供返聘机会，并根据资深员工的体力调整岗位职责，让他们有机会延长工作年限。

员工娱乐和福利

集团组织了各类活动、社交出游，以及电影之夜、参观新加坡热门景点等娱乐活动。其中最有乐趣和意义的活动是乘坐新加坡摩天观景轮，并参观新加坡中华总商会举办的新加坡建国50周年特别纪念展“禧街47号”。此次活动旨在纪念新加坡建国50周年，让员工在摩天观景轮上欣赏今日新加坡的壮美景色，同时全面了解新加坡的建国历史以及新加坡人民的远见卓识、勤劳奋进与牺牲精神。

工作场所和员工安全

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”，如今该计划已步入第13个年头。通过实施一系列措施（包括定期监测噪音、使用合适的听力保护设备对抗噪音危险等），该项目有效降低了员工因噪音导致听力受损的机率。

我们也遵循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

鉴于我们的部分业务可能对环境产生影响，我们早在2000年就获得了ISO 14000认证。该项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。我们严格遵守各项标准，建立了完善的废物管理流程，能最大程度地减小生产废物带来的影响。

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，致力于促进负责任的全球森林经营，为此他们推出了一系列计划，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。

员工自主发起的倡议之一“Go GREEN（迈向绿色环保生活）”已经在公司内全面实施。该项目鼓励所有人弃用个人垃圾筒，把废纸和可回收垃圾扔到公司指定的回收箱里。目的是鼓励人们妥善丢弃垃圾，促进垃圾回收。如今，公司全体人员同心协力，积极回收从办公室到生产区的各类废纸和垃圾。

教育外展项目

我们推出了多个实习、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。为此，我们继续和高等学府合作开展实习项目，让学生有机会亲身体验德华的各项业务。我们还在南洋、淡马锡和义安理工学院以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金支持，帮助他们完成高等教育。

企业社会责任

2015年4月25日，尼泊尔发生7.8级大地震。听闻此消息，德华的新加坡管理团队立即组织捐款活动，新加坡、柔佛和马六甲的员工纷纷慷慨解囊，积极帮助受地震影响的尼泊尔同事。

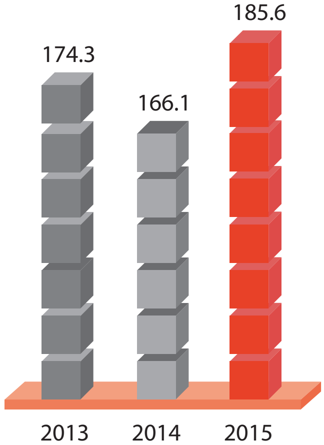
除了捐款，德华还为慈善事业提供专业支持。2015年5月10日，大型慈善晚宴和音乐会“群星之爱”在圣淘沙名胜世界举行，德华是该活动的主要印刷品赞助商。此次捐款活动旨在庆祝新加坡建国50周年，总统陈庆炎、荣誉国务资政吴作栋和多名香港名流出席。活动筹得600多万元的善款，所得款项分配给六家本地慈善机构。

我们的数码解决方案团队也为三家本地慈善机构发起了捐款活动。我们在寄给客户的圣诞电子贺卡中附上捐款链接，邀请他们选择捐款数额和接收机构，并由德华完成捐款。这是德华第一次和客户共同开展捐赠计划。

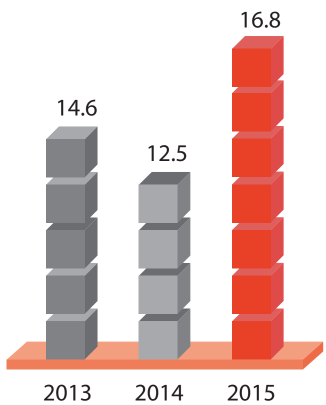
FINANCIAL HIGHLIGHTS

	Y2013	Y2014	Y2015
Equity attributable to owners of the company ($'000)	122,819	128,707	138,003
Cash & cash equivalents ($'000)	29,529	22,156	26,832
Total Assets ($'000)	175,797	187,696	192,206
Total Debt ($'000)	12,640	28,744	19,925
Net Tangible Assets ($'000)	116,045	121,944	131,250
Interim Dividend per share (cents)	0.50	0.50	0.50
Final Dividend per share (cents)	1.00	1.00	1.00
Earnings per share (cents)	5.22	3.68	5.32
Return on Equity (%)	9.9%	6.7%	9.0%
Return on Turnover (%)	7.0%	5.2%	6.7%
Return on Total Assets (%)	6.9%	4.6%	6.5%
Debt to Equity (%)	10.3%	22.3%	14.4%
Net Tangible Assets per share (cents)	49.69	52.21	56.20
Average staff strength	1,311	1,384	1,200
Staff cost ($'000)	40,417	39,541	42,907
Staff cost per employee ($'000)	30.83	28.57	35.76
Revenue ($'000)	174,347	166,144	185,575
Revenue per employee ($'000)	132.99	120.05	154.65
Profit before Tax ($'000)	14,568	12,492	16,816
Profit before Tax per employee ($'000)	11.11	9.03	14.01
Number of shares in absolute numbers	233,550,248	233,550,248	233,550,248

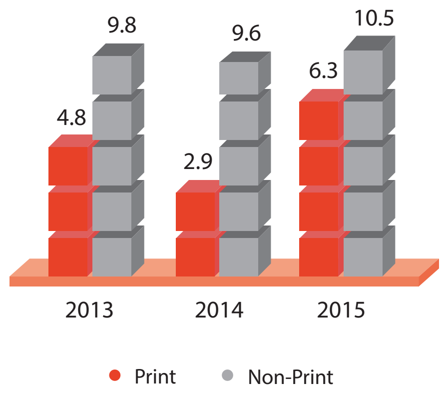
Revenue
(S$ Million)



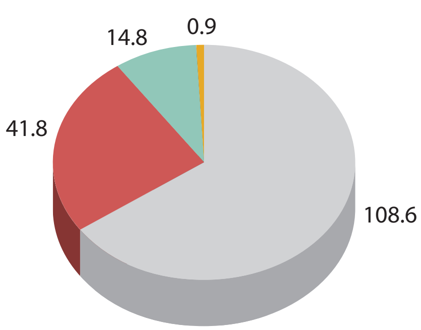
Profit Before Tax
(S$ Million)



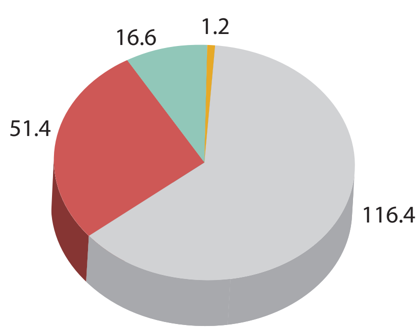
Profit Before Tax by Business Segments
(S$ Million)



Revenue by Geographical Segments 2014
(S$ Million)

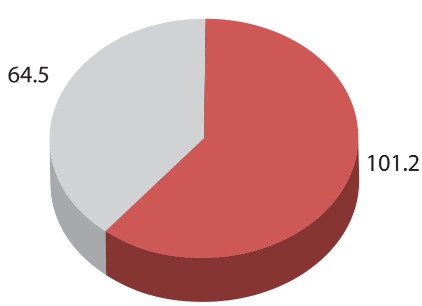


Revenue by Geographical Segments 2015
(S$ Million)

