

seeing infinite possibilities

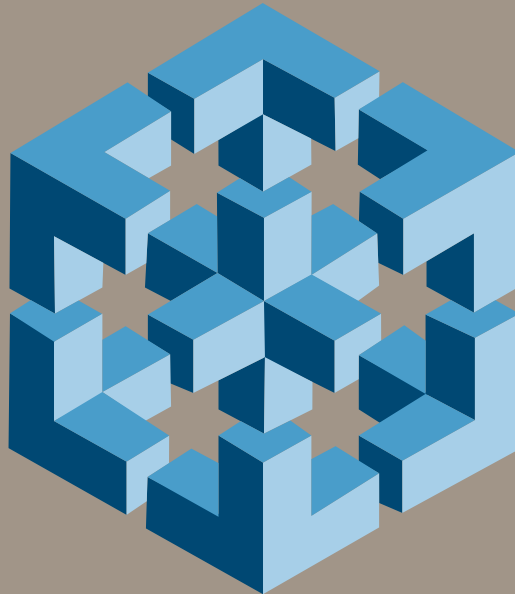
Teckwah Group Annual Report 2010

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seizing right opportunities

In business, there might seem to be many opportunities. But in reality, only very few are the right ones. Success involves discerning the right opportunities from the rest. We remain open to and ready for every opportunity but exercise discipline to go only after the right ones.



about teckwah industrial corporation ltd

Since its inception in 1968, Teckwah has evolved from a producer of plain paper boxes to a group of companies today firmly established as a leading service provider of customised supply chain management services. Teckwah offers a variety of solutions which include new packaging solution neupack™, business process outsourcing, e-commerce, web based procurement and fulfillment solution click solution™, service parts logistics and reverse logistics solutions.

With manufacturing plants in Singapore, Malaysia, Indonesia, China, Taiwan, Thailand, Australia, Japan and India, and a global network that spans major industrial cities throughout the Asia Pacific region, Teckwah offers our customers cost-effective and personalised solutions tailored to suit their individual requirements.

Teckwah was listed on SESDAQ in 1994 and subsequently upgraded to the Mainboard of Singapore Exchange in May 2003.

In the pursuit of business excellence so as to continually improve and regenerate itself, Teckwah was conferred the Singapore Quality Award (SQA) in 2006, the highest national accolade for organisations who have achieved business excellence by SPRING Singapore.

chairman's message



The relatively modest growth in revenues and profit last year in comparison to FY2009 underscores the reality that exponential growth is not achievable indefinitely without moving up the value chain and expanding beyond current business and geographical boundaries. These are key thrusts which our past, present and future initiatives have embodied and which have seen us through over four decades of consistent growth.

DEAR SHAREHOLDERS,

The past year has been a phenomenal year for the global economy at large and Singapore in particular. After the 2008/2009 financial crisis, the world braced itself for a double-dip recession. Fortunately, these anticipated fears did not materialise. The economic turnaround, which had its beginnings in mid-2009, continued into 2010 with Singapore leading the Asian-powered recovery, registering a remarkable 14.5% expansion in GDP. Reflecting buoyant consumer sentiment and increased business activity, the majority of companies listed on the SGX-ST were profitable last year. I am pleased to announce that our Group conformed to this trend.

THE YEAR IN REVIEW

For the financial year ended 31 December 2010 ("FY2010") the Group registered net profit of \$12.4 million, on the back of revenue of \$154.4 million. It was a very respectable showing considering that we managed to grow both top and bottomlines from a very high base in FY2009. As at 31 December 2010, we had \$44.2 million in cash, with \$14.2 million cashflow generated from operations after working capital changes. In keeping with our financial prudence, particularly given the uncertainty surrounding the macro-economic environment, we maintained a low gearing of 0.01%.

Revenue growth was registered across our two business segments. The Print related business grew by 0.6% driven by demand from our customers in Indonesia, Malaysia and Shenzhen, People's Republic of China. The Non-print related business correspondingly grew by 22.1% from greater market coverage, higher transaction activities and new projects secured. In terms of geographical contribution, Singapore continued to be the main revenue contributor, followed, as in previous years, by China.

MAKING THE LEAP FOR SUSTAINABLE GROWTH

While we remain encouraged by our performance in FY2010, it is not in our corporate DNA to rest on our laurels for any length of time. The relatively modest growth in revenue and profit last year in comparison to FY2009 underscores the

reality that exponential growth is not achievable indefinitely without moving up the value chain and expanding beyond current business and geographical boundaries. These are key thrusts which our past, present and future initiatives have embodied and which have seen us through over four decades of consistent growth. The success of the past years should be further impetus to finding new means of achieving sustainable growth. If sound business fundamentals and financial discipline are the cornerstone of our business, then transformational initiatives must be the catalyst for ongoing development and change to maintain our competitiveness.

The challenges ahead are evident. Our Print related business will continue to face price pressures from customers due to stiff competition from lower cost centres in the region. While it will remain the mainstay of our operations for many more years, it is imperative that we seek value-added, higher-margin opportunities for this business segment. Simultaneously, we must leverage on our core competencies and specialist know-how in supply chain management to widen our solutions and services to encompass new industries and geographical boundaries both in our Print related and in our Non-print related business. Internally, we must pay attention to our business processes and look for ways to further improve our cost structures, increase effectiveness and efficiencies and make purposeful investment in human capital development, research and innovation. We must remain vigilant in keeping abreast

of changing trends in customer demands, new technologies and evolving business systems to remain relevant in the industries in which we already operate. We will also dedicate efforts to seek new strategic alliances whether through acquisition, partnerships or other collaborative means both locally and overseas to enhance our competencies and exploit synergies to further grow our businesses.

Just as once we succeeded expanding our capabilities beyond the production of plain paper boxes into supply chain management and IT-related solutions and services, we are confident that we can once again apply our expertise and know-how in other areas, diversifying our revenue and income streams in the process.

THE YEAR AHEAD

The near-term economic outlook appears positive. Nevertheless, there are still downside risks of which we have to be mindful. Chief among these is inflationary pressure which is driving up business costs. The political unrest in North Africa and the Middle-East has heralded the first unwelcome by-product - rising fuel costs which will have a direct impact on our business in terms of production and transportation expenses. The fragility of the state of global economics is still evident, which political events can only serve to heighten. Nearer to home, the tight labour market will signal higher labour expenses, further augmented by the recent changes in employer CPF contributions and foreign worker levies.

Yet challenges such as these have always brought out the best in Teckwah's people who have time and time again demonstrated resilience and fortitude. These qualities have stood us in good stead and last year was no exception. I would, therefore, like to offer my sincere gratitude firstly, to my colleagues at Teckwah for their dedication, hard work and persistence in delivering to the best of their abilities and by meeting the incredibly high benchmarks set by customers and by ourselves. I would also like to thank our shareholders, partners, business associates and customers for the unwavering support of our company and of my management team. Last but not least, I owe a debt of gratitude to my fellow Directors for their counsel, guidance and commitment.

In August 2010, an interim dividend of 1.0 cent was declared and paid to shareholders. In light of the Group's sound business performance, for the financial year ended 31 December 2010, the Board recommends a final one-tier tax-exempt dividend of 1.0 cent per share, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

I look forward to a successful year ahead for the Group.

Thomas Chua Kee Seng
Chairman and Managing Director

致股东的话

亲爱的股东

对全球和新加坡的经济而言，过去一年是非常特别的。2008/2009年金融危机之后，世界各国担心会发生双底衰退。幸好，最糟的情况并没有发生。在2009年开始的全球经济复苏，持续至2010年，新加坡成绩骄人，取得14.5%的经济增长率，领先各亚洲国家。随着消费者的信心上扬，业务活动增加，大部分在新加坡交易所上市的公司在去年取得利润。我欣然地宣布德华集团符合这个增长趋势。

全年回顾

截至2010年12月31日的财政年（2010财政年），集团取得1亿5440万元的营业额，净利达到1240万元。这是相当良好的表现。集团在上个财政年取得高额的营业额和净利，而本财政年的顶线和底线均有增加。截至2010年12月31日，集团持有4420万元现金，在计算资本变动之后，从公司的营运取得1420万元的正现金流。面对充满变数的宏观经济环境，我们保持着谨慎的财物政策，并维持了0.01%的低杠杆比例。

公司的两个业务范围都取得更高的营业额。随着印尼、马来西亚和中国深圳的顾客需求增加，印刷业务的收入上升了0.6%。非印刷业务，因为市场范围扩大、交易量增加、以及获得新项目，相应增长了22.1%。按个别的地理区域，如同往年，新加坡继续成为主要的收入来源，其次是中国。

为持续增长向前跃进

如果稳健的业务基础和财政纪律是本集团的基石，蜕变性的发展计划将是推动持续发展、以及维持竞争力的催化剂。

我们面临的挑战是显然的。由于面对本区域低成本生产中心的挑战，我们的印刷业务继续承受来自顾客的价格压力。虽然印刷业务将在未来多年继续成为核心业务，我们必须寻找该领域的高增值和高利润的机遇。与此同时，我们必须运用我们在供应链管理的核心能力和专门知识，扩大我们的服务方案，让印刷和非印刷业务，进军新的商业领域和地理区域。在公司内部，我们必须留意商业流程，寻找改善成本结构的途径，加强效益与效率，

为人力资本发展做出有意义的投资，以及进行研究与开发。我们必须保持警惕，留意顾客需求的最新变化、新科技、以及周边的商业生态，以便在领域内与时俱进。我们将继续投入精神，在本地和海外通过并购、合作伙伴或其他协作关系，寻求新的战略伙伴联盟，以加强我们的竞争能力，并且把握互惠互利的合作机会，促使业务继续成长。

就如我们成功地将业务范围从包装印刷扩展到供应链管理和资讯科技相关服务方案，我们有信心能用我们的专长和知识发挥到其他领域，从而使公司收入来源更加多元化。

来年展望

近期的经济展望保持良好。不过，我们必须留意一些负面风险。首先，通货膨胀压力将导致商业成本增加。北非和中东的政治动乱引发燃油价格上升，而这直接冲击了集团的生产与运输成本。全球经济的脆弱性仍然显而易见，而政治事件更会加剧经济难题。在本地，劳动市场收紧，再加上近期公积金雇主缴交率和外国劳工工税调高，意味着更高的劳工成本。

不过，这些挑战也将激励德华的全体同仁竭尽所能，并一再考验我们的坚韧性和毅力。这使我们处在有利的地位，而去年也不例外，因此，我首先对德华的同事表示由衷感激，感谢他们的献身精神、努力和坚持，并竭尽所能达到顾客和集团的高超标准。我也希望感谢我们的股东、合伙人、商业伙伴和顾客，对公司和管理团队的不懈支持。最后，我感谢诸位董事同仁的意见、指导和献身精神。

在2010年8月，集团公布和支付了每股1.0分的中期股息。有鉴于集团良好的经济表现，董事会建议在2010年12月31日截止的财政年，派发每股1.0分的年终股息（一级免税），并有待在来临的常年股东大会上批准。

我满怀期望，相信本集团将在来临的一年取得成功。

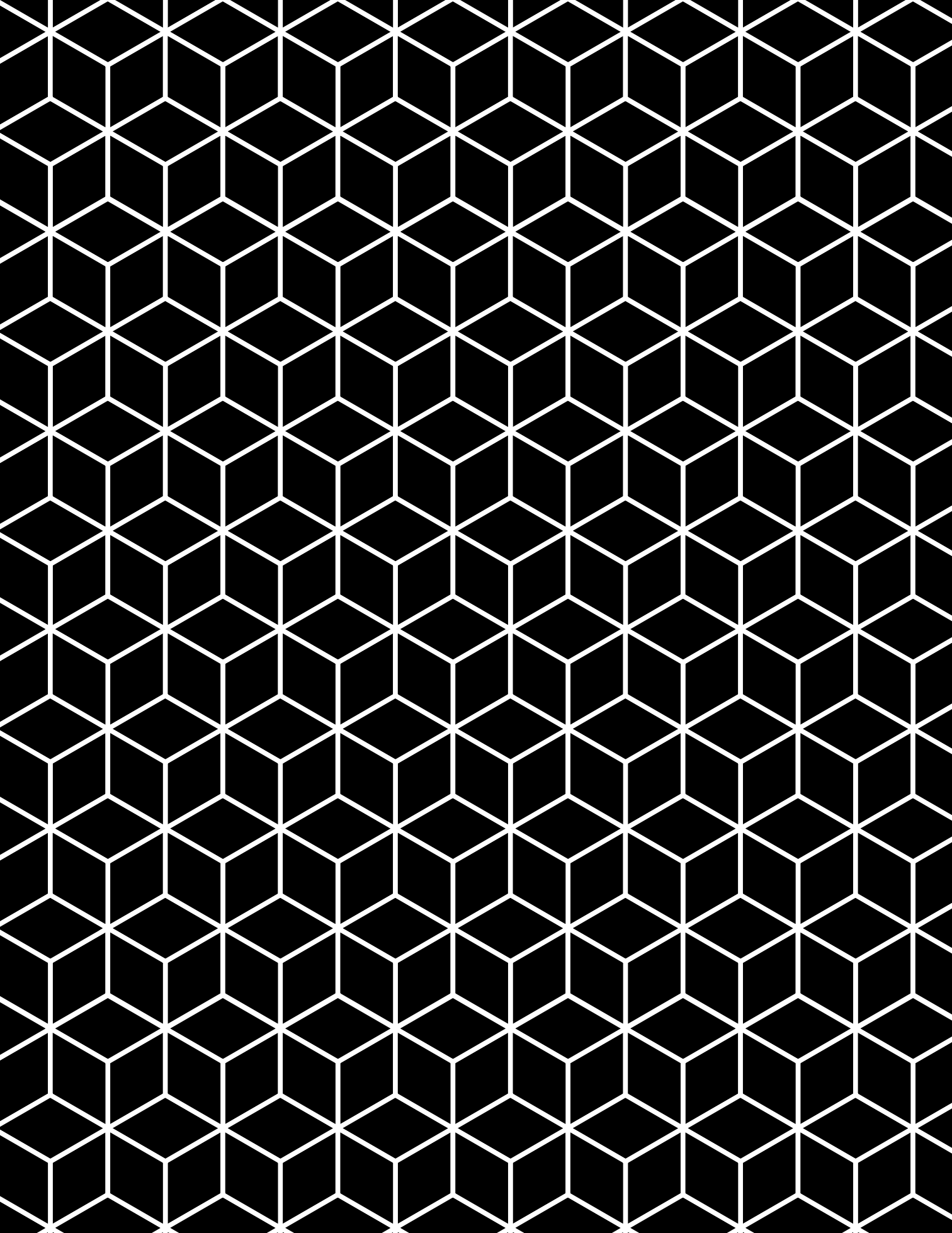
蔡其生
集团主席兼董事经理

上财政年的营业额与净利与2009财政年比较，只取得相对小幅增长，说明如果公司不继续攀升价值链，以及继续扩大业务范围，就无法取得高额增长。过去、现在和未来的发展计划，促使集团力争上游，取得了四十年的可持续增长。



Our strategies and business focus remain firmly fixed on sustainable and consistent growth. Our adherence to business excellence, dedication to innovation and research and commitment to human capital development are the blueprints for long term growth.

nurturing sustainable growth



operations review



Artist impression of the new Teckwah PharmaPack Solutions Sdn Bhd

Financial Performance

The Group achieved another year of growth for the year ended 31 December 2010 ("FY2010"). Total revenue increased by 5.5% from \$146.4 million in FY2009 to \$154.4 million in FY2010. Flowing from the increased revenue, Group net profit attributable to the owners of the company rose by 2% to \$12.4 million from \$12.2 million in the previous financial year. The Group's Print Related business grew by 0.6% from \$113.6 million in FY2009 to \$114.3 million on increased demand from customers in Indonesia, Malaysia and Shenzhen, People's Republic of China ("PRC"). This was offset by lower sales from Singapore, Australia and Shanghai, PRC. Non-print business grew significantly by 22.1% from \$32.5

million to \$39.7 million, continuing the trend from a year ago. The growth was largely on account of increased geographical presence and business activities from existing customers as well as contribution from new projects secured during the year.

