Mewah

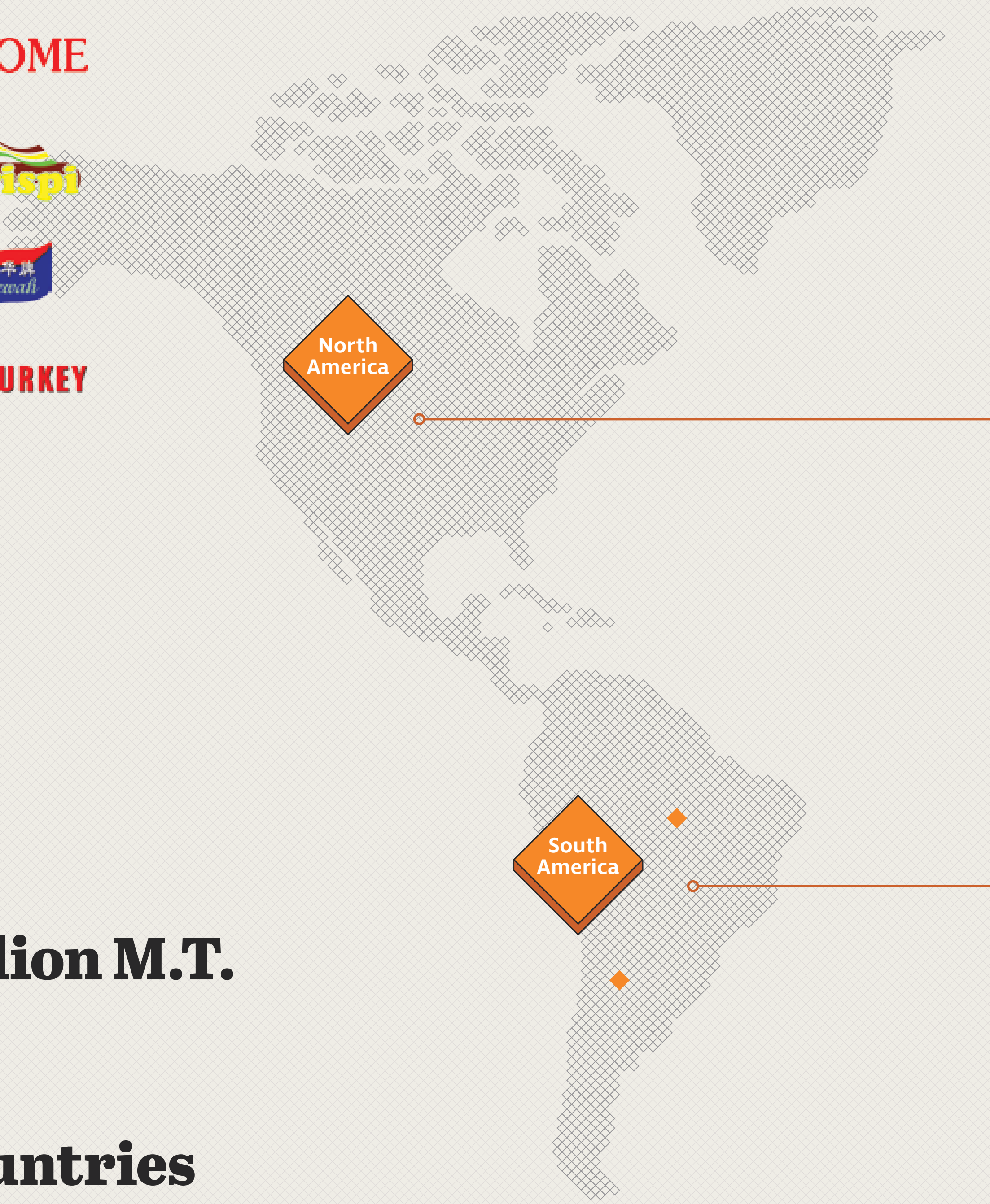
Creating Synergy Delivering Value

Mewah International Inc. Annual Report 2016

Mewah International Inc.

We are a global agri-business focused on edible oils and fats with refineries and processing facilities in Malaysia and Singapore, established brands and sales to customers in over 100 countries.

We are strategically positioning ourselves to become a global consumer products business by expanding range of consumer products, offering specialised applications and customer solutions while consolidating our position in oils and fats business.



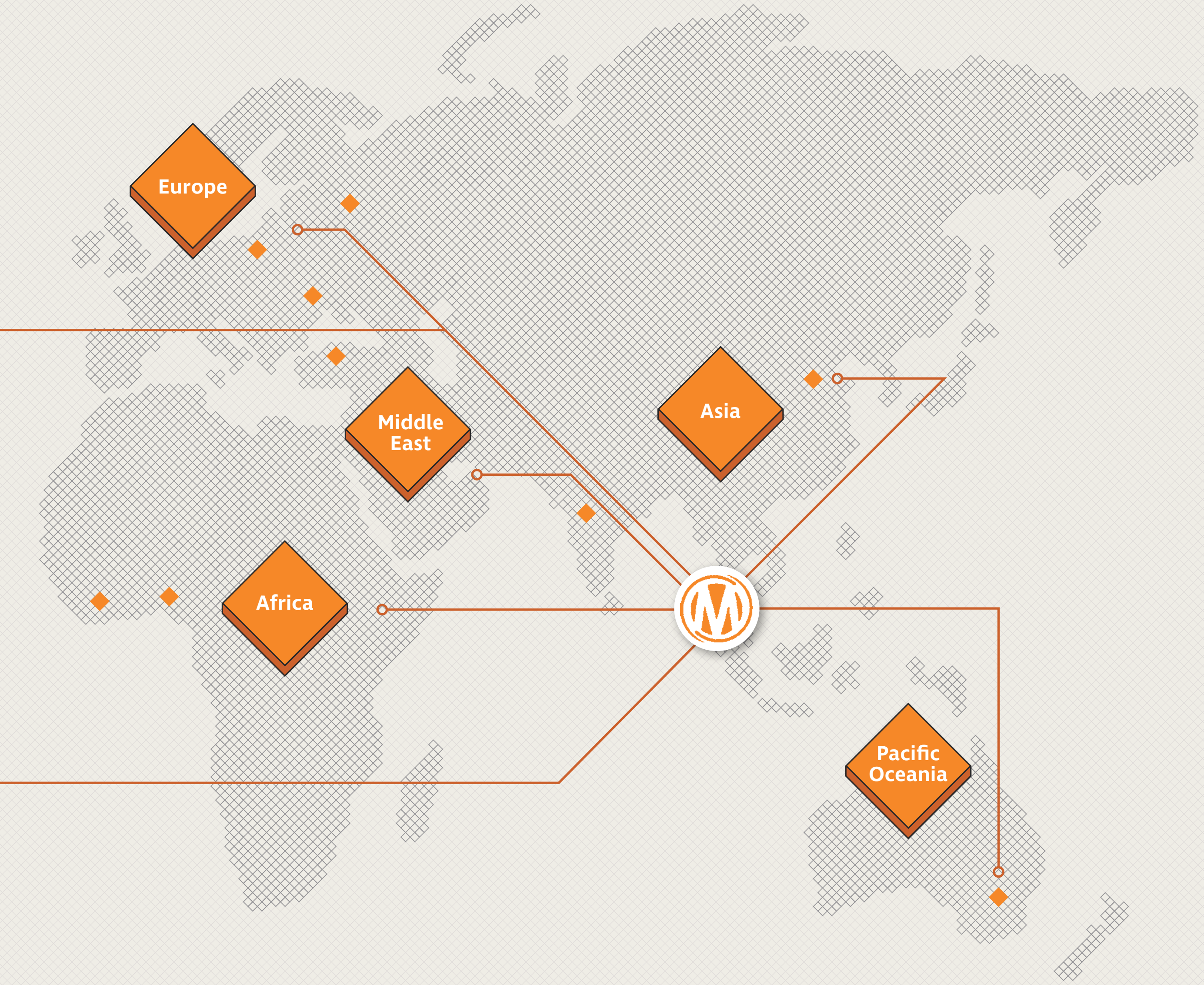
Sales volume of

4.2 million M.T.

Sales in over

100 countries

Contents



Corporate Profile

Our operations are integrated throughout the value chain of Palm oil and fats from sourcing of raw materials, refining, processing, packing, branding to marketing and distributing to end customers under our own brands.

Mewah Group is an integrated agri-business focused on edible oils and fats. One of the largest palm oil processors in the world by capacity, Mewah produces a wide range of refined and fractionated vegetable oils and fats principally from palm oil. It also produces oils and fats from lauric oils, such as palm kernel oil and coconut oil; and from soft oils, such as soybean oil, canola oil, sunflower seed oil and corn oil. Featuring integrated operations throughout the edible oils and fats value chain, from sourcing and processing of raw materials to packing, branding, merchandising, shipping and distribution of the products, Mewah's products are sold to customers in more than 100 countries, duly supported by its wide range of brands including long established and well recognized Oki and Moi brands.

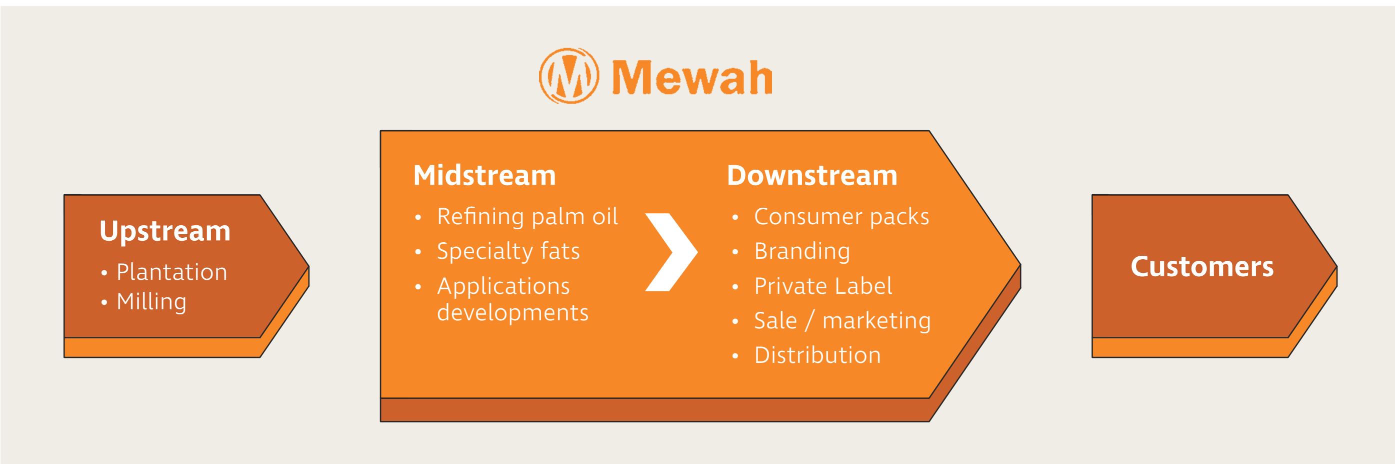
Mewah has been in operation since the 1950s. Since then it has established packing operations importing RBD palm oil and RBD palm olein from refineries in Johor, Malaysia, repacking them in the facilities in Singapore and distributing them first in Singapore and later, globally. In 1987, Mewah commenced refining crude palm oil in its first refinery in Selangor, Malaysia with a production capacity of 400 MT a day or approximately 140,000 MT annually.

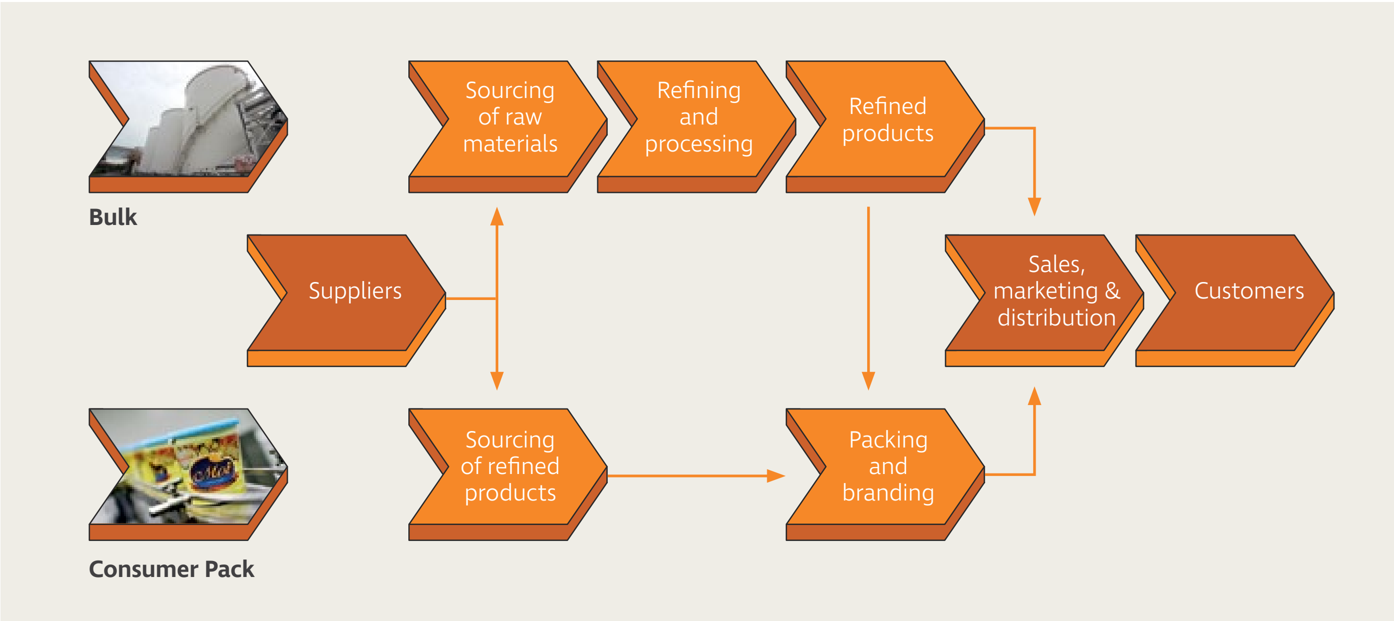
Today, Mewah has grown to be one of the largest edible oils and fats businesses with a current total refining capacity of 10,000 MT a day or 3.5 million MT annually. Mewah currently has four refineries and processing plants, two packing plants, a biodiesel plant and a dairy manufacturing facility in Malaysia and one packing plant in Singapore.

Mewah strives to be a global consumer products business by expanding range of consumer products, offering specialised applications and customer solutions, consolidating its position in oils and fats business while broadening and deepening its marketing and distribution network.

To support its strategic vision and growth plans, after remaining privately controlled business for over 50 years, Mewah got listed on the mainboard of the Singapore Exchange Securities Trading Limited in 2010. Since going public, Mewah has invested in a new palm-oil refinery, a palm-oil based dairy manufacturing facility and a biodiesel plant in Malaysia. It has also added rice, dairy, palm-based soap and detergents to its product portfolio.

The addition of rice and dairy products to our product portfolio has helped Mewah to offer wider range of consumer products to its existing and new customers who import and distribute various end products in the destination markets. The addition of new products under its own brands not only opens up new opportunities for Mewah but also provides significant synergies to its existing business.





BUSINESS SEGMENTS

The Group's business consists of two business segments namely the Bulk segment and Consumer Pack segment.

BULK SEGMENT

Our bulk segment produces and sells vegetable-based edible oil and fat products in bulk. These products are refined and fractionated from palm oil, lauric oils, and soft oils. The main bulk edible oils and fats we produce are RBD palm oil, RBD palm olein and RBD palm stearin. RBD palm oil is a major component used in the manufacturing of margarines and shortenings and is also used for frying. RBD palm olein is mainly used as cooking oil and in industrial applications for processed foods such as fries and chips. RBD palm stearin is used mainly to manufacture margarine, shortenings, soaps and detergents.

We also produce specialty fats and oils in bulk form. We sell our specialty fats and oils in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items.

We source the raw materials for our bulk edible oils and fats division, primarily palm oil as well as lauric oils and soft oils, mainly from suppliers in Malaysia where our manufacturing operations are located, or from Indonesia and South America. Our bulk edible oil products are sold to refiners, processors, wholesalers and retailers in the food, animal feed and oleochemicals industries.

CONSUMER PACK SEGMENT

Our consumer pack products division produces vegetable-based edible oil and fat products, including specialty fats, in the form of consumer packs and sells under our own brands such as Oki and Moi, and under the brands of third parties, primarily to importers and distributors at destination markets who in turn sell to supermarkets and retailers for sale to households and other consumers. Our specialty fats and confectionary oils are sold primarily to distributors, and factories involved in the production of confectionery, bakery products and other food items. We have recently added rice and dairy products in our portfolio, to be sold in consumer pack form, under our own house brands.

The raw materials for our consumer pack products are primarily palm, lauric and soft oils that are sourced in bulk, together with the raw materials for the rest of our business divisions mainly from suppliers located in Malaysia. Our consumer pack products are produced at our Westport and Pasir Gudang refineries in Malaysia and at our packing plants in Malaysia and Singapore.

We manufacture our own packaging for our consumer pack products at our packing plants in Malaysia as well as purchase from third parties.

Our consumer pack products are marketed and sold by our sales offices located in Singapore, Malaysia, Australia, China, India, Europe, Russia and West Africa to customers in more than 100 countries around the world.

Our buyers, importers and distributors of oils and fats have been having long lasting relationship with us. Recent addition of rice and palm oil based dairy products to our portfolio not only adds new stream of income but also helps us to serve our existing customers better as they normally deal in a basket of commodities.

MANUFACTURING OPERATIONS

With current refining capacity of 3.5 million MT per annum, we are one of the largest palm oil processors in the world. The large size of our plants enables us to achieve economies of scale as we are able to spread capital expenditures and fixed costs over a large volume of products produced and lower our cost of production per MT at each plant.

We currently have four refineries in Malaysia, two packing plants in Malaysia and one packing plant in Singapore. Our refineries in Westport, Pasir Gudang and Sabah are situated near to ports that are located along major shipping routes and have pumping facilities that allow us to receive CPO supplies from and deliver our bulk products to sea-calling vessels directly. We have also recently invested in a palm-oil based dairy manufacturing facility and a biodiesel plant in Westport, Malaysia.

Our plant at Semenyih is strategically located inland near many of our local customers. All our refineries and packing plants are strategically located to easy access of raw materials and distribution facilities which reduces the time to market our products at lower costs.

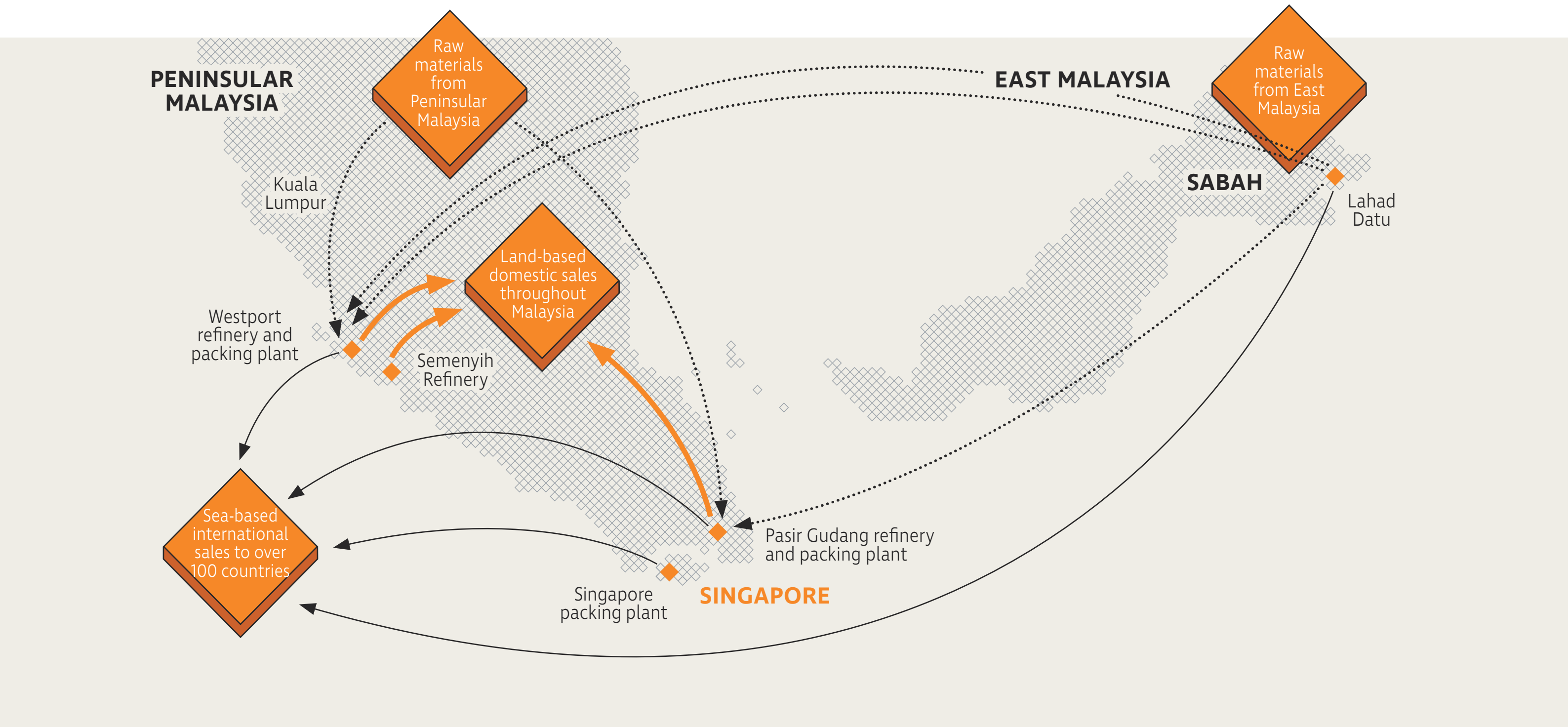
Apart from the refining of CPO and CPKO (Crude Palm Kernel Oil), our facilities in Malaysia are also able to carry out numerous other functions, such as fractionation and hydrogenation, neutralising, winterizing and texturising, which allow us to produce a variety of products and customise products to suit our customers' need. With high capacity utilisation, our refineries are one of the most efficiently run refineries in the world. Most of our refineries and processing facilities are ISO certified to provide assurance to our customers that our quality management systems meet specific standards. We have also received various other accreditations and certifications, such as Halal and HACCP certifications, which allow our products to be sold in diversified markets and broader range of customers.

MERCHANDISING AND GLOBAL DISTRIBUTION CAPABILITIES

We sell and distribute our bulk and consumer pack products to customers in more than 100 countries in Asia Pacific, the Indian sub-continent, Middle East, Africa and Europe through a well-established global sales and distribution network. We distribute our products through our own distribution network of sales and marketing offices in Singapore, Malaysia, Australia, China, India, Europe, USA, Russia and West Africa. In addition, we employ a multi-cultural marketing team which gives us competitive advantage in accessing and understanding the respective local markets. Aside from the high and consistent quality of our products which plays a fundamental role in our merchandising and distribution network, we are also able to develop products to meet our customers' specifications and assist them in designing, packaging and branding of products under their respective brands. This has allowed us to forge strong relationship with our key customers from around the world, many of them are well-known large companies, in addition to our timely and reliable supplies of edible oil and fat to meet their needs.