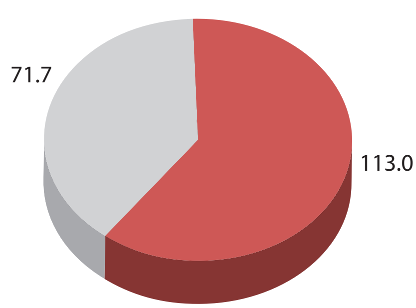


Singapore
North Asia
South Asia
International

Revenue by Business Segments 2014
(S$ Million)



Revenue by Business Segments 2015
(S$ Million)



Print
Non-Print

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%)
  - PPH Printing & Packaging (Johor) Sdn Bhd (100%)
    - Gemstar Sdn Bhd *(100%)

*Deregistered subsequent to the end of reporting period

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	9
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	3	0
Sri Lanka	0	1
Taiwan	1	3
Thailand	1	1
Vietnam	0	2
Asia Pacific	**42**	**50**
North America	**0**	**5**
Europe	**0**	**3**
TOTAL	**42**	**58**

CORPORATE INFORMATION

FOUNDER
Chua Seng Tek

BOARD OF DIRECTORS
Chairman & Managing Director
Thomas Chua Kee Seng

Executive Directors
Mai Ah Ngo
Ng Nai Ping

Lead Independent Director
Peter Chan Pee Teck

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

GROUP TOP MANAGEMENT
Chairman & Managing Director
Thomas Chua Kee Seng

Executive Directors
Mai Ah Ngo
Ng Nai Ping

GROUP SENIOR MANAGEMENT
Human Capital Director
Joyce Chan Choy Yin

Business Development Director
Cheng Chee Kong

Senior Regional Business Director
James Chua Kee Hin

Business Operations Director
Patrick Kam Song Teck

Senior Business Operations Director
Kew Kee Hing

InfoComm Technology Director
Ng Chee Mun

Corporate Planning & Enterprise Risk Management Director
Tan Peck Hoon

AUDIT COMMITTEE
Chairman
Lim Lee Meng

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

REMUNERATION COMMITTEE
Chairman
John Lim Hwee Chiang

Lee Chee Sit
Lim Lee Meng

NOMINATING COMMITTEE
Chairman
Peter Chan Pee Teck

Thomas Chua Kee Seng
John Lim Hwee Chiang

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

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

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

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

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

PRINCIPAL BANKERS
DBS Bank
OCBC Bank

CONTACT LIST

SINGAPORE

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 Packaging Systems (Shanghai) Co Ltd
2F, 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 Trading (Shanghai) Co Ltd
2F, 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 Value Chain (Shanghai) Co Ltd
2F, 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

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 4606435
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,
Nusa Cemerlang Industrial Park
79200 Nusajaya Johor, Malaysia
Tel: 6 07 297 8181
Fax: 6 07 297 8182

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

TAIWAN

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

THAILAND

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

FINANCIAL CONTENTS

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") and Management of Teckwah Industrial Corporation Ltd ("Teckwah" or "the Company") and its subsidiaries ("the Group") are committed to continually achieving and maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2012 ("the Code 2012") revised and issued by the Council on Corporate Disclosure Governance Committee on May 2, 2012. The Code is effective for financial year commencing on or after November 1, 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 set strategic aims;
i) Setting the Company's values and standards and ensuring obligations to shareholders and others are understood and met;
j) Assuming the responsibility for corporate governance and compliance with the Companies Act and rules and requirements of regulatory bodies;
k) Identify key stakeholder groups and recognise that their perceptions affecting the Group's reputation; and
l) Consider 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:

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

The Board has adopted a set of internal guidelines on matters requiring Board approval. Matters which are specifically reserved to the Board for 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;
- convening of members' meetings;
- 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;
- all other matters in the reasonable view of Management is of such material nature that requires the approval of the Board;

The Board has established a number of committees namely the Nominating Committee ("NC"), Audit Committee ("AC"), Remuneration Committee ("RC") and Enterprise Risk Management Committee ("ERMC") to assist in the execution of responsibilities more effectively. These committees function within clearly defined terms of reference and operating procedures. Please refer to pages 40 to 48 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 familiarisation visits are organised, if necessary, to facilitate a better understanding of the Group's operations.

Directors are continually and regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, accounting and regulatory developments may be in writing or disseminated by way of briefings, presentations and/or handouts. 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, which include programs run by the Singapore Institute of Directors and other professional bodies.

The Board has no dissenting views on the Chairman's statement 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

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 difference industries with vast experience and knowledge that collectively as a group provides the core competencies for the leadership of the Company.

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

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

CORPORATE GOVERNANCE REPORT

As at December 31, 2015, 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, if the directors have any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise his independence and interfere with the exercise of his 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 who is available to shareholders in situations where they have concerns or issues 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 director in particular; and
- promoting high standards of corporate governance.

Principle 4: Board Membership

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

Nominating Committee ("NC")

The NC comprises the following members:

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

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

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

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

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

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

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

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

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

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

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 Mai Ah Ngo, Ng Nai Ping and Gerard Tan Wee Seng 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 FY2015.

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

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

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory. The Board 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, all the directors were able to participate in all 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 operations.

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

The directors are well-informed by the Chairman & Managing Director on the status of on-going activities between meetings. Where a decision has to be made before a Board meeting, a directors' resolution is circulated in accordance with the 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.

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 own remuneration. The RC's principal responsibilities are to:

1) review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required caliber to manage the Group successfully;

2) review and recommend the Chairman and Managing Director's remuneration and those of the executive directors whose remuneration packages include a variable bonus component which is performance-related;

3) review the recommendation of the executive directors, for approval of the Board, the fees of the non-executive directors and such payment as may be payable pursuant to Article 89 of the Company's 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.

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

Principle 9: Disclosure on Remuneration

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

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

The remuneration of each individual director and key executive officers of the Group and employees who are immediate family members of a director or Managing Director 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 the 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 required 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 interests 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 FY2015 in bands of $250,000 which provides sufficient overview of the remuneration of the Directors is as follows:

	Remuneration Band $	Salary %	Bonus, AWS and Profit Sharing %	Other Benefits %	Directors Fees %	Total %
Executive Directors						
Thomas Chua Kee Seng	1,000,000 to 1,249,999	39.45%	57.98%	2.57%	0.00%	100.00%
Mai Ah Ngo	500,000 to 749,999	45.84%	43.96%	10.20%	0.00%	100.00%
Ng Nai Ping	500,000 to 749,999	44.76%	44.59%	10.65%	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 practice selective disclosure. In line with continuous disclosure obligations of the Company, the SGX-ST's Listing Rules and the Singapore Companies Act, Cap. 50 the Board's policy is that all shareholders should be informed in a timely and equal manner of all major developments that impact the Group.

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 November 9, 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 50 to 52.

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 to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value.

The Chairman and 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. 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 minimize such risks to the Group;

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

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

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

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

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

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

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

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

The aggregate amount of fees paid to the external auditors amounted to approximately S$225,000/-.

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 FY2015.