In terms of business segments, our Print related business continued to account for a significant 74.2% of revenue with the remaining 25.8% accounted for by our Non-print related business. From a geographical perspective, Singapore remains the main revenue contributor, contributing 58.9% of the Group's sales with China operations coming in strongly at 23.7%.

We achieved a pre-tax operating

profit of \$15.1 million, a slight decrease of 2.2% from \$15.4 million in FY2009 on lower margin contributions as well as price pressures from existing customers of our Print related business. Increased operating expenses mainly from higher staff costs and unfavourable foreign exchange fluctuations also negatively impacted profitability. Conversely, our Non-print related business registered growth in operating profit of 41.3% to \$7.0 million in FY2010 compared to \$4.9 million in FY2009 on account of increased transaction activities by our existing customers.

Our balance sheet remained strong. As of 31 December 2010, our cash stood at \$44.2 million with our operations for the year generating a positive cashflow of \$14.2 million as compared to \$28.7 million the previous year. The lower cashflow was due to the longer credit terms given to some customers as well as increase in inventory holding as a result of new projects secured. We spent \$3.2 million in upgrading our facilities and paid out \$7.0 million in dividend. Our sound financial standing enabled us to maintain a low gearing of 0.01%.

Corporate Developments

We undertook several initiatives overseas as we sought to strengthen our operations. In November 2010, we incorporated

Teckwah PharmaPack Solutions Sdn Bhd, which we target to be fully operational by next year. This new business unit is an extension of Teckwah PharmaPack Solutions, which provides packaging solutions to customers in the quality-stringent pharmaceutical and food industries. Our production facility will be located at the Iskandar Industrial Park, just ten minutes away from the Second Link. It will house press, post-press and warehousing services. We established logistic operations in India and undertook the relocation of two of our operating units in China to bigger premises, one of which has been completed. Closer to home, we set up a 82,000 sq feet warehouse, distribution and repair centre at Penjuru Road to boost our enhanced forward and reverse logistics capabilities. These developments and initiatives are part of our ongoing efforts to ensure that we have the necessary business infrastructure in place to support the expansion of our activities in each of our locations.

As testament to our continued efforts at maintaining the highest standards of business excellence, we were successful in attaining Process Standard Offset ("PSO") Certification, which is in conformance with the international standardisation series



ISO 12647-2. This international standard recognises a print company's precision and consistency in Print related processes. Internally, the achievement of the PSO standard boosts productivity as it enables the end-to-end standardisation of our print processes and relevant quality assurance policies. Globally, it will serve to enhance our reputation and position us effectively to reach potential markets in the Americas, Europe, the Middle East and Africa.

While ensuring the continued success of our operations, the Group is also ever mindful of the part we have to play in the bigger scheme of things – namely, our role and responsibility as a corporate citizen. At Teckwah, we embrace the opportunity to contribute to the development and

grooming of the next generation of talent. Towards this end, we provided internship opportunities and off-campus classes for students from various tertiary institutions in the areas of packaging design, logistics, warehouse management and engineering informatics. We also provided scholarships in conjunction with other organisations. These include our Management Development Scholarship programme which was co-sponsored by SPRING Singapore, the Young Leaders Programme which was co-sponsored by IE Singapore and the Singapore Print Media Hub Scholarship which was a joint collaboration with six other print companies.

业务回顾



集团在中国上海的新设施于2010年9月已全面投入工作

财务表现

集团在截至2010年12月31日的财政年取得又一年的成长。2010财政年的总营业额增加5.5%，从1亿4640万元上升至1亿5440万元。随着营业额增加，可归属于公司的盈利增加2%，从上个财政年的1220万元上升至1240万元。随着印尼、马来西亚、中国深圳的顾客需求增加，集团的印刷业务增长0.6%，从2009财政年的1亿1360万增至1亿1430万元。不过，新加坡、澳大利亚和中国上海的需求相应减少。非印刷业务的营业额则显著增长22.1%，从3250万元增至3970万元，并维持过去一年的趋势。业务的覆盖范围增加，现有客户的业务活动，以及全年争取的新项目，都促成了业务成长。

按个别业务领域，我们的印刷业务继续成为集团的主要收入来源，贡献了营业额的74.2%。非印刷业务则贡献了其余25.8%。按个别地理区域，新加坡仍旧是主要的收入来源，贡献了58.9%的营业额。中国业务保持强劲，占集团收入的23.7%。

由于边际收益减少，以及印刷业务现有顾客的价格压力，集团取得1510万元的税前营运利润，从2009财政年的1540万元略减2.2%。较高的员工成本，以及不利的外汇波动冲击了集团的利润。随着现有客户的交易量增加，非印刷业务的营运净利上升41.3%，从2009财政年的490万元涨至700万元。

我们的财务收支保持强劲。截至2010年12月31日，现金余额为4420万元，而全年的业务取得1420万元的正现金流量。上财政年的正现金流量为2870万元。现金流量减少是因为集团给予一些顾客较长的付款期，以及新项目导致库存量增加。我们花费了320万元提升设施，并支付了700万元的股息。强劲的财务收支使集团能维持0.01%的低杠杆比例。

集团发展

我们在海外开拓一些业务，以加强集团的营运。在2010年11月，我们设立了德华医药物品包装（马）私人有限公司（Teckwah PharmaPack Solutions Sdn Bhd），预计在明年全面投入运

作。这个新的业务单位是德华医药物品包装的延伸，为品质标准严谨的药剂与食品工业提供包装方案。我们的生产设施将设在依斯干达经济特区，距离新马第二通道只有十分钟。生产设施将设有印刷、印刷后工序和物流仓储。我们已在印度设立物流业务，并且将中国的两个业务单位迁移至较大的设施。其中一个单位已经搬迁完毕。在本地，我们在本茱鲁路（Penjuru Road）设立了8万2000平方英尺的货仓、分销和修理中心，以加强我们的正向与反向物流的服务能力。这些发展和计划都确保我们具备必要的商业设施，以支持这些地点的业务扩充。

我们持续努力取得最高的商业卓越标准，并成功取得了胶印生产标准（Process Standard Offset - PS0）认证，符合国际标准系列ISO 12647-2。这项国际认证肯定公司的印刷程序达到了



高超的精确度和可靠性。对公司内部而言，PS0标准使得生产力提升，因为整个印刷流程和品质管理达到一贯性的标准化。在全球市场，这也加强我们的声誉，使我们能进军美国、欧洲、中东和非洲市场。

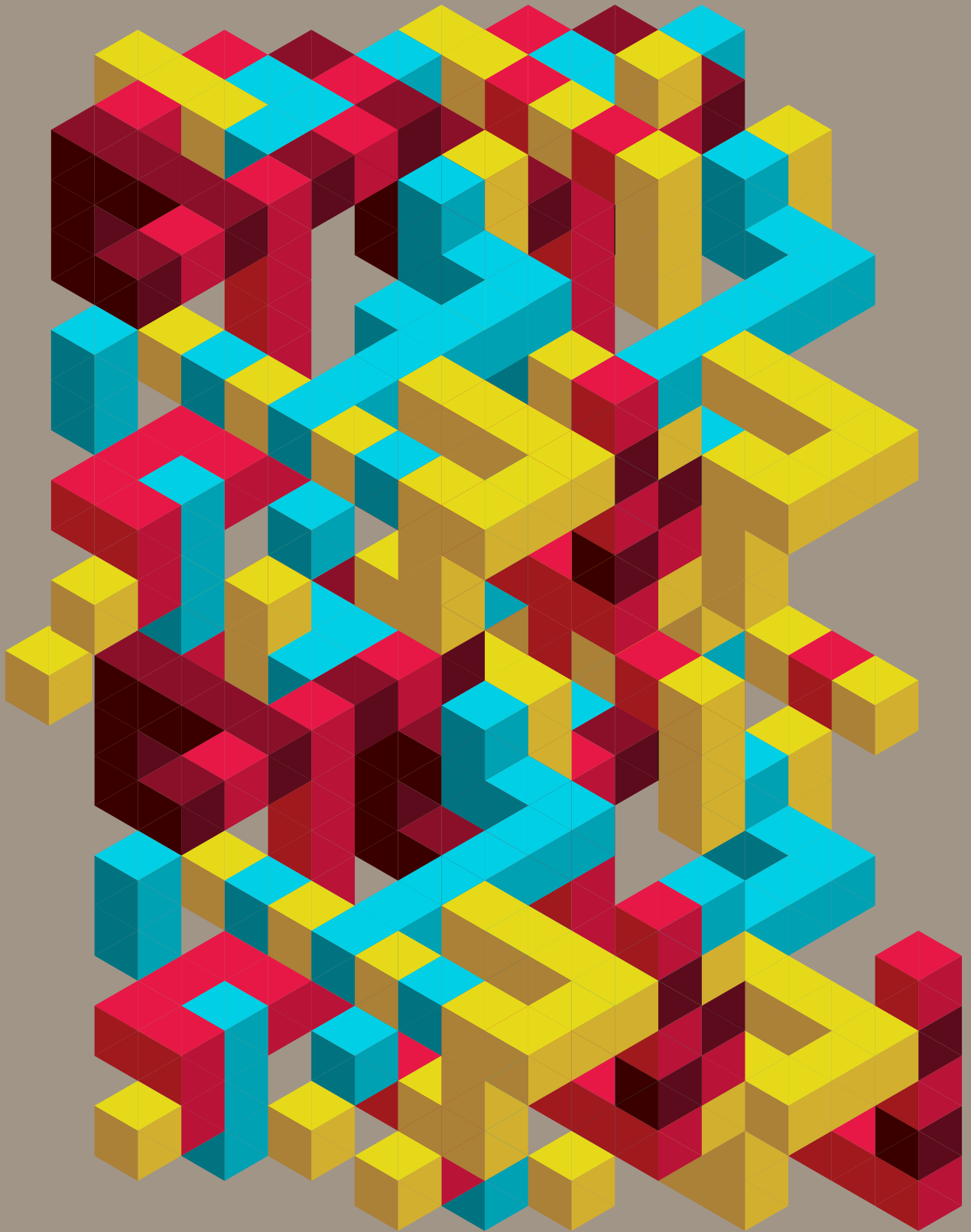
确保业务持续成功的同时，集团继续着眼大局，扮演更重大的角色，并肩负企业公民的责任。德华把握机会发展与栽培下一代的人才。为此，我们为各大专学府的学生提供关于包装设计、物流、仓储管理和工程资讯科技

的实习机会和校外课程。我们也与其他机构携手提供奖学金。这包括由标新局（SPRING Singapore）联名赞助的企业管理发展奖学金计划、与新加坡国际企业发展局（IE Singapore）联名赞助的青年领袖浸儒计划，以及与另外六家印刷公司创办的新加坡媒体印刷中心奖学金。



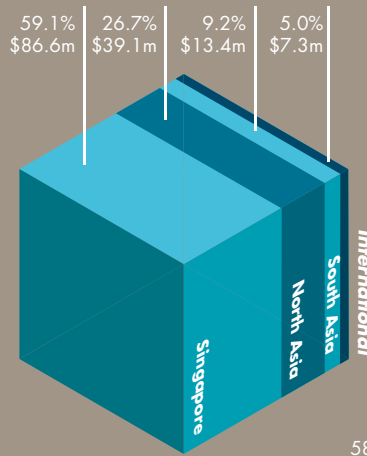
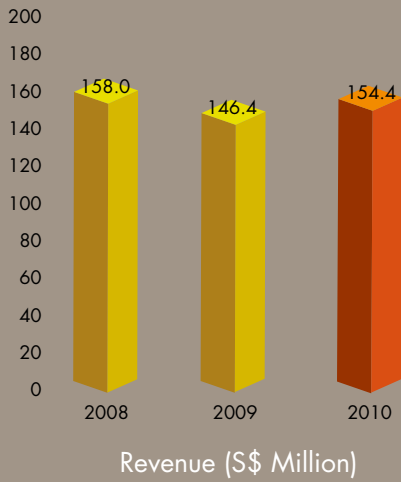
Boundaries are meant to be crossed and limits meant to be surpassed. We leverage on our existing strengths and draw on our present competencies to carve out new areas of business and head into new markets of opportunity.