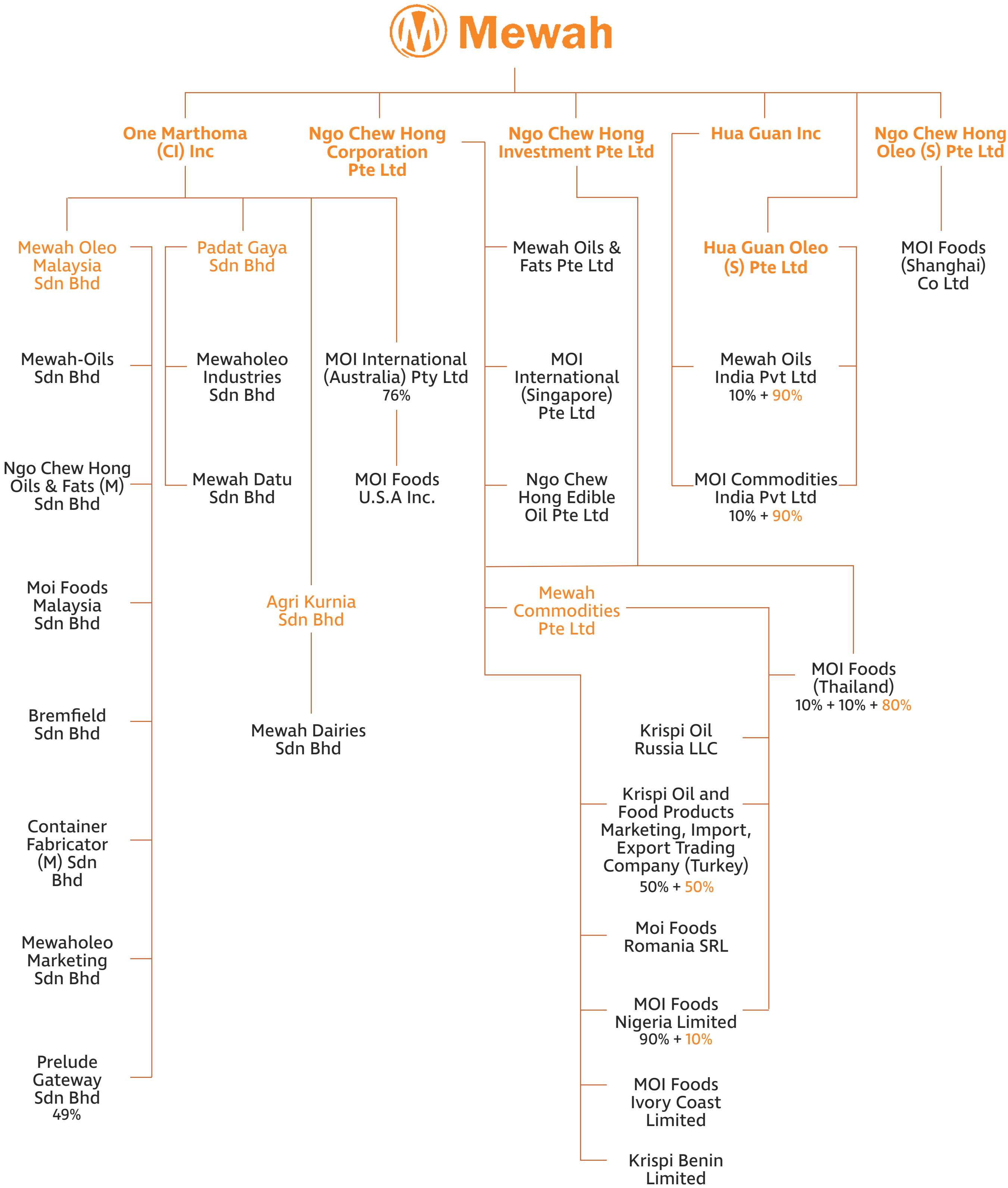
CONSUMER BRANDS

We have a wide range of consumer pack products marketed under our house brands, such as 'Oki', 'Mona', 'Moi', 'Krispi', 'Deli', 'Turkey', 'Cabbage', 'Mewah' and 'Fry-ola', we believe many of them are established and well-recognised names. Our 'Oki' and 'Moi' brands are some of the leading brands of edible oils in Africa. Our consumer pack products are available in countries in the Asia Pacific, the Indian sub-continent, Middle East, Africa and Europe. Following more than 50 years experience in establishing and promoting our brands, we have developed and acquired in-depth knowledge of the types of products, packaging, pricing and display that will appeal to consumers of our targeted markets. As such, we are well positioned to take advantage of potentially growing markets for our consumer pack products.



Group Structure

(As at 31 December 2016)



1. Ownerships are held 100% by the respective holding companies, unless stated otherwise.
2. The chart presents only selective companies. For complete list of Group's subsidiaries, please refer to pages 119 to 126.

Chairman's Message

Through leveraging on our network of a diverse and strong supplier base in Malaysia, our large-scale refineries and broad customer base at the destination markets, the Group remains competitively anchored.

2016 proved to be a good year for the Group.

On the back of concerns of the impact of El-Nino drought conditions on the supply of Crude Palm Oil (CPO) in Indonesia and Malaysia, CPO prices surged 20% in the first quarter of 2016. Although the impact of El-Nino eased in the second quarter of the year, the Group continued to have strong demand from destination markets for the Bulk segment. A weaker ringgit also helped to support prices. The tight stock levels further caused the prices for spot and nearby months to command premiums over later deliveries.

Notably, the Group's strategic positioning as a downstream player in the supply chain, operational efficiencies, customer base in over 100 countries and versatility in meeting our customers' requirements put us in an advantageous position to meet the demand coming from Bulk segment customers, bolstering the performance of the Group's Bulk segment.

However, for the Consumer Pack segment, the Group continued to face headwinds due to sluggish economy of the destination markets. As a result, sales volumes for the Consumer Pack segment were impacted. In addition, the Group also had to make allowances for impairment of some trade receivables further affecting the margins of the Consumer Pack segment.

The horizons ahead continue to be beset with challenges. The strong US dollar and the gradual pick up in global demand are expected to keep palm oil prices stable even as production and inventory levels return to a normal range. Through leveraging on our network of a diverse and strong supplier base in Malaysia, our large-scale refineries and broad customer base at the destination markets, the Group remains competitively anchored.

There were some hits and misses during the year but the Group ended the year on a strong note. The resolute support given by the shareholders was pivotal to these achievements. Therefore, the Group proposes a final exempt dividend of 0.55 Singapore cents per ordinary share which along with interim dividend 0.33 Singapore cent, making total dividend of 0.85 Singapore cent per ordinary share for the full year.

We are also grateful to our Board of Directors and employees. Their contributions have been invaluable and their continued passion creates enduring synergies and empowers our value delivery to customers, putting us in a strong position for future growth.

DR CHEO TONG CHOON
Chairman and Executive Director

CEO's Message

The Group has set our sights on sustainable growth. We will continue to expand our range of consumer products and offer specialised applications and customer solutions while consolidating our position in oils and fats business and enlarging our distribution network.

2016 proved to be a good year for the Group. The globally challenging environment was boosted by favourable market conditions. Fully maximising the strong demand and low supply situation for the Bulk segment, the Group posted net profit of US$20.8 million from a low base of US$6.5 million last year.

This result came on the back of a record sales volume of 4,223,000 metric tonne (MT), 8.8% higher than last year. The higher sales volume, coupled with 4.6% higher average selling prices, in turn contributed to a 13.8% increase in revenue to US$3,042.8 million as compared to 2015. Despite the volatility of prices and challenging operational conditions, the Group's strong suppliers' network, operational flexibility and ability to service customers at short notice in case of tight inventory conditions supported by large-scale manufacturing facilities enabled the Group to achieve sound financial performance in 2016.

Higher prices during the year gave rise to positive sentiments among buyers leading to more robust demand and margins. Particularly, the operating margin for the Bulk segment more than doubled from US$13.0 per MT in 2015 to US$31.2 per MT in 2016. In contrast, the Consumer Pack segment was adversely impacted by geopolitical uncertainties and sluggish global economic growth, causing the operating margin to come under pressure during the year, dropping from US$56.4 to US$34.1 per MT.

For the year, the Group's profit before tax increased from US$12.7 million to US$38.7 million. This was mainly attributed to an increase in the operating margin by US$40.2 million which was, however, partially offset by decrease of US$1.4 million in other income and increase of US$12.8 million in other operating expenses.

The Group's balance sheet remained strong with high financial liquidity. As at 31 December 2016, the Group had a healthy debt to equity ratio of 0.46 or net debt to equity ratio of 0.36. In addition, a more efficient inventory turnaround enabled the Group to sustain a short cycle time of 44 days as compared to 68 days last year.

LOOKING AHEAD

The Group has set our sights on sustainable growth. For which, the Group will continue to expand our range of consumer products and offer specialised applications and customer solutions while consolidating our position in oils and fats business and enlarging our distribution network. As we stay focused on our goals, the Group will adopt a proactive strategy to prioritise operational efficiency while leveraging on our competitive position to embrace the opportunities in the otherwise consolidating industry and volatile market.

In the short run, production and inventory levels are expected to stabilise. By making a comparison between the current premiums for spot and nearby months and the lower prices for forward months, the indication is there that the price increase is likely to slow down, albeit strong US dollar and slow recovering global demand might keep the price close to the current range.

Notwithstanding the market conditions, the Group will continue to leverage on our consolidated and strong competitive position to deliver value. We are confident that with the support of our shareholders, employees, customers, suppliers and bankers, we are ready to tackle any challenges and capitalise on any arising opportunities.

MS MICHELLE CHEO
Chief Executive Officer and Executive Director

Board of Directors

EXECUTIVE DIRECTORS

DR CHEO TONG CHOON @ LEE TONG CHOON
Chairman of Board of Directors

Appointed as Director on 29 October 2010
Last re-elected on 28 April 2015
- Member of Board of Directors
- Member of Nominating Committee

As the Chairman of the Board, Dr Cheo Tong Choon @ Lee Tong Choon is responsible for leading the Board, facilitating effective contribution from non-executive directors, effective communication with shareholders and promoting high standards of corporate governance. He is responsible for setting the strategic direction of our Group. Dr Cheo has been leading the Group for the past three decades. Under his direction, our Group has expanded into refining, manufacturing and trading of palm oil and related products. Dr Cheo also oversaw the expansion of the Group into new businesses including biodiesel, rice, dairy and soap.

Dr Cheo obtained a Doctor of Medicine (MD) degree from the University of Saskatchewan, Canada and is a member of the Royal Colleges of Physicians of the United Kingdom in internal medicine. He practiced as a registered medical practitioner from 1975 to 1986 with a group of medical specialists, Drs Bain & Partners in Singapore, before he took over the leadership role in our Group.

MS MICHELLE CHEO HUI NING
Chief Executive Officer

Appointed as Director on 29 October 2010
Last Re-elected on 27 April 2016
- Member of Board of Directors

Ms Michelle Cheo Hui Ning is responsible for the formulation and execution of overall strategy of the Group, new business development, project execution and day-to-day operations. Ms Cheo joined the Group in 2003 and has been the leading force to get the Group listed on Singapore Exchange and expand the Group into specialty fats, dairy and biodiesel business. Prior to joining the Group, she worked with Exxon Mobil from 1997 to 2003 in Louisiana, USA and Singapore.

Ms Cheo graduated in 1997 and holds a Chemical Engineering degree from Imperial College, University of London. She obtained a Master of Business Administration degree from INSEAD in 2004. Michelle also currently serves on the committee of Career Women's Group of the Singapore Chinese Chamber of Commerce and serves on the board of the Singapore Chinese Orchestra.

MS BIANCA CHEO HUI HSIN
Chief Operating Officer

Appointed as Director on 29 October 2010
Last Re-elected on 28 April 2014
- Member of Board of Directors

Ms Bianca Cheo Hui Hsin joined our Group in 2004 and heads the Consumer Pack segment of which she has overall responsibility. Ms Cheo has been instrumental in introducing new products to the consumer pack division, leading the Group's foray into rice, soap and dairy products. She has also expanded the Group's presence in West Africa, Europe and South America. Ms Cheo was responsible for executing the Group's listing on the Singapore Stock Exchange.

Prior to joining our Group, she practiced law in Singapore with Allen & Gledhill LLP from 2000 to 2003 and with Norton Rose LLP from 2003 to 2004. Ms Cheo graduated from the King's College University of London, with a Bachelor of Laws in 1998 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 2000.

MS WONG LAI WAN
Head, Risk Management

Appointed as Director on 29 October 2010
Last Re-elected on 27 April 2016
- Member of Board of Directors

Ms Wong Lai Wan joined our Group in 1987 as a chemist. She has held various portfolios in quality control, production, operations, logistics, marketing, trading, business development and risk management. She is currently responsible for the business development, operational controls and risk management of our Group. She started her career with Pan Century Edible Oils Sdn Bhd as a chemist from 1985 to 1987 before joining the Group. Ms Wong graduated with a Bachelor of Science degree in Chemistry with First Class Honours from Universiti Kebangsaan Malaysia in 1985.

MS LEONG CHOI FOONG
Head, Finance and Accounts, (Malaysia)

Appointed as Director on 29 October 2010
Last Re-elected on 28 April 2014
- Member of Board of Directors

Ms Leong Choi Foong joined the Group in 1990 as the Finance Manager. She held various positions before her appointment as Group Treasurer in 2010. Currently as Finance and Accounts Head for Malaysia, she is responsible for finance, accounts and taxation functions for our Malaysia business. Prior to joining our Group, she worked as a tax and audit assistant with Othman Hew & Co. between 1980 and 1983 and as a financial and management accountant at Southern Bank Berhad, which is now part of CIMB Bank Berhad, between 1984 and 1990. Ms Leong obtained a Bachelor of Accounting degree from the University of Malaya in 1980. She is a member of the Malaysian Association of Certified Public Accountants and a chartered accountant certified by the Malaysian Institute of Accountants.

INDEPENDENT DIRECTORS

MR ROBERT LOKE TAN CHENG
Independent Director

Appointed as Director on 28 April 2015
- Member of Board of Directors
- Chairman of Audit Committee
- Member of Remuneration Committee and Nominating Committee

Mr Robert Loke Tan Cheng has over 30 years banking experience with major global, regional corporate lending, risk management and investment banks in Asia. Mr Loke led Bangkok Bank Berhad, Malaysia for 9 years before retiring as Chief Executive and Executive Director in 2015. In the past, Mr Loke held various positions in risk management and operational banking with Nomura Singapore Limited, Keppel Tatlee Bank, OCBC Group, Allied Irish Bank and Chase Manhattan Bank.

Mr Loke was Executive Director of Bangkok Bank Berhad, Malaysia and Director for Bangkok Bank Nominees, Malaysia from 2007 to 2015. He was also member of the Association of Banks in Singapore's (ABS) Standing Committee for Risk Management and the Vice-Chairman of the ABS's Credit Risk task force from 2005 to 2006.

Mr Loke obtained Post Graduate Diploma in Management from McGill University in 1979. He also obtained MBA and Electrical Engineering with cum Laude (Distinction) from Concordia University in 1980 and 1978 respectively.

DR FOO SAY MUI (BILL)
Independent Director

Appointed as Director on 28 April 2015
- Member of Board of Directors
- Lead Independent Director
- Chairman of Nominating Committee and Remuneration Committee

Dr Foo Say Mui (Bill) has over 30 years' experience in financial services including holding senior positions in banks including ANZ and Schroders. During his tenure at ANZ from 1999 to 2015, his positions included Singapore CEO and Vice Chairman of South and South East Asia. Working with Schroders from 1993 to 1999, Dr Foo held various positions including as President Director Indonesia and Regional Head of Investment Banking.

Dr Foo has served as an Independent Director and Chair of various Audit Committees on boards including International Enterprise Singapore, Temasek Life Sciences Ventures Pte Ltd and Yellow Pages Ltd. He is currently serving on the boards of several organisations including Unigestion Asia Pte Ltd, Heartware Network, IC Power Pte Ltd, Institute for Strategies Studies (Asia) Ltd, M&C REIT Management Ltd & M&C Business Trust Management Ltd, Tower Capital Asia Pte Ltd and Tung Lok Restaurants (2000) Ltd.

Dr Foo holds a B. Admin from Concordia University, MBA from McGill University and an Honorary Doctor of Commerce from James Cook University.

Board of Directors

TAN SRI DATO' IR MUHAMMAD RADZI BIN HAJI MANSOR
Independent Director

Appointed as Director on 29 October 2010
Last Re-elected on 28 April 2015

- Member of Board of Directors
- Member of Audit Committee, Nominating Committee and Remuneration Committee

Tan Sri Dato' Ir Muhammad Radzi has extensive and varied corporate experience in various organisations in Malaysia. He was Chairman of Telekom Malaysia Berhad and its group of companies from 1999 to 2009. He was also a member of the board of directors of Multimedia Development Corporation Sdn Bhd from May 2005 to May 2011. He is currently Chairman of Kumpulan Fima Berhad (Malaysia), Chairman of International Food Corporation Limited (Papua New Guinea) and Chairman of Orenda Kuantum Digital Sdn Bhd.

Tan Sri Dato' Ir Muhammad Radzi graduated with a Diploma in Electrical Engineering from Faraday House Engineering College, London in 1962, and a Master of Science degree in Technological Economics from the University of Stirling, Scotland in 1975. He is a

(i) Chartered Engineer with Institution of Engineering and Technology (MIET), UK

(ii) Registered Professional Engineer with Institution of Engineers Malaysia (MIEM)

(iii) Fellow of Asean Academy of Engineering and Technology (AAET)

(iv) Fellow of Institute of Marketing Malaysia

(v) Fellow of Institute of Directors Malaysia

(vi) Honorary Fellow of ASEAN Federation of Engineering Organisation

(vii) Pro-Chancellor of Multimedia University, Cyberjaya.

TAN SRI DATUK DR ONG SOON HOCK
Independent Director

Appointed as Director on 29 October 2010
Last Re-elected on 28 April 2015

- Member of Board of Directors, Audit Committee and Nominating Committee

Tan Sri Datuk Dr Ong Soon Hock has been a pioneer in contributing to the group of palm oil industry. He was a Director of the Malaysian Palm Oil Promotion Council from 1990 to 1996 and was Director General of the Palm Oil Research Institute of Malaysia from 1987 to 1989 where he remained as an advisor until 1990. His contributions to the palm oil industry have led to his receiving several prestigious awards including Merdeka Award, Palm Oil Industry Leadership (PILA) Award and Pioneer in Tocotrienol Research from the Oxygen Club of California. He has 40 years of research and development experience in lipid chemistry and is the registered holder of 16 patents in the field of palm oil related technology.

Tan Sri Datuk Dr Ong is Emeritus Professor of University Science Malaysia (USM). As Chairman of Programme Advisory Committee Panel on Food, Nutrition and Quality, Chairman of MPOB Nutrition Projects Committee and as Chairman of International Advisory Panel on Nutrition, Dr Ong is actively involved in various research projects of Malaysian Palm Oil Board.

Tan Sri Datuk Dr Ong graduated with a Bachelor of Science degree with First Class Honours and obtained a Master of Science from the University of Malaya. He also obtained a Doctor of Philosophy (PhD) in organic chemistry from King's College University of London. He was Fulbright-Hays Fellow at MIT. He was Visiting Professor at Dyson Perrins Laboratory, University of Oxford. He is a Senior Fellow of the Academy of Science Malaysia with the title "Academician", Fellow of King's College, London and Fellow of TWAS Academy of Sciences. On 21 September 2015, he received the Anugerah Tokoh Akademik Negara Award. In February 2016, he was awarded Hon D.Sc by University of Nottingham.

Senior Management

DR CHEO TONG CHOON @ LEE TONG CHOON

Dr Cheo Tong Choon @ Lee Tong Choon is our Chairman and Executive Director. Details of his working experience and qualifications are set out in "Board of Directors".

MS MICHELLE CHEO HUI NING

Ms Michelle Cheo Hui Ning is our Executive Director and Chief Executive Officer. Details of her working experience and qualifications are set out in "Board of Directors".

MS BIANCA CHEO HUI HSIN

Ms Bianca Cheo Hui Hsin is our Executive Director and Chief Operating Officer. Details of her working experience and qualifications are set out in "Board of Directors".

MR RAJESH CHOPRA

Mr Rajesh Chopra, Group Chief Financial Officer joined Mewah in May 2010 and led the Group to public listing. He currently leads the Finance, Accounts, Corporate Affairs and Investors Relations functions of the Group. His past employments include 12 years engagement with Olam International Limited and 4 years with Tata Steel Ltd. He completed his audit training with Ernst and Young group from 1988 to 1991.

Mr Chopra obtained a Bachelor of Commerce (Honours) degree from Delhi University, became a Chartered Accountant of the Institute of Chartered Accountants of India and Cost and Works Accountant of the Institute of Cost and Works Accountants of India. He also obtained a Masters of Business Administration from the London Business School, University of London. He is also a holder of the Certificate in Investor Relations from the Investor Relations Society of UK and Investor Relations Professionals Association (Singapore).

MR SHYAM KUMBHAT

Mr Shyam Kumbhat is the Head, Trading and Merchandising. He is responsible for overseeing our palm oil bulk trading and marketing activities. He joined our Group in 1995 as the president of Mewah Oils & Fats Pte Ltd. He has more than 40 years of experience in the edible oils and fats industry. Prior to joining our Group, Mr Kumbhat worked with Pan Century Edible Oils Sdn Bhd, a member of the India-based multinational Birla Group as Vice President, Marketing from 1977 to 1995. He obtained a Bachelor of Commerce degree with a major in Advanced Accountancy from the University Of Rajasthan Jaipur India in 1962.

MS WONG LAI WAN

Ms Wong Lai Wan is our Executive Director and Head, Risk Management. Details of her working experience and qualifications are set out in "Board of Directors".

MS LEONG CHOI FOONG

Ms Leong Choi Foong is our Executive Director and Finance and Accounts Head, Malaysia. Details of her working experience and qualifications are set out in "Board of Directors".

MS AGNES LIM SIEW CHOO

Ms Agnes Lim Siew Choo is the Head, Operations in Malaysia. She joined our Group in 1988 as Factory Operations Executive, and subsequently progressed to overseeing the factory operations of our Malaysian subsidiaries as the Group expanded. Her present portfolio spans Production, Quality Assurance, Procurement, as well as ensuring all local and overseas delivery commitments. Prior to joining us, Ms Lim worked with Southern Edible Oils Sdn Bhd from 1983 to 1988 as an Operations Executive, and was responsible for receiving and dispatching edible oil, production planning and the fulfilment of local and overseas shipment requirements. She obtained a Bachelor of Arts degree from The University of York, in Toronto, Canada in 1982.

Creating Synergy

Operations and Financial Review

	FY 2014	FY 2015	FY 2016
INCOME STATEMENT			
Revenue	3,439	2,675	3,043
Operating margin	94.6	94.2	134.4
Net profit*	2.7	6.5	20.8
Earnings per share (US cents per share)	0.18	0.43	1.39
BALANCE SHEET			
Long-term investments	382	331	327
Working capital	424	477	335
Total investments	**806**	**808**	**662**
Equity	536	485	486
Gross debt	331	369	226
Cash	61	46	50
Net debt (Gross debt less Cash)	270	323	176
Total capital	**806**	**808**	**662**
Gross debt to equity	0.62	0.76	0.46
Net debt to equity	0.50	0.67	0.36
Net asset value per share (US cents per share)	35.92	32.47	32.57

In US$' million, unless stated otherwise

* Profit after tax attributable to equity holders of the company

	FY 2014	FY 2015	FY 2016
SEGMENTAL PERFORMANCE			
Sales volume (MT'000)			
Bulk	2,852	2,872	3,288
Consumer Pack	1,164	1,011	935
Total	4,016	3,883	4,223
Operating margin (US$'million)			
Bulk	41.6	37.2	102.5
Consumer Pack	53.0	57.0	31.9
Total	94.6	94.2	134.4
Operating margin per MT (US$)			
Bulk	14.6	13.0	31.2
Consumer Pack	45.6	56.4	34.1
Total	23.6	24.3	31.8

Operations and Financial Review

PALM OIL INDUSTRY IN 2016

The price of Crude Palm Oil ("CPO") was on trend upwards during the year, from a low of 2,200 ringgit in early-January to hitting a high of 3,280 ringgit in mid-December before closing the quarter at 3,210 ringgit. This meant CPO prices were 43% higher for the year and were at average of 2,650 ringgit for the year.

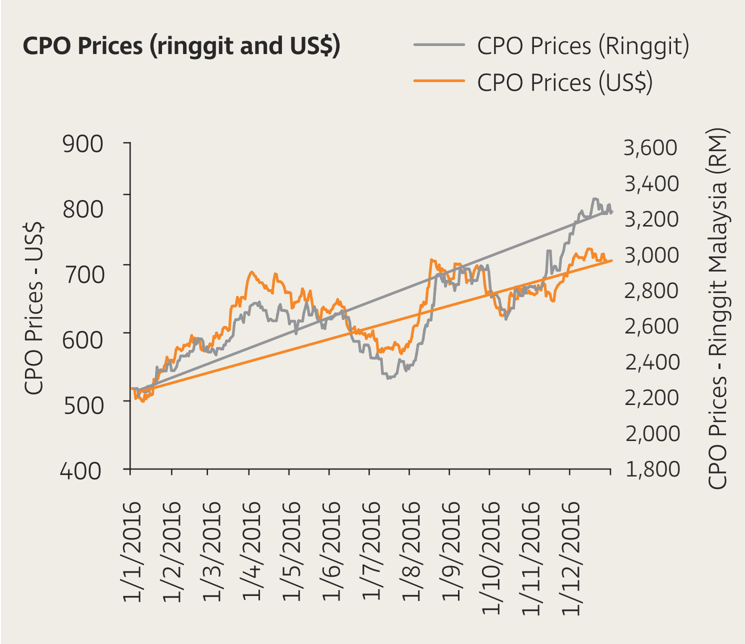
Low inventory levels at Indonesia and Malaysia due to El-Nino in second half of 2015 and first half of 2016, coupled with improved production outlook resulted in prices for spot and nearby months at premiums compared to forward months.