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 authorise 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 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 recognise, 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 practice selective disclosure. Price sensitive announcements including quarterly and full year results are released through SGXNET and subsequently posted on the Company's website. The Company's 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 FY2015.

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 sessions were conducted on 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. The curriculum has since been added to the Training & Development Plan as a compulsory module in Singapore, particularly for new joins, at the Executive / Managerial level.

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 FY2015 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 regulatory changes and the potential impact these changes may have as well as any non-compliance of regulatory requirements on the businesses. Various polices have also been put in place to ensure that employees are equipped with the 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.

<u>Quality, Environmental Safety, Security & Health (QuESH)</u>
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.

<u>Information Technology & Data</u>
The Group is committed to ensuring information security, data protection (including personal data) and the safeguarding of customers' valued assets and intellectual property [IP] at our premises. The IT infrastructure, systems and operational processes are not only designed and maintained to comply with industry best practices but 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 access to systems in accordance with 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 across the region, Management firmly aligns its Human Capital strategies with the Group's strategic blueprint, ascertaining the effective optimisation of the right people in the right jobs at all levels.

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, especially in today's digital age, the BCM Exercise is conducted periodically, with the latest exercise performed in December 2015.

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, 2015.

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 58 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, 2015, 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, 2015	At December 31, 2015	At January 1, 2015	At December 31, 2015
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, 2016 were the same at December 31, 2015.

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, 2015, 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.

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 28, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECKWAH INDUSTRIAL CORPORATION LTD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Teckwah Industrial Corporation Ltd (the "company") and its subsidiaries (the "group") which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2015, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 58 to 131.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECKWAH INDUSTRIAL CORPORATION LTD

OPINION

In our opinion the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Public Accountants and
Chartered Accountants
Singapore

March 28, 2016

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	26,832	22,156	638	868
Trade and other receivables	7	44,054	43,480	17,414	19,203
Inventories	8	16,898	14,042	-	-
Total current assets		87,784	79,678	18,052	20,071
Non-current assets					
Other assets	9	343	427	-	-
Joint venture	10	3,924	5,270	4,216	4,216
Subsidiaries	11	-	-	19,797	19,829
Property, plant and equipment	12	81,653	83,829	42,565	43,370
Investment properties	13	4,183	3,993	2,218	1,705
Land use rights	14	7,297	7,574	6,820	7,085
Intangible assets	15	62	72	62	72
Goodwill	16	6,691	6,691	-	-
Deferred tax assets	20	269	162	-	-
Total non-current assets		104,422	108,018	75,678	76,277
Total assets		192,206	187,696	93,730	96,348
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	28,002	25,340	10,245	12,947
Bank loans	18	5,115	7,493	5,000	5,000
Finance leases	19	956	1,098	-	-
Income tax payable		1,265	1,929	87	39
Total current liabilities		35,338	35,860	15,332	17,986
Non-current liabilities					
Bank loans	18	12,500	17,500	12,500	17,500
Finance leases	19	1,354	2,653	-	-
Deferred tax liabilities	20	2,157	1,002	596	-
Post employment benefits	21	263	250	-	-
Total non-current liabilities		16,274	21,405	13,096	17,500

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
Capital, reserves and non-controlling interests					
Share capital	22	23,852	23,852	23,852	23,852
Statutory surplus reserve	23	2,060	1,753	-	-
Retained earnings		111,020	102,498	41,450	37,010
Currency translation reserve		1,071	604	-	-
Equity attributable to owners of the company		138,003	128,707	65,302	60,862
Non-controlling interests		2,591	1,724	-	-
Total equity		140,594	130,431	65,302	60,862
Total liabilities and equity		192,206	187,696	93,730	96,348

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FINANCIAL YEAR ENDED DECEMBER 31, 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000
Revenue	24	185,575	166,144
Other operating income	25	1,028	1,618
Changes in inventories of finished goods and work in progress		1,232	362
Raw materials and consumables used		(63,071)	(54,201)
Employee benefits expense	28	(42,907)	(39,541)
Depreciation, amortisation and impairment expense	28	(8,982)	(6,923)
Other operating expenses	26	(55,297)	(54,698)
Share of (loss) profit of joint venture		(12)	293
Finance costs	27	(750)	(562)
Profit before tax	28	16,816	12,492
Income tax expense	29	(3,535)	(3,319)
Profit for the year		13,281	9,173
Profit attributable to:			
Owners of the company		12,417	8,585
Non-controlling interests		864	588
		13,281	9,173
Earnings per share	31		
Basic		5.32 cents	3.68 cents
Diluted		5.32 cents	3.68 cents

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FINANCIAL YEAR ENDED DECEMBER 31, 2015

		GROUP	
	Note	**2015**	**2014**
		$'000	**$'000**
Profit for the year		13,281	9,173
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		-	(89)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	20	24	23
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		470	903
Other comprehensive income for the year, net of tax		494	837
Total comprehensive income for the year		13,775	10,010
Total comprehensive income attributable to:			
Owners of the company		12,908	9,391
Non-controlling interests		867	619
		13,775	10,010

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED DECEMBER 31, 2015

	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, 2014		23,852	1,473	97,762	(268)	122,819	1,105	123,924
Total comprehensive income for the year								
Profit for the year		-	-	8,585	-	8,585	588	9,173
Other comprehensive (loss) income		-	-	(66)	872	806	31	837
Total		-	-	8,519	872	9,391	619	10,010
Transactions with owners, recognised directly in equity								
Appropriations		-	280	(280)	-	-	-	-
Dividends paid	30	-	-	(3,503)	-	(3,503)	-	(3,503)
Total		-	280	(3,783)	-	(3,503)	-	(3,503)
Balance at December 31, 2014		23,852	1,753	102,498	604	128,707	1,724	130,431
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

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

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FINANCIAL YEAR ENDED DECEMBER 31, 2015

	2015 $'000	2014 $'000
Operating activities		
Profit before tax	16,816	12,492
Adjustments for:		
Bad debts written off	-	9
Write-back of inventories	(66)	(65)
Reversal of impairment of property, plant and equipment	-	(52)
Depreciation and amortisation expense	8,982	6,975
Gain on disposal of property, plant and equipment	(12)	(547)
Share of (loss) profit of joint venture	12	(293)
Post employment benefits	37	65
Unrealised foreign exchange loss	1,763	-
Interest income	(189)	(211)
Finance costs	750	562
Operating cash flows before movements in working capital	28,093	18,935
Trade and other receivables and other assets	(223)	1,964
Inventories	(2,780)	(1,545)
Trade and other payables	2,688	(10,484)
Cash generated from operations	27,778	8,870
Interest paid	(750)	(562)
Income tax paid	(3,151)	(1,301)
Net cash from operating activities	23,877	7,007
Investing activities		
Interest received	189	211
Dividends received from joint venture	713	956
Proceeds from disposal of property, plant and equipment	51	2,651
Purchase of property, plant and equipment (Note A)	(7,539)	(28,682)
Purchase of investment properties	(604)	-
Net cash used in investing activities	(7,190)	(24,864)
Financing activities		
Dividends paid	(3,612)	(3,503)
Repayment of bank loans	(7,465)	(3,544)
Proceeds from bank loans	115	18,000
Repayment of obligations under finance leases	(1,037)	(1,256)
Net cash (used in) from financing activities	(11,999)	9,697
Net increase (decrease) in cash and cash equivalents	4,688	(8,160)
Cash and cash equivalents at beginning of year	22,156	29,529
Effect of foreign exchange rate changes	(12)	787
Cash and cash equivalents at end of year	26,832	22,156