going beyond boundaries

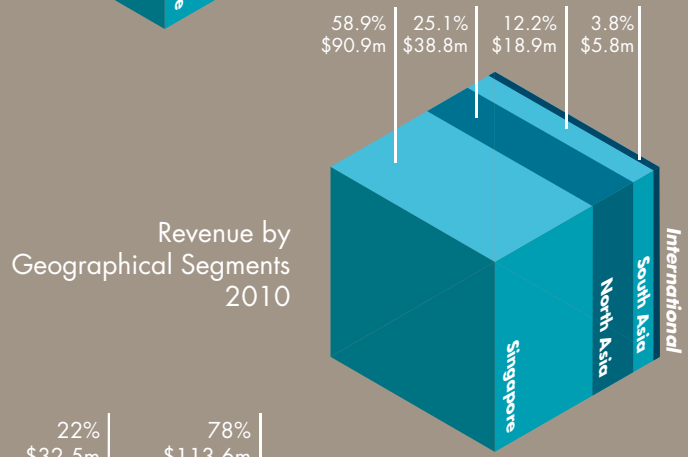


financial highlights

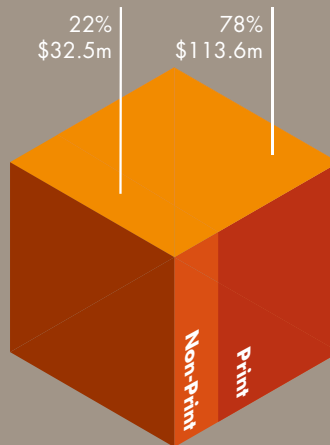
Key Financial & Productivity Data			
	Y2008	Y2009	Y2010
Equity attributable to owners of the company (\$'000)	87,417	95,066	99,335
Cash & cash equivalents (\$'000)	28,056	43,096	44,238
Total Assets (\$'000)	115,023	122,222	131,759
Total Debt (\$'000)	1,438	199	10
Net Tangible Assets (\$'000)	80,242	88,251	92,530
Interim Dividend per share (cents)	-	0.80	1.00
Final Dividend per share (cents)	0.80	2.00	1.00
Earnings per share (cents)	1.80	5.22	5.32
Return on Equity (%)	4.8%	12.8%	12.5%
Return on Turnover (%)	2.7%	8.3%	8.1%
Return on Total Assets (%)	3.7%	10.0%	9.4%
Debt to Equity (%)	1.6%	0.2%	0.0%
Net Tangible Assets per share (cents)	34.36	37.79	39.62
Average staff strength	1,190	1,133	1,176
Staff cost (\$'000)	29,793	29,988	33,450
Staff cost per employee (\$'000)	25.04	26.47	28.44
Revenue (\$000)	158,031	146,371	154,361
Revenue per employee (\$'000)	132.80	129.19	131.26
Profit before Tax (\$'000)	5,299	15,411	15,078
Profit before Tax per employee (\$'000)	4.45	13.60	12.82
Profit attributable to owners of the company (\$'000)	4,212	12,185	12,430
Wt average no. of shares ('00,000)	2,335.50	2,335.50	2,335.50
No. of shares ('00,000)	2,335.50	2,335.50	2,335.50



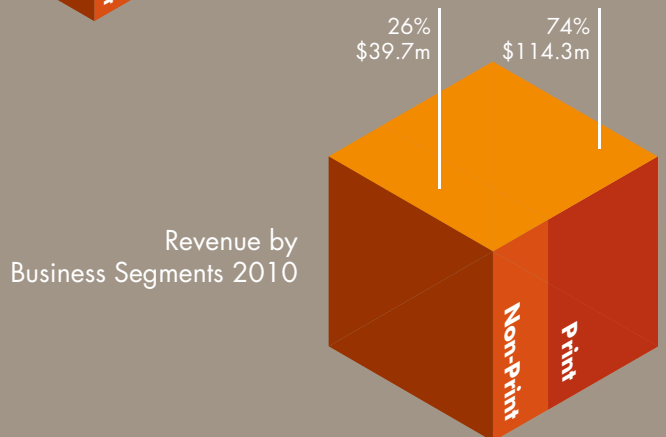
Revenue by Geographical Segments 2009



Revenue by Geographical Segments 2010



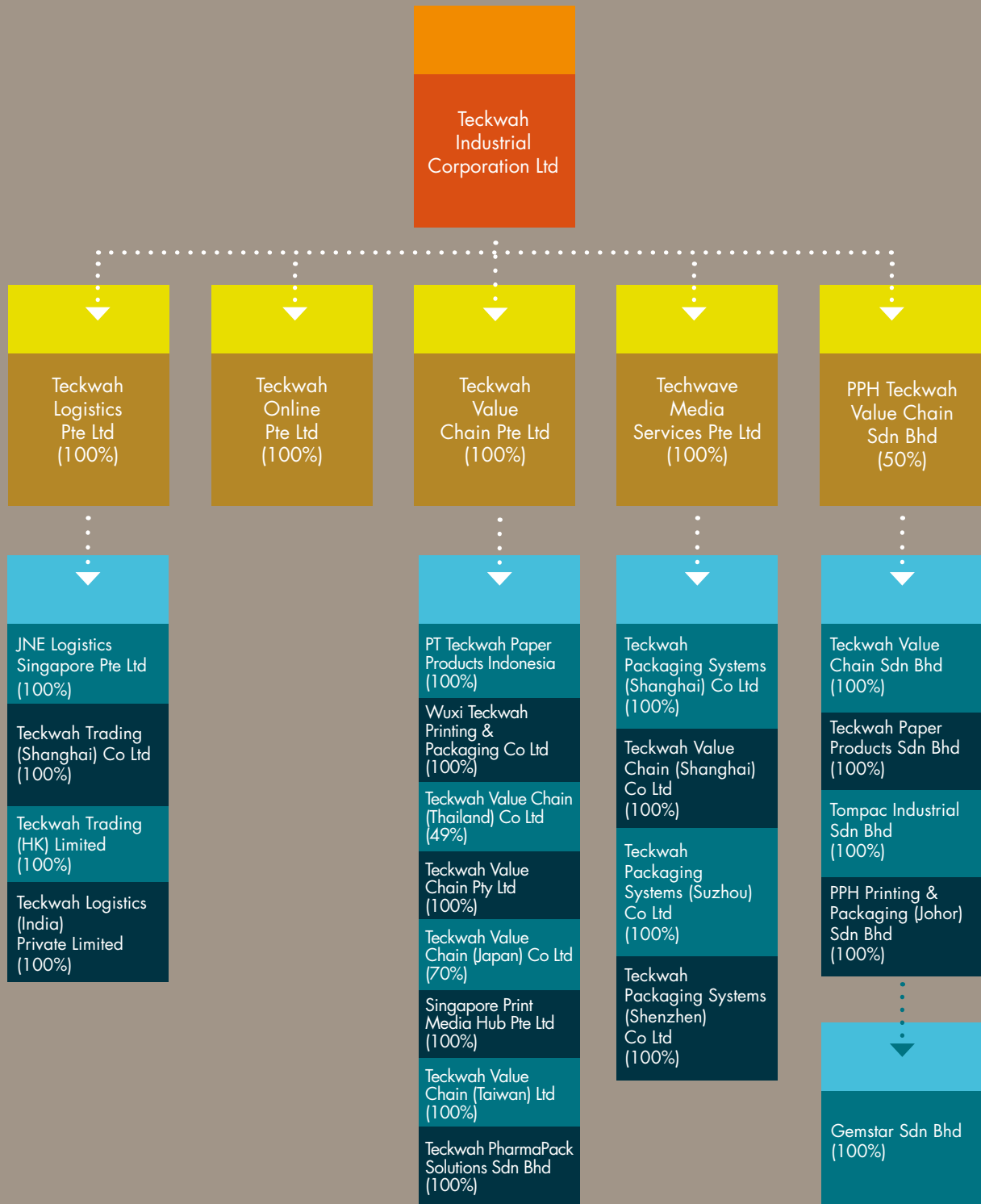
Revenue by Business Segments 2009



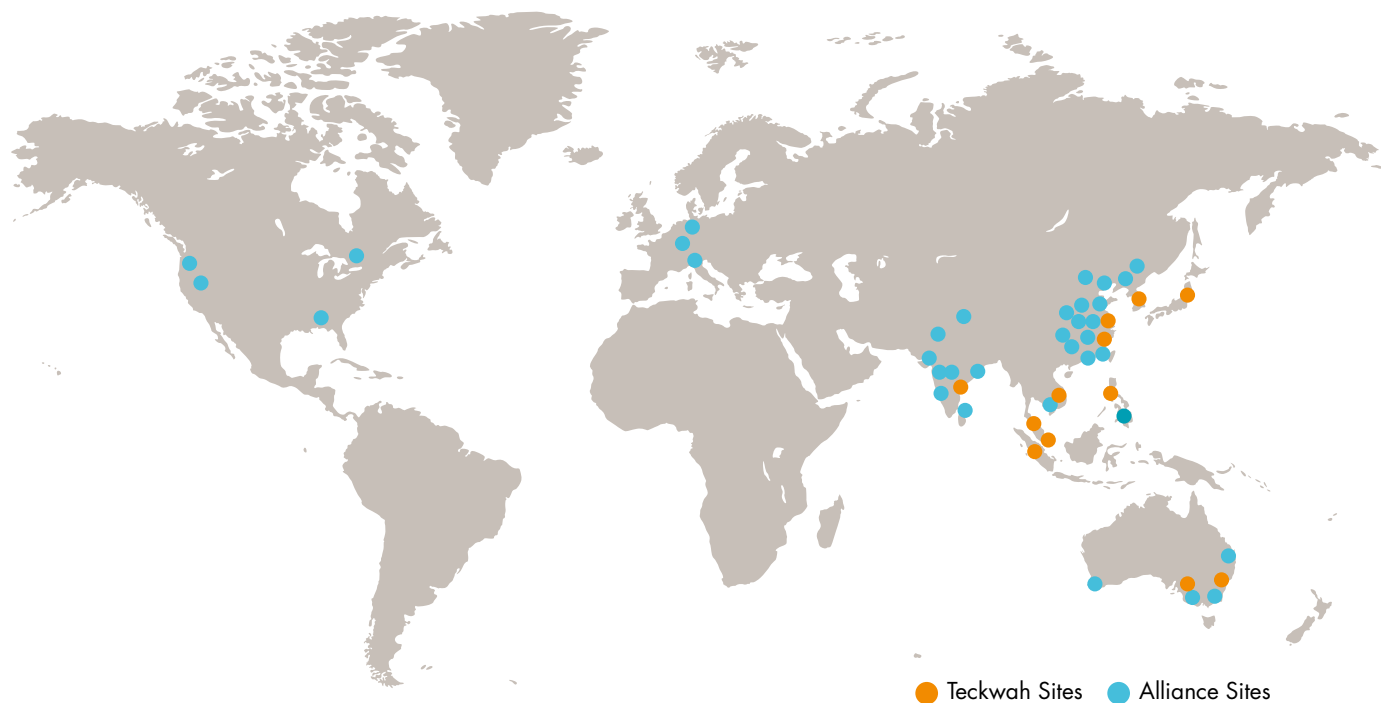
Revenue by Business Segments 2010

Print Non-Print

corporate structure



geographic network



● Teckwah Sites ● Alliance Sites

Location	Teckwah Sites	Alliance Sites	Total
Australia	3	4	7
China	6	16	22
Hong Kong	1	2	3
India	1	5	6
Indonesia	1	1	2
Japan	1	0	1
Korea	0	5	5
Malaysia	4	3	7
Philippines	0	1	1
Singapore	3	0	3
Sri Lanka	0	1	1
Taiwan	1	1	2
Thailand	1	1	2
Vietnam	0	1	1
Asia Pacific	22	41	63
North America	0	4	4
Europe	0	3	3
Total	22	48	70

board of directors



1



2

1. Mr Thomas Chua Kee Seng, 57
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 and Share Options Scheme Committee, the Vice President of the Singapore Chinese Chamber of Commerce & Industry and board member of Standards, Productivity & Innovation (SPRING) Board.

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

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



3



4

2. Mr Ng Nai Ping, 56
Executive Director

Mr Ng was appointed as Executive Director of the Board in February 1995 and was re-elected on 22 April 2009. 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. He is also a member of the Share Options Scheme Committee.

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

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



5



6

3. Ms Mai Ah Ngo, 56
Executive Director

Ms Mai was appointed as Executive Director of the Board on 25 June 1993 and was re-elected on 24 April 2008. She is currently in charge of Print related Business.

She 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



7



8

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. By 1993, her portfolio had increased to include overseeing the Group's operations in Singapore, Malaysia, China and Indonesia, and in 1998 and 1999, she was responsible for the Group Supply Chain business and Technology Licensing Programme. Her position and job scope require her to travel regularly between the various countries to develop and identify potential licensees and set up operations in the Asia Pacific region.

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

4. Mr Peter Chan Pee Teck, 51
Non-Executive Independent Director

Mr Chan was appointed Non-Executive 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. He was re-elected to the Board on 22 April 2010.

He 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 Institutes of Certified Public Accountants in Singapore and Australia.

5. Mr John Lim Hwee Chiang, 55
Non-Executive Independent Director

Mr Lim was appointed Non-Executive Independent Director on 17 February 1994. He has been the Chairman of the Remuneration Committee and Share Options Scheme 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 24 April 2008.

Mr Lim is the Group Chief Executive Officer and Executive Director of ARA Asset Management Limited

("ARA"). He has been the Group Chief Executive Officer and Executive Director of ARA since its establishment. He is also a Director of ARA Asset Management (Fortune) Limited, the manager of Fortune REIT dual-listed in Singapore and Hong Kong, ARA Trust Management (Suntec) Limited, the manager of Singapore-listed Suntec REIT, ARA Asset Management (Prosperity) Limited, the manager of Hong Kong-listed Prosperity REIT, Am ARA REIT Managers Sdn Bhd, the manager of Malaysia-listed AmFIRST REIT, ARA-CWT Trust Management (Cache) Limited, the manager of Singapore-listed Cache Logistics Trust, and the Chairman of APM Property Management Pte Ltd, Suntec Singapore International Convention & Exhibition Services Pte Ltd and the management council of Management Corporation Strata Title Plan No. 2197 (Suntec City). He is also the Vice President of the Hong Kong-Singapore Business Association, the Senior Vice President of the Asian Public Real Estate Association, a council member of the Singapore Chinese Chamber of Commerce & Industry and a member of the Valuation Review Board of the Ministry of Finance of Singapore.

Mr Lim has close to 30 years of experience in real estate. Prior to founding ARA, from 1997 to 2002, he was Executive Director of GRA (Singapore) Pte Ltd, a wholly owned subsidiary of Prudential (US) Real Estate Investors. From 1996 to 1997, he founded and was Managing Director of The Land Managers (S) Pte Ltd, a Singapore-based property and consulting firm specialising in feasibility studies, marketing and leasing management in Singapore, Hong Kong and China. He was the General Manager of the Singapore Labour Foundation Management Services Pte Ltd from 1991 to 1995, and was with DBS Land Limited (now part of CapitalLand Limited) from 1981 to 1990.

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

6. Mr Lim Lee Meng, 55
Non-Executive Independent Director

Mr Lim was appointed Non-Executive Independent Director on 18 February

1994. He has been the Chairman of the Audit Committee since 15 April 1994, and is a member of the Share Options Scheme Committee and Remuneration Committee. Mr Lim was re-elected to the Board on 22 April 2009. He is also the Director of Datapulse Technology Ltd, Tye Soon Ltd, Europronic Group Ltd, ARA Asset Management (Fortune) Ltd and ARA Trust Management (Suntec) Limited. In addition, he is a senior partner of RSM Chio Lim, a member firm of RSM International.

Mr Lim graduated from the Nanyang University with a Bachelor of Commerce (Accountancy) in May 1980. 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.