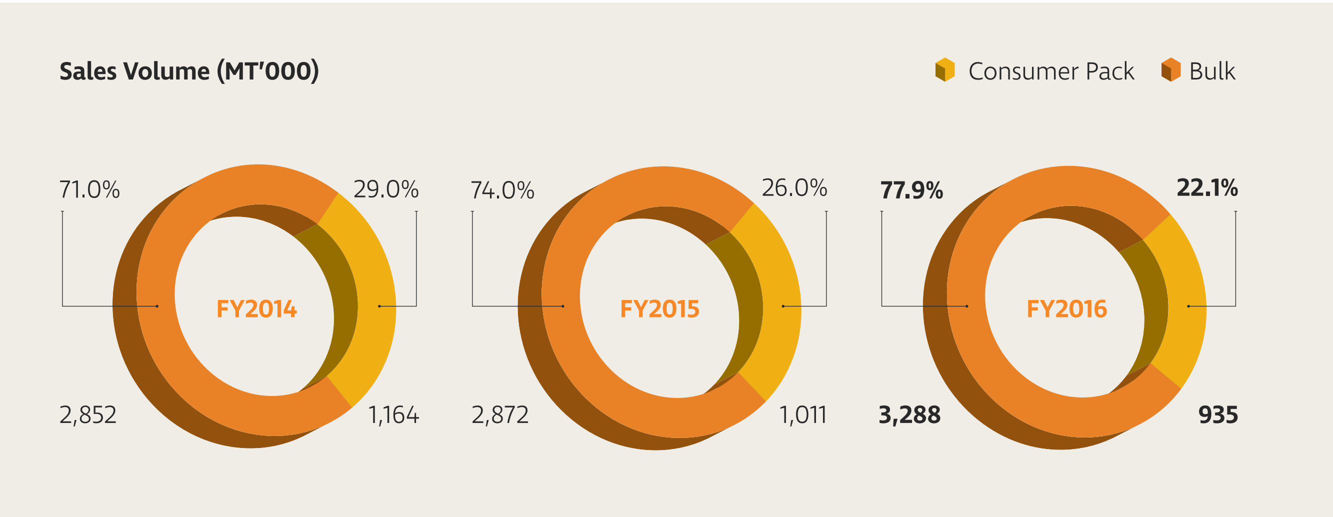
After weak sales towards the end of the last year, the Group saw renewed demand from destination markets, particularly for the Bulk segment and industrial buyers were keen to stock more inventories in view of growing concerns over the availability of palm oil and a bullish view on the prices. Improved demand from destination market and a weaker ringgit helped to support the prices. The Group continued to leverage on its consolidated position as a downstream player and its operational efficiencies and flexibilities to meet its customers' requirement.

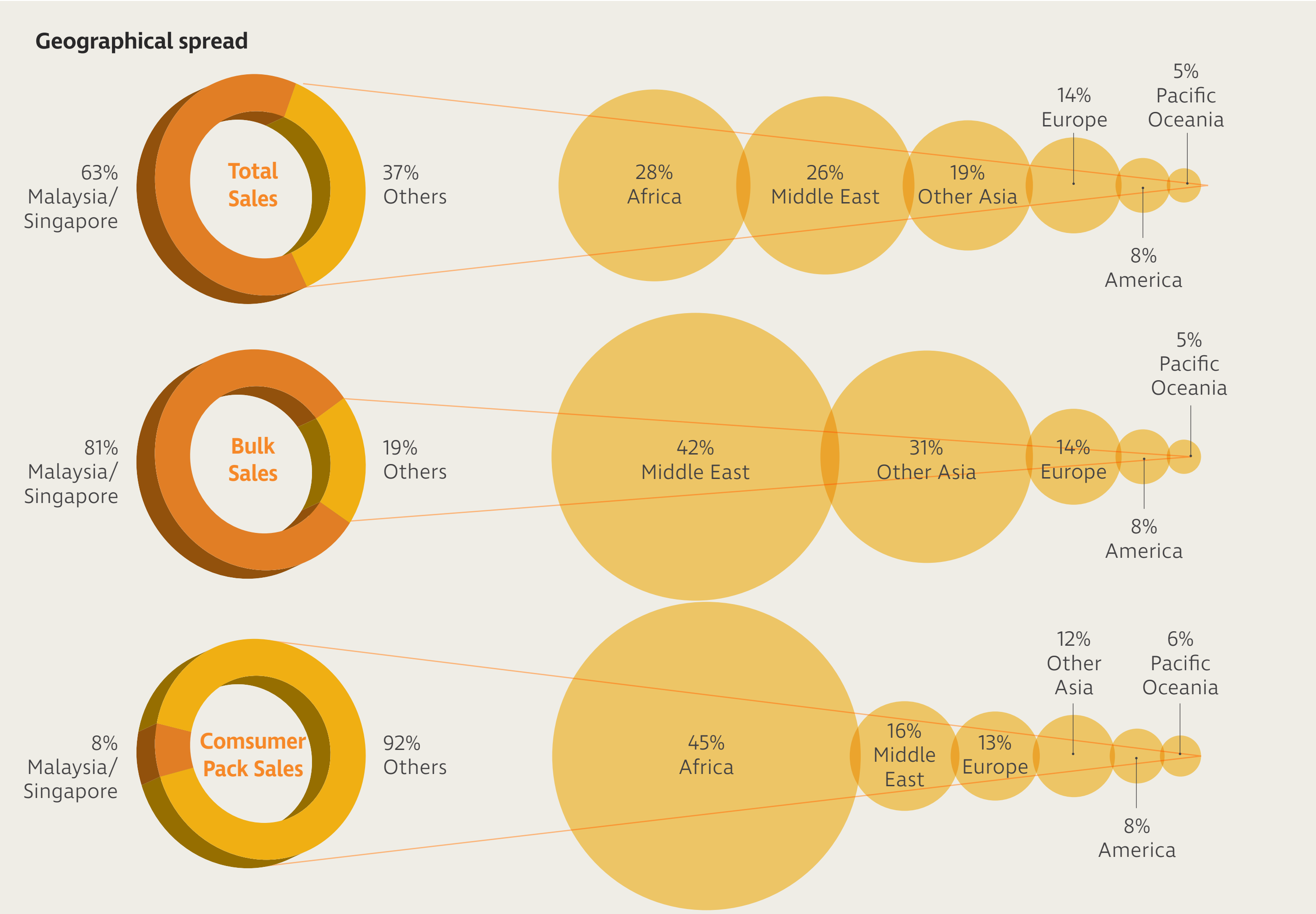
GROUP'S SALES VOLUME

The Group achieved record sales volume of 4,223,000 MT compared to 3,883,000 MT last year. Sales volume for 2016 was 8.8% higher than volume achieved last year. Bulk segment registered record sales volume 3,288,000 MT, increased 14.5% and contributed 77.9% of total volume. Consumer Pack segment slipped 7.5% and contributing 22.1% of total volume.

Our palm-based oils and fats business registered sales volume of 4.0 million MT and was significantly higher than the production from our recently increased installed capacity of 3.5 million MT.







WELL DIVERSIFIED SALES REVENUE

The Group reported sales revenue of US$3,043 million in 2016, 13.8% higher than last year on the back of 8.8% higher sales volume and 4.6% higher average selling prices.

Bulk segment's revenue improved by 22.1% and contributed 75.3% of total revenue. Consumer Pack segment's revenue dropped by 5.8% and contributed 24.7% of total revenue.

We strive to diversify our sales revenue across the globe and our efforts continued in 2016. Based on billing address of the customers, 37% of total sales were made as destination sales, selling the products to customers in countries other than Malaysia and Singapore. Destination sales remained diversified with Middle East, Africa, Other Asia and rest of world contributing 26%, 28%, 19% and 27% of total destination sales respectively. Sales to Americas and Europe contributed 22% of sales compared to 24% last year.

Destination sales for both Bulk and Consumer Pack segments remained strong. 19% of Bulk segment sales were made to destination markets with Middle East, Other Asia and rest of world contributing 42%, 31% and 27% respectively. 92% of Consumer Pack segment sales were made to destination markets with Africa, Middle East, Europe, Other Asia and rest of world contributing 45%, 16%, 13%, 12% and 14% respectively.

	FY 2015	**FY 2016**
Malaysia/Singapore	53%	**63%**
Destination	47%	**37%**
Total	**100%**	**100%**
Africa	25%	**28%**
Middle East	25%	**26%**
Rest of Asia	21%	**19%**
America	11%	**8%**
Europe	13%	**14%**
Pacific Oceania	5%	**5%**

Operations and Financial Review

OPERATING MARGINS

The Group measures and tracks the performance in terms of Operating Margin per MT sales volume and resultant total operating margin. OM is calculated by adjusting the depreciation in cost of sales, selling and distribution expenses and foreign exchange differences in other gains or losses to gross profit.

Over the period of last five decades, we have developed a proven integrated business model of participating in the midstream and downstream parts of the value chain in the attractive palm oil industry, built inherent operational flexibility, developed sound risk management practices, and established our own brands and global distribution capabilities that have helped us to deliver robust operating margins during normal industry conditions and resilient margins during tough economic cycles.

We achieved operating margin of US$134.4 million, 42.7% higher than last year on the back of 8.8% increase in sales volume and improved margin of US$31.8 per MT compared to US$24.3 last year. With a tight supply situation, the Group witnessed improved performance for its bulk business supported by our Group's integrated business model with participation in large part of the value chain and ability to sell in global markets under its own brands through well established distribution networks. Total operating margin for Bulk segment more than doubled to US$102.5 million supported by 14.5% higher sales volume and higher operating margin of US$31.2 per MT compared to US$13.0 last year. However, customers in certain markets continued to face difficulty in sourcing foreign currencies not only affecting sales volumes for the Consumer Pack division but also requiring the Group to make allowances for impairment of some trade receivables affecting the margins for the division. Consumer Pack segment margins decreasing to US$34.1 per MT compared to US$56.4 last year. Addition of rice and dairy products, duly supported by our recent investment in dairy manufacturing facilities, has improved our competitive position in the consumer products business. Bulk and Consumer Pack segments contributed 76.3% and 23.7% of total operating margin respectively.

Total	FY 2015	**FY 2016**	Change %
Sales volume (MT'000)	3,883	**4,223**	8.8%
OM per MT (US$)	24.3	**31.8**	30.9%
Operating margin (US$mil)	**94.2**	**134.4**	42.7%

Bulk	FY 2015	**FY 2016**	Change %
Sales volume (MT'000)	2,872	**3,288**	14.5%
OM per MT (US$)	13.0	**31.2**	140.0%
Operating margin (US$mil)	**37.2**	**102.5**	175.5%

Consumer Pack	FY 2015	**FY 2016**	Change %
Sales volume (MT'000)	1,011	**935**	-7.5%
OM per MT (US$)	56.4	**34.1**	-39.5%
Operating margin (US$mil)	**57.0**	**31.9**	-44.0%

STRONG BALANCE SHEET

We manage our capital structure very actively by maintaining prudent debt to equity ratio and maintaining healthy combination of equity, long-term debt and short-term debt to fund long-term investment and working capital.

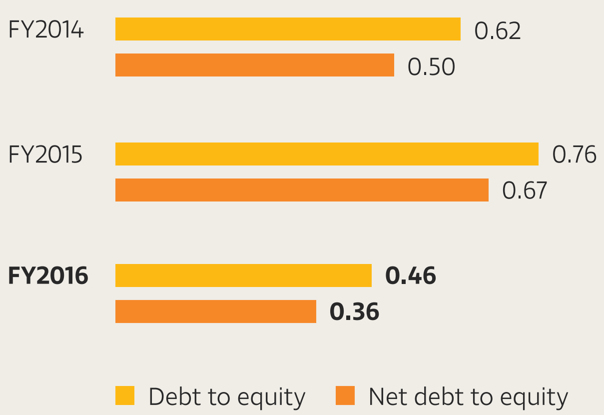
As at 31 Dec 2016, we maintained prudent debt to equity ratio of 0.46 or net debt to equity ratio of 0.36. Current low net debt to equity ratio, well below our target limit of 1.5 leaves enough scope for us to raise additional debt to support our growth plans.

Due to nature of our investments, we target to keep net debt to equity ratio of less than 1.0 for long-term investments and less than 2.0 for working capital. As at 31 Dec 2016, long-term investments of US$327.3 million were funded by equity and long-term debt of 90.5% and 9.5% respectively giving net debt to equity ratio of 0.10. Working capital of US$334.5 million were funded by equity and current net-debt of 43.2% and 56.8% respectively giving net debt to equity ratio of 0.76.

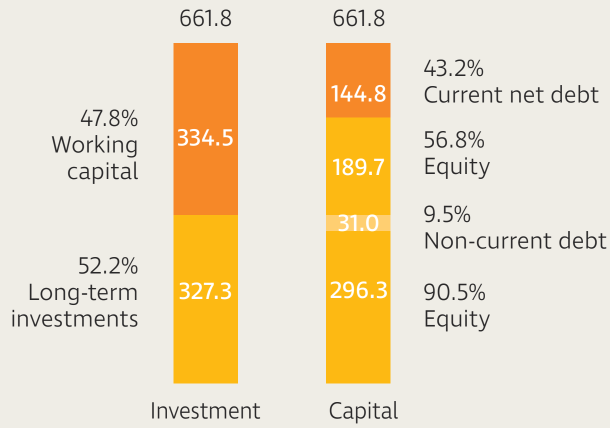
We maintain adequate working capital credit lines to support our business. Our current working capital lines utilisation was 30.0% of total credit lines available.

Our efficient, large scale, integrated production facilities and strong distribution network continued to keep our cycle time very short at 44 days in year 2016.

Debt to equity and net debt to equity

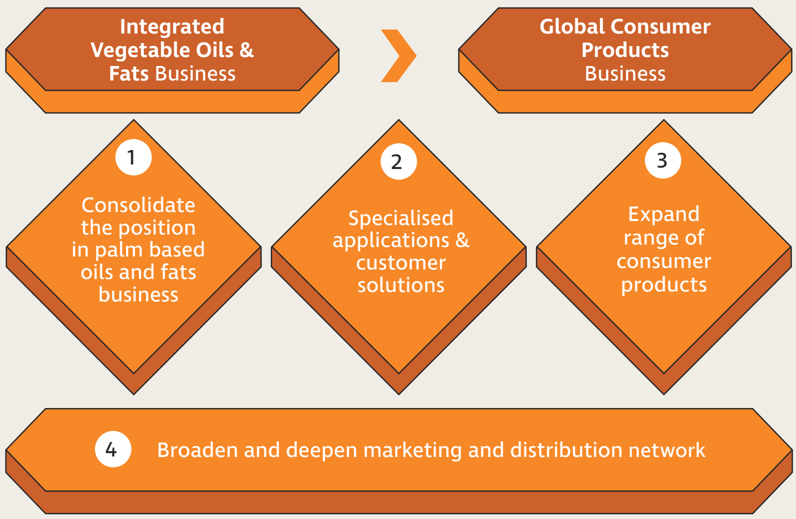


Balance sheet (US$'mil)



Delivering Value

Forward Looking Strategy



Continuously expand our range of consumer products, offer specialised applications and customer solutions while consolidating our position in oils and fats business.

We are one of the key players in the edible oils and fats industry, participating in the midstream and downstream part of the value chain with large integrated refineries, global distribution capabilities and a wide range of consumer products sold under own brands. This has helped us to deliver value over time. To further grow our business in a sustainable way, we strive to become a global consumer products business by further expanding range of consumer products, offering specialised applications and customer solutions while consolidating our position in oils and fats business and increasing our distribution network.

The past few years have been tough for the commodities market in general and palm oil industry in particular. Global uncertainties and challenging operating conditions for the Palm oil industry have resulted in the industry to consolidate and this trend has benefited stronger players in the long run. Our resilient performance even during tough times has confirmed our competitive positon in the industry. We continue to build a strong platform by investing in manufacturing facilities within palm oil value chain and also by adding new products to our portfolio to embrace new opportunities in the ever-changing environment.

The recent addition of our fourth refinery in Sabah, Malaysia has increased our installed capacity to 3.5 million MT. Strategically located within the Palm Oil Industrial Cluster of Lahad Datu, the investment has further consolidated our position as an integrated vegetable oil and fats business. It has not only increased our refining capacity but has also increased our access to CPO and has opened up new destination markets.

To participate in the larger part of the value chain within Palm Oil Industry, we also invested in a biodiesel plant in Westport, Selangor, Malaysia, next to our largest refinery which has opened up new growth opportunities in the downstream part of the value chain of palm oil industry. We plan to increase the capacity of the plant.

We also completed the installation of a manufacturing facility in Malaysia to produce dairy products. As palm oil is one of the important raw materials for the production of dairy products, the investment has production synergies with our current palm oil business. It has provided significant marketing and distribution synergies with our current Consumer Pack segment. We plan to add more flexibility to our packing lines and add more dairy based products.

We continue to explore more consumer products that could be sold as a basket of products to our existing and prospective customers. We have included rice in our product portfolio, sourcing rice from Asia and selling in Africa and Middle East under our own brands.

Working closely with the customers, we continue to develop and offer specialised applications and customer solutions for different industries such as confectionaries, bakeries, food ingredients and infant nutrition businesses. Investing in brands remains of paramount important to us.

We continue to make efforts to improve our customer reach across the globe by partnering with local players and increasing our own presence in key geographies to be able to increase our market share and also to service our customers better.

Research & Development

With the increasing consumer awareness on healthy food products, our R&D direction is aligned with global trends. Innovation and renovation activities have focused on developing healthier alternatives and premium quality to current product offerings. We lead in providing consumers cost effective solutions for delivering healthier products with low trans-fat and low saturated options. Each product can be customised to fit customer specifications and requirements.

At Mewah Group, the driving force behind our R&D is the passion for innovation and the satisfaction of fulfilling customers' needs.

R&D is a catalyst of change in product innovation and renovation which drives the company's growth. We strive to increase our value added products portfolio to draw a clear differentiation from competitors.

The fundamental of R&D is the mastermind of Product Technology and Process Technology which translates consumer requirements into products at quality and competitive position guided by pragmatic and dynamic commercial insights.

Our Innovation and Knowledge Management Centre (IKMC) consists of technologists with expertise in bakery, confectionary fat, non-food as well as applications and pilot plants to support R&D activities of different categories. We strive to keep bringing exciting new products exceeding customers' expectations.

We are backed by our dedicated team and state-of-the art facilities such as Nuclear Magnetic Resonance spectrophotometer, Gas Chromatography, High Pressure Liquid Chromatography and texture analyser equipment to facilitate the R&D process of designing products solutions that meet the dynamic landscape. Besides having the pilot scale plants to furnish us for running trials on our distinctive formulations for existing range of products, our newly installed enzymatic inter-esterification and computerised-controlled hydrogenation pilot plant also help to enhance our research and development capabilities for product range diversification. Application and sensory facilities are well- equipped in our research centre as to ensure that solutions provided to customers meet their intended purposes.

Though at its early stages, our R&D department for dairy products has developed a wide portfolio in line with other global dairy players. We are on the right track to achieve more in the forthcoming years. We have already developed the range for Sweetened Creamer products successfully and are working on new formulations to extend our range of offerings to meet different consumer requirements and different consumer segments.

As customers are our top priority, we strive towards excellence for product innovation and quality to deliver cost-effective and quality solutions through our passion for R&D and embracing the good manufacturing practices.

With the increasing consumer awareness on healthy food products, our R&D direction is aligned with global trends. Innovation and renovation activities have focused on developing healthier alternatives to current product offerings.

With our R&D capacity and capability built over decades, we are committed to bring the Mewah Group to greater heights by collaborating with reputable research centres for greater technological developments.

Risk Management

Our system comprises of processes and policies designed to address risks such as commodity prices, foreign currency exchange rates, interest rates, counterparties' credit and liquidity.

As a result of our Group's global operating and financing activities, we are exposed to various types of market risks, including fluctuations in agricultural commodity prices, foreign currency exchange rates, interest rates, counterparty credit and liquidity risk. We use certain financial instruments to hedge the risk of commercial exposures and we do not hold such financial instruments for speculative purposes. These market risk management activities are governed by our risk management system that is designed to identify, quantify, monitor and manage various risks encountered in our operations and minimise the adverse effects from the unpredictability of financial market risks on our financial performance.

Our system comprises of processes and policies designed to address risks such as commodity prices, foreign currency exchange rates, interest rates, counterparties' credit and liquidity. Our risk management system is based on the following main principles:

RISK GOVERNANCE STRUCTURE

The on-going compliance of these risk management processes and policies are carried out by the heads of the respective operating units. Our risk governance structure consists of a team of employees led by our Executive Director, Ms Wong Lai Wan in the Risk Department of our Singapore office, who is responsible for monitoring and improving the overall effectiveness of our risk management system, the review and setting of trade positions and limits to manage our overall risk exposure. The Risk Department monitors and assesses risks on a regular basis and holds periodical meetings with our marketing and operations teams. The Risk Department has the authority to make temporary increases or changes to risk limits but such increases or changes must at all times remain within our overall risk management guidelines and framework of the Group.

Where the execution of any activity will result in the breach of any applicable limits in our risk management guidelines and framework, specific approval for that activity must be sought, and obtained from the Executive Risk Management Team prior to the execution of the activity. Any risk-related issues which are outside the scope of our risk management guidelines and framework are reported to the committee consisting of our Executive Directors, Dr Cheo Tong Choon @ Lee Tong Choon, Ms Michelle Cheo Hui Ning, Ms Bianca Cheo Hui Hsin, Ms Wong Lai Wan and our Group Chief Financial Officer, Mr Rajesh Chopra (the "Executive Risk Management Team").

SETTING OF RISK LIMITS

The Executive Risk Management Team establishes and reviews periodically our overall risk tolerance thresholds, measured in terms of Value-At-Risk ("VAR"). The team is responsible for overall systems, procedures and processes for risk management including derivatives trading. Such risk tolerance threshold is based on a percentage of total shareholders' funds, and/or the budgeted annual operating profit, after taking into account, among other things, the Executive Risk Management Team's view on the overall production capacity of refining and processing operations and the market in which trading activities take place, the price (and price trend) of raw materials, the track record

Risk Management

of management in managing its risk exposures in the prior period, and the financial budgets including projected sales volume and turnover. The risk tolerance threshold is also based on the counterparty's background, financial performance and management team. The risk tolerance threshold refers to the maximum potential loss if all trading and operations across all products and geographical regions materialise at the same time. Such threshold limits are approved and reviewed by Audit Committee.

REPORTING AND REVIEWING STRUCTURE

Our Risk Department is responsible for the capture and measurement of Group-wide risk and ensuring compliance with our risk management system, procedures and processes. The Risk Department analyses and reviews our daily risk exposure with oversight from the Executive Risk Management Team. Any changes to our risk management system, standards, practices, policies and risk appetite require the approval of our Board. With respect to risks related to the use of derivative financial instruments, once limits for derivatives positions have been established by our Executive Risk Management Team, our Risk Department monitors our trading activities to ensure compliance with these limits. If additional exposure is required, the trading department approaches the Risk Department to approve an increase in the limits. On a case-by-case basis, the Risk Department makes a recommendation to the Executive Risk Management Team to change established limits. If approved by the Executive Risk Management Team, the revised limits implemented and monitored by the Risk Department. Any breach (whether of trading limits or non-adherence to established policies), disclosed or revealed by the Risk Department, will be acted upon by the Executive Risk Management Team. Where the Executive Risk Management Team considers the breach to be significant (whether in terms of financial impact or otherwise), the Executive Risk Management Team will report the breach to the Board.

Our Internal Audit Department reviews our internal control systems regularly on an annual basis to ensure compliance with the risk management system and internal control procedures of the Company. Any material findings such as breaches of trading limits or non-adherence to established risk management policies will be reported to our Audit Committee as and when they arise. Our Audit Committee regularly reviews our internal control systems, internal audit reports and risk tolerance threshold limits. The Company also engages external professionals from time to time to review and improve on our internal control systems.

Corporate Social Responsibility & Sustainability

At Mewah Group, we believe that corporate success and social welfare are interdependent. As such, we believe in Creating Share Value, or CSV. We strive to create value for our shareholders by being responsible for our activities and looking after our stakeholders such as, consumers, employees, suppliers, competitors and communities we operate in. As a socially responsible corporation, we strive to honour the triple bottom line: People, Planet and Profit.

At Mewah, sustainability is part of everything we do. We aim to build a business that lasts for generations and we strive to continuously build a sustainable business that will bring a positive change to the environment which we live in.

There are 5 core areas in our Sustainability approach.

I. Minimising our Environmental Footprint
II. Responsible Supply Chain
III. Product Quality and Safety
IV. Developing our People
V. Community Engagement

CORE AREA 1: MINIMISING OUR ENVIRONMENTAL FOOTPRINT

A. Reducing our Carbon Footprint

- Increasing carbon footprint is having profound effects on the environment. The increase in greenhouse gases (GHG) in our atmosphere will ultimately lead to global warming and climate change.

- At Mewah Group, we are developing an encompassing Greenhouse Gas (GHG) Emissions Matrix across all our manufacturing sites that include energy consumption, chemicals consumption, wastewater treatment and fuel consumption so as to drive better efficiency and lower our GHG footprint.

Corporate Social Responsibility & Sustainability

B. Water Management

- We recognize that water scarcity is a growing problem. According to the latest study conducted by United Nations, more than 2.8 billion people around the world live in water-stressed regions. This number is estimated to increase to 4 billion by year 2025 which is expected to be around half the world's population.