Note A

In 2014, the additions to property, plant and equipment totalling $31,675,000 (Note 12) comprised paid purchases totalling $28,682,000 and purchases acquired under finance lease agreement of $2,993,000.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015 were authorised for issue by the Board of Directors on March 28, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2015, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in 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 are relevant to the group and the company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Improvements to Financial Reporting Standards (November 2014)

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

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

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 the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

FRS 115 *Revenue from Contracts with Customers*

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

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

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

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

FRS 115 applies to annual periods beginning on or after January 1, 2018, with early application permitted. Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the group and the company in the period of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The amendments have been made to the following:

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

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

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

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

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

Improvements to Financial Reporting Standards (November 2014)

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

Standard	**Topic**	**Key amendment**
FRS 107 *Financial Instruments: Disclosures*	Servicing contracts	Provides additional guidance to clarify whether a servicing contract results in continuing involvement in a transferred asset for the purpose of determining the disclosures required.
FRS 19 *Employee Benefits*	Discount rate: regional market issue	Clarifies that the depth of the market for high quality corporate bonds used in estimating the discount rate for post-employment benefits should be assessed at the currency level instead of at country level.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Offsetting arrangements

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

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

The group as lessor

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

The group as lessee

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

<u>Intangible assets acquired separately</u>

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

<u>Intangible assets acquired in a business combination</u>

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

<u>Sale of goods</u>

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.

<u>Rendering of services</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Rental income

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

Interest income

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 (2014 : $6,691,000) does not exceed its recoverable amount from the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. In determining the recoverable amount, management exercised judgement in estimating future cash flows, growth rates and discount rates as disclosed in Note 16.

No further impairment loss is assessed to be required in 2015 and 2014.

Impairment of investment in subsidiaries and joint venture

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

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

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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Financial assets				
Loans and receivables (including cash and cash equivalents)	69,816	63,911	17,856	19,726
Financial liabilities				
Amortised cost	47,927	54,084	27,745	35,447

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

(b) *Financial risk management policies and objectives*

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

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

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

(i) Foreign exchange risk management

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

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

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

(i) Foreign exchange risk management (cont'd)

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	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Australian dollars	328	499	229	117	-	-	-	-
Hong Kong dollars	67	136	-	10	-	-	-	-
Chinese Renminbi	239	183	6	6	23	224	7	6
Indonesian Rupiah	482	106	1,636	216	-	-	-	-
Singapore dollars	311	575	1,573	2,030	-	-	-	-
United States ("US") dollars	1,963	2,352	9,533	8,020	-	-	481	593

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:

	2015	2014
	$'000	$'000
Group	379	283
Company	24	30

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, 2015 would decrease or increase by $88,100 (2014 : $125,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

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

- profit for the year ended December 31, 2015 would decrease or increase by $87,500 (2014 : $112,500). 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 creditworthy financial institutions.

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

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 22% (2014 : 23%) 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 $35,208,000 (2014 : $38,296,000). The earliest period that the guarantee could be called is within 1 year (2014 : 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					
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 instrument	2.7	5,633	12,847	(865)	17,615
		34,746	14,434	(1,253)	47,927
2014					
Non-interest bearing	-	25,340	-	-	25,340
Finance lease liability (fixed rate)	6.2	1,276	3,099	(624)	3,751
Variable interest rate instrument	2.0	7,984	18,112	(1,103)	24,993
		34,600	21,211	(1,727)	54,084
COMPANY					
2015					
Non-interest bearing	-	10,245	-	-	10,245
Variable interest rate instrument	2.7	5,519	12,846	(865)	17,500
		15,764	12,846	(865)	27,745
2014					
Non-interest bearing	-	12,947	-	-	12,947
Variable interest rate instrument	1.9	5,484	18,112	(1,096)	22,500
		18,431	18,112	(1,096)	35,447

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:

	2015		2014	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
GROUP				
Financial liabilities				
Bank loans	17,615	16,664	24,993	21,592

	Fair value hierarchy			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
Financial liabilities				
Bank loans	-	16,664	-	16,664
2014				
Financial liabilities				
Bank loans	-	21,592	-	21,592

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, 2015, the group's gearing ratio is 0.1 (2014 : 0.2).

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, 2015 and 2014.

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 2014.

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	
	2015	**2014**
	$'000	**$'000**
Sales to a joint venture	35	9
Management fees from a joint venture	250	250
Purchase of goods from a joint venture	(26)	(133)
Dividend income from a joint venture	713	956
Project management services rendered by a shareholder for construction-in-progress	-	(64)
Purchase of goods from a company of which a close family member of a director has interest in	(86)	-
Reinstatement works rendered by a company of which a close family member of a director has interest in	-	(1,080)

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	
	2015	**2014**
	$'000	**$'000**
Short-term benefits	5,783	5,057
Post-employment benefits	217	161
	6,000	5,218

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

6 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank	22,271	17,859	638	868
Fixed deposits	4,536	4,279	-	-
Cash on hand	25	18	-	-
	26,832	22,156	638	868

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

Short-term fixed deposits earn interest at rates ranging from 1.2% to 7.3% (2014 : 0.4% to 8.1%) per annum.

7 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Outside parties (trade)	40,272	39,456	87	67
Allowance for doubtful debts	(58)	(71)	-	-
	40,214	39,385	87	67
Joint venture (trade) (Note 10)	283	329	252	250
Subsidiaries (Note 11)				
Trade	-	-	16,802	17,841
Non-trade	-	-	-	311
Other receivables	1,072	701	-	-
Deposits	1,186	1,078	77	389
Prepayments	1,299	1,987	196	345
Total	44,054	43,480	17,414	19,203

The average credit period on sales of goods is 60 to 90 days (2014 : 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 $9.2 million (2014 : $10.5 million) which are past due at the end of the reporting period for which the group has not provided as the amounts are still considered recoverable. The group does not hold any collateral over these balances. The aging analysis of these receivables is as follows:

	1 to 30 days overdue $'000	31 to 60 days overdue $'000	61 to 90 days overdue $'000	> 90 days overdue $'000	Total $'000
GROUP					
2015	7,776	573	124	710	9,183
2014	9,118	1,263	114	24	10,519

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

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for doubtful debts:

	GROUP	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of the year	71	73
Amounts written off during the year	(11)	(2)
Exchange difference	(2)	-
Balance at end of the year	58	71

The allowance is for specific trade receivables with balance of $58,000 (2014 : $71,000) which are past due and have no response to payment demands.

8 INVENTORIES

	GROUP	
	2015	**2014**
	$'000	**$'000**
Finished goods	4,952	4,154
Work-in-progress	867	433
Raw materials	11,079	9,455
Total	16,898	14,042

During the year, write-downs have been reversed by $66,000 (2014 : $65,000) as the group was able to dispose the slow moving inventory at a value higher than the carrying value.