7. Mr Lee Chee Sit, 51
Non-Executive Director

Mr Lee was appointed Non-Executive Director in 1991. He is also a member of the Share Options Scheme Committee and was appointed a member of the Remuneration Committee on 28 April 2004. He was re-elected to the Board on 22 April 2010.

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.

8. Mr Chua Kee Kiat, 48
(Non-Executive Alternate Director)

Mr Chua was appointed as Alternate Director to Ms Mai Ah Ngo on 8 March 2010.

Mr Chua accumulated diverse working experiences in several well-known MNCs before joining Temasek Polytechnic 16 years ago. Currently, he is the Section Head of Temasek Polytechnic and is involved in the teaching and outreach activities in the School of Engineering.

Mr Chua graduated with a Bachelor of Engineering (Honours) in Electrical Engineering from the National University of Singapore in 1987. He also has a Master of Science in Physics and Computing in Medicine and Biology from the University of Manchester (2002).

executive management

Group Top Management

Mr Thomas Chua Kee Seng, 57
Chairman & Managing Director

Ms Mai Ah Ngo, 56
Executive Director

Mr Ng Nai Ping, 56
Executive Director

Angela Kok Teo Meng Kim, 60
Director, Organisation Development and Corporate Communication

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

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

Group Senior Management

Mr James Chua Kee Hin, 49
*Regional Business Director
Teckwah Value Chain Pte Ltd*

Mr Chua is currently overseeing the Group's Value Chain business development in the region. He is responsible for building and strengthening business relations with customers.

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

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

Mr Kew Kee Hing, 47
*Regional Business Operations Director,
Teckwah Value Chain Pte Ltd*

Mr Kew is currently overseeing the Group's Value Chain operations in the region and is responsible for achieving optimal level of efficiency and effectiveness of the entire business operations.

Mr Kew joined Teckwah in March 1999 as Operations Manager and was responsible for the Value Chain operations. In 2001, he was appointed Operations Director of Teckwah Logistics Pte Ltd to oversee the Group's Logistics operations. In 2007, Mr Kew was appointed Operations Director of Teckwah Value Chain Pte Ltd.

In addition to taking charge of the Group's Value Chain operations, he also actively supports the Group's Solution Centre. He has many years of working experience in the electronics manufacturing industry in Singapore. Mr Kew holds a Bachelor of Arts Degree from the National University of Malaysia.

Mr Low Chee Seng, 52
Senior Business Director
Teckwah Logistics Pte Ltd

Mr Low joined Teckwah in June 2009 and is responsible for the overall business performance of the Group's Non-print business.

Mr Low has more than 25 years of working experience in multinational companies. He started his career as a Production Engineer and progressed into senior management positions in Supply Chain Management and Distributions. Prior to joining Teckwah, Mr Low was the Logistics Director, Asia Pacific, of a global company specialising in providing automation solutions.

Mr Low holds a Bachelor Degree in Electrical/Electronics Engineering (with 2nd Upper Honors) and a Master Degree in Business Administration, both from National University of Singapore.

Mr Ong Kwee Hian, 40
InfoComm Technology Director

Mr Ong joined Teckwah in May 2010 as InfoComm Technology Director. He is responsible for 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 Ong has many years of working experience in the information technology industry in both the private and public sector. Prior to joining Teckwah, Kwee Hian was a Lecturer and Consultant at the Institute of System Science (ISS) of the National University of Singapore.

Mr Ong holds a Degree of Master of Technology (Software Engineering) and Degree of Bachelor of Science (Computer and Information Sciences).

Ms Tan Peck Hoon, 48
Business Compliance, Corporate
Planning & Finance Director

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

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

Ms Tan holds a Bachelor of Accountancy Degree from the National University of Singapore. She is a member of the Institute of Certified Public Accountants of Singapore.

Mrs Sheryl Tan Chong Chai Nyuen, 53
Group Human Resource Manager

Mrs Tan joined Teckwah as Group Human Resource Manager in June 2001. She is responsible for the Group's Human Resource Management and Development. Before joining Teckwah, she worked in several multinational companies and local enterprises in the capacity of Regional Human Resource Manager and Consultant.

Mrs Tan holds a Bachelor of Arts Degree from the National University of Singapore.

corporate information

**FOUNDER AND HONORARY LIFE
COUNSELLOR**
Chua Seng Tek

BOARD OF DIRECTORS
Chairman & Managing Director
Thomas Chua Kee Seng

Executive Directors
Mai Ah Ngo
Ng Nai Ping

Directors
Peter Chan Pee Teck
Lee Chee Sit
John Lim Hwee Chiang
Lim Lee Meng

GROUP TOP MANAGEMENT
Chairman & Managing Director
Thomas Chua Kee Seng

Executive Director
Mai Ah Ngo

Executive Director
Ng Nai Ping

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

GROUP SENIOR MANAGEMENT
Regional Business Director
James Chua Kee Hin

**Regional Business Operations
Director**
Kew Kee Hing

Senior Business Director
Low Chee Seng

InfoComm Technology Director
Ong Kwee Hian

**Business Compliance, Corporate
Planning & Finance Director**
Tan Peck Hoon

Group Human Resource Manager
Sheryl Tan Chong Chai Nyuen

AUDIT COMMITTEE
Chairman
Lim Lee Meng

Peter Chan Pee Teck
John Lim Hwee Chiang

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

**EMPLOYEE SHARE OPTION
SCHEME COMMITTEE**
Chairman
John Lim Hwee Chiang

Thomas Chua Kee Seng
Lee Chee Sit
Lim Lee Meng
Ng Nai Ping

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Partner-In Charge
Giam Ei Leen
Appointment effective from
financial year ended December 31,
2007

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teckwah pharma™**Teckwah PharmaPack Solutions (a division of Teckwah Industrial Corporation Ltd)**

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Corporate Governance Report

December 31, 2010

The Board of Directors ("Board") and Management of Teckwah Industrial Corporation Ltd ("Teckwah" or the "Company") and its subsidiaries (the "Group") continue to be committed to achieving and maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2005 (the "Code") revised by the Council on Corporate Disclosure Governance Committee in 2005.

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 outlines 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.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The Board and the committees, formed to assist the Board in the execution of its responsibilities, meet at least once in every quarter or as convened when necessary. Telephonic attendance and conference via audio-visual communication at Board meetings are allowed under the Company's Articles of Association.

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

Name	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	No of Meetings Held	No of Meetings attended	No of Meetings Held	No of Meetings attended	No of Meetings Held	No of Meetings attended	No of Meetings Held	No of Meetings attended
Thomas Chua Kee Seng	5	5	-	-	-	-	1	1
Ng Nai Ping	5	5	-	-	-	-	-	-
Mai Ah Ngo	5	5	-	-	-	-	-	-
Lee Chee Sit	5	5	-	-	1	1	-	-
Peter Chan Pee Teck	5	5	3	3	-	-	1	1
Lim Lee Meng	5	5	3	3	1	1	-	-
John Lim Hwee Chiang	5	4	3	3	1	1	1	1
Chua Kee Kiat ¹ (Alternate Director to Ms Mai Ah Ngo)	5	2	-	-	-	-	-	-

Note:

1: Mr Chua Kee Kiat was appointed as Alternate Director to Ms Mai Ah Ngo on 8 March 2010.

Corporate Governance Report

December 31, 2010

The Board is responsible for:

- (1) Formulating and approving the broad policies, strategies and financial objectives of the Group and monitoring its performance;
- (2) Approving annual budgets, major funding proposals, investment and divestment proposals;
- (3) Overseeing the processes for evaluating the adequacy of internal controls and risk management;
- (4) Approving half year and full year results announcements, annual report and audited financial statements;
- (5) Reviewing and providing guidance to executive management;
- (6) Approving the nominations of board directors;
- (7) Ensuring adequacy of necessary financial and human resources to meet the Group's objectives;
- (8) Providing entrepreneurial leadership and set strategic aims;
- (9) Setting the Company's values and standards and ensuring obligations to shareholders and others are understood and met, and
- (10) Assuming the responsibility for corporate governance and compliances with the Companies Act and rules and requirements of regulatory bodies.

Matters, which are specifically reserved to the Board for decision, are those involving material acquisitions and disposal of assets, corporate or financial restructuring and share issuances and dividends.

The Board has established a number of committees namely the Nominating, Audit, Remuneration and Employee Share Option Scheme Committees to assist in the execution of responsibilities more effectively. These committees function within clearly defined terms of reference and operating procedures.

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

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

Principle 2: Board Composition and Balance

The Board consists of seven directors out of which three are executive directors, three 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
(Chua Kee Kiat	Alternate Director to Mai Ah Ngo)
Ng Nai Ping	Executive Director
Peter Chan Pee Teck	Non-Executive & Independent Director
John Lim Hwee Chiang	Non-Executive & Independent Director
Lim Lee Meng	Non-Executive & Independent Director
Lee Chee Sit	Non-Executive Director

The composition of the Board and independence of each director is reviewed annually by the Nominating Committee.

The Nominating Committee is of the view that the current Board size of seven directors is appropriate taking into account the nature and scope of the Group's operations, and, the depth and breadth of knowledge, expertise and business experiences of the directors to govern and manage the Group's affairs.

Corporate Governance Report

December 31, 2010

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

Mr 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 judgement 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, a lead independent director has been appointed to be available to shareholders where they have concerns which contact through normal channels has failed to resolve.

As the Chairman, Mr Thomas Chua is responsible for exercising control over quality, quantity and timeliness of the flow of information between the management of the Company and the Board, and in ensuring compliance with the guidelines on Corporate Governance.

BOARD COMMITTEES

Nominating Committee

Principle 4: Board Membership

Principle 5: Board Performance

The Nominating Committee ("NC") comprises the following members:

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

The NC's role is to establish an objective and transparent process 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.

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.

Corporate Governance Report

December 31, 2010

In February 2006, the Board approved the adoption of a formal process for the selection and appointment of new directors, as set out below:

- (1) Search Process
 - Identify the criteria that the prospective candidates should possess: age group, sex, qualifications, experience, personal attributes and skills.
 - Source from recommendations of fellow Board members, business associates or trade organizations.
- (2) Selection Process
 - After an initial assessment of the CVs, a verification check is conducted through various contacts such as friends, bankers, business associates, etc.
 - Formal interview of short-listed candidates to assess suitability and ensure that they are aware of expectations and level of commitment required.
- (3) Nomination Process
 - Recommend to the Board the nomination of successful candidates.
- (4) Appointment Process
 - Based on the recommendations by the NC, the Board approves the appointment via a resolution.
 - Board to approve any other appointments to sub-committees, if appropriate.
 - Issue letter of appointment setting out terms and conditions of appointment such as period of office, compensation & benefits, duties & responsibilities and termination.

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

The NC has recommended Ms Mai Ah Ngo and Mr John Lim Hwee Chiang, who are retiring at the forthcoming AGM, to be re-elected. All the directors are retiring under Article 100 of the Company's Articles of Association. The retiring directors have offered themselves for re-election. The Board has accepted the recommendations of the NC.

Review of the Board performance, as appropriate, are undertaken collectively by the Board annually and informally on a continual basis by the NC.

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.

Audit Committee

Principle 11: Audit Committee

Principle 12: Internal Controls

The Audit Committee ("AC") comprises the following members:

Lim Lee Meng (Chairman)	Non-Executive & Independent Director
Peter Chan Pee Teck	Non-Executive & Independent Director
John Lim Hwee Chiang	Non-Executive & Independent Director

These directors have the appropriate accounting or related financial management expertise or experience to discharge the AC's functions.

Corporate Governance Report

December 31, 2010

The AC performs the following functions:

- (1) recommends to the Board of Directors the external auditors to be nominated;
- (2) reviews the scope, audit plans, results and effectiveness of the external and internal auditors;
- (3) reviews any related significant findings and recommendations of the external and internal auditors together with the management's responses thereto;
- (4) reviews the adequacy of the Group's system of accounting controls, financial and management reporting systems;
- (5) reviews significant risks or exposures with the management and the external and internal auditors and assesses the steps management has taken to minimize such risks to the Group;
- (6) reviews with the management, internal and external auditors the announcements of the interim and full year results of the Group and its financial statements;
- (7) reviews interested party transactions as may be required by regulatory authorities or the provisions of the Companies Act;
- (8) reviews legal and regulatory matters that may have a material impact on the financial statements;
- (9) reports actions and minutes of the AC to the Board of Directors with such recommendations, as the AC considers appropriate.

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

The AC reviewed the findings of the auditors and the assistance given to them by management. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

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 has reviewed the Group's risk assessment, and based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

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 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.

Corporate Governance Report

December 31, 2010

Remuneration Committee Employee Share Option Scheme Committee

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Remuneration Committee ("RC") comprises the following members:

John Lim Hwee Chiang (Chairman)	Non-Executive & Independent Director
Lim Lee Meng	Non-Executive & 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'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 Managing Director's remuneration and those of the executive directors whose remuneration packages include a variable bonus component which is performance-related, and also stock options which have been designed to align their interests with those of the shareholders;
- (3) review the recommendation of the executive directors, for approval of the Board, the fees of the non-executive directors and such payment as may be payable pursuant to Article 89 of the Company's Articles of Association.

The executive directors' remuneration packages are based on the performance of the Group and the individual. The Chairman & Managing Director is currently on a 3-year renewable Service Agreement that commenced on 2 March 1994. The terms and conditions are reviewed by the RC and approved by the Board.

Non-executive directors have no service contracts and are paid directors' fees subject to approval by shareholders at the AGM of the Company. A breakdown, showing the level and mix of each individual director's remuneration payable for FY 2010 is as follows:

	Remuneration Band \$	Salary %	Bonus %	Other Benefits %	Directors Fees %	Total %
Executive Directors						
Thomas Chua Kee Seng	1,000,000 to 1,249,999	39.73%	58.52%	1.75%	0.00%	100.00%
Mai Ah Ngo	500,000 to 749,999	46.60%	43.71%	9.69%	0.00%	100.00%
(Chua Kee Kiat – Alternate Director to Mai Ah Ngo)	500,000 to 749,999	0.00%	0.00%	0.00%	0.00%	0.00%
Ng Nai Ping	500,000 to 749,999	44.82%	45.46%	9.72%	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%
Lee Chee Sit	0 to 249,999	0.00%	0.00%	0.00%	100.00%	100.00%

The Employee Share Option Scheme Committee ("ESOSC") administers the Teckwah Employees' Share Option Scheme (the "Scheme"). The Scheme was approved by the shareholders at the Extraordinary General Meeting held on 12 September 2001.

Corporate Governance Report

December 31, 2010

The ESOSC comprises the following directors:

John Lim Hwee Chiang (Chairman)	Non-Executive & Independent Director
Lim Lee Meng	Non-Executive & Independent Director
Lee Chee Sit	Non-Executive Director
Thomas Chua Kee Seng	Executive Chairman & Managing Director
Ng Nai Ping	Executive Director

The functions of the Committee are to administer the Scheme and to deliberate on the matters on eligibility of the employees of the Company and its subsidiaries as well as the number of options to be granted to each participant, in accordance with the terms and conditions of the Scheme.