- Our action plan in assuring sustainable water supply includes:
  i. Consistent assessment of water-related impacts and risks across all direct operations and supply chain.
  ii. Identify the water sources and usage – set targets to reduce fresh water use and wastewater discharge.
  iii. Continue to improve conservation efforts (water-saving efforts) at our factories and offices.

C. Waste Management

- As a responsible manufacturer, we always look to manage the waste from our production in an environmental-friendly manner.

- Our action plan to assure sustainable waste management includes:
  i. Regular assessment of waste-related impacts and risks across all direct operations and supply chain.

  ii. Continue to identify the 5 R' components in managing waste:
    a. Reduce – Focus to improve efficiency. To establish practices that are capable to reduce the amount of waste we generate to help the environment.

    b. Reuse – Practice to reuse materials without change whether for the original or a different application instead of throwing them away, or pass those unused materials on to others who could use them.

    c. Recover – To set up ways to recover the energy values contained within the waste material.

    d. Recycle – Many of the things we use everyday can be recycled. Recycled items are put through a process that makes it possible to create new products out of the materials from the old ones.

    e. Remanufacture – Focus to rebuild a product to its original specifications.

CORE AREA 2: RESPONSIBLE SUPPLY CHAIN

A. Sustainable Palm Oil Policy

- Oil palm has the highest oil output for the least amount of land area than any other vegetable oil. It is also the most widely used vegetable oil in the world. The oil palm industry employs many people and creates opportunity to bring many communities out of poverty. However, this opportunity comes with the responsibility to address the known risks associated in the palm oil supply chain.

- Our sustainable Palm Oil policy is a multi-stakeholder approach which seeks:
  1) To build a traceable and transparent supply chain.

  2) To continue the journey of no deforestation and commit to protection of high conservation value (HCV) areas and high carbon stock (HCS) areas.

Corporate Social Responsibility & Sustainability

3) To reject oil palm development in forested peatland plantation with peat soil deeper than 3 metres planted after May 2013.

4) To ensure protection of the rights of workers, indigenous peoples and local communities.

B. Traceability

- Mewah Group has developed a Traceable Palm Oil Framework to trace the origin of our palm oil. At the initial stage, we review each of our suppliers through desktop assessment and in-house risk profiling analysis, with the traceability process developing well, we are progressing fast to the next step of assessing the suppliers' practices. Based on the risk analysis results, our sustainability team will perform the site assessment of the suppliers' mills based on general guidelines, procedures and questionnaires that are in line with industrial standards.

- For every ton of palm oil and palm kernel oil received into our refineries, we need know the source of this oil. Traceability is useful because the information can be utilized to evaluate our suppliers' performance against our Sustainable Palm Oil policy, and to engage with our supply base to complete achievements where needed.

C. Supplier Engagement Program

- We hold training and engagement dialogue sessions with our suppliers as well as periodic audits to evaluate and ensure compliance to our Sustainable Palm Oil Policy. The supplier engagement program also provides us the opportunity to socialize our Sustainable Palm Oil Policy with our direct suppliers, providing them with a platform to discuss the implications and requirement of adopting similar policies.

D. Grievance Procedure

- As part of our Sustainability Guide, the grievance procedure set the guideline on how grievances raised by the stakeholders in our supply chain will be handled by us.

- In June 2016, we launched the Grievance Procedure on our Sustainability Dashboard. This procedure serves as a platform for all stakeholders in our supply chain to address concerns or to report complaints. The ultimate goal is to increase transparency and accountability of our supply chain.

CORE AREA 3: PRODUCT QUALITY AND SAFETY

A. Assurance on our Product Quality and Safety

- At Mewah Group, assurance on product Quality and Safety for our consumers is always our topmost priority. We consistently review and refine our manufacturing processes, and establish a strict quality assurance process to ensure safety of our products.

- Our commitments to ensure quality and safety includes:
  i. Building trust by offering products and services that match consumer expectation and preference;

  ii. Complying with all internal and external food safety, regulatory and quality requirements;

  iii. Gaining a zero-defect, no-waste attitude by everyone in our company;

  iv. Making quality assurance a group-wide objective at all our factories and offices.

Corporate Social Responsibility & Sustainability

B. Certification at our Manufacturing Sites

- Certification marks the evidence that a product conforms to applicable standards.
- As a responsible refiner and food manufacturer, we make sure all our factories are certified to one or more internationally recognized food safety standards such as FSSC 22000, ISO 22000 and GMP+.
- Today, all our refineries are certified with RSPO Supply Chain Certification. Additionally, our main refineries are the members of Sedex and all have passed the ethical audit SMETA.
- Following are the summary of our factories certification status:

Mewah Group Factories	Nature of Business	Location	Factory Certification Status
Ngo Chew Hong Oils & Fats Sdn Bhd	Palm Oil Refinery	Semenyih, Selangor.	RSPO – Mass Balance ISO 22000:2005, ISO 9001: 2008 HACCP Codex, GMP
Mewaholeo Industries Sdn Bhd	Palm Oil Refinery	Pasir Gudang, Johor.	RSPO - Segregated & Mass Balance SEDEX Smeta FSSC 22000, ISO 14001:2004 HACCP Codex, GMP.
Mewah Oils Sdn Bhd	Palm Oil Refinery	West Port Klang, Selangor.	RSPO - Segregated & Mass Balance SEDEX Smeta ISCC Certified Refinery FSSC 22000, ISO 9001:2008 HACCP Codex, GMP.
Mewah Datu Sdn Bhd	Palm Oil Refinery	Lahad Datu, Sabah.	ISCC Certified Refinery RSPO – Segregated & Mass Balance ISO 9001: 2008 HACCP Codex
MOI Foods Malaysia Sdn Bhd	Consumer Pack Goods Manufacturing Plant	West Port Klang, Selangor.	RSPO - Segregated & Mass Balance FSSC 22000 (equivalent to ISO 22000) HACCP Codex, HACCP MOH, GMP.
Ngo Chew Hong Edible Oil Pte Ltd	Consumer Pack Goods Manufacturing Plant	Singapore	RSPO - Segregated & Mass Balance HACCP (SS 590:2013)
Mewah Dairies Sdn Bhd	Dairy Products Manufacturing Plant	West Port Klang, Selangor.	HACCP Codex VHM (Veterinary Health Mark)
Bremfield Sdn Bhd	Biodiesel Manufacturing Plant	West Port Klang, Selangor.	RSPO - Segregated & Mass Balance ISCC Certified Biodiesel Plant ISO 9001:2008, INS Certified Biofuels

Corporate Social Responsibility & Sustainability

CORE AREA 4: DEVELOPING OUR PEOPLE

At Mewah Group, we believe that people and businesses achieve the greatest impact in sustainable development when they join forces and invest in each other.

A. Human Capital- Talent Management

We are committed to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.

The Group recognizes that one of the cornerstones of its success is our employees and we believe in investing in our people. We believe that having a highly motivated, well trained and involved set of employees is crucial to the enduring success of our corporation.To this end, we will ensure that our employees are developed to their fullest potential and talent, and their competency are fully recognized and rewarded. Department heads, who are also their mentors, will continuously assess and evaluate their subordinates to ensure that there is a structured career development in accordance with their potential, talent and competency.

We will continue to attract, motivate and retain our talented employees at all levels by providing them with job security and growth opportunities. We strive to provide all employees with career and personal development opportunities and to promote a continuous learning through training and development, job rotations and overseas assignments. We continuously recruit fresh graduates from reputable universities worldwide to be part of our team. Potential leaders will undergo a comprehensive, 2-year Leadership Training Programme to prepare them to take on challenging roles within the Group.

It is our view that an all-rounder workforce is essential for motivation and endurance. Aside from providing job satisfaction, we encourage our employees to have a balanced work life by organizing and promoting social activities.

B. Fair Employment Practices

We believe in providing equal opportunities and follow fair employment practices. The Group recognizes the value of its employees and long term retention as key to the success of the business. The Group aims to attract and retain skilled employees by giving them job security.

C. Workplace Health and Safety

The Group aims to provide each employee with a safe place to work. All group locations are required to abide by local health and safety regulations. We conduct regular work risk assessments, vigorously taking action to address any identified risks by setting up protective guidance, employing the usage of personal protective equipment, embarking on work sites audits and inspections, as well as regular reviews and controls of safety risks. We strive to achieve zero loss work day due to work place accidents.

All our refineries have adopted the latest OHSAS (International Occupational Health and Safety Management System) guideline with the objective to build a demonstrably sound occupational health and safety workplace. Mewaholeo Industries Sdn Bhd was the first company under Mewah Group to be certified with OHSAS 18001 in February 2010. All our refineries have the quality management system ISO 9001, ISO 14001 and HACCP in place. Additionally, Mewah Oils Sdn Bhd and Mewaholeo Industries have been certified for food safely with FSSC 22000.

Corporate Social Responsibility & Sustainability

CORE VALUE NO.5: COMMUNITY ENGAGEMENT

At every place that we operate, Mewah Group partners with the local communities to support the particular needs of the community. We contribute regularly to local charities. Our people organize and participate in social events to support and bring joy to the less fortunate in our nearby community. Our goal is to enrich the lives of the people around the touchpoints that we have established.

A. Supporting Our Children

- We believe that every child deserves a chance at a life filled with love, laughter, friends and family. Every year, a number of fund raising activities will be held internally and externally to distribute funds, groceries and stationeries to children via charitable organisation. Our efforts are not only directed at alleviating the disablement of the less fortune children but also at giving the child a hope for the future.

B. Active Volunteerism – To create positive impact in our communities

- "We cannot all do great things, but we can do small things with great love." -Mother Teresa. We believe that everyone can contribute and make a difference to the community and lives of others.

- We encourage our staff to volunteer and give back to the community. Therefore we hold companywide community volunteer events so that the majority of our staff can find it easier to give back to community.

C. Supporting Our Neighbours During Disaster Relief

- We wish to support the communities that we operate in. One of the most important initiatives is to help our neighbours in their time of need. When there are natural disasters in our neighbourhood, we raise money and donate other necessities to support victims of natural disasters.

Corporate Governance

The Board of Directors of Mewah considers good corporate governance as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group. The Group is committed to maintain a high standard of corporate governance on the principles of effective leadership, accountability, integrity and openness as set out by the revised Code of Corporate Governance 2012 (the "2012 Code") issued by the Monetary Authority of Singapore. Any deviations have been disclosed and explained.

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Corporate Governance

PRINCIPLE 1
The Board's conduct of affairs
Executive Board to lead and control the company

Board Responsibility
Mewah is led and controlled by an effective Board that works closely with management for the success of the Group. The Board is responsible for providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives. The Board has overall responsibility in establishing a framework of prudent and effective controls which enables risks to be assessed and managed effectively.

While providing leadership and strategic direction, the Board gives due recognition to expectations of different stakeholders such as shareholders, lenders, employees, government agencies, suppliers, customers, competitors, business partners and service providers. The Board is responsible in ensuring that the direction set is aligned to the Group's established values and standards and due weightage is given to sustainability issues. It is also responsible for reviewing the management performance on a regular and continuous basis.

All board members contribute their independent judgment, diversified knowledge and experience to decide on issues of strategy outlook, social and environmental issues, and resources, standards of conduct and review of performance.

Board Committees
To assist the Board in the execution of its duties, the Board has delegated specific functions to the following board committees:

- Audit Committee, responsible for the functions as set out in Principle 12 of this report.
- Nominating Committee, responsible for the functions as set out in Principle 4 of this report.
- Remuneration Committee, responsible for the functions as set out in Principle 7 of this report.

Board Meeting and Attendance
The Board convenes scheduled meeting on a quarterly basis to coincide with the announcement of the Group's quarterly results. Ad hoc meetings are convened between the scheduled meetings as and when necessary to attend any pressing matters requiring the Board's consideration and decision. To facilitate the Board's decision-making process, the Company's Articles of Association provides for Directors to participate in Board meetings by teleconference or video conference. Decisions of the Board and Board Committees may also be obtained via circulation.

The Directors' attendance at the Board and board committee meetings during the financial year ended 31 December 2016 is set out as follows:

Name	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting
Dr Cheo Tong Choon @ Lee Tong Choon	4		3	
Ms Michelle Cheo Hui Ning	4			
Ms Bianca Cheo Hui Hsin	4			
Ms Wong Lai Wan	4			
Ms Leong Choi Foong	4			
Dr Foo Say Mui (Bill)(1)	4	2	3	2
Mr Robert Loke Tan Cheng(2)	4	4	3	2
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	4	4	3	2
Tan Sri Datuk Dr Ong Soon Hock(3)	4	2	3	
No. of meetings held:	**4**	**4**	**3**	**2**

Corporate Governance

(1) Dr Foo Say Mui (Bill) has been appointed as the Lead Independent Director and designated as the Chairman of the Nominating Committee and Remuneration Committee with effect from 11 May 2016.
(2) Mr Robert Loke Tan Cheng has step down as the Lead Independent Director and designated as the Chairman of the Audit Committee, Members of the Nominating Committee and Remuneration Committee with effect from 11 May 2016.
(3) Tan Sri Datuk Dr Ong Soon Hock has been appointed as a Member of the Audit Committee with effect from 11 May 2016.

Matters requiring Board approval
The Board sets the strategic direction for the management and day-to-day operational decisions are taken by the management. The following matters of strategic importance have been reserved for the Board's decision:

- Group's strategy and business plans
- Capital expenditure, investments and divestments exceeding certain material limits
- All capital-related matters including increase, decrease or reorganisation
- Dividend policy and dividend payments
- Risk strategy and risk limit approvals
- Approval of credit limits and trade terms with related parties

Induction, orientation and training
At the time of appointment, directors are provided with formal letters setting out their duties and obligations. The Group also conducts an orientation program for new directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices. First time directors are provided training on areas such as accounting, risk management, legal, compliance and industry-specific knowledge. All the directors are given regular training and updates specific matters relevant to facilitate them to carry out their role effectively. The directors are also encouraged to participate in external training at the Group's expense. To facilitate ongoing knowledge enhancement for existing directors, the following orientations and trainings were provided during the year:

- Overview of the Oils and Fats industry and Group's strategy to grow the business
- Group strategic plans to further consolidate its position in Palm oils industry
- Risk management practices for Group's trading and review of Group's overall risk limits
- Group's capital structure and financing flexibility to align to growth plans.
- Update on new legislations, regulations and developments relevant to the Group.
- External seminars and conferences on regulatory matters

PRINCIPLE 2
Board Composition and Guidance
Strong and independent element on the Board

Board Composition
The Board comprises nine members, four of whom are Non-Executive Independent Directors. The current Board possesses diversified and varied expertise and knowledge in the areas of the Group's palm oil business and geographical operations, as well as in the areas of strategy formulation, manufacturing, marketing, legal, taxation, finance, accounting and corporate compliances. With their varied experience in different industries and areas of expertise, Non-Executive Directors play a crucial role in challenging the Board to develop strategies in the best interest of the Group. They also contribute independent perspective in reviewing the performance of the management in meeting agreed goals and objectives and monitor performance.

The Group emphasises great importance to gender equality. The Company has four women on the Board, namely Ms Michelle Cheo Hui Ning, Ms Bianca Cheo Hui Hsin, Ms Wong Lai Wan and Ms Leong Choi Foong.

The composition and the effectiveness of the Board are reviewed on an annual basis by the Nominating Committee to ensure that there is an appropriate mix of expertise and experience to fulfill its duties.

Corporate Governance

The nature of the current Directors' appointments on the Board and details of their membership on board committees are set out below:

Name	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dr Cheo Tong Choon @ Lee Tong Choon	Executive Director and Chairman of Board		Member	
Ms Michelle Cheo Hui Ning	Executive Director and Chief Executive Officer			
Ms Bianca Cheo Hui Hsin	Executive Director and Chief Operating Officer			
Ms Wong Lai Wan	Executive Director and Head, Risk Management			
Ms Leong Choi Foong	Executive Director and Head, Finance and Accounts (Malaysia)			
Dr Foo Say Mui (Bill)	Lead Independent Director		Chairman	Chairman
Mr Robert Loke Tan Cheng	Independent Director	Chairman	Member	Member
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	Independent Director	Member	Member	Member
Tan Sri Datuk Dr Ong Soon Hock	Independent Director	Member	Member	

Independence of Directors
All Non-Executive Directors are independent i.e. they have no relationship with the Group, its related companies, its 10% shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Group, and they are able to exercise objective judgment on corporate affairs independently from management and its 10% shareholders.

All directors are required to disclose timely, any relationship or appointments which would impair their independence to the Board. Based on the evaluations and results of a review conducted by the Nominating Committee, the Board views all Non-Executive Directors of the Company as independent and that there are no relationships which are likely to affect the director's judgment. Also, none of the Non-Executive Director has served on the Board beyond nine years from the date of his first appointment.

PRINCIPLE 3
Chairman and Chief Executive Officer
Separate Chairman and Chief Executive Officer

Chairman and Chief Executive Officer
The roles of the Chairman and the Chief Executive Officer ("CEO") are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Chairman, Dr Cheo Tong Choon @ Lee Tong Choon ("Dr Cheo") is an Executive Director and is responsible for leading the Board and facilitating its effectiveness while promoting a culture of openness and debate within the Board. He, as the Chairman, sets the agenda, ensures that the directors receive complete, adequate and timely information and that adequate time is available for discussion for matters on the agenda, particularly on matters relating to strategies. He is also responsible for constructive relations within the Board, and between the Board and the management. He is responsible to facilitate effective contribution of Non-Executive Directors, effective communication with shareholders and promoting standards of corporate governance.

Corporate Governance

As an Executive Director, Dr Cheo also plays an important role to align the management with the Board and ensure the execution of the strategies and direction decided by the Board. Dr Cheo has been the force behind the success of the Group and works closely with the CEO and the management.

Ms Michelle Cheo Hui Ning, daughter of Dr Cheo is the CEO and the Executive Director. She is responsible for execution of overall strategy of the Group and day-to-day operations.

Lead Independent Director
Since the Chairman and the CEO are immediate family members, the Board has appointed Dr Foo Say Mui (Bill) as the Lead Independent Director. The Lead Independent Director has a pivotal role to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power. The Lead Independent Director acts as a bridge between the Independent Directors and the Chairman as well as representing shareholders' interests. He also provides continuity of leadership at the Board level in the absence of the Chairman.

On the sidelines of every board meeting, the Independent Directors meet without the presence of the other directors and the feedback is provided by the Lead Independent Director to the Chairman after the meeting.

PRINCIPLE 4
Board Membership
Formal and transparent process for the appointment of new directors to the Board

The Board has established a Nominating Committee (the "NC") to make recommendations to the Board on all Board appointments. NC comprises Lead Independent Director Dr Foo Say Mui (Bill), Independent Directors Mr Robert Loke Tan Cheng, Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor, Tan Sri Datuk Dr Ong Soon Hock and Executive Director Dr Cheo Tong Choon @ Lee Tong Choon. The Chairman of the Nominating Committee is Dr Foo Say Mui (Bill).

NC is responsible for:
(i) reviewing and assessing candidates for directorships (including Executive Directorships) before making recommendations to the Board for appointment of Directors;

(ii) re-nomination of the Directors in accordance with the Articles of Association, having regard to the Director's contribution and performance;

(iii) determining annually whether or not a Director is independent; and

(iv) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

The NC also makes recommendations on training and professional development needs of the Directors and how the Board's performance is to be evaluated. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Details of the process are explained under Principle 5, Board Performance.

The Board has not set the maximum number of board representations which any director may hold. The NC continuously assesses the performance of individual directors taking into consideration the director's number of board representation and other principal commitments. The NC is satisfied that sufficient time and attention is being given to the affairs of the Group by each director.

Each member of the NC is required to abstain from deliberating, participating or voting in the matters relating to him including the assessment of his performance and re-nomination as director.

Corporate Governance

All Board appointments are approved by way of written resolutions or approved by the shareholders at any general meeting based on the recommendations of the NC. In searching, nominating and selecting new directors, the NC will continue to tap on the resources of directors' personal contacts and recommendations of potential candidates and participate in the shortlisting and interviewing process, if required. The NC will engage external agencies to assist if required, at the expense of the Group.

In assessing re-appointment of the directors, the NC evaluates based on several criteria including qualifications, contributions and independence of the directors. In accordance with the Company's Articles of Association, each director shall retire at least once every three years. A retiring director shall be eligible for re-election subject to approval by the shareholders at the Annual General Meeting ("AGM"). New directors appointed by the Board will hold office only until the next AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation. The Board generally does not have a practice of appointing alternate directors. However, new directors appointed by the shareholders in any general meeting shall retire at least once every three years.

Key information regarding each director's qualifications, shareholdings, relationships (if any), date of first appointment, directorship and other principal commitments is presented in the 'Board of Directors' and 'Directors' Statement' of this Annual Report.

PRINCIPLE 5
Board Performance
Formal assessment of the effectiveness of the Board and its members

The NC has in place a process for the evaluation of the Board's effectiveness as a whole, its board committees and a process for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board. The evaluation is done through written assessments by individual directors. The assessment is based on objective performance criteria including the Board's understanding of the Group's business operations, development of strategic directions, the effectiveness of the Board meetings to facilitate discussion and decision on critical and major corporate matters, as well as individual's contribution and commitment to their roles. The collated findings are reported and recommendations are submitted to the Board for review and to further enhance the Board's effectiveness.

PRINCIPLE 6
Access to Information
Board members to have complete, adequate and timely information

The Group recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning the Group's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Group.

As a general rule, board papers and related materials e.g. background or explanatory information, are required to be sent to directors at least three calendar days before the board meeting so that the members may better understand the matters prior to the board meeting to enable constructive discussion and queries to be raised in the meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. The directors are also provided with the names and contact details of the Group's senior management and the Company Secretary to facilitate direct access to the senior management and the Company Secretary.

The role of the Company Secretary is clearly defined and includes the responsibility of ensuring that the board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is required to attend all board meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Subject to the approval of the Chairman, the directors, whether as a Group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Group.

Corporate Governance

PRINCIPLE 7
Procedures for Developing Remuneration Policies
A formal and transparent procedure for developing policy

The Remuneration Committee (the "RC") comprises entirely of Independent Directors. The RC is chaired by Dr Foo Say Mui (Bill) with Mr Robert Loke Tan Cheng and Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor as its members.

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key executives, and determining specific remuneration packages for each Director and the Chief Executive Officer. The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the Remuneration Committee. Each member of the Remuneration Committee is required to abstain from voting on any resolutions and making recommendations and/ or participating in any deliberations of the Remuneration Committee in respect of his or her own remuneration package.

The RC has access to appropriate advice from within and/or outside the Group on the remuneration of Directors and key executives. It ensures that in the event of such advice being sought, existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The RC did not engage any remuneration consultants for the financial year 2016.

The RC is also responsible in reviewing the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

PRINCIPLE 8
Level and Mix of Remuneration
Alignment of remuneration to long term interest and risk policies of the company

A competitive remuneration and reward system based on individual performance is important to retain and incentivise the best talents. The Group's level and mix of remuneration is aligned with the long term interests and risks policies of the Group and is also responsive to the economic climate as well as the performance of the Group, business units and individuals.

Non-Executive Directors are paid directors' fees. No additional fee is paid for their appointments on other board committees. Executive Directors and the CEO do not receive directors' fees but are remunerated as members of management.

Corporate Governance

PRINCIPLE 9
Disclosure on Remuneration
Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The breakdown of the remuneration of the Directors and Employees who are immediate family members of a director of the Company, for the financial year ended 31 December 2016 is as follows:

Name	Fixed Salary	Variable Income	Benefits in Kind	Total	Remuneration Band (S$'000)
Executive Directors					
Dr Cheo Tong Choon @ Lee Tong Choon	80%	20%	<1%	100%	3,250 to 3,500
Ms Michelle Cheo Hui Ning	80%	20%	<1%	100%	1,000 to 1,250
Ms Bianca Cheo Hui Hsin	79%	20%	1%	100%	1,000 to 1,250
Ms Wong Lai Wan	67%	29%	4%	100%	250 to 500
Ms Leong Choi Foong	86%	14%	0%	100%	250 and below
Independent Non-Executive Directors					
Mr Robert Loke Tan Cheng	100%	-	-	100%	250 and below
Dr Foo Say Mui (Bill)	100%	-	-	100%	250 and below
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	100%	-	-	100%	250 and below
Tan Sri Datuk Dr Ong Soon Hock	100%	-	-	100%	250 and below

Name	Family relationship with any director and/or substantial shareholder	Remuneration Band (S$'000)
Employees who are immediate family members of a Director (remuneration exceeding S$50,000)		
Mr Cheo Jian Jia	Son of Dr Cheo Tong Choon @ Lee Tong Choon; Brother of Ms Michelle Cheo Hui Ning and Ms Bianca Cheo Hui Hsin	250 to 500
Ms Cheo Chong Cher	Sisters of Dr Cheo Tong Choon @ Lee Tong Choon;	250 to 500
Ms Cheo Sor Cheng Angeline	Sisters of Dr Cheo Tong Choon @ Lee Tong Choon;	250 to 500
Ms Cheo Su Ching	Sisters of Dr Cheo Tong Choon @ Lee Tong Choon;	250 to 500
Ms Alicia Cheo	Sisters of Dr Cheo Tong Choon @ Lee Tong Choon;	250 and below
Ms Cheo Soh Hua @ Lee Soh Hua	Sisters of Dr Cheo Tong Choon @ Lee Tong Choon;	250 and below
Mr Cheo Teong Eng	Brother of Dr Cheo Tong Choon @ Lee Tong Choon;	250 and below

Corporate Governance

Top Five Key Management Personnel
Remuneration paid to the top five key management personnel (who are not also directors or the CEO) ranged between S$250,000 and S$1,750,000 and aggregated to S$3,479,000 56%, 43%, 1% of which was fixed salary, variable income and benefits in kind respectively.