9 OTHER ASSETS

	GROUP	
	2015	**2014**
	$'000	**$'000**
Deposits	229	262
Tax recoverable	114	165
Total	343	427

10 JOINT VENTURE

	GROUP 2015 $'000	GROUP 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
Unquoted equity shares, at cost	4,216	4,216	4,216	4,216
Share of post-acquisition profits, net of dividend received	1,598	2,353	-	-
Foreign exchange difference	(1,890)	(1,299)	-	-
	3,924	5,270	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 2015 %	2014 %
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.

	2015 $'000	2014 $'000
Current assets	7,678	9,867
Non-current assets	1,930	2,646
Current liabilities	(1,703)	(1,841)
Non-current liabilities	(88)	(163)

	2015 $'000	2014 $'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	4,157	5,964

10 JOINT VENTURE (CONT'D)

	2015 $'000	2014 $'000
Revenue	11,046	12,942
(Loss) Profit for the year	(24)	586
Other comprehensive loss for the year	(1,181)	(198)
Total comprehensive (loss) income for the year	(1,205)	388
Dividends paid by the joint venture during the year	(1,426)	(1,912)

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

Depreciation and amortisation	428	432
Interest income	81	100
Interest expense	4	4
Income tax (credit) expense	(11)	12

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	
	2015 $'000	2014 $'000
Net assets of the joint venture	7,817	10,509
Proportion of the group's ownership interests in the joint venture	50%	50%
Other adjustments	15	15
Carrying amount of the group's interest in the joint venture	3,924	5,270

11 SUBSIDIARIES

	COMPANY	
	2015 $'000	2014 $'000
Unquoted equity shares, at cost	22,799	22,799
Deemed investment	2,484	2,484
Less: Impairment loss	(5,486)	(5,454)
	19,797	19,829

Movement in provision for impairment loss:

	COMPANY	
	2015 $'000	2014 $'000
Balance at beginning of the year	5,454	5,454
Charged to profit or loss during the year	32	-
Balance at end of the year	5,486	5,454

11 SUBSIDIARIES (CONT'D)

The details of the group's significant subsidiaries at December 31, 2015 are as follows:

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2015 %	2014 %
Teckwah Value Chain Pte Ltd	Investment holding; manufacturer of paper products and importer, exporter of paper and paper products; provision of value chain management services and graphic design/ Singapore	100	100
Techwave Media Services Pte Ltd	Provision of value chain management services/ Singapore	100	100
Teckwah Logistics Pte Ltd	Provision of third party logistic services/ Singapore	100	100
Teckwah Online Pte Ltd	Provision of network services including on-line games and distribution of games software/ Singapore	100	100
P.T. Teckwah Paper Products Indonesia [(a)]	Manufacture and sales of corrugated boxes/ Indonesia	100	100

11 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2015 %	2014 %
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 Packaging Systems (Suzhou) Co., Ltd [(e)]	Provision of value chain management services/ PRC	-	100
Teckwah Packaging Systems (Shenzhen) Co., Ltd [(b) (i), (e)]	Provision of value chain management services/ PRC	-	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

11 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2015 %	2014 %
Teckwah Trading (Shanghai) Co., Ltd [b] [i]	Provision of third party logistic services/ PRC	100	100
Singapore Print Media Hub Pte. Ltd [d]	Investment holding & manufacturing of packaging solutions/ Singapore	100	100
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], [f]	Provision of third party logistic services/ Indonesia	33	-

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) Jummy 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 since incorporation.

(e) During the year, Teckwah Packaging Systems (Suzhou) Co., Ltd and Teckwah Packaging Systems (Shenzhen) Co., Ltd were deregistered. The above deregistration did not have any material impact on the group's net tangible assets or earnings per share.

(f) The company, PT Teckwah Trading Indonesia, is newly incorporated during the year. The group has a 33% direct ownership interest in PT Teckwah Trading Indonesia with 100% effective interest. 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. Therefore, in accordance with FRS 110, PT Teckwah Trading Indonesia is a subsidiary of the group.

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 2015	2014
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	6
Provision of third party logistic services	Singapore, India, Indonesia, PRC and Malaysia	6	5
Provision of network services including on-line games and distribution of games software	Singapore	1	1
Manufacture and sales of paper products, corrugated boxes, flexible packing and printing materials	Indonesia and PRC	2	2
Investment holding & manufacturing of packaging solutions	Singapore	1	1
Provision of third party logistic and value chain management services	Taiwan	1	1
Critical parts management	Singapore	1	1
		18	19

11 SUBSIDIARIES (CONT'D)

Principal activities	Place of incorporation and operation	Number of non wholly-owned subsidiaries 2015	2014
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 2015	2014	Profit allocated to non-controlling interests 2015 $'000	2014 $'000	Accumulated non-controlling interests 2015 $'000	2014 $'000
Shanghai Jointac International Logistics Co., Ltd	PRC	49%	49%	817	544	2,155	1,337
Individually immaterial subsidiaries with non-controlling interests [(1)]				47	44	436	387
Total				864	588	2,591	1,724

(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	
	2015	2014
	$'000	$'000
Current assets	6,297	4,643
Non-current assets	557	562
Current liabilities	(2,455)	(2,477)
Equity attributable to owners of the company	(2,244)	(1,391)
Non-controlling interests	(2,155)	(1,337)

	Shanghai Jointac International Logistics Co., Ltd	
	2015	2014
	$'000	$'000
Revenue	10,482	8,047
Expenses	(8,814)	(6,938)
Profit for the year	1,668	1,109
Profit attributable to owners of the company	851	565
Profit attributable to the non-controlling interests	817	544
Profit for the year	1,668	1,109
Other comprehensive income attributable to owners of the company	2	37
Other comprehensive income attributable to non-controlling interests	1	36
Other comprehensive income for the year	3	73
Total comprehensive income attributable to owners of the company	853	602
Total comprehensive income attributable to non-controlling interests	818	580
Total comprehensive income for the year	1,671	1,182
Net cash inflow from operating activities	1,242,540	597,317
Net cash outflow from investing activities	(192,868)	(277,981)
Net cash inflow	1,049,672	319,336

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, 2014	1,257	2,502	11,783	55,048	15,904	1,380	31,649	119,523
Currency realignment	(25)	(49)	210	388	95	17	-	636
Additions	-	-	3,062	12,113	3,409	251	12,840	31,675
Disposals	-	-	(2,698)	(9,696)	(5,050)	(95)	-	(17,539)
Transfer to investment properties [(1)]	-	-	(1,744)	-	-	-	-	(1,744)
Reclassifications	-	-	28,185	1,700	13,174	-	(43,059)	-
At December 31, 2014	1,232	2,453	38,798	59,553	27,532	1,553	1,430	132,551
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
Accumulated depreciation:								
At January 1, 2014	-	93	5,135	37,688	13,193	957	-	57,066
Currency realignment	-	(1)	72	310	80	11	-	472
Charge for the year	-	50	1,548	2,902	1,940	209	-	6,649
Disposals	-	-	(2,513)	(7,886)	(4,957)	(70)	-	(15,426)
Transfer to investment properties [(1)]	-	-	(39)	-	-	-	-	(39)
Reclassifications	-	-	(2)	-	2	-	-	-
At December 31, 2014	-	142	4,201	33,014	10,258	1,107	-	48,722
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