Details of the Scheme are found in the Directors' Report. During the financial year, no options were granted under the Scheme and there are no outstanding options as at year end.

The information required for the annual remuneration report is provided herein and in the Directors' Report.

The remuneration of the top 5 key executives (who are not directors) is not disclosed as the Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of individual executive is disadvantageous to its business interest, given the highly competitive industry conditions.

There is one employee, whose remuneration exceeds \$150,000 during the year, is related to the Chairman & Managing Director.

Principle 6: Access to Information

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

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

The directors are well-informed by the Chairman & Managing Director on the status of on-going activities between meetings. Where a decision has to be made before a Board meeting, a directors' resolution is circulated in accordance with the Articles of Association of the Company and the directors are provided with all necessary information to enable them to make informed decisions. The Company Secretary will also ensure that any queries made by the directors will be answered promptly by the 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.

Corporate Governance Report

December 31, 2010

Principle 13: Internal Audit

The Board supports the need and is responsible for maintaining a system of internal controls and processes to safeguard shareholders' investments and the Group's assets. The AC is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. The AC has the mandate to authorize special reviews or investigations, where appropriate, in discharging its responsibilities.

The internal audit function is outsourced to PricewaterhouseCoopers LLP who reports directly to the AC. 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 AC reviews and approves the annual internal audit plan proposed by the internal auditors. Material non-compliance and internal control weaknesses noted during the internal audits are reported together with the internal auditors' recommendations to the AC periodically.

COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability and Audit

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Company does not practice selective disclosure. Price sensitive announcements including interim 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 assessed from the Company's website. At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its business.

The Articles of Association of the Company allow a member of the Company to appoint one or two proxies to attend and vote on behalf of the member.

INTERESTED PERSON TRANSACTIONS

Since the end of the previous financial period, the Company and its subsidiaries did not enter into any material contract involving the interest of the directors or controlling shareholders and no such material contract still subsist at the end of the financial year.

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.

DEALINGS IN SECURITIES

The Group has adopted 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 and half year results and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended December 31, 2010.

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. Chua Kee Kiat (alternate director to Mdm Mai Ah Ngo)

* Non-executive 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 except for the options mentioned in paragraph 5 of the Report of the Directors.

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 its 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, 2010	At December 31, 2010	At January 1, 2010	At December 31, 2010
<u>The company</u>				
<u>Ordinary shares</u>				
Mr. Chua Kee Seng Thomas	1,850,000	1,850,000	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 Lee Meng	140,000	–	–	–
Mr. Lim Hwee Chiang John	140,000	140,000	–	–
Mr. Chan Pee Teck Peter	–	–	140,000	–

The directors' interests in the shares of the company remain unchanged as at January 21, 2011.

Report of the Directors

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5 SHARE OPTIONS

(a) Options to take up unissued shares

The Teckwah Employees' Share Option Scheme ("Share Option Scheme") was approved by the shareholders at the Extraordinary General Meeting held on September 12, 2001. The Share Option Scheme is administered by committee of directors comprising:

Chairman	:	Mr. Lim Hwee Chiang John	(Independent Director)
Members	:	Mr. Chua Kee Seng Thomas	(Chairman and Managing Director)
		Mr. Ng Nai Ping	(Executive Director)
		Mr. Lee Chee Sit	(Non-Executive Director)
		Mr. Lim Lee Meng	(Independent Director)

Mr. Lim Hwee Chiang John, Mr. Chua Kee Seng Thomas, Mr. Ng Nai Ping and Mr. Lim Lee Meng did not participate in any deliberation or decision in respect of the options granted to them.

Under the Share Option Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares in the company comprised in the option. The exercise price shall be determined by the Share Option Scheme Committee at its absolute discretion and fixed by the Committee as the price equal to the average of the last dealt price for the company's share, as determined by reference to the Official List published by the Singapore Exchange Securities Trading Limited ("SGX-ST"), for the last five market days immediately preceding the offering date of the option.

The consideration for the grant of an option is \$1.00. Options granted shall be exercisable during the relevant option period commencing after the first anniversary but before the fifth anniversary of the date of the grant. Options granted will lapse when the option holder ceases to be a full-time employee of the company or any company within the group subject to certain exceptions at the discretion of the board of directors.

Report of the Directors

5 SHARE OPTIONS (Cont'd)

(b) Unissued shares under option and options exercised

i) Aggregate options granted to directors under the Share Option Scheme since the commencement of the Scheme were as follows:

Name	Aggregate options granted since commencement of Scheme to end of previous financial year	Options granted during the year	Aggregate options exercised since commencement of Scheme	Options outstanding as at December 31, 2010
Mr. Chua Kee Seng Thomas	1,300,000	-	1,300,000	-
Mdm. Mai Ah Ngo	780,000	-	780,000	-
Mr. Ng Nai Ping	780,000	-	780,000	-
Mr. Lim Lee Meng	364,000	-	364,000	-
Mr. Lim Hwee Chiang John	364,000	-	364,000	-
Mr. Chan Pee Teck Peter	364,000	-	364,000	-

No options were granted to controlling shareholders of the company and their associates under the Share Option Scheme since the commencement of the Scheme.

- ii) During the financial year, no employee received 5% or more of the total number of options, available under the Share Option Scheme and no shares were issued at a discount to market price.
- iii) During the financial year, no options to take up unissued shares of any subsidiary were granted and there were no shares of any subsidiary issued by virtue of the exercise of an option to take up unissued shares.
- iv) At the end of the financial year, there were no unissued shares of any subsidiary under option.

6 AUDIT COMMITTEE

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

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

Report of the Directors

6 AUDIT COMMITTEE (Cont'd)

For the financial year ended December 31, 2010, the Audit Committee held 3 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 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 auditors;
- vii) the re-appointment of the auditors of the company; and
- viii) interested person transactions.

The Audit Committee had full access to the auditors. The Audit Committee also received co-operation from management and has been given the resources required for it to discharge its functions properly.

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Chua Kee Seng Thomas

Ng Nai Ping

March 18, 2011

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 41 to 89 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2010, and of results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Chua Kee Seng Thomas

Ng Nai Ping

March 18, 2011

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 statements of financial position of the group and the company as at December 31, 2010, the income statement, the 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 notes, as set out on pages 41 to 89.

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 reasonable assurance that assets are safeguarded against loss from unauthorised use of disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

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

Independent Auditors' Report

to the members of Teckwah Industrial Corporation Ltd

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and the company as at December 31, 2010 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

March 18, 2011

Statements of Financial Position

December 31, 2010

	Note	GROUP		COMPANY	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	5	44,238	43,096	11,491	14,525
Available-for-sale investments	6	357	–	357	–
Trade and other receivables	7	35,651	29,365	6,977	6,509
Inventories	8	17,996	13,090	–	–
Total current assets		98,242	85,551	18,825	21,034
Non-current assets					
Other assets	9	1,068	1,597	–	–
Joint venture	10	–	–	4,216	4,216
Subsidiaries	11	–	–	19,555	19,504
Property, plant and equipment	12	23,840	26,435	906	1,311
Land use rights	13	711	753	–	–
Investment properties	14	1,093	1,071	–	–
Intangible assets	15	114	124	114	124
Goodwill	16	6,691	6,691	–	–
Total non-current assets		33,517	36,671	24,791	25,155
Total assets		131,759	122,222	43,616	46,189
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	26,932	22,200	9,028	8,705
Income tax payable		3,356	3,294	258	257
Current portion of finance leases	18	3	37	3	37
Bank loan	19	7	159	–	–
Total current liabilities		30,298	25,690	9,289	8,999
Non-current liabilities					
Finance leases	18	–	3	–	3
Deferred tax liabilities	20	1,722	1,148	135	135
Total non-current liabilities		1,722	1,151	135	138
Capital, reserves and non-controlling interests					
Share capital	21	23,852	23,852	23,852	23,852
Retained earnings		76,596	71,172	10,312	13,200
Fair value reserve		28	–	28	–
Currency translation reserves		(1,141)	42	–	–
Equity attributable to owners of the company		99,335	95,066	34,192	37,052
Non-controlling interests		404	315	–	–
Total equity		99,739	95,381	34,192	37,052
Total liabilities and equity		131,759	122,222	43,616	46,189

See accompanying notes to financial statements.

Consolidated Income Statement

Financial year ended December 31, 2010

	Note	GROUP	
		2010	2009
		\$'000	\$'000
Revenue	22	154,361	146,371
Other income	23	476	379
Changes in inventories of finished goods and work in progress		544	(486)
Raw materials and consumables used		(57,462)	(56,347)
Employee benefits expense	24	(33,450)	(29,988)
Depreciation, amortisation and impairment expense		(5,182)	(5,423)
Other operating expenses		(44,173)	(39,024)
Finance costs	25	(36)	(71)
Profit before tax	26	15,078	15,411
Income tax expense	27	(2,569)	(3,066)
Profit for the year		<u>12,509</u>	<u>12,345</u>
Profit attributable to:			
Owners of the company		12,430	12,185
Non-controlling interests		79	160
		<u>12,509</u>	<u>12,345</u>

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Financial year ended December 31, 2010

	Note	GROUP	
		2010	2009
		\$'000	\$'000
Profit for the year		12,509	12,345
Other comprehensive income			
Exchange differences on translation of foreign operations		(1,173)	(801)
Available-for-sale investments		28	-
Other comprehensive income for the year, net of tax		<u>(1,145)</u>	<u>(801)</u>
Total comprehensive income for the year		<u>11,364</u>	<u>11,544</u>
Total comprehensive income attributable to:			
Owners of the company		11,275	11,385
Non-controlling interests		89	159
		<u>11,364</u>	<u>11,544</u>
Earnings per share	29		
Basic		<u>5.32 cents</u>	<u>5.22 cents</u>
Diluted		<u>5.32 cents</u>	<u>5.22 cents</u>

See accompanying notes to financial statements.

Statements of Changes in Equity

Financial year ended December 31, 2010

	Note	Share capital \$'000	Retained earnings \$'000	Currency translation reserve \$'000	Fair value reserve \$'000	Attributable to owners of the company \$'000	Non-controlling interests \$'000	Total \$'000
GROUP								
Balance at January 1, 2009		23,852	62,723	842	-	87,417	156	87,573
Total comprehensive income for the year		-	12,185	(800)	-	11,385	159	11,544
Dividends paid	28	-	(3,736)	-	-	(3,736)	-	(3,736)
Balance at December 31, 2009		23,852	71,172	42	-	95,066	315	95,381
Total comprehensive income for the year		-	12,430	(1,183)	28	11,275	89	11,364
Dividends paid	28	-	(7,006)	-	-	(7,006)	-	(7,006)
Balance at December 31, 2010		23,852	76,596	(1,141)	28	99,335	404	99,739

	Note	Share capital \$'000	Retained earnings \$'000	Currency translation reserve \$'000	Fair value reserve \$'000	Total \$'000
COMPANY						
Balance at January 1, 2009		23,852	13,440	(83)	-	37,209
Total comprehensive income for the year		-	3,496	83	-	3,579
Dividends paid	28	-	(3,736)	-	-	(3,736)
Balance at December 31, 2009		23,852	13,200	-	-	37,052
Total comprehensive income for the year		-	4,118	-	28	4,146
Dividends paid	28	-	(7,006)	-	-	(7,006)
Balance at December 31, 2010		23,852	10,312	-	28	34,192

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Financial year ended December 31, 2010

	Note	2010 \$'000	2009 \$'000
Operating activities			
Profit before tax		15,078	15,411
Adjustments for:			
Other (gains) and losses	14	(1)	27
(Write back of) Allowance for doubtful debts		(63)	74
Reversal of allowance for inventories		(12)	(333)
Impairment loss on property, plant and equipment		60	21
Depreciation and amortisation expense		5,112	5,015
Amortisation and impairment of intangibles		10	408
Loss (Gain) on disposal of property, plant and equipment		31	(264)
Gain on disposal of available-for-sale investments		(44)	-
Interest income		(135)	(87)
Finance costs		36	71
Operating cash flows before movements in working capital		20,072	20,343
Trade and other receivables and other assets		(5,694)	5,773
Inventories		(4,894)	2,159
Trade and other payables		4,732	445
Cash generated from operations		14,216	28,720
Interest paid		(36)	(71)
Income tax paid		(1,934)	(2,881)
Net cash from operating activities		12,246	25,768
Investing activities			
Interest received		135	87
Proceeds from disposal of associate		-	34
Proceeds from disposal of property, plant and equipment		40	547
Proceeds on disposal of available-for-sale investments		604	-
Purchase of available-for-sale investments		(889)	-
Purchase of property, plant and equipment		(3,153)	(5,876)
Net cash used in investing activities		(3,263)	(5,208)
Financing activities			
Dividends paid		(7,006)	(3,736)
Repayment of loans		(152)	(1,210)
Repayments of obligations under finance leases		(37)	(37)
Net cash used in financing activities		(7,195)	(4,983)
Net increase in cash and cash equivalents		1,788	15,577
Cash and cash equivalents at beginning of year		43,096	28,056
Effect of foreign exchange rate changes		(646)	(537)
Cash and cash equivalents at end of year		44,238	43,096

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2010

1 GENERAL

The company (Registration No. 197201105E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 25 Pandan Crescent #05-15 TIC Tech Centre, Singapore 128477. 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 to the financial statements.

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, 2010 were authorised for issue by the Board of Directors on March 18, 2011.

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”).

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after January 1, 2010. The adoption of these new/ revised FRSs and INT FRSs does not result in changes to the group’s and company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- Improvements to Financial Reporting Standards (issued in October 2010)
- FRS 24 (Revised) Related Party Disclosures
- Amendments to FRS 12 Income Taxes

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

The management anticipates that the adoptions 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 the company in the period of their initial adoption.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interest in a subsidiary that do not result in a loss of control 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 subsidiary. 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, the profit or loss on disposal 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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

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

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

The accounting policy for initial measurement of non-controlling interests is described above.

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 other than those financial instruments "at fair value through profit or loss".

Financial Assets

Loans and Receivables

Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term trade and other receivables where the recognition of interest would be immaterial.

Available-for-sale Financial Assets

Certain shares and debt securities held by the group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 6. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Gain on disposal of investments is recognised when significant risks and of rewards of ownership are transferred to the buyer and the amount of revenue and cost of transaction can be reliably measured.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the company's rights to receive payment is established.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where 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 investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence by 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 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Assets (Cont'd)

Impairment of Financial Assets (Cont'd)

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. 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 against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt instruments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of Financial Assets

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

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

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

Equity Instruments

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and Equity Instruments (Cont'd)

Bank Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest 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 recognised as a provision in accordance with FRS 37 *Provision, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortization in accordance with FRS 18 *Revenue*.