In considering the disclosure of remuneration of the directors, immediate family members of a director or key management personnel, the Group measures the industry conditions in which the Group operates and considers the confidential nature of the remuneration. The Group believes that more detailed disclosures such as disclosure of remuneration on individually named basis for key personnel, exact amounts for directors, and disclosure in incremental bands of S$50,000 for the immediate family members of the directors would be detrimental to the long term interest of the Group and in attracting, retaining and motivating the employees of the Group.

Remuneration of Executive Directors and key executives includes a variable component which is linked directly to performance measures identified by the Group. The quantum of variable component is dependent on the individual performance against those measures that includes knowledge and understanding of the Group and industry, execution of strategies, personal qualities, as well as performance of the Group in general. The Company does not have contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as it is of the view that, in any case, it has legal recourse under such circumstances.

The Company did not have any employee share schemes for the financial year 2016.

PRINCIPLE 10
Accountability
Balanced and understandable assessment of the Company's performance, position and prospects

The Board has embraced openness and transparency in the conduct of the Group's affairs, whilst preserving the commercial interests of the Group. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET to the SGX, press releases and the Company's website.

The Board reviews the financial reports to ensure that the disclosure of material information to shareholders is in compliance with statutory requirements and the Listing Manual of the SGX-ST and approves the financial reports before the release. As recommended in the Guidebook for Audit Committees in Singapore, the Board also reviews and approves any media release of its financial results. Negative Assurance statements given by the Board to accompany the quarterly financial results announcements are supported by management's representations to the Board on the integrity of the Group's financial statements and internal control systems.

PRINCIPLE 11
Risk Management and Internal Controls
Sound system of internal controls;
PRINCIPLE 13
Internal Audit
Establishment of an effective internal audit function

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, work performed by external auditors for the purpose of the statutory audit and reviews performed by management, various board committees and the Board, the Audit Committee and the Board are satisfied with the adequacy and effectiveness of the internal controls including financial, operational, compliance and information technology controls, and risk management systems.

Corporate Governance

The Chief Executive Officer and Chief Financial Officer have also provided a written confirmation to the Board that to the best of their understanding (a) the financial records have been properly maintained, the financial statements give a true and fair view of the Group's operations and finances and (b) the Group's risk management and internal control systems are effective.

The internal audit function of the Group is carried out by in-house Group Internal Audit Department ("IA"). The IA is suitably staffed by qualified executives who carry out their work based on the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The IA's direct and primary line of reporting is to the Chairman of the Audit Committee, and administratively to the Chief Executive Officer. The Audit Committee approves the hiring, removal, evaluation, and compensation of the head of IA.

The role of the internal auditors is to assist the Audit Committee to provide reasonable assurance that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee, and conducting regular in-depth audits of high risk areas. The Audit Committee ensures that the IA are adequately resourced and have appropriate standing within the Group and ensures, on an annual basis, the adequacy of the internal audit function and reviews the adequacy and effectiveness of the internal audit function.

The Group's IA conduct an annual review of the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

The Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls. Audits were carried out on all significant business units in the Group, inclusive of limited review performed on dormant and inactive companies. All the Group Internal Audit's reports are submitted to the Audit Committee for deliberation with copies of these reports extended to the Chairman, Chief Executive Officer and the relevant senior management officers. In addition, IA's summary of findings and recommendations are discussed at the Audit Committee meetings.

PRINCIPLE 12
Audit Committee
Establishment of Audit Committee with written terms of reference

The Audit Committee ("AC") comprises entirely non-executive and Independent Directors, namely Mr Robert Loke Tan Cheng, Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor and Tan Sri Datuk Dr Ong Soon Hock . The Board considers the members of the AC are appropriately qualified with sufficient and relevant financial management expertise and experience to discharge its functions. The AC is also kept abreast of changes to accounting standards and issues which have a direct impact on financial statements through meetings with the external auditors who will update the AC on recent related developments. It held four meetings in FY 2016. The AC has met with the internal and external auditors without the presence of the management during the year.

The AC is guided by the following terms of reference which defines its scope of authority:

(i) commission internal investigations and review any significant findings and otherwise carry out its obligations under Rule 719 of the SGX-ST Listing Manual (for example, in relation to any suspected fraud or irregularity or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority of Singapore, which has or is likely to have a material impact on the Company's operating results or financial position);

(ii) reviewing the adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls at least annually;

Corporate Governance

(iii) review the qualification and adequacy of the head of the internal audit function;

(iv) monitor and review the effectiveness of the company's internal audit function in the context of the company's overall risk management system;

(v) consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The committee shall also ensure the function has adequate standing and is free from management or other restrictions;

(vi) reviewing the scope, approach and results of the audit and its effectiveness, and the independence and objectivity of the external auditor;

(vii) nominating external auditors for re-appointment;

(viii) reviewing the integrity of any financial information presented to the Company's shareholders;

(ix) reviewing interested person transactions and potential conflicts of interest, if any;

(x) reviewing all hedging policies and instruments to be implemented by the Group, if any;

(xi) reviewing all investment instruments that are not principal protected;

(xii) reviewing the Group's risk management structure and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board.

Each member of the Audit Committee must abstain from voting on any resolution in respect of matters in which he is interested.

The Audit Committee has conducted annual review on the independence and objectivity of the external auditors as well as non-audit services provided by them and is satisfied that the nature and extent of such services do not affect the independence of the external auditor. Details of the fees paid and payable to the auditors in respect of audit and non-audit services are set out in the notes to financial statements of this Annual Report. The Group has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditors.

The Group has put in place a policy on whistle-blowing, approved by the Audit Committee and endorsed by the Board to facilitate the reporting of activities or practices which are malpractice, illegal act or omission of work by an employee. Details of the whistle blowing policies and arrangements have been made available to all employees. By creating an atmosphere of openness and trust, the Group encourages the employees to use internal mechanisms for reporting any malpractice, illegal acts or omissions by any of Group's employees or ex-employees and such reports will be treated fairly and be protected from reprisal.

Significant financial reporting matters
The Audit Committee considered and discussed the significant financial reporting matters, which have also been included in the external auditors report, with management and the external auditors. The Audit Committee's assessment and conclusions are explained below:

1. *Valuation of commodities forward contracts of the Group*
   The Audit Committee reviewed the overall valuation methodology adopted by management, including the different sources of prices for consistency and appropriateness. The Audit Committee's review also considered the work performed by the external auditors as well as an assessment of the sensitivity of the valuation to changes in the assumptions and the implications of the same and concluded that the valuation of the commodities forward contracts was reasonable.

Corporate Governance

2. *Assessment of recoverability of past due trade receivables of the Group*
   The Audit Committee reviewed and assessed the Group's delivery terms and credit policies. It also held discussions with management, in the presence of the external auditors, on the basis of the impairment allowance considering the track records of the parties, subsequent payments, on-going business relationships, and management's engagement with the parties. The Audit Committee considered the explanations provided by management and held discussions with the external auditors about the techniques used to assess the reasonableness of the basis of the impairment allowance and reached a conclusion that the basis of the impairment allowance was reasonable.

3. *Impairment assessment of certain manufacturing plants of the Group*
   The Audit Committee reviewed management's impairment assessment including the valuation methodology adopted by management in relation to the property, plant and equipment of certain manufacturing plants where indications of impairment were assessed to be present. It reviewed the reasonableness of the key assumptions used in the cash flow projections which included the discount rate, terminal growth rate and gross profit margin. It also held discussions with the external auditors about the reasonableness of the methodology and key assumptions used by management and was satisfied that no impairment allowance was necessary on these manufacturing plants.

PRINCIPLE 14
Shareholder Rights
All shareholders are treated fairly and equitably;
PRINCIPLE 15
Communication with shareholders
Regular, effective and fair communication with shareholders;
PRINCIPLE 16
Conduct of shareholder meetings
Greater shareholder participation at Annual General Meetings

The Group values engagement with its shareholders and believes in regular, effective and fair communication with its shareholders. The Group is committed to upholding high standard of disclosure and continues to keep all stakeholders informed of its corporate activities on a timely and consistent basis. The Company disseminates all price sensitive and material information to its shareholders via SGXNET on a non-selective basis. Financial and other performance data of the Group as well as business units, where appropriate, is provided to shareholders in order to have a better insight into the Group's performance. The date of the release of quarterly results is disclosed at least two weeks prior to the date of announcement through SGXNET. On the day of announcement, the financial statements as well as the accompanying press release and presentation slides are released onto the SGX-ST website as well as on the Company website at www.mewahgroup.com.

All shareholders of the Company whose names are registered in the Depository Register and the Register of Members are entitled to attend the general meetings of the Company. If any shareholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. All shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders and have been informed of the rules, including voting procedures, which govern general meetings of shareholders. They are encouraged to meet with the Board and senior management to have a greater insight into the Group's developments.

At shareholders' meetings, each distinct issue is proposed as a separate resolution and the results of the votes are announced at the shareholders' meetings.

The Chairmen of each board committee and management are required to be present to address questions at the Annual General Meeting. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary. Minutes of shareholder meetings are available upon request by registered shareholders.

Corporate Governance

To show appreciation for the support of the shareholders, the Board of Directors has proposed a final exempt dividend of S$0.0055 per ordinary share, which along with interim dividend of S$0.0030, making total dividend of S$0.0085 per ordinary share for the full year.

Dealings in Securities
The Group has adopted a Best Practice Code – Trading in Company's Securities. As per the policy, the Company, its Directors and all employees of the Group are prohibited from dealing in the Company's shares two weeks before the announcement of the Group's first quarter, second quarter and third quarter results and one month before the announcement of full year results, and one business day after the announcement of the results. Directors and all employees are also prohibited from trading in the Company's securities on short-term considerations, defined as 30 days from last dealing; and in situations where the insider trading laws and rules would prohibit trading.

The directors' interests in shares of the Company are found on page 43 of this Report.

Interested Person Transactions
The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosures in respect of interested person transactions for the financial year ended 31 December 2016 are as follows:

Name of Interested Person	**Aggregate value of all IPT during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)**
	FY 2016 US$'000	FY 2016 US$'000
Prelude Gateway Sdn. Bhd.	116	2,603
Perfect Venue Sdn. Bhd	15	NIL
Ecolex Sdn. Bhd.	91	24,243
Containers Printers Pte Ltd	NIL	1,200
Nature International Pte Ltd	NIL	2,724
Mr Cheo Seng Jin	964	NIL
Mr Cheo Tiong Choon	782	NIL
Saber Pte Ltd	154	NIL
Kent Holidays (S) Pte Ltd	166	NIL
Choon Heng Logistics Pte Ltd	18	NIL

Statement by Audit Committee and Board of Directors
In accordance with Rule 716 of the Listing Manual, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries as disclosed on page 126, would not compromise the standard and effectiveness of the audit of the Group.

Material Contracts
There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of the Chief Executive Officer, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2016 and no material contracts entered into since the end of the previous financial year.

Directors' Statement

For the financial year ended 31 December 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 52 to 126 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016, and of the financial performance of the business, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Dr Cheo Tong Choon @ Lee Tong Choon
Ms Michelle Cheo Hui Ning
Ms Bianca Cheo Hui Hsin
Ms Wong Lai Wan
Ms Leong Choi Foong
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor
Tan Sri Datuk Dr Ong Soon Hock
Dr Foo Say Mui (Bill)
Mr Robert Loke Tan Cheng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Statement

For the financial year ended 31 December 2016

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	No. of ordinary shares			
	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016	At 31.12.2016	At 1.1.2016
Mewah International Inc				
Dr Cheo Tong Choon @ Lee Tong Choon	-	-	740,037,219	747,049,020
Ms Michelle Cheo Hui Ning	2,119,500	2,000,000	724,905,719	739,049,020
Ms Bianca Cheo Hui Hsin	416,000	-	724,905,719	739,049,020
Ms Wong Lai Wan	224,000	224,000	20,000	20,000
Ms Leong Choi Foong	94,000	94,000	-	-
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	20,000	20,000	-	-
Tan Sri Datuk Dr Ong Soon Hock	30,000	30,000	-	-

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2017 were the same as those as at 31 December 2016, except for the following:

	No. of ordinary shares			
	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 21.1.2017	At 31.12.2016	At 21.1.2017	At 31.12.2016
Dr Cheo Tong Choon @ Lee Tong Choon	-	-	741,177,219	740,037,219
Ms Michelle Cheo Hui Ning	2,119,500	2,119,500	726,045,719	724,905,719
Ms Bianca Cheo Hui Hsin	416,000	416,000	726,045,719	724,905,719

Directors' Statement

For the financial year ended 31 December 2016

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Robert Loke Tan Cheng (Chairman)
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor
Tan Sri Datuk Dr Ong Soon Hock

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Statement

For the financial year ended 31 December 2016

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon Director	Ms Michelle Cheo Hui Ning Director

2 March 2017

Independent Auditor's Report

To the members of Mewah International Inc.

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Mewah International Inc. (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2016;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheet of the Group as at 31 December 2016;
- the balance sheet of the Company as at 31 December 2016;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the members of Mewah International Inc. (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of commodities forward contracts of the Group	
At 31 December 2016, the Group has recognised the following fair values of derivative financial assets/ (liabilities) as disclosed in Note 16 to the financial statements: • Commodities forward contracts included within current assets: US$16,613,000 • Commodities forward contracts included within current liabilities: US$25,186,000 • Commodities forward contracts included within non-current assets: US$20,000 We focused on the valuation of the Group's commodities forward contracts because of the significant management judgement involved in determining the indicative market prices of these contracts which are used in the valuation of these commodities forward contracts, as disclosed in Note 3(a) to the financial statements. As these commodities forward contracts are not traded in an active market, the related fair values are estimated using a level 2 valuation technique as described in Note 31(e) to the financial statements.	We held discussions with management to understand the determination of the fair values of these commodities forward contracts. With the assistance of our internal valuation specialists, we assessed the appropriateness of the level 2 valuation technique adopted by management by evaluating the appropriateness of the valuation methodology and the sources of prices used by management. Based on the work performed, we found the valuation methodology and the indicative prices used by management to be appropriate.
Assessment of recoverability of past due trade receivables of the Group	
At 31 December 2016, as disclosed in Note 3(b) to the financial statements, the net carrying value of the past due trade receivables of the Group (net of allowance) amounted to US$103,403,000, comprising amounts past due but not impaired of US$95,506,000 and amounts individually determined to be fully/partially impaired of US$7,897,000. We focused on the assessment of the recoverability of past due trade receivables because of the significant management judgement involved in the determination of the impairment allowance due to the specific risks associated with each customer, as disclosed in Note 3(b) to the financial statements.	We held discussions with management to understand their assessment and decisions. We evaluated the appropriateness of the impairment allowance recorded by management by: • Tracing settlements received subsequent to the year end. • Analysing the past payment history of the customers. • Considering ongoing business relationship with the customers and any known disputes or financial difficulties relating to the customers. • Corroborating the reasons provided by management for the delay in payments to underlying documentation and correspondences. Based on the work performed, we found the basis for the impairment allowance to be reasonable.

Independent Auditor's Report

To the members of Mewah International Inc. (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of certain manufacturing plants of the Group	
As at 31 December 2016, management has identified indications of impairment relating to the property, plant and equipment ("PPE") of certain manufacturing plants of the Group. Accordingly, an assessment of the recoverable amounts of the related PPE of these manufacturing plants has been carried out using value-in-use calculations, as disclosed in Note 3(c) to the financial statements. The total value of the PPE relating to these manufacturing plants recognised on the balance sheet amounted to approximately US$93,600,000 as at 31 December 2016, as disclosed in Note 3(c) to the financial statements. We focused on the impairment assessment of the PPE of the manufacturing plants where indications of impairment were identified because of the significant judgement required in estimating the discount rate, terminal growth rate and gross profit margin, which are the key assumptions used in the computation of the recoverable amounts of the related PPE.	We held discussions with management to understand their assessment and decisions. We reviewed the impairment assessment and the value-in-use calculations prepared by management. With the assistance of our internal valuation specialists, we assessed the appropriateness of the key assumptions used in the value-in-use calculations. We evaluated management's sensitivity analysis to assess the impact on the recoverable amount of the related PPE by reasonable possible changes to the key assumptions. Based on the work performed we found the key assumptions used in the value-in-use calculations to be reasonable.

Other Information

Management is responsible for the other information. The other information refers to the "Directors' Statement" section of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Independent Auditor's Report

To the members of Mewah International Inc. (continued)

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of financial statements in accordance with FRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

To the members of Mewah International Inc. (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Bee Nah.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 2 March 2017

Financial Statements

Consolidated Income Statement

For the financial year ended 31 December 2016

	Note	**2016**	2015
		US$'000	US$'000
Revenue	4	**3,042,787**	2,674,739
Cost of sales		**(2,827,210)**	(2,429,527)
Gross profit		**215,577**	245,212
Other income	5	**4,328**	5,745
Other losses (net)	6	**(6,401)**	(61,707)
Expenses			
- Selling and distribution		**(93,577)**	(101,154)
- Administrative		**(70,557)**	(65,157)
- Finance	9	**(10,717)**	(10,305)
Share of profit of associated company	20	**34**	24
Profit before tax		**38,687**	12,658
Income tax expense	10(a)	**(17,850)**	(5,531)
Profit after tax		**20,837**	7,127
Profit after tax attributable to:			
Equity holders of the Company		**20,801**	6,496
Non-controlling interests		**36**	631
		20,837	7,127
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	**1.39**	0.43

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	2016	2015
	US$'000	US$'000
Profit after tax	**20,837**	7,127
Other comprehensive (loss)/income:		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from foreign subsidiaries	**(11,017)**	(39,552)
Item that will not be reclassified subsequently to profit or loss:		
Realisation of asset revaluation reserve upon disposal of property, plant and equipment	**50**	476
Other comprehensive loss, net to tax	**(10,967)**	(39,076)
Total comprehensive income/(loss)	**9,870**	(31,949)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**9,876**	(32,500)
Non-controlling interests	**(6)**	551
	9,870	(31,949)

The accompanying notes form an integral part of these financial statements.

Balance Sheet - Group

As at 31 December 2016

	Note	2016 US$'000	2015 US$'000
ASSETS			
Current assets			
Inventories	13	**222,629**	328,034
Trade receivables	14	**256,413**	239,454
Other receivables	15	**51,457**	51,635
Current income tax recoverable	11	**6,535**	5,064
Derivative financial instruments	16(a)	**49,654**	42,015
Cash and cash equivalents	17	**50,034**	45,603
		636,722	711,805
Non-current assets			
Property, plant and equipment	18	**326,953**	330,745
Investment in associated company	20	**348**	330
Deferred income tax assets	24	**9,735**	11,403
Derivative financial instruments	16(b)	**3,234**	645
		340,270	343,123
Total assets		**976,992**	1,054,928
LIABILITIES			
Current liabilities			
Trade payables	21	**123,968**	94,954
Other payables	22	**76,975**	39,941
Current income tax liabilities	11	**4,320**	4,013
Derivative financial instruments	16(a)	**32,629**	44,350
Borrowings	23	**194,882**	318,076
		432,774	501,334
Non-current liabilities			
Deferred income tax liabilities	24	**27,186**	18,398
Borrowings	23	**30,983**	50,488
		58,169	68,886
Total liabilities		**490,943**	570,220
NET ASSETS		**486,049**	484,708
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	25	**1,501**	1,501
Share premium	25	**180,012**	180,012
Other reserves	26	**(85,133)**	(74,000)
Retained profits	27(a)	**392,380**	379,757
		488,760	487,270
Non-controlling interests		**(2,711)**	(2,562)
Total equity		**486,049**	484,708

The accompanying notes form an integral part of these financial statements.

Balance Sheet - Company

As at 31 December 2016

	Note	2016 US$'000	2015 US$'000
ASSETS			
Current assets			
Other receivables	15	**275,685**	216,340
Derivative financial instruments	16(a)	**124**	-
Cash and cash equivalents	17	**85**	40
		275,894	216,380
Non-current assets			
Investments in subsidiaries	19	**849**	849
Total assets		**276,743**	217,229
LIABILITIES			
Current liabilities			
Other payables	22	**173**	111
Current income tax liabilities	11	**137**	129
Derivative financial instruments	16(a)	**-**	58
		310	298
Non-current liabilities			
Deferred income tax liabilities	24	**657**	486
Total liabilities		**967**	784
NET ASSETS		**275,776**	216,445
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	25	**1,501**	1,501
Share premium	25	**180,012**	180,012
Other reserves	26	**3,509**	3,509
Retained profits	27(b)	**90,754**	31,423
Total equity		**275,776**	216,445

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For the financial year ended 31 December 2016

		← Attributable to equity holders of the Company										
	Note	Share capital US$'000	Share premium US$'000	Capital redemption reserve US$'000	Merger reserve US$'000	General reserve US$'000	Asset revaluation reserve US$'000	Currency translation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
2016												
Beginning of financial year		**1,501**	**180,012**	**3,509**	**(53,005)**	**(2,495)**	**8,676**	**(30,685)**	**379,757**	**487,270**	**(2,562)**	**484,708**
Profit for the year		-	-	-	-	-	-	-	20,801	20,801	36	20,837
Other comprehensive loss for the year		-	-	-	-	-	(158)	(10,975)	208	(10,925)	(42)	(10,967)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(158)**	**(10,975)**	**21,009**	**9,876**	**(6)**	**9,870**
Dividends	28	-	-	-	-	-	-	-	(8,386)	(8,386)	(143)	(8,529)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,386)**	**(8,386)**	**(143)**	**(8,529)**
End of financial year		**1,501**	**180,012**	**3,509**	**(53,005)**	**(2,495)**	**8,518**	**(41,660)**	**392,380**	**488,760**	**(2,711)**	**486,049**
2015												
Beginning of financial year		**1,501**	**180,012**	**3,509**	**(53,005)**	**(2,608)**	**10,058**	**8,787**	**390,730**	**538,984**	**(3,412)**	**535,572**
Profit for the year		-	-	-	-	-	-	-	6,496	6,496	631	7,127
Other comprehensive loss for the year		-	-	-	-	-	(1,382)	(39,472)	1,858	(38,996)	(80)	(39,076)
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**(1,382)**	**(39,472)**	**8,354**	**(32,500)**	**551**	**(31,949)**
Acquisition of a subsidiary	34	-	-	-	-	-	-	-	-	-	13	13
Dividends	28	-	-	-	-	-	-	-	(19,327)	(19,327)	(105)	(19,432)
Partial disposal of equity interest in a subsidiary to non-controlling interests	26 & 34	-	-	-	-	113	-	-	-	113	391	504
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**113**	**-**	**-**	**(19,327)**	**(19,214)**	**299**	**(18,915)**
End of financial year		**1,501**	**180,012**	**3,509**	**(53,005)**	**(2,495)**	**8,676**	**(30,685)**	**379,757**	**487,270**	**(2,562)**	**484,708**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For the financial year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from operating activities			
Profit after tax		**20,837**	7,127
Adjustments for:			
- Income tax expense	10(a)	**17,850**	5,531
- Depreciation of property, plant and equipment	18	**17,116**	17,470
- Impairment of goodwill		**-**	7
- (Gains)/losses on disposal of property, plant and equipment	6	**(484)**	286
- Property, plant and equipment written off	6	**99**	763
- Impairment losses on property, plant and equipment	6	**1,742**	-
- Interest income	5	**(1,697)**	(4,512)
- Interest expense	9	**10,717**	10,305
- Share of profit of associated company	20	**(34)**	(24)
- Exchange differences (net)		**4,928**	7,455
Operating cash flows before working capital changes		**71,074**	44,408
Changes in operating assets and liabilities:			
- Inventories		**105,405**	(33,667)
- Trade and other receivables		**(11,727)**	25,098
- Trade and other payables		**66,048**	(55,132)
- Derivative financial instruments		**(21,949)**	8,427
Cash flows from/(used in) operations		**208,851**	(10,866)
Interest received		**1,157**	3,990
Interest paid		**(10,717)**	(10,305)
Income tax paid	11	**(7,430)**	(3,943)
Net cash flows from/(used in) operating activities		**191,861**	(21,124)
Cash flows from investing activities			
(Increase)/decrease in other receivables		**(5,055)**	2,182
Additions to property, plant and equipment	18	**(31,338)**	(30,987)
Proceeds from disposal of property, plant and equipment		**1,289**	627
Capital contribution from non-controlling interests		**-**	13
Acquisition of a subsidiary, net of cash acquired	34	**-**	(6)
Partial disposal of equity interest in a subsidiary to non-controlling interests, net of cash acquired	34	**-**	504
Net cash flows used in investing activities		**(35,104)**	(27,667)
Cash flows from financing activities			
Decrease in restricted short term deposit		**-**	2,206
Proceeds from long term borrowings		**1,382**	14,774
Repayment of long term borrowings		**(35,245)**	(63,423)
Net (repayment)/proceeds from short term borrowings		**(108,139)**	103,715
Repayment of finance lease liabilities		**-**	(19)
Interest received		**540**	522
Dividends paid to equity holders of the Company	28	**(8,386)**	(19,327)
Dividends paid to non-controlling interests		**(143)**	(105)
Net cash flows (used in)/from financing activities		**(149,991)**	38,343
Net change in cash and cash equivalents		**6,766**	(10,448)
Cash and cash equivalents at beginning of financial year		**45,407**	58,352
Effect of changes in exchange rate on cash and cash equivalents		**(2,328)**	(2,497)
Cash and cash equivalents at end of financial year	17	**49,845**	45,407

The accompanying notes form an integral part of these financial statements.