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land $'000	Freehold building $'000	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Impairment loss:								
At January 1, 2014	-	-	-	52	-	-	-	52
Reversal [(2)]	-	-	-	(52)	-	-	-	(52)
At December 31, 2014 and 2015	-	-	-	-	-	-	-	-
Carrying amount:								
At December 31, 2015	1,073	1,970	34,367	24,837	17,991	437	978	81,653
At December 31, 2014	1,232	2,311	34,597	26,539	17,274	446	1,430	83,829

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

The carrying amount of the group's property, plant and equipment includes an amount of $4,230,000 (2014 : $5,338,000) 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, 2014	1,277	126	4,812	482	31,649	38,346
Transfer [1]	-	-	60	-	-	60
Additions	2,127	-	1,177	-	11,761	15,065
Disposals	(1,277)	(126)	(4,036)	-	-	(5,439)
Transfer to investment properties [2]	(1,744)	-	-	-	-	(1,744)
Reclassifications	28,185	1,700	13,174	-	(43,059)	-
At December 31, 2014	28,568	1,700	15,187	482	351	46,288
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
Accumulated depreciation:						
At January 1, 2014	1,198	126	4,576	301	-	6,201
Transfer [1]	-	-	51	-	-	51
Charge for the year	866	114	1,051	78	-	2,109
Disposals	(1,245)	(126)	(4,033)	-	-	(5,404)
Transfer to investment properties [2]	(39)	-	-	-	-	(39)
At December 31, 2014	780	114	1,645	379	-	2,918
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
Carrying amount:						
At December 31, 2015	28,014	1,437	12,756	26	332	42,565
At December 31, 2014	27,788	1,586	13,542	103	351	43,370

(1) This pertains to transfer of plant and equipment from (to) subsidiaries.
(2) This pertains to transfer to investment properties (Note 13).

13 INVESTMENT PROPERTIES

	GROUP			COMPANY
	Freehold land $'000	Building $'000	Total $'000	Building $'000
Cost:				
At January 1, 2014	826	1,618	2,444	-
Currency realignment	(16)	(32)	(48)	-
Transfer [1]	-	1,744	1,744	1,744
At December 31, 2014	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
Accumulated depreciation:				
At January 1, 2014	-	78	78	-
Currency alignment	-	(3)	(3)	-
Transfer [1]	-	39	39	39
Charge for the year	-	33	33	-
At December 31, 2014	-	147	147	39
Currency alignment	-	(17)	(17)	-
Charge for the year	-	122	122	91
At December 31, 2015	-	252	252	130
Carrying amount:				
At December 31, 2015	706	3,477	4,183	2,218
At December 31, 2014	810	3,183	3,993	1,705

[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 buildings located at No. 1, Jalan Mega 1/9, Nusa Cemerlang Industrial Park (NCIP) 79200 Nusajaya, Johor Bahru and certain units in 51 Tai Seng Avenue, Pixel Red, Singapore 533941.

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 $697,000 (2014 : $240,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $185,000 (2014 : $60,000).

Fair value measurement of the group's investment properties

The fair values of the group's investment properties at December 31, 2015 and 2014 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, 2015 and 2014 are as follows:

Description	Fair value as at December 31		Valuation technique(s)	Significant unobservable input(s)	Range	
	2015 S$'000	2014 S$'000			2015 S$	2014 S$
Factory comprised of production and office areas	4,806	5,481	Market comparable approach	Price per square meter [(1)]	560 - 695	616 - 812
Office building	5,850	4,200	Market comparable approach	Price per square meter [(1)]	2,162 - 3,750	1,956 - 3,983

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

14 LAND USE RIGHTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cost:				
At beginning of year	8,874	8,855	7,971	7,971
Currency realignment	10	19	-	-
At end of year	8,884	8,874	7,971	7,971
Accumulated amortisation:				
At beginning of year	1,300	1,009	886	620
Amortisation for the year	283	282	265	266
Currency realignment	4	9	-	-
At end of year	1,587	1,300	1,151	886
Carrying amount:				
At end of year	7,297	7,574	6,820	7,085

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 Country club memberships $'000	Approved replicator rights $'000	Total $'000	COMPANY Country club memberships $'000
Costs:				
At January 1, 2014, December 31, 2014 and 2015	341	1,342	1,683	341
Accumulated amortisation:				
At January 1, 2014	258	1,186	1,444	258
Amortisation for the year	11	-	11	11
At December 31, 2014	269	1,186	1,455	269
Amortisation for the year	10	-	10	10
At December 31, 2015	279	1,186	1,465	279
Impairment loss:				
At January 1, 2014, December 31, 2014 and 2015	-	156	156	-
Carrying amount:				
At December 31, 2015	62	-	62	62
At December 31, 2014	72	-	72	72

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

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

16 GOODWILL

	GROUP 2015 $'000	2014 $'000
Cost:		
At beginning and end of year	8,044	8,044
Impairment:		
At beginning and end of year	(1,353)	(1,353)
Carrying amount:		
At December 31	6,691	6,691

16 GOODWILL (CONT'D)

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

	2015 $'000	2014 $'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 -3.9% per annum for the first year and 5% per annum for the next four years (2014 : 5% per annum for the next five years). The net recoverable amount is estimated to exceed the carrying amount as at year end and therefore, no further impairment loss has been recorded during the year.

The rate used to discount the forecast cash flows is 10% (2014 : 10%).

As at December 31, 2015, 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Outside parties (trade)	14,349	14,526	299	207
Joint venture (trade) (Note 10)	36	402	23	41
Subsidiaries (non-trade) (Note 11)	-	-	4,537	9,512
Accrued operating expenses	13,617	10,412	5,386	3,187
	28,002	25,340	10,245	12,947

The average credit period on purchases of goods is 60 to 90 days (2014 : 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At amortised cost				
Current	5,115	7,493	5,000	5,000
Non-current	12,500	17,500	12,500	17,500
Total	17,615	24,993	17,500	22,500

The group has the following bank loans:

a. A loan of $115,000 (2014 : $Nil). The unsecured bank loan bears interest at floating rate and is repayable within 12 months after the end of the reporting period. The loan is guaranteed by its subsidiaries. The average effective interest rate is 5.5% (2014 : Nil%).

b. A loan of $17,500,000 (2014 : $22,500,000). 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 its subsidiaries. The average effective interest rate is 2.7% (2014 : 1.9%).

c. A loan of $2,000,000 in 2014. The unsecured bank loan bore interest at floating rate and is repaid during the year. The loan was guaranteed by the company. The average effective interest rate was 1.4%.

d. A loan of $493,000 in 2014. The unsecured bank loan bore interest at floating rate and is repaid during the year. The loan was guaranteed by a subsidiary. The average effective interest rate was 5.1%.

19 FINANCE LEASES

	GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Amount payable under finance leases:				
Within one year	1,111	1,276	956	1,098
In the second to fifth year inclusive	1,587	3,099	1,354	2,653
Less: Future finance charges	(388)	(624)	-	-
Present value of lease obligations	2,310	3,751	2,310	3,751
Less: Amount due for settlement within 12 months (shown under current liabilities)			(956)	(1,098)
Amount due for settlement after 12 months			1,354	2,653

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 (2014 : 6.2%).