Trade and Other Payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method except for short-term balances when the recognition of interests would be immaterial.

Derecognition of Financial Liabilities

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

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 Lessee

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

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

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost is accounted for as follows:

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

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

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:

Leasehold buildings	–	1% to 20%
Plant and machinery	–	10% to 20%
Office equipment, furniture and fittings	–	10% to 33 $\frac{1}{3}$ %
Motor vehicles	–	18% to 20%

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

Assets held under finance leases arrangements 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.

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

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 the profit or loss.

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

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

Intangible Assets

Intangible Assets Acquired Separately

Intangible assets acquired separately are reported at cost less accumulated amortisation 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.

Intangible Assets Acquired in a Business Combination

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

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Intangible Assets (Cont'd)

Intangible Assets Acquired in a Business Combination (Cont'd)

The amortisation periods for the intangible assets are as follows:

Country club memberships (Note 15)	-	30 years
Approved replicator rights (Note 15)	-	5 years

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

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

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

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 so 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 the 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 contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

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.

SHARE-BASED PAYMENTS – The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the shares (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The policy described above is applied to equity-settled share-based payments that were granted after November 22, 2002 that vested after January 1, 2005. No amount has been recognised in the financial statements in respect of other equity-settled share payments.

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.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Sale of Goods

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

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

Rendering of Services

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

Rental Income

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

Interest Income

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

GOVERNMENT GRANTS – Government grants are received as income over the period necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

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.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. 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.

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 comprehensive income 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 date.

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, and is accounted for using the balance sheet liability method. 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 for taxable temporary differences arising on investments in subsidiaries and associates, 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 realized 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.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly 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 presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each 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 directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly 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 on 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 hedger of foreign 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.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 not involving a change of accounting basis), 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 foreign 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 – Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts, 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

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key Sources of Estimation Uncertainty

Certain key assumptions and sources of estimation uncertainty at the end of the reporting period date that may have a significant risk of causing an adjustment to the financial statements within the next financial year are discussed below.

Notes to Financial Statements

December 31, 2010

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)**(b) Key Sources of Estimation Uncertainty (Cont'd)*****Impairment of Acquired Goodwill***

The group performs an impairment review to ensure that the carrying value of the goodwill amounting to \$6,691,000 (2009: \$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.

No impairment loss is assessed to be required in 2010 and 2009.

Impairment of Investment in Subsidiaries, Associates and Joint Venture

The company performs an impairment review to ensure that the carrying values of the investments in subsidiaries, associates and joint venture do not exceed the recoverable amounts.

The recoverable amounts of the investments require the entity 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

The group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the group.

(a) Categories of Financial Instruments

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

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial Assets				
Loans and receivables (including cash and cash equivalents)	78,032	70,921	17,864	20,487
Available-for-sale investments	357	-	357	-
Financial Liabilities				
Amortised cost	26,942	22,399	9,031	8,745

Notes to Financial Statements

December 31, 2010

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)**(b) Financial Risk Management Policies and Objectives****i) Foreign Exchange Risk Management**

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

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

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Australian dollars	-	-	280	547	-	-	2	-
Hong Kong dollars	366	413	39	42	-	-	-	-
Chinese Renminbi	52	-	6	6	132	42	517	546
Singapore dollars	402	414	1,898	1,729	-	-	-	-
United States ("US") dollars	2,868	1,125	7,018	8,582	-	-	943	1,313

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 transaction at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans.

Notes to Financial Statements

December 31, 2010

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)**Foreign Currency Sensitivity (Cont'd)

If the US currency dollars weakens or strengthens by 5% against the functional currency of each group entity, profit or loss will (decrease) or increase by:

	2010 \$'000	2009 \$'000
Group – Profit or loss	208	373
Company – Profit or loss	47	64

Based on the same analysis in relation to other currencies, any impact on profit or loss is not material.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

ii) Interest Rate Risk Management

The group is exposed to the effect of changes in interest rates attributable to interest-earning cash balances. Interest rates on finance lease obligations are fixed for the duration of the lease, typically for 3 to 5 years. The group does not use financial derivative instruments to hedge interest rate risks.

The company's profit or loss is not affected by changes in interest rates as the interest-bearing liability carry fixed interest and is measured at amortised cost.

Interest rate sensitivity

The management is of the opinion that fluctuations in interest rates do not have a significant impact on the group's and company's profit for the year ended December 31, 2010 and other equity reserves.

iii) Credit Risk Management

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

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.

Notes to Financial Statements

December 31, 2010

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 16% (2009: 13%) 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 to the financial statements. 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, except for financial guarantees that the company is exposed to due to credit risk of subsidiaries.

iv) Liquidity Risk Management

The group has adequate cash and credit facilities for its operating requirements. The contractual maturity for the non-derivative financial liabilities are disclosed in the respective notes to the financial statements.

All financial liabilities in 2009 and 2010 are repayable on demand or due within 1 year from the end of the reporting period except for finance lease liability of \$3,000 of the group and company in 2009.

The maximum amount that the company could be forced to settle under the financial guarantee contract in Note 30, if the full guaranteed amount is claimed by the counterparty to the guarantee, is \$34,772,000 (2009: \$39,493,000). The earliest period that the guarantee could be recalled is within 1 year (2009: 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.

v) Fair values of Financial Assets and Financial Liabilities

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

Available-for-sale investments are stated at the closing quoted market rates prevailing at the end of the reporting period which is the Level 1 under fair value hierarchy under FRS 107 (Financial Instruments – Disclosures). There are no financial instruments that are at fair values under Level 2 and Level 3.

Notes to Financial Statements

December 31, 2010

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.

The capital structure of the group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The group's overall strategy remains unchanged from 2009.

5 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at bank	23,801	19,099	2,680	1,312
Fixed deposits	20,406	23,966	8,809	13,211
Cash on hand	31	31	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
	44,238	43,096	11,491	14,525

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

Short-term fixed deposits earn interest at rates ranging from 0.01% to 7.00% (2009: 0.03% to 6.50%) per annum for a tenure ranging from 7 to 365 days (2009: 7 to 365 days).

The group and company's cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
United States dollars	3,054	4,010	57	27
Singapore dollars	868	713	-	-
Australian dollars	250	484	-	-

6 AVAILABLE-FOR-SALE INVESTMENTS

	GROUP AND COMPANY	
	2010 \$'000	2009 \$'000
Quoted equity shares, at fair value	357	-

The investment above include investment in quoted equity securities that offer the group the opportunity for return through dividend income and fair value gains.

The fair value of these equity shares are based on the quoted closing market price on the last market day of the financial year.

Notes to Financial Statements

December 31, 2010

7 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Outside parties (trade)	31,608	27,050	37	18
Allowance for doubtful debts	(501)	(558)	-	-
	31,107	26,492	37	18
Joint venture (Note 10)				
Trade	170	96	251	128
Non-trade	-	1	-	-
Subsidiaries (Note 11)				
Trade	-	-	3,520	4,931
Non-trade	-	-	1,511	568
Other receivables	1,096	219	698	6
Deposits	1,749	1,017	356	311
Prepayments	1,529	1,467	604	547
Income tax recoverable	-	73	-	-
Total	35,651	29,365	6,977	6,509

The average credit period on sales of goods is 60 to 90 days (2009: 30 to 60 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 \$7.9 million (2009: \$8.3 million) which are past due at the reporting date 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 breakdown of these receivables is as follows:

	1 - 30 days overdue \$'000	31 - 60 days overdue \$'000	61 - 90 days overdue \$'000	> 90 days overdue \$'000	Total \$'000
GROUP					
2010	5,856	1,615	116	292	7,879
2009	5,391	1,626	658	637	8,312

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

Notes to Financial Statements

December 31, 2010

7 TRADE AND OTHER RECEIVABLES (Cont'd)

Movement in the allowance for doubtful debts:

	GROUP	
	2010	2009
	\$'000	\$'000
Balance at beginning of the year	558	489
(Decrease) Increase in allowance recognised in profit or loss	(63)	74
Exchange difference	6	(5)
	<hr/>	<hr/>
Balance at end of the year	501	558

Included in the group's deposit balance is a sum of \$328,000 (2009: \$Nil) which represents 5% deposit for acquisition of 3 factories in Malaysia for consideration of \$6,562,600. The balance of 95% is disclosed under commitments (Note 30).

Included in the group and company's other receivables balance is an amount of \$604,000 (2009: \$Nil) from disposal of available-for-sales investment.

The group and company's trade and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
United States dollars	3,964	4,572	886	1,287
Singapore dollars	1,030	1,016	-	-
Ringgit Malaysia	-	229	-	-
Chinese Renminbi	-	-	511	540
	<hr/>	<hr/>	<hr/>	<hr/>

8 INVENTORIES

	GROUP	
	2010	2009
	\$'000	\$'000
Finished goods	3,605	3,058
Work-in-progress	617	750
Raw materials	13,774	9,282
	<hr/>	<hr/>
Total	17,996	13,090

As the group was able to dispose of the slow moving inventory, it reversed the previous write-down for inventories of \$12,000 (2009: \$333,000) to the current year profit or loss. The reversal is included in cost of inventories.

9 OTHER ASSETS

	GROUP	
	2010	2009
	\$'000	\$'000
Deposits	27	26
Tax recoverable	1,041	1,571
	<hr/>	<hr/>
Total	1,068	1,597

Notes to Financial Statements

December 31, 2010

10 JOINT VENTURE

	COMPANY	
	2010 \$'000	2009 \$'000
Unquoted equity shares, at cost	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	
		2010 %	2009 %
PPH Teckwah Value Chain Sdn Bhd ^(a)	Investment holding and provision of management services/Malaysia	50	50

^(a) Audited by an overseas practice of Deloitte Touche Tohmatsu.

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

The following amounts are included in the financial statements of the group as a result of proportionate consolidation of the joint venture.

	GROUP	
	2010 \$'000	2009 \$'000
Current assets	5,050	3,498
Non-current assets	3,443	3,766
Current liabilities	(982)	(946)
Non-current liabilities	(298)	(237)
Net assets	7,213	6,081
Revenue	8,904	5,679
Expenses	(7,689)	(5,285)
Profit before income tax	1,215	394
Income tax	(195)	(127)
Profit after income tax	1,020	267

11 SUBSIDIARIES

	COMPANY	
	2010 \$'000	2009 \$'000
Unquoted equity shares, at cost	22,799	22,799
Deemed investment	2,210	2,159
Less: Impairment loss	(5,454)	(5,454)
	19,555	19,504

Notes to Financial Statements

December 31, 2010

11 SUBSIDIARIES (Cont'd)

The details of the company's subsidiaries at December 31, 2010 are as follows:

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held	
		2010 %	2009 %
Teckwah Value Chain Pte Ltd	Investment holding; manufacturer of paper products and importer, exporter of paper and paper products; provision of value chain management services and graphic design/ Singapore	100	100
Techwave Media Services Pte Ltd	Provision of value chain management services/ Singapore	100	100
Teckwah Logistics Pte Ltd	Provision of third party logistic services/ Singapore	100	100
Teckwah Online Pte Ltd	Provision of network services including on-line games and distribution of games software/ Singapore	100	100
P.T. Teckwah Paper Products Indonesia ^(a)	Manufacture and sales of corrugated boxes/ Indonesia	100	100
Wuxi Teckwah Printing & Packaging Co., Ltd ^{(a)(i)}	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 ^{(b)(i)}	Provision of value chain management services/ PRC	100	100
Teckwah Packaging Systems (Shenzhen) Co., Ltd ^{(b)(i)}	Provision of value chain management services/ PRC	100	100

Notes to Financial Statements

December 31, 2010

11 SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal activities/ Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held	
		2010 %	2009 %
Teckwah Value Chain (Thailand) Co., Ltd ^{(b)(ii), (c)}	Provision of value chain management services/ Thailand	49	49
Teckwah Value Chain (Japan) Co. Ltd ^{(b)(iii)}	Provision of value chain management services/ Japan	70	70
JNE Logistics Singapore Pte Ltd	Critical parts management/ Singapore	100	100
Teckwah Value Chain Pty Ltd ^{(b)(iv)}	Provision of value chain management services/ Australia	100	100
Teckwah Logistics (India) Private Limited ^{(b)(vii)}	Provision of third party logistic services/ India	100	100
Teckwah Trading (HK) Limited ^{(b)(v)}	Provision of third party logistic services/ PRC	100	100
Teckwah Trading (Shanghai) Co., Ltd ^{(b)(i)}	Provision of third party logistic services/ PRC	100	100
Singapore Print Media Hub Pte.Ltd ^(d)	Investment holding & manufacturing of packaging solutions/ Singapore	100	100
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. ^(e)	Manufacturer of paper products and importer, exporter of paper and paper products; provision of value chain management services and graphic design/ Malaysia	100	–

Notes to Financial Statements

December 31, 2010

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.
- (b) The subsidiaries are audited by another firm of auditors as follows:
- (i) Shu Lun Pan CPA Co., Ltd
 - (ii) S.K. Accountant Services Company Limited
 - (iii) Iwata Accounting Office
 - (iv) William Buck (NSW) Pty Ltd
 - (v) Tai Kong CPA Limited Certified Public Accountants
 - (vi) Wang & Tang Certified Public Accountants
 - (vii) Sudit K Parekh & Co
- (c) Although the group does not own more than 50% of the equity shares, it has the contractual right to appoint the majority of the board of directors. Control of the entity is exercised by the board of directors. Consequently, Teckwah Value Chain (Thailand) Co., Ltd is controlled by the group and is consolidated in these financial statements.
- (d) The company is dormant and not audited since incorporation.
- (e) Not audited as company was incorporated during the year and is dormant.
- (f) Audited by Shu Lun Pan CPA Co., Ltd in 2009.