Notes To The Financial Statements

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Mewah International Inc. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in the Cayman Islands. The address of its registered office is Harbour Place, 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is at 5, International Business Park, #05-00, Mewah Building, Singapore 609914.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 38 of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue for the Group represents the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of ordinary activities of the Group's business. Revenue is presented net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group, except for business combination under common control.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair values of the identifiable net assets acquired, is recorded as goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control.
- The assets and liabilities are brought into the financial statements at their existing carrying amounts from the perspective of the controlling party.
- The income statement includes the results of the acquired entities since the earliest date the entities are under common control.
- The comparative figures of the Group represent the income statement, statement of comprehensive income, balance sheet, statement of cash flows and statement of changes in equity and have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control.
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration.
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary is taken to merger reserve. Cash paid/payable arising from the acquisition under common control is also taken to the merger reserve.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.5 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the subsidiary. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in general reserve within equity attributable to the equity holders of the Company.

(c) *Associated company*

Associated company is entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated company are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.5 for the accounting policy on investment in associated company in the separate financial statements of the Company.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 January 2007, the Group has elected to adopt FRS 101 exemption to deem the previous revaluation of certain property, plant and equipment as deemed cost. The accumulated depreciation at the date of revaluation was eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.7 on borrowing costs).

(b) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Freehold buildings	2%
Leasehold land and buildings	1% to 3% (Over the period of leases)
Plant and equipment	2% to 5%
Furniture, fixtures and office equipment	5% to 20%
Motor vehicles	20%

Freehold land and capital expenditure in progress are stated at cost and not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/losses". Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.5 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries and associated company

Property, plant and equipment and investments in subsidiaries and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at deemed cost, in which case, such impairment loss is treated as a decrease to the revaluation reserve to the extent of the revaluation reserve relating to these assets.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to the acquisition, construction or production of qualifying assets that are financed by general borrowings.

2.8 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables" (Note 14), "other receivables" (Note 15) and "cash and cash equivalents" (Note 17) on the balance sheet.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables financial assets*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(f) *Offsetting* financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Derivative financial instruments

Derivative financial instruments comprise mainly of crude palm oil and palm oil products forward contracts, futures contracts and currency forward contracts.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss within "cost of sales" when the changes arise.

Derivative financial instruments are reported in the financial statements on a net basis where legal right of setoff exists. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Fair value estimation of financial assets and liabilities

The Group's commodities futures contracts are traded in active markets and their fair values take into consideration quoted prices at the balance sheet date in active markets such as Bursa Malaysia.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 31(e).

The fair values of currency forward contracts are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 Leases

(a) When the Group is the lessee:

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.
Initial direct costs incurred by the Group in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss over the lease term on a straight-line basis.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:

Lessor - Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance costs.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("presentation currency"), which is also the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

Notes To The Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share premium account.

2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when dividends are approved for payment.

2.24 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to assets are presented on the balance sheet under other payables as deferred income.

Notes To The Financial Statements

For the financial year ended 31 December 2016

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Valuation of commodities forward contracts*

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 31(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$5,440,000 (2015: lower or higher by US$6,897,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

(b) *Assessment of recoverability of past due trade receivables of the Group*

Management reviews its loans and receivables for objective evidence of impairment on a regular basis and by each customer due to the specific risks associated with each debtor. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. Management has used its judgement to determine whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effects in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has used its judgement to determine whether an impairment loss should be recorded based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced. Further details are disclosed in Note 31(b)(ii) to the financial statements.

At 31 December 2016, the net carrying value of the past due trade receivables of the Group (net of allowance) amounted to US$103,403,000, comprising amounts past due but not impaired of US$95,506,000 and amounts individually determined to be fully/partially impaired of US$7,897,000 as disclosed in Note 31(b)(ii) to the financial statements.

If the net present values of estimated cash flows had been lower by 5% from management's estimates for all past due loans and receivables, the Group's allowance for impairment would have been higher by US$5,170,150 (2015: US$3,956,400).

(c) *Impairment assessment of certain manufacturing plants of the Group*

Property, plant and equipment ("PPE") is tested for impairment whenever there are indications that these assets may be impaired. Management performs a review to determine whether there are any indications of impairment in relation to the property, plant and equipment held by the Group.

As at 31 December 2016, management has identified indications of impairment relating to PPE of certain manufacturing plants of the Group. The total carrying value of the PPE relating to these manufacturing plants that was recognised on the balance sheet amounted to approximately US$93,600,000 as at 31 December 2016.

Notes To The Financial Statements

For the financial year ended 31 December 2016

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (contiuned)

(c) Impairment assessment of certain manufacturing plants of the Group (continued)

The recoverable amounts of these PPE were determined based on value-in-use calculations. The value-in-use calculation is based on a discounted cash flow model and requires the Group to make an estimate of the expected future cash flows from the continuing use of the PPE.

The key assumptions used in the value-in-use calculations that were subject to significant judgement were relating to the estimation of the discount rate, terminal growth rate and gross profit margin as follows:

Discount rate	9.0%
Terminal growth rate	3.0%
Gross profit margin	2.5%-14.4%

An unfavorable change of 1% to any of the individual key assumptions listed above would not have resulted in the recoverable amounts of the PPE of these manufacturing plants to be lower than their respective carrying amounts.

Based on the recoverable amounts determined by management, no impairment for the PPE of these manufacturing plants was deemed necessary as at 31 December 2016.

4. REVENUE

	Group	
	2016	2015
	US$'000	US$'000
Sale of palm based products in bulk	**2,290,150**	1,876,055
Sale of consumer products including edible oils and fats, rice and dairy in consumer packs	**752,637**	798,684
	3,042,787	2,674,739

5. OTHER INCOME

	Group	
	2016	2015
	US$'000	US$'000
Interest income on bank deposits and others	**540**	522
Late interest charged on trade receivables	**1,157**	3,990
Rental income	**215**	234
Commission income	**42**	35
Insurance claims	**1,174**	119
Other miscellaneous income	**1,200**	845
	4,328	5,745

Other miscellaneous income mainly comprise sales of by-products and waste.

Notes To The Financial Statements

For the financial year ended 31 December 2016

6. OTHER LOSSES (NET)

	Group	
	2016	2015
	US$'000	US$'000
Foreign exchange (gains)/losses - net	**(1,640)**	60,834
Provision for legal claims [Note 6(i)]	**3,751**	-
Impairment losses on other receivables [Note 6(ii)]	**2,382**	280
Impairment losses on property, plant and equipment (Note 18)	**1,742**	-
Property, plant and equipment written off	**99**	763
(Gains)/losses on disposal of property, plant and equipment	**(484)**	286
Others	**551**	(456)
	6,401	61,707

(i) Provision for legal claims

The provision for legal claims amounting to US$3,751,000 for the financial year ended 31 December 2016 arose from civil claims made by Lushing Traders Pte Ltd ("Lushing") against Mewah-Oils Sdn Bhd ("MOSB"), a wholly-owned subsidiary, for the alleged wrongful conversion of crude palm oil that belonged to Lushing. As at 31 December 2015, an appeal had been filed by MOSB to the Court of Appeal on the High Court's ruling in favour of Lushing and the external solicitors were of the opinion that MOSB had strong grounds of appeal and as such, no provision was deemed necessary at that juncture.

During the current financial year, the Court of Appeal dismissed MOSB's appeal and management has made full provisions for the claims as at 31 December 2016. On the advice of its external solicitors, MOSB has filed an application for leave to appeal to the Federal Court to defend the claims.

(ii) Impairment losses on other receivables

During the financial year, a wholly-owned subsidiary of the Group discontinued a project in Indonesia and accordingly, an impairment loss on the receivables relating to this project amounting to US$2,382,000 was recorded for the financial year ended 31 December 2016.

Notes To The Financial Statements

For the financial year ended 31 December 2016

7. EXPENSES BY NATURE

	Group	
	2016	2015
	US$'000	US$'000
Purchases of inventories	**2,710,834**	2,409,303
Changes in inventories	**104,034**	(32,906)
(Gains)/losses from derivative financial instruments	**(23,080)**	20,166
Freight charges	**36,861**	65,468
Consultation fees	**2,433**	2,391
Transportation	**18,892**	20,696
Export duties	**9,566**	794
Insurance	**5,199**	5,400
Utilities	**10,231**	9,980
Rental on operating lease	**1,706**	1,720
Repair and maintenance	**4,834**	4,618
Employee compensation (Note 8)	**50,797**	46,585
Depreciation of property, plant and equipment (Note 18)	**17,116**	17,470
Bank charges	**2,043**	2,272
Allowance for impairment of trade receivables [Note 31(b)(ii)]	**18,317**	2,893
Inventories write down/(reversal of inventories write down)	**1,371**	(761)
Audit fees		
- Auditors of the Company	**334**	335
- Other auditors*	**186**	146
Non-audit fees		
- Auditors of the Company	**61**	50
- Other auditors*	**65**	128
Others	**19,544**	19,090
Total cost of sales, selling and distribution and adminstrative expenses	**2,991,344**	2,595,838

* Includes the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

For the financial year ended 31 December 2016, the write-down of inventories mainly relate to inventories which are slow-moving. For the financial year ended 31 December 2015, the Group managed to sell the inventories previously written down and as such the write down was reversed.

Notes To The Financial Statements

For the financial year ended 31 December 2016

8. EMPLOYEE COMPENSATION

	Group	
	2016	2015
	US$'000	US$'000
Salaries	**45,756**	42,033
Employer's contributions to defined contribution plans	**3,560**	3,226
Other staff benefits	**1,481**	1,326
	50,797	46,585

9. FINANCE EXPENSES

	Group	
	2016	2015
	US$'000	US$'000
Interest expenses:		
- Bank borrowings	**10,733**	10,893
- Finance lease liabilities	**1**	2
	10,734	10,895
Less: Borrowing costs capitalised in property, plant and equipment	**(17)**	(590)
Finance expenses recognised in income statement	**10,717**	10,305

In 2016, borrowing costs were capitalised at a rate of 4.25% (2015: 5.68%) per annum.

Notes To The Financial Statements

For the financial year ended 31 December 2016

10. INCOME TAXES

(a) Income tax expense

	Group	
	2016	2015
	US$'000	US$'000
Tax expense attributable to profit was made up of:		
Current income tax		
- Singapore	**575**	992
- Foreign	**6,035**	5,825
	6,610	6,817
Deferred income tax	**8,427**	(2,556)
	15,037	4,261
(Over)/under provision in prior financial years		
- Current income tax	**(455)**	(408)
- Deferred income tax	**3,268**	1,678
	2,813	1,270
Income tax expense	**17,850**	5,531

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the domestic rates of income tax as explained below:

	Group	
	2016	2015
	US$'000	US$'000
Profit before tax	**38,687**	12,658
Tax calculated at domestic rates applicable to profits in the respective countries	**10,394**	1,960
Effects of:		
- Tax incentives	**840**	(2,717)
- Expenses not deductible for tax purposes	**4,050**	4,582
- Income not subject to tax	**(8)**	(61)
- Utilisation of previously unrecognised tax losses	**(219)**	-
- Deferred tax benefits not recognised	**-**	243
- Under provision of tax	**2,813**	1,270
- Others	**(20)**	254
	17,850	5,531

Notes To The Financial Statements

For the financial year ended 31 December 2016

10. INCOME TAXES (continued)

(a) Income tax expense (continued)

Singapore and Malaysia, two of the Group's main tax jurisdictions, had headline corporate tax rates of 17% and 24% (2015: 17% and 25%) respectively. The Group enjoys certain tax incentives such as concessionary tax rate on qualifying income under the Global Trader Programme of International Enterprise Singapore, 0% tax rate on qualifying income under the Pioneer Status in Malaysia and other various schemes for qualifying capital investments in Malaysia.

Under provision in prior financial years

The under provision of tax in respect of prior financial years mainly relates to a notice of additional tax, which was raised during the current financial year by a local tax authority to a wholly-owned subsidiary of the Group. The wholly-owned subsidiary has filed an objection to this additional tax assessment and the matter is currently in arbitration.

Based on the information currently available, management is of the view that the tax provisions recorded in the financial statements as at 31 December 2016 is reasonable and appropriate and the maximum exposure of the additional tax assessment not recognised in these financial statements amounted to approximately US$3,836,400. If the final outcome is different from the provisions that have been made, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

For the financial year ended 31 December 2015, the under provision of tax amounting to US$1,270,000 mainly pertains to tax incentive granted to a subsidiary of the Group during the year which resulted in deferred tax assets of the subsidiary being recognised at 0% tax rate due to tax exemption granted.

(b) The tax credit relating to each component of other comprehensive income is as follows:

Group

	2016			2015		
	Before tax	**Tax credit**	**After tax**	Before tax	Tax credit	After tax
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Realisation of asset revaluation reserve upon disposal of property, plant and equipment	**(208)**	**50**	**(158)**	(1,858)	476	(1,382)

Notes To The Financial Statements

For the financial year ended 31 December 2016

11. CURRENT INCOME TAXES

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Beginning of the year	**1,051**	4,303	**(129)**	(147)
Currency translation differences	**(111)**	(786)	**-**	6
Income tax paid	**7,430**	3,943	**343**	256
Tax expense	**(6,610)**	(6,817)	**(378)**	(289)
Over provision in prior financial years	**455**	408	**27**	45
End of the financial year	**2,215**	1,051	**(137)**	(129)
Represented by:				
Current income tax recoverable	**6,535**	5,064	**-**	-
Current income tax liabilities	**(4,320)**	(4,013)	**(137)**	(129)

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
Net profit attributable to equity holders of the Company (US$'000)	**20,801**	6,496
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,500,667**	1,500,667
Basic earnings per share (US cents per share)	**1.39**	0.43

Diluted earnings per share was the same as the basic earnings per share for the financial years ended 31 December 2016 and 2015 as there were no potential dilutive ordinary shares outstanding.

13. INVENTORIES

	Group	
	2016	2015
	US$'000	US$'000
Raw materials	**89,260**	200,825
Finished goods	**127,117**	120,861
Stores, spares and consumables	**6,252**	6,348
	222,629	328,034

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$2,816,239,000 (2015: US$2,375,636,000).

Notes To The Financial Statements

For the financial year ended 31 December 2016

14. TRADE RECEIVABLES

	Group	
	2016	2015
	US$'000	US$'000
Trade receivables		
- Related parties [Note 32(a)]	**24,671**	29,618
- Non-related parties	**270,697**	230,895
	295,368	260,513
Less: Allowance for impairment of trade receivables		
- non-related parties [Note 31(b)(ii)]	**(38,955)**	(21,059)
Trade receivables – net	**256,413**	239,454

15. OTHER RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Loans to subsidiaries	**-**	-	**275,672**	212,327
Non-trade receivables	**30,576**	24,470	**-**	-
Deposits	**19,039**	22,491	**-**	-
Prepayments	**1,842**	4,674	**13**	13
Dividends receivable	**-**	-	**-**	4,000
	51,457	51,635	**275,685**	216,340

Group

As at 31 December 2016, non-trade receivables included US$23,418,000 (2015: US$19,288,000) refundable Goods Service Tax, US$4,365,000 (2015: US$2,139,000) relating to subsidy receivable for cooking oil price stabilisation scheme and US$1,515,000 (2015: US$1,024,000) of advance payments for the purchase of raw materials.

As at 31 December 2016, deposits included US$6,948,000 (2015: US$1,893,000) being advance payments towards capital expenditure and US$9,080,000 (2015: initial and variation margin of US$19,405,000) paid to Bursa Malaysia Derivatives Clearing Bhd for commodity trading initial margin payment.

As at 31 December 2015, non-trade receivables included US$9,000 loan to a director of a subsidiary. The loan was interest-free, unsecured and repayable on demand. The loan to the director was fully repaid as at 31 December 2016.

Other non-trade receivables are unsecured, interest-free and repayable on demand.

Company

Interest rates for loans to subsidiaries are at 1.2% to 9.1% (2015: 1.3% to 5.3%) per annum. The loans are unsecured and repayable on demand.

Notes To The Financial Statements

For the financial year ended 31 December 2016

16. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Current portion

	Contract notional amount	Group Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
2016			
Currency forward contracts [Note 31(e)]	569,644	9,547	(6,433)
Commodities forward contracts [Note 31(e)]	723,064	16,613	(25,186)
Futures contracts on commodity exchange [Note 31(e)]	948,980	23,494	(1,010)
Total		**49,654**	**(32,629)**
2015			
Currency forward contracts [Note 31(e)]	485,235	3,029	(969)
Commodities forward contracts [Note 31(e)]	815,200	26,344	(18,170)
Futures contracts on commodity exchange [Note 31(e)]	819,961	12,642	(25,211)
Total		42,015	(44,350)

	Contract notional amount	Company Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
2016			
Currency forward contracts [Note 31(e)]	3,350	**124**	**-**
2015			
Currency forward contracts [Note 31(e)]	3,261	-	(58)

b) Non-current portion

	Contract notional amount	Group Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
2016			
Commodities forward contracts [Note 31(e)]	1,628	20	-
Futures contracts on commodity exchange [Note 31(e)]	115,066	3,214	-
Total		**3,234**	-

Notes To The Financial Statements

For the financial year ended 31 December 2016

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

b) Non-current portion (continued)

	Contract notional amount US$'000	Group Fair values Asset US$'000	Group Fair values Liability US$'000
2015			
Commodities forward contracts [Note 31(e)]	9,491	377	-
Futures contracts on commodity exchange [Note 31(e)]	8,143	268	-
Total		**645**	-

(i) Currency forward contracts are entered into by the Group to manage exposure to fluctuations in foreign currency exchange rates.

(ii) The Group enters into commodities forward contracts and futures contracts to protect the Group from movements in market prices of crude palm oil and palm oil products by establishing the price at which the products will be sold or purchased.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
Cash at bank and on hand	**34,689**	26,372	**85**	40
Short-term bank deposits	**15,345**	19,231	**-**	-
	50,034	45,603	**85**	40

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2016 US$'000	2015 US$'000
Cash and bank balances (as above)	**50,034**	45,603
Less: Bank overdrafts (Note 23)	**(189)**	(196)
Cash and cash equivalents per consolidated statement of cash flows	**49,845**	45,407

Notes To The Financial Statements

For the financial year ended 31 December 2016

18. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Plant and equipment US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Capital expenditure in progress US$'000	Total US$'000
Group							
2016							
Cost							
Beginning of financial year	21,497	114,502	274,796	19,168	7,837	22,589	460,389
Currency translation differences	(780)	(6,746)	(12,018)	(375)	(100)	(1,100)	(21,119)
Additions	78	1,307	2,176	982	775	26,020	31,338
Disposals	(616)	(14)	(435)	(343)	(1,041)	-	(2,449)
Write off	-	-	(626)	(812)	(1)	(56)	(1,495)
Reclassification	109	672	11,706	40	-	(12,527)	-
End of financial year	**20,288**	**109,721**	**275,599**	**18,660**	**7,470**	**34,926**	**466,664**
Accumulated depreciation							
Beginning of financial year	978	18,859	90,344	13,793	5,340	-	129,314
Currency translation differences	(63)	(1,103)	(4,254)	(265)	(66)	-	(5,751)
Depreciation charge (Note 7)	413	2,862	11,514	1,379	948	-	17,116
Disposals	(66)	(8)	(382)	(340)	(848)	-	(1,644)
Write off	-	-	(593)	(803)	-	-	(1,396)
End of financial year	**1,262**	**20,610**	**96,629**	**13,764**	**5,374**	**-**	**137,639**
Accumulated impairment losses							
Beginning of financial year	-	-	17	247	66	-	330
Impairment losses (Note 6)	-	-	-	-	-	1,742	1,742
End of financial year	**-**	**-**	**17**	**247**	**66**	**1,742**	**2,072**
Net book value							
End of financial year	**19,026**	**89,111**	**178,953**	**4,649**	**2,030**	**33,184**	**326,953**

Notes To The Financial Statements

For the financial year ended 31 December 2016

18. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Plant and equipment US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Capital expenditure in progress US$'000	Total US$'000
Group							
2015							
Cost							
Beginning of financial year	24,156	130,924	310,831	20,426	7,909	29,471	523,717
Currency translation differences	(4,412)	(17,019)	(59,242)	(1,821)	(466)	(2,629)	(85,589)
Additions	1,757	236	3,568	621	721	24,084	30,987
Disposals	(4)	(16)	(49)	(44)	(327)	(888)	(1,328)
Write off	-	(152)	(7,000)	(14)	-	(232)	(7,398)
Reclassification	-	529	26,688	-	-	(27,217)	-
End of financial year	21,497	114,502	274,796	19,168	7,837	22,589	460,389
Accumulated depreciation							
Beginning of financial year	696	18,294	104,308	13,436	4,949	-	141,683
Currency translation differences	(158)	(2,388)	(18,730)	(1,215)	(298)	-	(22,789)
Depreciation charge (Note 7)	442	3,015	11,381	1,625	1,007	-	17,470
Disposals	(2)	(3)	(49)	(43)	(318)	-	(415)
Write off	-	(59)	(6,566)	(10)	-	-	(6,635)
End of financial year	978	18,859	90,344	13,793	5,340	-	129,314
Accumulated impairment losses							
Beginning and end of financial year	-	-	17	247	66	-	330
Net book value							
End of financial year	**20,519**	**95,643**	**184,435**	**5,128**	**2,431**	**22,589**	**330,745**

Notes To The Financial Statements

For the financial year ended 31 December 2016

18. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) As at 31 December 2015, the carrying amount of motor vehicles held under finance leases was US$7,000 at the balance sheet date. There is no finance leases as at 31 December 2016.

(b) As at 31 December 2016, bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of US$142,221,000 (2015: US$192,789,000).

(c) During the financial year, a wholly owned subsidiary of the Group has discontinued a project in Indonesia which resulted in an impairment loss on the related capital expenditure in progress of US$1,742,000 being recognised in profit or loss.

(d) The following reclassification has been made to the comparative information for consistency with the classification in the current financial year.

The effect of the restatement on the balance sheet as at 31 December 2015 is shown below:

Group

	As reported previously	Increase/ (Decrease)	As reported presently
	US$'000	US$'000	US$'000
Property, plant and equipment	298,582	32,163	330,745
Leasehold prepayments	32,163	(32,163)	-

As the reclassification did not have a material impact to the financial statements as a whole, the opening balance sheet of the comparative financial year was not presented.

19. INVESTMENTS IN SUBSIDIARIES

	Group	
	2016	2015
	US$'000	US$'000
Equity investments at cost		
Beginning and end of financial year	**849**	849

Details of the subsidiaries are included in Note 38. There are no subsidiaries with non-controlling interest that are material to the Group as at 31 December 2016 and 2015.

Notes To The Financial Statements

For the financial year ended 31 December 2016

20. INVESTMENTS IN ASSOCIATED COMPANY

	Group	
	2016	2015
	US$'000	US$'000
Equity investment at cost		
Beginning of financial year	**330**	379
Share of profits	**34**	24
Currency translation differences	**(16)**	(73)
End of financial year	**348**	330

The summarised financial information of the associated company, not adjusted for the proportion ownership interest held by the Group, was as follows:

	Group	
	2016	2015
	US$'000	US$'000
Assets	**1,049**	1,085
Liabilities	**(339)**	(412)
Carrying value of associated company	**710**	673
Effective interest rate of the Group in associated company	**49%**	49%
Carrying value of group's interest in associated company	**348**	330
Revenue	**3,713**	4,224
Net profit and total comprehensive income	**69**	49
Effective interest rate of the Group in associated company	**49%**	49%
Share of profit of associated company	**34**	24

Details of the associated company are included in Note 38. In the opinion of management, the associated company is not material to the Group.