20 DEFERRED TAX ASSETS AND LIABILITIES

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

GROUP

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

20 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

COMPANY

Deferred tax liabilities	Accelerated tax depreciation $'000
At January 1, 2014	68
Credit to profit or loss for the year	(68)
At December 31, 2014	-
Charge to profit or loss for the year	596
At December 31, 2015	596

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 $20,212,000 (2014 : $24,277,000). The corresponding tax effect, if any, has not been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21 POST EMPLOYMENT BENEFITS

The group operates a defined severance benefit scheme for qualifying employees of its subsidiary in Indonesia in accordance with Indonesian Labour Law No. 13/2003, based on service and last salary. The number of employees entitled to the benefits is 67 (2014 : 63). 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.

21 POST EMPLOYMENT BENEFITS (CONT'D)

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

	GROUP	
	2015 $'000	2014 $'000
Service costs:		
Current service cost	36	22
Past service cost and loss from settlements	27	4
Net interest expense	22	16
Foreign exchange difference	(29)	(5)
Components of defined benefits cost recognised in profit or loss	56	37
Remeasurement on the net defined benefit liability:		
Actuarial loss arising from changes in financial assumptions	-	89
Components of defined benefits cost recognised in other comprehensive loss	-	89
Total	56	126

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

	GROUP	
	2015 $'000	2014 $'000
Present value of unfunded obligations	263	250

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

	GROUP	
	2015 $'000	2014 $'000
Defined benefit obligation:		
At beginning of year	250	119
Current service costs	36	22
Past service cost and loss from settlements	27	4
Interest costs	22	16
Benefits paid	(2)	(2)
Actuarial loss	-	89
Foreign exchange difference	70	2
At end of year	263	250

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	
	2015	**2014**
Discount rate	9.00%	8.00%
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, 2015 is 9.86 years (2014 : 10.05 years). The group expects to contribute approximately $8,000 (2014 : $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.

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).

21 POST EMPLOYMENT BENEFITS (CONT'D)

2014

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

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			
	2015	2014	2015	2014
	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	
	2015	**2014**
	$'000	**$'000**
Sales of goods	113,061	99,828
Logistics services	70,260	64,571
Scrap sales	1,265	1,190
Management and consultancy services	250	250
Rental income	739	305
	185,575	166,144

25 OTHER OPERATING INCOME

	GROUP	
	2015	**2014**
	$'000	**$'000**
Gain on disposal of property, plant and equipment	12	547
Interest income on bank deposits	189	211
Government grant	477	460
Compensation from customer	-	187
Carpark rental income	72	40
Others	278	173
	1,028	1,618

26 OTHER OPERATING EXPENSES

	GROUP	
	2015 $'000	2014 $'000
Transportation and storage expenses	34,967	31,197
Rental and utilities expenses	6,797	10,816
Marketing expenses	635	894
Net foreign exchange losses	1,334	176
Upkeep of property, plant and equipment	2,641	3,804
Maintenance costs	1,034	871
Property tax	757	101
Professional fees	1,618	1,747
Staff welfare, entertainment and travelling expenses	2,479	2,289
Sub-contracting costs	902	585
Others	2,133	2,218
	55,297	54,698

27 FINANCE COSTS

	GROUP	
	2015 $'000	2014 $'000
Interest expense on:		
Bank borrowings	582	505
Finance leases	168	183
	750	688
Less: amounts included in the cost of qualifying assets	-	(126)
	750	562

In 2014, the group used loans of $24,993,000 of interest rates ranging from 1.4% to 5.1% to construct the qualifying assets.

28 PROFIT BEFORE TAX

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

	GROUP	
	2015	2014
	$'000	$'000
Employee benefit expenses (including directors' remuneration):		
Employee remuneration	38,301	35,532
Defined contribution plans	4,550	3,972
Defined benefit plans	56	37
Total employee benefits expense	42,907	39,541
Directors' remuneration:		
- of the company	2,616	2,212
- of the subsidiaries	804	686
Total directors' remuneration	3,420	2,898
Directors' fees:		
- of the company	231	231
Audit fees:		
- paid/payable to auditors of the company	225	233
- paid/payable to other auditors	190	172
Total audit fees	415	405
Non-audit fees:		
- paid/payable to auditors of the company	41	126
- paid/payable to other auditors	173	167
Total non-audit fees	214	293
Aggregate amount of fees paid to auditors	629	698

28 PROFIT BEFORE TAX (CONT'D)

	GROUP	
	2015	**2014**
	$'000	**$'000**
Net foreign exchange losses	1,334	176
Write-back of inventories	(66)	(65)
Bad debts written off	-	9
<u>Depreciation, amortisation and impairment:</u>		
Depreciation of property, plant and equipment	8,567	6,649
Depreciation of investment properties	122	33
Amortisation of land use rights	283	282
Amortisation of intangible assets	10	11
Reversal of impairment of property, plant and equipment	-	(52)
Total depreciation, amortisation and impairment	8,982	6,923
Gain on disposal of property, plant and equipment	(12)	(547)
Cost of inventories recognised as an expense	61,839	53,839

29 INCOME TAX EXPENSE

	GROUP 2015 $'000	GROUP 2014 $'000
Current tax	2,570	2,776
Withholding tax	15	119
Deferred tax (Note 20)	1,040	3
(Over) Under provision in prior years:		
Current tax	(101)	384
Deferred tax (Note 20)	11	37
Income tax expense for the year	3,535	3,319

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 2015 $'000	GROUP 2015 %	GROUP 2014 $'000	GROUP 2014 %
Profit before tax	16,816		12,492	
Tax at the domestic income tax rate of 17%	2,859	17.0	2,124	17.0
Tax effect of share of results of joint venture	2	0.0	(50)	(0.4)
Tax effect of expenses that are not deductible in determining taxable profit	312	1.9	76	0.6
Tax-exempt income	(164)	(1.0)	(79)	(0.6)
Effect of different tax rates of subsidiaries operating in other jurisdiction	617	3.7	403	3.2
Deferred tax benefits not recognised	123	0.7	330	2.6
Utilisation of deferred tax benefits not previously recognised	(197)	(1.2)	(40)	(0.3)
(Over) Under provision in prior years	(90)	(0.5)	421	3.4
Withholding tax	15	0.1	119	1.0
Others	58	0.3	15	0.1
Total income tax expense	3,535	21.0	3,319	26.6

29 INCOME TAX EXPENSE (CONT'D)

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

	GROUP	
	2015	**2014**
	$'000	**$'000**
Tax losses		
At beginning of year	5,023	4,524
Prior year adjustment	266	280
Arising in current year	444	503
Utilised in current year	(769)	(239)
Currency realignment	(266)	(45)
At end of year	4,698	5,023
Temporary differences		
At beginning of year	370	(14)
Prior year adjustment	(5)	245
Arising in current year	212	136
Utilised in current year	(19)	(6)
Currency realignment	15	9
At end of year	573	370
Deferred tax benefit on above, unrecorded[1]	1,199	1,280
Deferred tax benefit on above, recorded	207	158

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

30 DIVIDENDS

	GROUP		COMPANY	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Dividends paid during the year were as follows:				
(i) Final dividends of 1.00 cents (2014 : 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 (2014 : 0.50 cents) per share in respect of the current year	1,167	1,167	1,167	1,167
(iii) Final dividends of THB 14,400 cents (2014 : THB Nil cents) per share in respect of the preceding year	109	-	-	-
	3,612	3,503	3,503	3,503

In respect of the current year, the directors propose that a dividend of 1.00 cents per share will be paid to shareholders on May 18, 2016. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on May 9, 2016. The total estimated dividend to be paid is $2,336,000.