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

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings \$'000	Plant and machinery \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
GROUP					
Cost:					
At January 1, 2009	8,381	54,451	14,206	1,118	78,156
Currency realignment	(149)	(549)	(92)	(15)	(805)
Additions	208	5,166	293	209	5,876
Disposals	(13)	(2,686)	(309)	(45)	(3,053)
Reclassification	-	4	-	(4)	-
At December 31, 2009	8,427	56,386	14,098	1,263	80,174
Currency realignment	(286)	(1,078)	(168)	(29)	(1,561)
Additions	693	1,560	822	78	3,153
Disposals	(83)	(19)	(166)	(42)	(310)
Reclassification	-	(35)	35	-	-
At December 31, 2010	8,751	56,814	14,621	1,270	81,456

Notes to Financial Statements

December 31, 2010

12 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Leasehold buildings \$'000	Plant and machinery \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
Accumulated depreciation:					
At January 1, 2009	2,739	37,188	10,974	728	51,629
Currency realignment	(54)	(391)	(72)	(13)	(530)
Charge for the financial year	695	2,999	1,140	161	4,995
Disposals	(5)	(2,116)	(246)	(43)	(2,410)
Reclassification	-	2	-	(2)	-
At December 31, 2009	3,375	37,682	11,796	831	53,684
Currency realignment	(104)	(775)	(136)	(22)	(1,037)
Charge for the financial year	656	3,251	1,019	167	5,093
Disposals	(58)	(12)	(148)	(21)	(239)
Reclassification	(8)	(5)	13	-	-
At December 31, 2010	3,861	40,141	12,544	955	57,501
Impairment loss:					
At January 1, 2009	-	389	6	-	395
Charge for the year ⁽¹⁾	-	-	21	-	21
Disposals	-	(361)	-	-	(361)
At December 31, 2009	-	28	27	-	55
Charge for the year ⁽¹⁾	-	-	60	-	60
At December 31, 2010	-	28	87	-	115
Carrying amount:					
At December 31, 2010	4,890	16,645	1,990	315	23,840
At December 31, 2009	5,052	18,676	2,275	432	26,435

⁽¹⁾ Impairment loss was recognised on certain plant and equipment which were previously deployed for a project that has ceased in the current year.

The carrying amount of the group's property, plant and machinery includes \$428,000 (2009: \$1,007,000) pledged to secure certain banking facilities (Note 19).

Notes to Financial Statements

December 31, 2010

12 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Leasehold buildings \$'000	Plant and machinery \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
COMPANY					
Cost:					
At January 1, 2009	1,189	126	4,437	357	6,109
Transfer ⁽¹⁾	-	-	(8)	-	(8)
Additions	78	-	6	-	84
Disposals	-	-	(16)	-	(16)
At December 31, 2009	1,267	126	4,419	357	6,169
Transfer ⁽¹⁾	-	-	4	-	4
Additions	8	-	99	-	107
Disposals	-	-	(45)	-	(45)
At December 31, 2010	1,275	126	4,477	357	6,235
Accumulated depreciation:					
At January 1, 2009	533	124	3,439	210	4,306
Transfer ⁽¹⁾	-	-	(6)	-	(6)
Charge for the financial year	162	1	336	71	570
Disposals	-	-	(12)	-	(12)
At December 31, 2009	695	125	3,757	281	4,858
Transfer ⁽¹⁾	-	-	1	-	1
Charge for the financial year	146	1	297	71	515
Disposals	-	-	(45)	-	(45)
At December 31, 2010	841	126	4,010	352	5,329
Carrying amount:					
At December 31, 2010	434	-	467	5	906
At December 31, 2009	572	1	662	76	1,311

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

The carrying amounts of property, plant and equipment acquired under finance lease are as follows:

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Motor vehicle	4	57	4	57

Notes to Financial Statements

December 31, 2010

13 LAND USE RIGHTS

	GROUP	
	2010	2009
	\$'000	\$'000
Cost:		
At beginning of year	1,100	1,125
Exchange difference	(39)	(25)
	<hr/>	<hr/>
At end of year	1,061	1,100
	<hr/>	<hr/>
Accumulated amortisation:		
At beginning of year	347	336
Amortisation for the year	19	20
Exchange difference	(16)	(9)
	<hr/>	<hr/>
At end of year	350	347
	<hr/>	<hr/>
Carrying amount:		
At end of year	711	753
	<hr/>	<hr/>

The land use rights relate to leases of parcel of land for the group's factory and office buildings located at Jiangsu Province, Xishan City Dang Kou Town, People Republic of China and Alor Gajah Malacca, Malaysia. The leases will expire in year 2053, 2088 and 2089 respectively and the group does not have an option to purchase the land upon expiry of the right period.

14 INVESTMENT PROPERTIES

	GROUP	
	2010	2009
	\$'000	\$'000
<u>At fair value</u>		
At beginning of year	1,071	1,112
Gain (Loss) on fair value adjustments included in profit or loss	1	(27)
Exchange difference	21	(14)
	<hr/>	<hr/>
At end of year	1,093	1,071
	<hr/>	<hr/>

Investment properties of the group consist of freehold land and factory building and a leasehold land located in Tebrau, Johor Bahru. The land and building of the Malaysia joint venture were carried at valuation on April 13, 2010 (2009: November 23, 2009) by Messrs. Henry Butcher Malaysia (Johor) Sdn. Bhd., an independent firm of professional valuers. The valuation was arrived at by reference to market evidence of transaction prices of similar properties.

Investment properties are leased to outside parties. Rental income from the group's investment property all of which are leased out under operating leases, amounted to \$146,000 (2009: \$141,000). Maintenance charges arising from the rental-generating properties amounted to \$4,000 (2009: \$9,000).

Notes to Financial Statements

December 31, 2010

15 INTANGIBLE ASSETS

	Country club memberships \$'000	GROUP Approved replicator rights \$'000	Total \$'000	COMPANY Country club memberships \$'000	Total \$'000
Costs:					
At January 1, 2009	341	1,062	1,403	341	341
Currency realignment	-	280	280	-	-
At December 31, 2009 and 2010	341	1,342	1,683	341	341
Amortisation:					
At January 1, 2009	207	712	919	207	207
Currency realignment	-	232	232	-	-
Amortisation for the year	10	242	252	10	10
At December 31, 2009	217	1,186	1,403	217	217
Amortisation for the year	10	-	10	10	10
At December 31, 2010	227	1,186	1,413	227	227
Impairment loss:					
At January 1, 2009	-	-	-	-	-
Charge for the year	-	156	156	-	-
At December 31, 2009 and 2010	-	156	156	-	-
Carrying amount:					
At December 31, 2010	114	-	114	114	114
At December 31, 2009	124	-	124	124	124

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 is amortised over 5 years commencing in 2006.

The group tests intangible assets annually for impairment, or more frequently if there are indications that the intangible assets might be impaired. An impairment test was performed in the previous year for the replicator rights and the discounted cash flow was lower than the carrying value. Hence management recorded a \$156,000 impairment charge in 2009, which was included in the amortisation expense in 2009.

Notes to Financial Statements

December 31, 2010

16 GOODWILL

	GROUP	
	2010	2009
	\$'000	\$'000
Cost:		
At beginning of year/At end of year	8,044	8,044
Impairment:		
At beginning of year/At end of year	(1,353)	(1,353)
Carrying amount:		
At December 31	6,691	6,691

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

	2010	2009
	\$'000	\$'000
<u>Business segment</u>		
Non-print	6,691	6,691

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

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

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

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

The growth rate is projected at 5% per annum for the next five years (2009: 5% per annum for the next five years). The net recoverable amount is estimated to exceed the carrying amount as at December 31, 2010 and therefore, no impairment loss has been recorded.

The rate used to discount the forecast cash flows is 10% (2009: 10%).

Notes to Financial Statements

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17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Outside parties (trade)	13,513	11,581	158	101
Joint venture (Note 10)(Trade)	1	205	–	1
Subsidiaries (Note 11)(non-trade)	–	–	5,578	5,470
Accrued operating expenses	13,418	10,414	3,292	3,133
	<u>26,932</u>	<u>22,200</u>	<u>9,028</u>	<u>8,705</u>

The average credit period on purchases of goods is 60 to 90 days (2009: 60 to 90 days). No interest is charged on the trade payables on the outstanding balance.

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

The group and company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
United States dollars	2,868	1,125	–	–
Singapore dollars	402	414	–	–
Hong Kong dollars	366	413	–	–
	<u>3,636</u>	<u>1,952</u>	<u>–</u>	<u>–</u>

Notes to Financial Statements

December 31, 2010

18 FINANCE LEASES

	GROUP AND COMPANY			
	Minimum lease payments		Present value of minimum lease payments	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Amounts payable under finance leases:				
Within 1 year	3	42	3	37
In the second to fifth year inclusive	–	4	–	3
	3	46	3	40
Less: Future finance charges	–	(6)	–	–
Present value of lease obligations	3	40	3	40
Less: Amount due for settlement within 12 months (shown under current liabilities)			(3)	(37)
Amount due for settlement after 12 months			–	3

Certain of the group's plant and equipment are acquired through finance leases. The lease term is 5 years. For the year ended December 31, 2010, the average effective borrowing rate was 5.843% (2009: 5.843%) per annum. Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the group's lease obligations approximate their carrying amounts.

The group's obligations under finance leases are secured by the lessors' title to the leased assets.

19 BANK LOAN

The bank loan bears interest at fixed rates ranging from 6.3% to 7.5% (2009: 7.4% to 7.5%) per annum, secured by a negative pledge on all the assets of a subsidiary of the joint venture (Note 10) and is guaranteed by a related company.

Notes to Financial Statements

December 31, 2010

20 DEFERRED TAX LIABILITIES

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

GROUP

	Accelerated tax depreciation \$'000	Other temporary differences \$'000	Tax losses \$'000	Total \$'000
At January 1, 2009	1,862	(174)	(515)	1,173
Credit to profit or loss for the year (Note 27)	175	54	(139)	90
Effect of change in tax rate	(78)	-	-	(78)
Exchange differences	(57)	3	17	(37)
At December 31, 2009	1,902	(117)	(637)	1,148
Credit to profit or loss for the year (Note 27)	(22)	64	537	579
Effect of change in tax rate	(14)	5	-	(9)
Exchange differences	(16)	3	17	4
At December 31, 2010	1,850	(45)	(83)	1,722

COMPANY

Deferred Tax Liabilities

	Accelerated tax depreciation \$'000
At January 1, 2009, December 31, 2009 and 2010	135

Certain deferred tax assets and liabilities have been offset in accordance with the group and company's accounting policy. The following is the analysis of the components of the net deferred tax liability in the statement of financial position:

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred tax liabilities	1,850	1,928	135	135
Deferred tax assets	(128)	(780)	-	-
	1,722	1,148	135	135

Notes to Financial Statements

December 31, 2010

21 SHARE CAPITAL

	GROUP AND COMPANY			
	2010	2009	2010	2009
	Number of ordinary shares	Number of ordinary shares	Amount	Amount
	'000	'000	\$'000	\$'000
Issued and paid up:				
At beginning and end of financial 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.

22 REVENUE

	GROUP	
	2010	2009
	\$'000	\$'000
Sales of goods	114,146	113,791
Service income	38,455	31,393
Scrap sales	1,238	780
Management and consultancy services	125	63
Dividend income	37	-
Rental income	360	344
Total	154,361	146,371

23 OTHER INCOME

	GROUP	
	2010	2009
	\$'000	\$'000
Gain on disposal of property, plant and equipment	-	264
Net interest income on bank deposits	135	87
Gain on disposal of available-for-sale investment	44	-
Government grant	95	-
Others (a)	202	28
Total	476	379

(a) This includes net interest income of \$138,000 (2009: \$Nil) on refund of tax from Tax Service Office of Indonesia.

Notes to Financial Statements

December 31, 2010

24 EMPLOYEE BENEFITS EXPENSE

	GROUP	
	2010	2009
	\$'000	\$'000
(a) Cost of defined contribution plan included in employee benefits expense	2,540	2,378

The employees of Teckwah Industrial Corporation Ltd and its subsidiaries that are located in Singapore, Malaysia and People's Republic of China are members of state-managed retirement benefit plans operated by the government of the respective countries. The company and the subsidiaries are required to contribute a specified percentage of payroll costs to these retirement benefit schemes to fund benefits. The only obligation of the group with respect to these retirement benefit plans is to make the specified contributions.

The employee benefit expense includes a share of the employee benefit expenses of the joint venture through proportionate consolidation.

(b) Compensation of Directors and Key Management Personnel

The remuneration of directors and other members of key management during the year was as follows:

	GROUP	
	2010	2009
	\$'000	\$'000
Short-term benefits	4,102	4,168
Post-employment benefits	99	97
	4,201	4,265

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

(c) Share-based Payments

There are no outstanding share options and share options granted in 2009 and 2010.

Notes to Financial Statements

December 31, 2010

25 FINANCE COSTS

	GROUP	
	2010	2009
	\$'000	\$'000
Interest expense on:		
Bank borrowings	24	50
Finance leases	12	21
	<hr/>	<hr/>
Total	36	71
	<hr/>	<hr/>

26 PROFIT BEFORE TAX

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

	GROUP	
	2010	2009
	\$'000	\$'000
Directors' remuneration:		
– of the company	2,237	2,050
– of the subsidiaries	690	607
	<hr/>	<hr/>
Total directors' remuneration	2,927	2,657
	<hr/>	<hr/>
Directors' fees:		
– directors of the company	160	128
	<hr/>	<hr/>
Non-audit fees for:		
– auditors of the company	56	29
– other auditors	190	187
Net foreign exchange losses (gains)	821	(137)
Reversal of allowance for inventories	(12)	(333)
(Write-back of) Allowance for doubtful trade debts	(63)	74
Impairment loss on property, plant and equipment	–	21
	<hr/>	<hr/>
Depreciation, amortisation and impairment:		
Depreciation of property, plant and equipment	5,093	4,995
Amortisation of land use rights	19	20
Amortisation of intangible assets	10	408
Impairment loss on property, plant and equipment	60	–
	<hr/>	<hr/>
Total depreciation, amortisation and impairment	5,182	5,423
	<hr/>	<hr/>
Loss (Gain) on disposal of property, plant and equipment	31	(264)
Cost of inventories recognised as an expense	56,918	56,833
	<hr/>	<hr/>

Notes to Financial Statements

December 31, 2010

27 INCOME TAX EXPENSE

	GROUP	
	2010	2009
	\$'000	\$'000
Current	2,913	2,873
Deferred (Note 20)	49	66
Under (Over) provision in prior years:		
Current tax	(914)	181
Deferred (Note 20)	530	24
Effect of change in tax rate	(9)	(78)
	<hr/>	<hr/>
Income tax expense for the year	2,569	3,066

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

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

	GROUP			
	2010		2009	
	\$'000	%	\$'000	%
Tax at the domestic income tax rate of 17%	2,563	17.0	2,620	17.0
Tax effect of expenses that are not deductible in determining taxable profit	324	2.2	371	2.4
Tax-exempt income	(124)	(0.8)	(230)	(1.5)
Effect of different tax rates of subsidiaries operating in other jurisdiction	353	2.3	302	2.0
Tax effect of utilisation of unabsorbed reinvestment allowance	(122)	(0.8)	-	-
Deferred tax benefits not recognised	25	0.2	126	0.8
Tax effect of utilisation of deferred tax benefits not previously recognised	(166)	(1.1)	(309)	(2.0)
Effect on deferred tax balances due to the change in income tax rate	(9)	(0.1)	(78)	(0.5)
Under (Over) provision in prior years	(384)	(2.5)	205	1.4
Others	109	0.7	59	0.3
	<hr/>		<hr/>	
Total income tax expense	2,569	17.1	3,066	19.9

In accordance with the tax legislations in the People's Republic of China ("PRC") applicable to foreign investment enterprise, certain subsidiaries in the PRC are entitled to exemptions from PRC income tax for two years commencing from their first profit-making year of operations, after offsetting all unused tax losses carried forward from the previous years, and thereafter, entitled to a 50% relief from PRC income tax for the next three years up to December 2011/2012.