Notes To The Financial Statements

For the financial year ended 31 December 2016

21. TRADE PAYABLES

	Group	
	2016	2015
	US$'000	US$'000
Trade payables		
- Related parties [Note 32(a)]	**939**	878
- Non-related parties	**123,029**	94,076
	123,968	94,954

Amount due to related parties are unsecured, interest-free and repayable on demand.

22. OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Non-trade payables				
- Related parties [Note 32(a)]	**1**	14	**-**	-
- Associated company	**43**	26	**-**	-
- Non-related parties	**45,533**	16,791	**-**	-
	45,577	16,831	**-**	-
Deferred income	**1,919**	2,012	**-**	-
Accrual for operating expenses	**29,479**	21,098	**173**	111
	76,975	39,941	**173**	111

Group

Amounts due to associated company and related parties relate mainly to forwarding services and rental of premises, and are unsecured, interest free and repayable on demand. As at 31 December 2016, non-trade payables from non-related parties included US$25,769,000 (2015: US$Nil) payable to Bursa Malaysia Derivatives Clearing Bhd ("Bursa") for commodity trading variation margin payment. In 2015, the variation margin with Bursa was in a net receivable position. Non-trade payables also included advances from customers of US$8,118,000 (2015: US$5,394,000).

Notes To The Financial Statements

For the financial year ended 31 December 2016

23. BORROWINGS

	Group	
	2016	2015
	US$'000	US$'000
Current		
Bank overdrafts (Note 17)	**189**	196
Bank borrowings		
- Trade financing	**173,924**	274,038
- Revolving credit	**-**	8,000
- Term loans	**20,769**	35,822
Finance lease liabilities [Note 23(c)]	**-**	20
	194,882	318,076
Non-current		
Bank borrowings		
- Term loans	**30,983**	50,481
Finance lease liabilities [Note 23(c)]	**-**	7
	30,983	50,488
Total borrowings	**225,865**	368,564

(a) *Securities granted*

Total borrowings include secured liabilities of US$51,752,000 (2015: US$86,303,000). The borrowings of the Group are secured by certain property, plant and equipment as disclosed in Note 18(b) and corporate guarantees by the Company as disclosed in Note 29.

Finance lease liabilities are secured over the leased motor vehicles as at 31 December 2015 with carrying value of US$7,000 as the legal titles are retained by the lessors and will be transferred to the Group upon full settlement of the finance lease liabilities. The finance lease liability was fully repaid as at 31 December 2016.

(b) *Fair value of non-current borrowings*

The fair value of non-current borrowings approximated the carrying value of the non-current borrowings at the balance sheet date as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which management expects to be available to the Group.

Notes To The Financial Statements

For the financial year ended 31 December 2016

23. BORROWINGS (continued)

(c) Finance lease liabilities

The Group leases certain plant and equipment under finance leases.

	Group	
	2016	2015
	US$'000	US$'000
Minimum lease payments due		
- Not later than one year	**-**	21
- Between one and two years	**-**	7
- Between two and five years	**-**	-
	-	28
Less: Future finance charges	**-**	(1)
Present value of finance lease liabilities	**-**	27

The present values of finance lease liabilities were analysed as follows:

	Group	
	2016	2015
	US$'000	US$'000
Not later than one year	**-**	20
Between one and two years	**-**	7
	-	27

Notes To The Financial Statements

For the financial year ended 31 December 2016

24. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, were shown on the balance sheet as follows:

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Deferred income tax assets				
- Expected to be recovered within one year	**577**	590	**-**	-
- Expected to be recovered after one year	**9,158**	10,813	**-**	-
	9,735	11,403	**-**	-
Deferred income tax liabilities				
- Expected to be settled within one year	**(10,375)**	(5,862)	**-**	-
- Expected to be settled after one year	**(16,811)**	(12,536)	**(657)**	(486)
	(27,186)	(18,398)	**(657)**	(486)

Movement in deferred income tax assets/(liabilities) account was as follows:

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**(6,995)**	(9,830)	**(486)**	(366)
Currency translation differences	**1,189**	1,481	**-**	-
Tax (charged)/credited to				
- Profit or loss	**(11,695)**	878	**(171)**	(120)
- Equity [Note 10(b)]	**50**	476	**-**	-
End of financial year	**(17,451)**	(6,995)	**(657)**	(486)

Notes To The Financial Statements

For the financial year ended 31 December 2016

24. DEFERRED INCOME TAXES (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) was as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Revaluation of property, plant and equipment	Unremitted foreign income	Unrealised gains on derivative financial instruments	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2016					
Beginning of financial year	**(21,482)**	**(2,132)**	**(939)**	**(2,209)**	**(26,762)**
Currency translation differences	**1,097**	**54**	**-**	**254**	**1,405**
(Charged)/credited to					
- Profit or loss	**(2,937)**	**-**	**(172)**	**(2,195)**	**(5,304)**
- Equity [Note 10(b)]	**-**	**50**	**-**	**-**	**50**
End of financial year	**(23,322)**	**(2,028)**	**(1,111)**	**(4,150)**	**(30,611)**
2015					
Beginning of financial year	(24,692)	(2,972)	(799)	(4,459)	(32,922)
Currency translation differences	4,734	364	-	686	5,784
(Charged)/credited to					
- Profit or loss	(1,524)	-	(140)	1,564	(100)
- Equity [Note 10(b)]	-	476	-	-	476
End of financial year	(21,482)	(2,132)	(939)	(2,209)	(26,762)

Notes To The Financial Statements

For the financial year ended 31 December 2016

24. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	Unutilised tax losses	Unutilised reinvestment allowance	Others	Total
	US$'000	US$'000	US$'000	US$'000
2016				
Beginning of financial year	**4,479**	**14,260**	**1,028**	**19,767**
Currency translation differences	**(79)**	**(31)**	**(106)**	**(216)**
(Charged)/credited to				
- Profit or loss	**(781)**	**(7,245)**	**1,635**	**(6,391)**
End of financial year	**3,619**	**6,984**	**2,557**	**13,160**
2015				
Beginning of financial year	1,346	19,655	2,091	23,092
Currency translation differences	(506)	(3,487)	(310)	(4,303)
Credited/(charged) to				
- Profit or loss	3,639	(1,908)	(753)	978
End of financial year	4,479	14,260	1,028	19,767

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately US$4,046,000 (2015: US$5,215,000) at the balance sheet date which would expire between 2017 and 2021. These unrecognised tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

Company

Deferred income tax liabilities

	Unremitted foreign income	
	2016	2015
	US$'000	US$'000
Beginning of financial year	**(486)**	(366)
Charged to		
- Profit or loss	**(171)**	(120)
End of financial year	**(657)**	(486)

Notes To The Financial Statements

For the financial year ended 31 December 2016

25. SHARE CAPITAL AND SHARE PREMIUM

	No. of ordinary shares		Amount		
	Authorised share capital at par value of US$0.001	Issued share capital at par value of US$0.001	Authorised share capital at par value of US$0.001	Share capital at par value of US$0.001	Share premium
	'000	'000	US$'000	US$'000	US$'000
Group and Company					
2016					
Beginning and end of financial year, ordinary shares at par value, US$0.001	**30,000,000**	**1,500,667**	**30,000**	**1,501**	**180,012**
2015					
Beginning and end of financial year, ordinary shares at par value, US$0.001	30,000,000	1,500,667	30,000	1,501	180,012

All issued ordinary shares were fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

26. OTHER RESERVES

	Group	
	2016	2015
	US$'000	US$'000
(a) *Composition:*		
Merger reserve	**(53,005)**	(53,005)
General reserve	**(2,495)**	(2,495)
Asset revaluation reserve	**8,518**	8,676
Currency translation reserve	**(41,660)**	(30,685)
Capital redemption reserve	**3,509**	3,509
	(85,133)	(74,000)

	Company	
	2016	2015
	US$'000	US$'000
(a) *Composition:*		
Capital redemption reserve	**3,509**	3,509

Notes To The Financial Statements

For the financial year ended 31 December 2016

26. OTHER RESERVES (continued)

Merger reserve represents the difference between the cost of investment and nominal value of share capital of the merged subsidiary.

General reserve represents the difference between the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received; and the gain on change in fair value of put option rights of non-controlling interests.

Asset revaluation reserve arose as a result of the Group's election on 1 January 2007 to adopt the FRS 101 exemption to deem the previous revaluation of certain property, plant and equipment as deemed cost [Note 2.4(a)(i)].

Capital redemption reserve represents the difference between the nominal value of the shares repurchased and fair value of the consideration paid.

Other reserves are non-distributable.

	Note	Group 2016 US$'000	Group 2015 US$'000
(b) Movements			
(i) Merger reserve			
Beginning and end of financial year		**(53,005)**	(53,005)
(ii) General reserve			
Beginning of financial year		**(2,495)**	(2,608)
Partial disposal of equity interest in a subsidiary to non-controlling interests	34	**-**	113
End of financial year		**(2,495)**	(2,495)
(iii) Asset revaluation reserve			
Beginning and end of financial year		**8,676**	10,058
Realisation of reserve upon disposal		**(208)**	(1,858)
Less: Tax on disposal of property, plant and equipment		**50**	476
		(158)	(1,382)
End of financial year		**8,518**	8,676

Notes To The Financial Statements

For the financial year ended 31 December 2016

26. OTHER RESERVES (continued)

	Note	Group 2016 US$'000	Group 2015 US$'000
(b) Movements (continued)			
(iv) Currency translation reserve			
Beginning of financial year		**(30,685)**	8,787
Net currency translation differences of foreign subsidiaries		**(11,017)**	(39,552)
Less: Non-controlling interests		**42**	80
		(10,975)	(39,472)
End of financial year		**(41,660)**	(30,685)

	Group and Company 2016 US$'000	Group and Company 2015 US$'000
(v) Capital redemption reserve		
Beginning and end of financial year	**3,509**	3,509

27. RETAINED PROFITS

(a) Retained profits of the Group are distributable, to the extent that it is in compliance with the local guidelines of the countries in which the subsidiaries operate and the restrictions imposed by the covenant underlying the Group's borrowings.

(b) Movement in retained profits for the Company was as follows:

	Company 2016 US$'000	Company 2015 US$'000
Beginning of financial year	**31,423**	20,871
Dividends (Note 28)	**(8,386)**	(19,327)
Total comprehensive income for the financial year	**67,717**	29,879
End of financial year	**90,754**	31,423

Notes To The Financial Statements

For the financial year ended 31 December 2016

28. DIVIDENDS

	Group and Company	
	2015	2014
	US$'000	US$'000
Declared and paid during the financial year:		
Dividend on ordinary shares:		
- Final exempt one-tier dividend of S$0.0045 for 2015 (2014: S$0.0170) per share	**5,026**	19,327
- Interim exempt one-tier dividend of S$0.0030 for 2016 (2015: S$Nil) per share	**3,360**	-
	8,386	19,327
Proposed but not recognised as a liability as at 31 December:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt one-tier dividend of S$0.0055 (2015: S$0.0045) per share	**5,699**	4,773

29. CONTINGENT LIABILITIES

Company

The Company has issued corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2016, the borrowings under the guarantees amounted to US$222,700,000 (2015: US$366,792,000). The financial effects of FRS 39 relating to the financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised. The management does not expect any loss to arise from the guarantees.

30. COMMITMENTS

(a) *Capital commitments*

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2016	2015
	US$'000	US$'000
Property, plant and equipment	**11,776**	9,367
Acquisition of business*	**9,120**	-
	20,896	9,367

*The Group has entered into a conditional sale and purchase agreement to acquire 95% of equity shares in a company incorporated in Indonesia engaged in the palm oil business. As at 31 December 2016, the acquisition has yet to be completed as it is subject to the satisfactory results of the due diligences and attainment of certain regulatory approvals.

Notes To The Financial Statements

For the financial year ended 31 December 2016

30. COMMITMENTS (continued)

(b) *Operating lease commitments - where the Group is a lessee*

The Group leases office premises and equipments from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, were as follows:

	Group	
	2016	2015
	US$'000	US$'000
Not later than one year	**491**	564
Between one and five years	**1,725**	1,961
Later than five years	**9,161**	11,932
	11,377	14,457

(c) *Operating lease commitments - where the Group is a lessor*

The Group leases out office space under its leasehold buildings to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, were as follows:

	Group	
	2016	2015
	US$'000	US$'000
Not later than one year	**221**	44
Between one and five years	**76**	28
	297	72

31. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forward contracts, commodities forward and futures contracts of crude palm oil and palm oil products to hedge certain financial risk exposures.

Financial risk management is carried out by a Risk Committee in accordance with the policies set by the Board of Directors. The Risk Committee works closely with the Group's operating units in identifying, evaluating and managing financial risks. Regular reports are submitted to the Board of Directors.

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk*

(i) *Currency risk*

The Group's revenue is denominated primarily in United States Dollar ("USD"), the functional and reporting currency of the Company. There are some exposures in other currencies, the most significant of which are the Malaysian Ringgit ("Ringgit"), Singapore Dollar ("SGD"), Australia Dollar ("AUD"), Euro ("EUR") and Indonesia Rupiah ("IDR"). Currency risk arises within entities in the Group when transactions are denominated in currencies other than the entities' functional currencies.

The Group's risk management strategy provides for the use of currency forward contracts to hedge its future committed foreign exchange exposures, if necessary.

The Group's currency exposure based on the information provided to key management was as follows:

	USD US$'000	Ringgit US$'000	EURO US$'000	SGD US$'000	AUD US$'000	IDR US$'000
At 31 December 2016						
Financial assets						
Cash and cash equivalents	**9,792**	**5,628**	**8,967**	**1,823**	**290**	**544**
Trade and other receivables	**27,785**	**90,585**	**20,504**	**4,285**	**4,120**	**1,767**
Intercompany receivables	**136,723**	**67,155**	**6,418**	**-**	**4,259**	**658**
	174,300	**163,368**	**35,889**	**6,108**	**8,669**	**2,969**
Financial liabilities						
Borrowings	**-**	**(152,554)**	**-**	**(7,733)**	**(2,977)**	**-**
Trade and other payables	**(9,154)**	**(137,363)**	**(2,736)**	**(9,723)**	**(606)**	**(119)**
Intercompany payables	**(312,595)**	**(67,155)**	**(6,418)**	**-**	**(4,259)**	**(658)**
	(321,749)	**(357,072)**	**(9,154)**	**(17,456)**	**(7,842)**	**(777)**
Net financial assets / (liabilities)	**(147,449)**	**(193,704)**	**26,735**	**(11,348)**	**827**	**2,192**
Add: Firm commitments and highly probable forecast transactions in foreign currencies	**139,821**	**(64,760)**	**(11,364)**	**(11,407)**	**-**	**(9,120)**
Less: Currency forward contracts	**(114,881)**	**120,998**	**(17,147)**	**12,257**	**(11,883)**	**9,601**
Currency profile	**(122,509)**	**(137,466)**	**(1,776)**	**(10,498)**	**(11,056)**	**2,673**
Financial liabilities/(assets) denominated in the respective entities' functional currencies	**-**	**137,405**	**6,359**	**-**	**6,856**	**7,286**
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	**(122,509)**	**(61)**	**4,583**	**(10,498)**	**(4,200)**	**9,959**

Notes To The Financial Statements

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31. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

The Group's currency exposure based on the information provided to key management was as follows: (continued)

	USD US$'000	Ringgit US$'000	EURO US$'000	SGD US$'000	AUD US$'000
At 31 December 2015					
Financial assets					
Cash and cash equivalents	2,008	5,813	416	842	314
Trade and other receivables	34,296	72,796	17,402	3,794	3,238
Intercompany receivables	124,433	66,587	6,355	340	4,833
	160,737	145,196	24,173	4,976	8,385
Financial liabilities					
Borrowings	(7,900)	(212,894)	-	(10,178)	(1,571)
Trade and other payables	(5,696)	(83,603)	(2,153)	(9,519)	(483)
Intercompany payables	(342,574)	(66,587)	(6,355)	(340)	(4,833)
	(356,170)	(363,084)	(8,508)	(20,037)	(6,887)
Net financial (liabilities)/assets	(195,433)	(217,888)	15,665	(15,061)	1,498
Add: Firm commitments and highly probable forecast transactions in foreign currencies	309,064	(111,455)	(12,709)	(15,511)	-
Less: Currency forward contracts	(177,680)	192,441	(13,368)	13,797	(9,638)
Currency profile	(64,049)	(136,902)	(10,412)	(16,775)	(8,140)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	-	136,862	6,359	(343)	3,288
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(64,049)	(40)	(4,053)	(17,118)	(4,852)

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31. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

The Group's currency exposure based on the information provided to key management was as follows:

	SGD US$'000	AUD US$'000
At 31 December 2016		
Financial assets		
Cash and cash equivalents	**20**	**7**
Other receivables	**-**	**3,077**
	20	**3,084**
Financial liabilities		
Other payables	**(173)**	**-**
Net financial (liabilities)/assets	**(153)**	**3,084**
Less: Currency forward contracts	**-**	**(3,350)**
Currency profile/currency exposure of financial liabilities net of those denominated in the Company's functional currency	**(153)**	**(266)**
At 31 December 2015		
Financial assets		
Cash and cash equivalents	19	-
Other receivables	1	3,003
	20	3,003
Financial liabilities		
Other payables	(111)	-
Net financial (liabilities)/assets	(91)	3,003
Less: Currency forward contracts	-	(3,261)
Currency profile/currency exposure of financial liabilities net of those denominated in the Company's functional currency	(91)	(258)

Notes To The Financial Statements

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31. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

If Ringgit, Euro, SGD, AUD and IDR change by 5% (2015: Ringgit, Euro, SGD, and AUD: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/ liability position will be as follows:

	Profit after tax ← (Decrease)/Increase →	
	US$'000 Strengthened	US$'000 Weakened
Group		
2016		
USD against Ringgit	**(3,744)**	**3,744**
Ringgit against USD	**(2)**	**2**
EURO against USD	**140**	**(140)**
SGD against USD	**(321)**	**321**
AUD against USD	**(128)**	**128**
IDR against USD	**304**	**(304)**
2015		
USD against Ringgit	(2,124)	2,124
Ringgit against USD	(1)	1
EURO against USD	(136)	136
SGD against USD	(563)	563
AUD against USD	(161)	161

If SGD and AUD change against USD by 5% (2015: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/ liability position will be as follows:

	Profit after tax ← (Decrease)/Increase →	
	US$'000 Strengthened	US$'000 Weakened
Company		
2016		
SGD against USD	**(6)**	**6**
AUD against USD	**(11)**	**11**
2015		
SGD against USD	(4)	4
AUD against USD	(11)	11

Notes To The Financial Statements

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31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Cash flows and fair value interest rate risks

Cash flows interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings and deposits placed with creditworthy licensed banks and financial institutions.

The Group's policy is to enter into variable interest rates borrowings and the market interest rates are typically priced into the sales transactions.

As at 31 December 2016, the Groups' profit after tax for the financial year would have been lower or higher by US$123,000 (2015: US$196,000) if market interest rates had been 50 basis points higher or lower with all other variables held constant.

(iii) Commodity price risk

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 31(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$5,440,000 (2015: lower or higher by US$6,897,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade and other receivables, bank deposits, currency forward contracts, commodities forward contracts and futures contracts on commodity exchanges. For trade and other receivables and commodities forward contracts, the Group adopts the policy of dealing only with customers of appropriate credit standing and history or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group has a credit risk policy in place to manage credit risk. All new customers are subject to credit worthiness check; counterparties are ranked and assigned a credit limit appropriately. Such credit limit would be approved by the Risk Committee. In addition, any increase in credit limit requires approval from the Risk Committee. The Risk Committee is mandated to monitor the payment ageing profile of the third party receivables, to review all the outstanding receivables regularly and to identify any potential uncollectible for doubtful debts provision and/or write-off.

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

(b) *Credit risk (continued)*

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2016	2015
	US$'000	US$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings	**222,700**	366,792

The management is of the view that no loss is expected to arise from the guarantees.

The major trade receivables of the Group comprised of 1 debtors for 2016 (2015: 2 debtors) and represented 13% of trade receivables (2015: 12%). The Company did not have trade receivables in 2016 and 2015.

The credit risk for trade receivables (net of allowance) and commodities forward contracts based on the information provided to key management was as follows:

	Group	
	2016	2015
	US$'000	US$'000
Trade receivables (net of allowance)		
By geographical areas		
- Asia		
Malaysia	**89,059**	58,621
Singapore	**34,216**	25,879
Rest of Asia	**20,336**	19,494
- Africa	**45,198**	43,751
- Middle East		
Iran	**17,855**	39,429
Rest of Middle East	**8,702**	12,065
- Europe	**28,735**	23,822
- Pacific Oceania	**5,057**	8,297
- Americas	**7,255**	8,096
	256,413	239,454

Notes To The Financial Statements

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31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	Group	
	2016	2015
	US$'000	US$'000
Commodities forward contracts		
By geographical areas		
- Asia		
Malaysia	**9,196**	15,248
Singapore	**2,461**	6,716
Rest of Asia	**578**	1,492
- Middle East		
Iran	**1,780**	924
Rest of Middle East	**29**	460
- Europe	**2,445**	1,034
- Pacific Oceania	**-**	397
- Americas	**144**	450
	16,633	26,721

(i) Financial assets that are neither past due nor impaired

Currency forward contracts and bank deposits that were neither past due nor impaired are entered into with banks with high credit-ratings. Commodities futures contracts are traded in stock exchanges such as Bursa Malaysia with a good credit standing. Commodities forward contracts, trade and non-trade receivables that were neither past due nor impaired were substantially companies with a good collection track record with the Group.

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31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other material class of financial assets that is past due and/or impaired except for trade receivables and commodities forward contracts.

The age analysis of trade receivables and commodities forward contracts past due but not impaired was as follows:

	Group	
	2016	2015
	US$'000	US$'000
Trade receivables		
Past due < 3 months	**60,905**	49,194
Past due 3 to 6 months	**16,826**	13,354
Past due 6 to 12 months	**7,788**	250
Past due over 1 year	**9,987**	9,239
	95,506	72,037
Commodities forward contracts		
Past due < 3 months	**4,804**	8,453
Past due 3 to 6 months	**8**	1,552
Past due 6 to 12 months	**-**	54
	4,812	10,059

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The total carrying amount of trade receivables individually determined to be fully/partially impaired were as follows:

	Group	
	2016	2015
	US$'000	US$'000
Gross amount	**46,852**	28,150
Less: Allowance for impairment	**(38,955)**	(21,059)
	7,897	7,091
Beginning of financial year	**21,059**	18,756
Currency translation differences	**(356)**	(577)
Allowance made (Note 7)	**18,317**	2,893
Allowance utilised	**(65)**	(13)
End of financial year	**38,955**	21,059

The remaining amount of US$7,897,000 (2015: US$ 7,091,000) was not deemed to be impaired further to the deposits and subsequent collections from these customers.

The impaired trade receivables arose mainly from sales to customers which have suffered financial difficulties.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and maintaining flexibility in funding by keeping credit facilities available with different financial institutions. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 17.

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

c) *Liquidity risk (continued)*

The table below analyses financial liabilities (including derivative liabilities) of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting was not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Total US$'000
Group				
At 31 December 2016				
Trade and other payables	**(190,906)**	**-**	**-**	**(190,906)**
Borrowings	**(196,186)**	**(16,861)**	**(15,423)**	**(228,470)**
	(387,092)	**(16,861)**	**(15,423)**	**(419,376)**
Gross-settled currency forward contracts				
- Receipts	**347,710**	**-**	**-**	**347,710**
- Payments	**(221,934)**	**-**	**-**	**(221,934)**
	125,776	**-**	**-**	**125,776**
Gross-settled commodities futures contracts and forward sales and purchase contracts				
- Receipts	**833,228**	**116,580**	**-**	**949,808**
- Payments	**(838,816)**	**(114)**	**-**	**(838,930)**
	(5,588)	**116,466**	**-**	**110,878**
Group				
At 31 December 2015				
Trade and other payables	(127,489)	-	-	(127,489)
Borrowings	(320,750)	(21,960)	(30,605)	(373,315)
	(448,239)	(21,960)	(30,605)	(500,804)
Gross-settled currency forward contracts				
- Receipts	342,293	-	-	342,293
- Payments	(142,942)	-	-	(142,942)
	199,351	-	-	199,351
Gross-settled commodities futures contracts and forward sales and purchase contracts				
- Receipts	902,955	1,485	-	904,440
- Payments	(732,206)	(16,149)	-	(748,355)
	170,749	(14,664)	-	156,085

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

c) *Liquidity risk (continued)*

	Less than 1 year US$'000
Company	
At 31 December 2016	
Other payables	**(173)**
Gross-settled currency forward contracts	
- Payments	**(3,350)**
At 31 December 2015	
Other payables	(111)
Gross-settled currency forward contracts	
- Payments	(3,261)

The table below analyses the maturity profile of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts were allocated to the earliest period in which the guarantee could be called.