31 EARNINGS PER SHARE

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

	GROUP	
	2015	2014
	$'000	$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the company)	12,417	8,585

	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	233,550	233,550

32 COMMITMENTS AND CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
(i) Guarantees given to banks in respect of credit facilities of subsidiaries (unsecured)	-	-	35,208	38,296

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
(ii) Estimated amounts committed for acquisition of property, plant and equipment	601	3,879	216	3,879

33 OPERATING LEASE ARRANGEMENTS

The group as lessee

	GROUP	
	2015	2014
	$'000	$'000
Minimum lease payments paid under operating leases recognised as an expense	4,714	8,325

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

	GROUP	
	2015	2014
	$'000	$'000
Within one year	4,833	2,636
In the second to fifth years inclusive	3,020	3,580
Total excluding the commitments stated in the following paragraphs	7,853	6,216

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

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 $697,000 (2014 : $240,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating properties amounted to $185,000 (2014 : $60,000).

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

	GROUP	
	2015	2014
	$'000	$'000
Within one year	824	438
In the second to fifth years inclusive	988	813
After five years	1,812	1,251

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.

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
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

34 SEGMENT INFORMATION (CONT'D)

	Print $'000	Non-print $'000	Services $'000	Elimination $'000	Total $'000
OTHER SEGMENT INFORMATION					
Capital expenditure	4,604	559	2,980	-	8,143
Depreciation and amortisation	4,642	735	3,605	-	8,982
2014					
REVENUE					
External sales	101,192	64,573	379	-	166,144
Inter-segment sales	28,820	7,944	24,676	(61,440)	-
Total revenue	130,012	72,517	25,055	(61,440)	166,144
RESULTS					
Segment results	2,340	10,175	(1,372)	-	11,143
Interest income					211
Other income					1,407
Profit from operations					12,761
Share of profit of joint venture					293
Finance costs					(562)
Profit before tax					12,492
Income tax expense					(3,319)
Profit for the year					9,173
OTHER SEGMENT INFORMATION					
Capital expenditure	15,958	652	15,065	-	31,675
Depreciation and amortisation	3,917	647	2,411	-	6,975
Reversal of impairment of property, plant and equipment	(52)	-	-	-	(52)

34 SEGMENT INFORMATION (CONT'D)

SEGMENT ASSETS AND LIABILITIES

	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
2014					
Assets					
Segment assets	93,364	34,664	59,506	-	187,534
Unallocated assets					162
Consolidated total assets					187,696
Liabilities					
Segment liabilities	20,690	7,702	25,942	-	54,334
Unallocated liabilities					2,931
Consolidated total liabilities					57,265

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Singapore	116,390	108,578	73,937	76,390
People's Republic of China	50,022	40,419	15,021	13,941
Indonesia	13,453	12,058	3,348	2,972
Malaysia	2,756	2,386	11,650	14,390
Thailand	373	353	25	37
Japan	1,416	1,366	57	57
Australia	484	502	96	46
India	279	136	-	-
Taiwan	402	346	19	23
	185,575	166,144	104,153	107,856

INFORMATION ABOUT MAJOR CUSTOMERS

In 2015 and 2014, the non-print segment has one customer whose revenue exceeds ten percent of the group's revenue.

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2016

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.03	18	0.00
100 - 1,000	32	1.13	27,491	0.01
1,001 - 10,000	1,945	68.39	7,450,648	3.19
10,001 - 1,000,000	846	29.75	60,242,975	25.80
1,000,001 and above	20	0.70	165,829,116	71.00
TOTAL	**2,844**	**100.00**	**233,550,248**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 14 MARCH 2016.

	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	36,515,000	15.63
3	LEE KAY HUAN HOLDINGS PTE LTD	26,216,900	11.23
4	OCBC SECURITIES PRIVATE LTD	4,381,200	1.88
5	DBS NOMINEES PTE LTD	4,086,600	1.75
6	HO JUAT KENG	3,182,000	1.36
7	CIMB SECURITIES (SINGAPORE) PTE LTD	2,685,700	1.15
8	MAYBANK KIM ENG SECURITIES PTE LTD	2,497,700	1.07
9	NG KWONG CHONG OR LIU OI FUI IVY	2,353,000	1.01
10	CHUA KEE SENG	1,900,000	0.81
11	SEET CHRISTINA	1,765,000	0.76
12	ROCKVILLE HOLDINGS PTE LTD	1,608,000	0.69
13	CHUA KEE TEANG	1,450,900	0.62
14	GOH BONG CHEE	1,082,400	0.46
15	CITIBANK NOMINEES SINGAPORE PTE LTD	1,059,100	0.45
16	GOH KIM SENG	1,048,436	0.45
17	GOH GEOK KHIM	1,048,400	0.45
18	GOH KIM SOON	1,048,400	0.45
19	GOH POH CHOO	1,048,400	0.45
20	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,040,000	0.45
	Total:	**165,829,116**	**71.01**

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 14, 2016

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 14, 2016.

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

Notice is hereby given that the Annual General Meeting of the Company will be held at 51 Tai Seng Avenue, #05-01 Pixel Red, Singapore 533941 on Wednesday, April 27, 2016 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2015 and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt dividend of 1.0 Singapore cent per ordinary share in respect of the year ended December 31, 2015. **(Resolution 2)**

3. To re-elect the following directors retiring pursuant to the Company's Articles of Association:-
   (i) Mr Ng Nai Ping **(Resolution 3)**
   (ii) Ms Mai Ah Ngo **(Resolution 4)**
   (iii) Mr Gerard Tan Wee Seng [See Explanatory Note (a)] **(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, 2015. (2014: $231,000) **(Resolution 7)**

SPECIAL BUSINESS

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

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

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

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

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

(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 (b)]

(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 9, 2016 for the purpose of determining shareholders' entitlements to the proposed tax exempt (one-tier) final dividend of 1.0 Singapore cent per ordinary share for the financial year ended December 31, 2015 (the "**Proposed Dividend**"), and will re-open at 9.00 a.m. on May 11, 2016.

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 9, 2016 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 9, 2016 will be entitled to such Proposed Dividend.

The Proposed Dividend, if approved at the Annual General Meeting to be held on April 27, 2016, will be paid on May 18, 2016.

By Order of the Board

Lo Swee Oi
Company Secretary
April 11, 2016
Singapore

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

Explanatory Notes:

(a) Mr Gerard Tan Wee Seng, if re-elected, will remain as a member of the Audit Committee. Mr Tan 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 Tan are set out on page 17 of the Annual Report.

(b) 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.) ____ (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 Wednesday, April 27, 2016 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 Ng Nai Ping		
4.	Re-election of Ms Mai Ah Ngo		
5.	Re-election of Mr Gerard Tan Wee Seng		
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 ____________________ 2016.

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 April 11, 2016.

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

SINGAPORE QUALITY AWARD
for business excellence
2006 & 2011 WINNER