Notes to Financial Statements

December 31, 2010

27 INCOME TAX EXPENSE (Cont'd)

Certain subsidiary companies of the joint venture (Notes 10 and 11) were granted tax incentives in the form of investment tax allowance under the Promotion of Investment Act, 1986 (as amended) and reinvestment allowance under the Income Tax Act, 1967 of Malaysia. As of December 31, 2010, certain subsidiaries of the joint venture have tax exempt income amounting to approximately \$6,495,000 (RM15,358,000) [2009: \$5,395,000 (RM13,167,000)] arising from tax payable on chargeable income waived in 1999 in accordance with the Income Tax Act, 1999 (as amended), investment tax allowances and reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967. This tax exempt income which is subject to approval by the Malaysian tax authorities, is available for the distribution of tax-exempt dividends to the shareholders of the subsidiaries.

As of December 31, 2010, the joint venture has tax-exempt income amounting to about \$1,003,000 (RM2,400,000) [2009: \$983,000 (RM2,400,000)] arising from tax-exempt dividends receivable from one of its subsidiary.

As of December 31, 2010, a subsidiary of the joint venture has unutilised reinvestment allowances of about \$3,936,000 (RM9,417,000) [2009: \$4,809,321 (RM11,740,000)] which if agreed with the tax authorities, are available for offset against future taxable income of the subsidiary.

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	
	2010	2009
	\$'000	\$'000
<u>Tax losses</u>		
At beginning of financial year	3,341	3,577
Prior year adjustment	(1,855)	208
Arising in current financial year	363	464
Utilised in current financial year	(657)	(809)
Currency realignment	(61)	(99)
	1,131	3,341
<u>Temporary differences</u>		
At beginning of financial year	2,471	2,442
Prior year adjustment	(68)	52
Arising in current financial year	-	8
Utilised in current financial year	(491)	-
Currency realignment	56	(31)
	1,968	2,471
Deferred tax benefit on above, unrecorded	778	1,466

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

Notes to Financial Statements

December 31, 2010

28 DIVIDENDS

	GROUP and COMPANY	
	2010	2009
	\$'000	\$'000
(a) Dividends paid during the year were as follows:		
(i) Final dividends of 2.00 cents (2009: 0.80 cents) per share in respect of the preceding year	4,671	1,868
(ii) Interim dividends of 1.00 cents (2009: 0.80 cents) per share in respect of the current year	2,335	1,868
	7,006	3,736
 (b) Proposed dividends comprise:		
Proposed final dividends of 1.00 cents (2009: 2.00 cents) per share	2,335	4,671
	2,335	4,671

The proposed dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as liabilities in the statement of financial position.

29 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	
	2010	2009
	\$'000	\$'000
<u>Earnings</u>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the company)	12,430	12,185
	12,430	12,185
 <u>Number of Shares</u>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	233,550	233,550
	233,550	233,550

Notes to Financial Statements

December 31, 2010

30 COMMITMENTS

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(i) Guarantees given to banks in respect of credit facilities and finance lease obligations of subsidiaries (unsecured)	-	-	34,772	39,493

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

	GROUP		COMPANY	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(ii) Estimated amounts committed for acquisition of property, plant and equipment	6,483	77	-	-

31 OPERATING LEASE ARRANGEMENTS

	GROUP	
	2010 \$'000	2009 \$'000
Minimum lease payments paid under operating leases recognised as an expense	10,025	9,441

At December 31, 2010, the commitments in respect of operating leases with a term of more than one year were as follows:

	GROUP	
	2010 \$'000	2009 \$'000
Within 1 year	3,949	2,453
In the second to fifth year inclusive	3,615	2,246
Total excluding the commitments stated in the following paragraphs	7,564	4,699

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

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

The company has the option to renew both leases for an additional 5 years at rates to be agreed with the landlord.

Notes to Financial Statements

December 31, 2010

32 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 logistic, return, refurbishment and remarketing services for computer equipment;
- iii) Services which includes property management and others.

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

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

Segment Revenues and Results

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

	Print \$'000	Non-print \$'000	Services \$'000	Elimination \$'000	Total \$'000
2010					
<u>Revenue</u>					
External sales	114,302	39,683	376	-	154,361
Inter-segment sales	6,802	3,002	12,382	(22,186)	-
Total income	121,104	42,685	12,758	(22,186)	154,361
<u>Result</u>					
Segment result	9,489	7,975	(2,826)	-	14,638
Interest income					135
Other income					341
Profit from operations					15,114
Finance costs					(36)
Profit before income tax					15,078
Income tax					(2,569)
Profit after income tax					12,509
<u>Other Segment Information</u>					
Additions to non-current assets	2,515	531	107	-	3,153
Depreciation and amortisation	4,270	327	525	-	5,122
Impairment loss recognised in respect of property, plant and equipment	-	60	-	-	60

Notes to Financial Statements

December 31, 2010

32 SEGMENT INFORMATION (Cont'd)**Segment Revenues and Results (Cont'd)**

	Print \$'000	Non-print \$'000	Services \$'000	Elimination \$'000	Total \$'000
2009					
<u>Revenue</u>					
External sales	113,610	32,497	264	–	146,371
Inter-segment sales	6,778	1,162	12,175	(20,115)	–
Total income	120,388	33,659	12,439	(20,115)	146,371
<u>Result</u>					
Segment result	11,883	6,078	(2,837)	–	15,124
Interest income					87
Other income					271
Profit from operations					15,482
Finance costs					(71)
Profit before income tax					15,411
Income tax					(3,066)
Profit after income tax					12,345
<u>Other segment information</u>					
Additions to non-current assets	5,736	56	84	–	5,876
Depreciation and amortisation	4,376	321	570	–	5,267
Impairment loss recognised in respect of property, plant and equipment and intangible assets	156	21	–	–	177

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of share of profits of associates, investment revenue and finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes to Financial Statements

December 31, 2010

32 SEGMENT INFORMATION (Cont'd)

Segment Assets and Liabilities

	Print \$'000	Non-print \$'000	Services \$'000	Elimination \$'000	Total \$'000
2010					
Segment assets/Consolidated total assets	83,194	33,730	14,835	–	131,759
<u>Liabilities</u>					
Segment liabilities	14,447	9,010	3,475	–	26,932
Unallocated liabilities					5,088
Consolidated total liabilities					32,020
2009					
<u>Consolidated total assets</u>					
Segment assets/Consolidated total assets	79,427	25,801	16,994	–	122,222
<u>Liabilities</u>					
Segment liabilities	14,535	4,392	3,272	–	22,199
Unallocated liabilities					4,642
Consolidated total liabilities					26,841

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

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

Revenues from Major Products and Services

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

Notes to Financial Statements

December 31, 2010

32 SEGMENT INFORMATION (Cont'd)

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 by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Singapore	90,857	86,569	17,795	18,516
People's Republic of China	36,549	36,781	9,084	10,668
Indonesia	9,862	8,019	2,594	3,171
Malaysia	8,714	5,009	3,443	3,766
Thailand	334	419	5	14
Japan	2,209	2,264	103	110
Australia	4,824	6,254	456	401
India	42	106	11	–
Taiwan	970	950	26	25
	<hr/>	<hr/>	<hr/>	<hr/>
	154,361	146,371	33,517	36,671

Information About Major Customers

In 2010, the non-print segment has one customer whose revenue contribution exceeds ten percent of the group's total revenue.

In 2009, both the print and non-print segment have one customer each whose revenue exceeds ten percent of the group's revenue.

33 EVENTS AFTER THE REPORTING PERIOD

Subsequent to end of financial year, the group subscribed for additional 4,999,998 ordinary shares at RM1.00 each in the capital of its wholly-owned subsidiary, Teckwah PharmaPack Solutions Sdn. Bhd, for cash for a total consideration of RM4,999,998.

Statistics of Shareholdings

As at March 7, 2011

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 as at 7 March 2011

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	4	0.12	1,109	0.00
1,000 – 10,000	2,350	67.51	9,366,248	4.01
10,001 – 1,000,000	1,106	31.77	70,959,975	30.38
1,000,001 and above	21	0.60	153,222,916	65.61
Total	3,481	100.00	233,550,248	100.00

Twenty One Largest Shareholders as at 7 March 2011

Name of Shareholder	No. of Shares	% of Shares
1 Chua Seng Tek Holdings Pte Ltd	51,911,980	22.23
2 Lee Kay Huan Holdings Pte Ltd	26,216,900	11.23
3 DBS Nominees Pte Ltd	20,843,000	8.92
4 Airjet Auto-Care Pte Ltd	19,875,000	8.51
5 OCBC Securities Private Ltd	4,025,000	1.72
6 CIMB Securities (Singapore) Pte Ltd	3,895,000	1.67
7 Citibank Nominees Singapore Pte Ltd	3,719,000	1.59
8 Kim Eng Securities Pte Ltd	3,008,000	1.29
9 Phillip Securities Pte Ltd	2,826,000	1.21
10 Chua Kee Seng	1,900,000	0.81
11 UOB Kay Hian Pte Ltd	1,877,000	0.80
12 Ong Wei Jen	1,770,000	0.76
13 United Overseas Bank Nominees (Private) Limited	1,736,000	0.74
14 Rockville Holdings Pte Ltd	1,608,000	0.69
15 Seet Christina	1,471,000	0.63
16 Chua Kuan Lim Charles	1,265,000	0.54
17 Goh Bong Chee	1,082,400	0.46
18 Goh Kim Seng	1,048,436	0.45
19 Goh Geok Khim	1,048,400	0.45
20 Goh Kim Soon	1,048,400	0.45
21 Goh Poh Choo	1,048,400	0.45
Total:	153,222,916	65.60

The percentage of shareholding held in the hands of the public is approximately 48.51% 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 complied with.

Statistics of Shareholdings

As at March 7, 2011

Substantial Shareholders as at March 7, 2011
as recorded in the Company's Register of Substantial Shareholders

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%*	No. of Shares	%*
Chua Seng Tek Holdings Pte Ltd ¹	51,911,980	22.23	17,900,000	7.66
Lee Kay Huan Holdings Pte Ltd ²	26,216,900	11.23	–	–
Airjet Auto-Care Pte Ltd ³	19,000,000	8.14	–	–

Notes:

- 1) Chua Seng Tek Holdings Pte Ltd is deemed to have an interest in the 17,900,000 shares held by DBS Nominees Pte Ltd.
- 2) 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.
- 3) Ho Bee Holdings Pte Ltd, Mdm Ng Noi Hinoy and Mr Chua Thian Poh are deemed to have an interest in the 19,000,000 shares which Airjet Auto-Care 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 7 March 2011.

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 25 Pandan Crescent #05-15 TIC Tech Centre Singapore 128477 on Wednesday, April 20, 2011 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended December 31, 2010 and the Auditor's Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax-exempt dividend of 1 cent per ordinary share in respect of the year ended December 31, 2010. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:–
 - (i) Ms Mai Ah Ngo **(Resolution 3)**
 - (ii) Mr John Lim Hwee Chiang [See Explanatory Note (a)] **(Resolution 4)**
4. To re-appoint Deloitte & Touche LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. To approve the proposed Directors' fees of \$160,000 for the year ended December 31, 2010. (2009: \$128,000) **(Resolution 6)**
6. To transact any other business of the Company which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

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

7. (a) That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company:–
 - (i) to issue shares in the capital of the Company whether by way of bonus issue, rights issue or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

Notice of Annual General Meeting and Notice of Books Closure Date

- (b) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares of the Company (excluding treasury shares) as at the time of the passing of this Resolution after adjusting for:
- (i) new shares arising from the conversion or exercise of convertible securities which were issued pursuant to previous shareholders' approval, and which are outstanding as at the date of the passing of this Resolution;
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of the shares; and
- (c) such authority to continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, unless previously revoked or varied at a general meeting of the Company. [see Explanatory Note (b)]

(Resolution 7)

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on May 6, 2011 for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 8 Cross Street #11-00 PWC Building Singapore 048424, up to the close of business at 5.00 p.m. on May 5, 2011 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 20, 2011 to shareholders registered in the books of the Company on May 6, 2011.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

By Order of the Board

Lo Swee Oi
Company Secretary
April 4, 2011
Singapore

Explanatory Notes:

- (a) Mr John Lim Hwee Chiang, if re-elected, will remain as a Member of the Audit Committee and the Nominating Committee and as Chairman of the Remuneration Committee. Mr John Lim is considered an Independent Director for purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Full particulars on Mr John Lim are set out on page 19 of the Annual Report.
- (b) The proposed ordinary resolution 7 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.

Notice of Annual General Meeting and Notice of Books Closure Date

Notes to Proxy Form:

- (i) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, 25 Pandan Crescent #05-15 TIC Tech Centre Singapore 128477 not less than 48 hours before the meeting.
- (iii) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- (iv) In the case of joint shareholders, all holders must sign the form of proxy.

TECKWAH INDUSTRIAL CORPORATION LTD

Company Registration No. 197201105E
(Incorporated in the Republic of Singapore)

Important

1. For investors who have used their CPF monies to buy Teckwah shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the time frame specified. (Agent Banks: Please see Note 8 on required format) Any voting instructions must also be submitted to their Agent Banks within the time frame specified to enable them to vote on the CPF investor's behalf.

Proxy Form

I/We _____ (Name)

of _____ (Address)

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

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

and/or (delete as appropriate)

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

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Wednesday, April 20, 2011 at 9.30 a.m. and at any adjournment thereof.

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

No.	Resolutions	For	Against
1.	Adoption of Directors' Reports and Audited Financial Statements		
2.	Declaration of a final one-tier tax-exempt dividend		
3.	Re-election of Ms Mai Ah Ngo		
4.	Re-election of Mr John Lim Hwee Chiang		
5.	Re-appointment of Auditors		
6.	Approval of Directors' Fees		
7.	Authority to issue additional shares pursuant to Section 161 of the Companies Act, Cap. 50.		

Dated this _____ day of _____ 2011.

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

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 25 Pandan Crescent #05-15 TIC Tech Centre Singapore 128477 not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. Agent Banks acting on the request of CPF Investors who wish to attend the Meeting as observers are requested to submit in writing, a list of details of the Investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for the Meeting.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

teckwah group®

Teckwah Industrial Corporation Ltd

(Company Registration Number: 197201105E)

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2006 Winner