	Less than 1 year US$'000
Company	
At 31 December 2016	
Financial guarantee contracts	**(222,700)**
At 31 December 2015	
Financial guarantee contracts	(366,792)

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

(d) *Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure over business cycles, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management manages capital based on net assets of the Group and a number of key ratios including gross debt-equity ratio and net debt-equity ratio. The Group is required by the banks to maintain a certain amount of minimum net worth and gross debt-equity ratio. The gross debt-equity ratio is defined as total interest-bearing debts ("gross debt") to total equity. Net debt-equity ratio is defined as total interest-bearing debts less cash and cash equivalents ("net debt") to total equity.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

	Group	
	2016	2015
	US$'000	US$'000
Net assets	**486,049**	484,708
Debt-equity ratio		
Gross debt	**225,865**	368,564
Less: Cash and cash equivalents	**(50,034)**	(45,603)
Net debt	**175,831**	322,961
Total equity	**486,049**	484,708
Gross debt-equity ratio	**0.46**	0.76
Net debt-equity ratio	**0.36**	0.67

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 US$'000	Level 2 US$'000	Total US$'000
Group			
2016			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	9,547	9,547
- Commodities forward contracts	-	16,633	16,633
- Futures contracts on commodity exchange	26,708	-	26,708
As at 31 December 2016	**26,708**	**26,180**	**52,888**
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(6,433)	(6,433)
- Commodities forward contracts	-	(25,186)	(25,186)
- Futures contracts on commodity exchange	(1,010)	-	(1,010)
As at 31 December 2016	**(1,010)**	**(31,619)**	**(32,629)**
Group			
2015			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	3,029	3,029
- Commodities forward contracts	-	26,721	26,721
- Futures contracts on commodity exchange	12,910	-	12,910
As at 31 December 2015	12,910	29,750	42,660
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(969)	(969)
- Commodities forward contracts	-	(18,170)	(18,170)
- Futures contracts on commodity exchange	(25,211)	-	(25,211)
As at 31 December 2015	(25,211)	(19,139)	(44,350)

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

(e) *Fair value measurements (continued)*

	Level 1 US$'000	Level 2 US$'000	Total US$'000
Company			
2016			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	**-**	**124**	**124**
2015			
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(58)	(58)

There were no transfers between Levels 1 and 2 during the year. The Group's commodities futures contracts are traded in active markets and their fair values reflect quoted prices at the balance sheet date in active markets such as Bursa Malaysia. These instruments are included in Level 1.

The Group's commodities forward contracts are not traded in an active market. Their fair values are estimated by a valuation technique that takes into consideration various sources of indicative market prices. The sources of indicative market prices include prices listed on the Malaysian Palm Oil Board (MPOB), prices obtained from an international news agency, quotes obtained from brokers and actual contracted prices entered into at the balance sheet date. The fair values of currency forward contracts are determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

(f) *Financial instruments by category*

The carrying amounts of the different categories of financial instruments were as disclosed on the face of the balance sheet and in Note 16 to the financial statements, except for the following:

	Group		**Company**	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Loans and receivables	**354,547**	330,994	**275,757**	216,367
Financial liabilities at amortised cost	**(416,771)**	(496,053)	**(173)**	(111)

Notes To The Financial Statements

For the financial year ended 31 December 2016

31. FINANCIAL RISK MANAGEMENT (continued)

(g) Offsetting financial assets and liabilities

Group

(i) Financial assets subject to offsetting

Description	(a) Gross amounts of financial assets	(b) Gross amount of financial liabilities set off on balance sheet	(c) = (a)-(b) Net amounts of financial assets presented on balance sheet
	US$'000	US$'000	US$'000
2016			
Commodities forward contracts	**18,717**	**(2,084)**	**16,633**
2015			
Commodities forward contracts	28,564	(1,843)	26,721

(ii) Financial liabilities subject to offsetting

Description	(a) Gross amounts of financial liabilities	(b) Gross amount of financial assets set off on balance sheet	(c) = (a)-(b) Net amounts of financial liabilities presented on balance sheet
	US$'000	US$'000	US$'000
2016			
Commodities forward contracts	**(27,270)**	**2,084**	**25,186**
2015			
Commodities forward contracts	(20,013)	1,843	(18,170)

Notes To The Financial Statements

For the financial year ended 31 December 2016

32. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sales and purchases of goods and services and other transactions*

	Group	
	2016	2015
	US$'000	US$'000
Sales of finished goods to related parties	**22,668**	45,107
Purchases of raw materials from related parties	**598**	406
Losses from derivative financial instruments from related parties	**122**	80
Services received		
- Transportation and forwarding		
- Associated company	**2,603**	2,670
- Related party	**18**	53
- Packing material to related parties	**1,095**	1,490
- Consultation fees to related parties	**1,564**	1,571
- Travelling expenses to related parties	**166**	158
- Tolling fees to related parties	**63**	605
Rental received/receivable		
- Associated company	**3**	41
- Related party	**41**	6
Interest income from related parties	**432**	13
Service fee		
- Associated company	**27**	84
- Related party	**15**	16
Advertisement fee to related parties	**14**	47

Related parties comprise mainly companies or individuals which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2016 and 2015 arising from the above transactions are set out in Notes 14, 15, 21 and 22 respectively.

Notes To The Financial Statements

For the financial year ended 31 December 2016

32. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

Key management personnel compensation was as follows:

	Group	
	2016	2015
	US$'000	US$'000
Wages, salaries and other short-term employee benefits	**7,214**	7,198
Employer's contribution to defined contribution plans	**146**	129
	7,360	7,327

Key management compensation includes remuneration of Executive Directors and senior management of the Group and Company.

33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions, allocate resources, and assess performance. The Exco is the Group's chief operating decision-maker and comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business within each segment.

The Exco considers the business from two segments:

(i) The bulk segment which sources, manufactures and sells edible oils and specialty fats and oils in bulk for a variety of end uses; and
(ii) The consumer pack segment which manufactures and sells edible oils and bakery fats and rice to consumers in packaged form.

The Group measures and tracks the profitability in terms of operating margin and earnings before interest, tax, depreciation and amortisation ("EBITDA").

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses and foreign exchange gains/(losses). Operating margin relating to inter-segment sales are reported under the segment where the final sales to third parties are made.

Sales between segments reported to the Exco is measured in a manner consistent with the group's accounting policies.

Notes To The Financial Statements

For the financial year ended 31 December 2016

33. SEGMENT INFORMATION (continued)

EBITDA is calculated as operating margin add other income, less administrative expenses (excluding depreciation) and other operating expenses.

The segment information provided to the Exco for the reportable segments for the financial year ended 31 December 2016 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Sales			
Total segment sales	2,667,650	775,636	3,443,286
Inter-segment sales	(377,500)	(22,999)	(400,499)
Sales to external parties	2,290,150	752,637	3,042,787
Operating margin	**102,528**	**31,857**	**134,385**
Other income excluding interest income	1,856	775	2,631
Interest income	1,019	678	1,697
Administrative expenses, excluding depreciation	(29,764)	(34,422)	(64,186)
Other losses excluding foreign exchange gain/(losses)	(6,655)	(1,386)	(8,041)
Adjusted EBITDA	**68,984**	**(2,498)**	**66,486**
Depreciation	(11,614)	(5,502)	(17,116)
Finance expense	(7,885)	(2,832)	(10,717)
Segment results	**49,485**	**(10,832)**	**38,653**
Unallocated			
Income tax expense			(17,850)
Share of profit of an associate			34
Profit after tax			**20,837**
Total segment assets	**769,754**	**190,620**	**960,374**
Unallocated			
Current income tax recoverable			6,535
Investment in associated company			348
Deferred income tax assets			9,735
Total assets			**976,992**
Total assets include:			
Additions to:			
- Property, plant and equipment	19,804	11,534	31,338
Total segment liabilities	**(381,401)**	**(78,036)**	**(459,437)**
Unallocated			
Current income tax liabilities			(4,320)
Deferred income tax liabilities			(27,186)
Total liabilities			**(490,943)**

Notes To The Financial Statements

For the financial year ended 31 December 2016

33. SEGMENT INFORMATION (continued)

The segment information provided to the Exco for the reportable segments for the financial year ended 31 December 2015 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Sales			
Total segment sales	2,225,085	823,910	3,048,995
Inter-segment sales	(349,030)	(25,226)	(374,256)
Sales to external parties	1,876,055	798,684	2,674,739
Operating margin	**37,197**	**56,990**	**94,187**
Other income excluding interest income	660	573	1,233
Interest income	3,392	1,120	4,512
Administrative expenses, excluding depreciation	(27,568)	(31,082)	(58,650)
Other losses excluding foreign exchange gain/(losses)	(922)	49	(873)
Adjusted EBITDA	**12,759**	**27,650**	**40,409**
Depreciation	(12,030)	(5,440)	(17,470)
Finance expense	(7,097)	(3,208)	(10,305)
Segment results	**(6,368)**	**19,002**	**12,634**
Unallocated			
Income tax expense			(5,531)
Share of profit of an associate			24
Profit after tax			**7,127**
Total segment assets	**853,495**	**184,636**	**1,038,131**
Unallocated			
Current income tax recoverable			5,064
Investment in associated company			330
Deferred income tax assets			11,403
Total assets			**1,054,928**
Total assets include:			
Additions to:			
- Property, plant and equipment	19,786	11, 201	30,987
Total segment liabilities	**(457,419)**	**(90,390)**	**(547,809)**
Unallocated			
Current income tax liabilities			(4,013)
Deferred income tax liabilities			(18,398)
Total liabilities			**(570,220)**

Notes To The Financial Statements

For the financial year ended 31 December 2016

33. SEGMENT INFORMATION (continued)

Geographical information

Revenue is attributed to countries on the basis of the customers' billing locations. The non-current assets, excluding deferred income tax assets and derivative financial assets, are analysed by the geographical area in which the non-current assets are located.

	Group	
	2016	2015
	US$'000	US$'000
Revenue by geography		
Malaysia	**1,194,814**	960,639
Singapore	**732,963**	452,542
	1,927,777	1,413,181
Other geographical areas		
- Rest of Asia	**210,104**	267,191
- Africa	**312,976**	317,229
- Middle East	**291,917**	317,948
- Europe	**154,322**	165,793
- Pacific Oceania	**60,206**	64,343
- America	**85,485**	129,054
	1,115,010	1,261,558
	3,042,787	2,674,739
Non-current assets by geography		
Singapore	**9,207**	10,339
Malaysia	**272,814**	273,547
Other countries	**45,280**	47,189
	327,301	331,075

There is no transaction with a single external customer amounting to 10 per cent or more of the Group's revenues for the financial years ended 31 December 2016 and 2015.

34. BUSINESS COMBINATION

In the previous financial year:

- the Group acquired 100% of equity shares in MOI Foods (Thailand) Co., Ltd. through its wholly owned subsidiaries, Ngo Chew Hong Corporation Pte Ltd, Ngo Chew Hong Investment Pte Ltd and Mewah Commodities Pte Ltd for a cash consideration of THB1,250,000 (US$35,000). The impact of this transaction to the financial statements of the Group was insignificant;

Notes To The Financial Statements

For the financial year ended 31 December 2016

34. BUSINESS COMBINATION (continued)

- the Group disposed 7.4% shares of MOI International (Australia) Pty Ltd to its non-controlling shareholders, Trupps Pty Ltd Aft Trupps Family Trust and Larry Chew as trustee for the Larry Chew Family Trust for a consideration of AUD659,960.86 (US$504,000). This transaction reduced the shareholding of the Group to 76%. The impact of this transaction to the financial statements of the Group was not material; and

- PT Sanggam Harapan Sejahtera and PT Rimbunan Putra were consolidated as subsidiaries of the Company pursuant to loan agreements entered into with the Company which entitles the Company to exercise control over the Board of Directors of the respective companies.

35. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 30 January 2017, the Company's wholly-owned subsidiary, Ngo Chew Hong Corporation Pte Ltd incorporated a new subsidiary, MOI Foods Ghana Limited, a company registered in Ghana, with registered share capital of US$1,000,000.

On 22 February 2017, the Company's wholly-owned subsidiary, Ngo Chew Hong Industries Pte Ltd incorporated a new subsidiary, Peng Hong Pte Ltd, a company registered in Singapore, with a registered share capital of US$1.

36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 or later periods and which the Group has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 *Construction contracts*, FRS 18 *Revenue, and related interpretations*. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

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

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Group is in the midst of undertaking a detailed assessment of how the financial statements would be affected by the new accounting standards. However, based on management's preliminary assessment, management is of the view that the adoption of this new accounting standard will not result in a material impact to the financial statements.

Notes To The Financial Statements

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36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 109 *Financial Instrument* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value, through profit or loss.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is in the midst of undertaking a detailed assessment of how the financial statements would be affected by the new accounting standards. However, based on management's preliminary assessment, management is of the view that the adoption of this new accounting standard will not result in a material impact to the financial statements.

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US$11,377,000 [Note 30(b)]. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mewah International Inc. on 2 March 2017.

Notes To The Financial Statements

For the financial year ended 31 December 2016

38. LISTING OF COMPANIES IN THE GROUP

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
Directly held by the Company					
One Marthoma (CI) Inc. [k]	Cayman Islands	Investment holding	Cayman Islands	**100**	100
Subsidiaries of One Marthorma (CI) Inc.					
Mewah Oleo Malaysia Sdn Bhd [b]	Malaysia	Investment holding	Malaysia	**100**	100
Padat Gaya Sdn Bhd [b]	Malaysia	Investment holding	Malaysia	**100**	100
MOI International (Australia) Pty Ltd [d]	Australia	Trading	Australia	**76**	76
Agri Kurnia Sdn Bhd [b]	Malaysia	Investment holding	Malaysia	**100**	100
Subsidiaries of Mewah Oleo Malaysia Sdn Bhd					
Mewah-Oils Sdn Bhd [b]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd [b]	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100
Moi Foods Malaysia Sdn Bhd [b]	Malaysia	Manufacturing and selling of downstream palm oil products	Malaysia	**100**	100
Container Fabricator (M) Sdn Bhd [b]	Malaysia	Manufacturing of plastic containers	Malaysia	**100**	100
Mewaholeo Marketing Sdn Bhd [b]	Malaysia	Selling of palm oil and palm oil related products	Malaysia	**100**	100
Batam Heights Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100
G & U Districenters (M) Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100

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38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
Subsidiaries of Mewah Oleo Malaysia Sdn Bhd (continued)					
Bremfield Sdn Bhd [b]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
Mitra Valley Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100
Associated company held by Mewah Oleo Malaysia Sdn Bhd					
Prelude Gateway Sdn Bhd [b]	Malaysia	Freight forwarding, transportation, warehousing and logistical services	Malaysia	**49**	49
Directly held by the Company					
Ngo Chew Hong Corporation Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
Ngo Chew Hong Investment Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
Subsidiaries of Ngo Chew Hong Corporation Pte Ltd					
Mewah Oils & Fats Pte Ltd [a]	Singapore	Trading of edible oils and providing commodity brokerage service	Singapore	**100**	100
Ngo Chew Hong Edible Oil Pte Ltd [a]	Singapore	Packaging and trading of edible oil	Singapore	**100**	100
MOI International (Singapore) Pte Ltd [a]	Singapore	Trading of edible oil products	Singapore	**100**	100
Mewah Brands (S) Pte Ltd [a]	Singapore	To own brands used by related parties and group corporations	Singapore	**100**	100
Moi Foods Romania S.R.L. [k]	Romania	Trading	Romania	**100**	100

Notes To The Financial Statements

For the financial year ended 31 December 2016

38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
Subsidiaries of Ngo Chew Hong Corporation Pte Ltd (continued)					
Ngo Chew Hong Industries Pte Ltd [(a)]	Singapore	Investment holding	Singapore	**100**	100
Mewah Commodities Pte Ltd [(a)]	Singapore	Investment holding	Singapore	**100**	100
Krispi Oil and Food Products Marketing, Import, Export Trading Company (Turkey) [(k)] (50% equity held by Mewah Commodities Pte Ltd and 50% equity held by Ngo Chew Hong Corporation Pte Ltd)	Turkey	Trading	Turkey	**100**	100
MOI Foods Ivory Coast Limited [(t)]	Ivory Coast	Import, export, distribution of rice & other products	Ivory Coast	**100**	100
Ngo Chew Hong Edible Oil Limited [(s)] (90% equity held by Ngo Chew Hong Corporation Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Nigeria	Dormant	Nigeria	**100**	100
MOI Foods Nigeria Limited [(r)] (90% equity held by Ngo Chew Hong Corporation Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Nigeria	Distribution	Nigeria	**100**	100
MOI Senegal SUARL [(k)]	Senegal	Dormant	Senegal	**100**	100
MOI Foods (Thailand) Co., Ltd. [(w)] (80% equity held by Ngo Chew Hong Corporation Pte Ltd, 10% equity held by Ngo Chew Hong Investment Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Thailand	Rice export business	Thailand	**100**	100
Krispi Benin Limited [(j), (v)]	Benin	Import, export, distribution of rice & other products	Benin	**100**	-
MOI Foods Cameroon Limited [(j), (v)]	Cameroon	Import, export, distribution of rice & other products	Cameroon	**100**	-

Notes To The Financial Statements

For the financial year ended 31 December 2016

38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
Subsidiaries of Mewah Commodities Pte Ltd					
Krispi Oil Russia LLC [k]	Russia	Trading	Russia	**100**	100
Krispi Oils Poland Sp. z o.o [k] (95% equity held by MOI International (Singapore) Pte Ltd, 4% equity held by Mewah Commodities Pte Ltd and 1% equity held by Ngo Chew Hong Corporation Pte Ltd)	Poland	Trading	Poland	**100**	100
Moi Foods Belgium N.V. [k] (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Belgium	Investment holding	Belgium	**100**	100
Subsidiaries of Moi Foods Belgium N.V.					
Molly Foods bvba [o], [k]	Belgium	Trading and investment holding	Belgium	**70**	70
Subsidiary of Molly Foods bvba					
Bloom Land Enterprises Limited [o], [k]	Hong Kong	Providing commodity brokerage service	Hong Kong	**70**	70
Subsidiary of Bloom Land Enterprises Limited					
BeCe S.à.r.l. [o], [k]	Togo	Trading	Togo	**70**	70
Subsidiaries of Padat Gaya Sdn Bhd					
Mewaholeo Industries Sdn Bhd [b]	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100
Mewah Datu Sdn Bhd [b]	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100
Kayumanis Warisan Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100
Ratusan Aman Kapital Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100

Notes To The Financial Statements

For the financial year ended 31 December 2016

38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
Subsidiaries of Agri Kurnia Sdn Bhd					
Mewah Dairies Sdn Bhd [b]	Malaysia	Manufacturing and selling of dairy-based products	Malaysia	**100**	100
G & U Logistic (M) Sdn Bhd [i]	Malaysia	Dormant	Malaysia	**100**	100
Subsidiary of MOI (International) Australia Pty Ltd					
MOI Foods U.S.A Inc. [k]	United States of America	Trading & marketing of food products	United States of America	**76**	76
Directly held by the Company					
Pandan Loop International Inc. [k]	Cayman Islands	Investment holding	Cayman Islands	**100**	100
Ngo Chew Hong Oleo (S) Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
Subsidiaries of Ngo Chew Hong Oleo (S) Pte Ltd					
MOI Foods (Shanghai) Co., Ltd. [e]	People's Republic of China	Trading	People's Republic of China	**100**	100
Mewah Oils (ZJG) Co., Ltd. [q]	People's Republic of China	Dormant	People's Republic of China	**-**	100
Mewah Oils (Tianjin) Co., Ltd. [g]	People's Republic of China	Manufacturing and sale of edible oils and fats	People's Republic of China	**100**	100
Directly held by the Company					
Cavenagh House International Inc. [k]	Cayman Islands	Investment holding	Cayman Islands	**100**	100

Notes To The Financial Statements

For the financial year ended 31 December 2016

38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2016 %	Equity holding 2015 %
Subsidiaries of Cavenagh House International Inc.					
Cavenagh Oleo (S) Pte Ltd [(a)]	Singapore	Investment holding	Singapore	**100**	100
Subsidiaries of Cavenagh Oleo (S) Pte Ltd					
PT Agro Murni [(l)]	Indonesia	Dormant	Indonesia	**95**	95
PT Timuran Agro [(u),(x)]	Indonesia	Dormant	Indonesia	**95**	95
PT Agro Indah [(l)] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	100
PT Utara Agro [(u),(x)]	Indonesia	Dormant	Indonesia	**95**	95
PT Agro Perkasa [(l)]	Indonesia	Dormant	Indonesia	**95**	95
PT Mas Bestari [(l)] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	100
PT Mas Mewah [(l)] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	100
PT Usaha Surya [(l)] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	100
PT Nilam Surya Jaya [(l)]	Indonesia	Dormant	Indonesia	**100**	100
PT Puncak Surya Lestari [(l)]	Indonesia	Dormant	Indonesia	**95**	-

Notes To The Financial Statements

For the financial year ended 31 December 2016

38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2016 %	Equity holding 2015 %
Subsidiaries of Cavenagh Oleo (S) Pte Ltd (continued)					
PT Puncak Gemilang Lestari [l]	Indonesia	Dormant	Indonesia	**95**	-
Directly held by the Company					
Hua Guan Inc. [k]	British Virgin Islands	Investment holding	British Virgin Islands	**100**	100
Subsidiary of Hua Guan Inc.					
Hua Guan Inc. [k]	British Virgin Islands	Investment holding	British Virgin Islands	**100**	100
Hua Guan Oleo (S) Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
Subsidiaries of Hua Guan Oleo (S) Pte Ltd					
Mewah Oils India Pvt Ltd [h] (90% equity held by Hua Guan Oleo (S) Pte Ltd and 10% equity held by Hua Guan Inc.)	India	Trading	India	**100**	100
MOI Commodities India Pvt Ltd [n] (90% equity held by Hua Guan Oleo (S) Pte Ltd and 10% equity held by Hua Guan Inc.)	India	Trading	India	**100**	100
Mewah Oils FZE [k]	United Arab Emirates	Dormant	United Arab Emirates	**100**	100
Directly held by the Company					
Moi International Inc. [k]	Mauritius	Dormant	Mauritius	**100**	100
Semenyih Inc. [k]	Cayman Islands	Dormant	Cayman Islands	**100**	100
Mewah (HK) Limited [m]	Hong Kong	Investment holding	Hong Kong	**100**	100

Notes To The Financial Statements

For the financial year ended 31 December 2016

38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016	2015
				%	%
<u>Deemed control</u>					
PT Sanggam Harapan Sejahtera [(l),(c)]	Indonesia	Plantation	Indonesia	**-**	-
PT Rimbunan Putra [(l),(c)]	Indonesia	Investment holding	Indonesia	**-**	-

(a) *Audited by PricewaterhouseCoopers LLP, Singapore*
(b) *Audited by PricewaterhouseCoopers, Malaysia*
(c) *PT Sanggam Harapan Sejahtera and PT Rimbunan Putra are consolidated as subsidiaries of the Company pursuant to loan agreements entered into with the Company which entitles the Company to nominate the majority of the Board of Directors and exercise control over the respective companies.*
(d) *Audited by BDO Kendalls (QLD) Pty Ltd, Australia*
(e) *Audited by Shanghai Shen Zhou Da Tong Certified Public Accountants Company Limited, People's Republic of China*
(f) *Audited by Suzhou Qinye Union Certified Public Accountants, People's Republic of China*
(g) *Audited by Tianjin Beiyang CPAs Co., Ltd., People's Republic of China*
(h) *Audited by MPJ & Co, Mumbai, India*
(i) *Audited by HALS & Associates, Malaysia*
(j) *Incorporated during the financial year*
(k) *Not required to be audited under the laws of the country of incorporation*
(l) *Audited by DFK International, Anwar & Rekan, Indonesia*
(m) *Audited by Tony Kam & Co., Hong Kong*
(n) *Audited by Kumar Vijay Gupta & Co., India*
(o) *In the process of liquidation*
(p) *Acquired during the financial year*
(q) *Liquidated during the financial year*
(r) *Audited by AB Bello & Co, Port Harcourt, Nigeria*
(s) *Audited by Hamzat Subrair & Co, Lagos, Nigeria*
(t) *Audited by Epsilon International Consulting Cote D'Ivoire, Ivory Coast*
(u) *Under Members Voluntary Liquidation*
(v) *In the process of appointing auditor*
(w) *Audited by Wichit Thanasarnsopon, Thailand*
(x) *In the process of appointment of liquidator*

Statistics of Shareholdings

as at 13 March 2017

Total number of issued shares	:	1,500,667,440
Issued and fully paid-up capital	:	US$1,500,667
Class of shares	:	Ordinary shares
Voting rights	:	One vote per Share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 99	3	0.08	97	0.00
100 – 1,000	1,239	30.21	1,234,700	0.08
1,001 – 10,000	1,417	34.55	9,099,562	0.61
10,001 – 1,000,000	1,410	34.38	91,259,258	6.08
1,000,001 & above	32	0.78	1,399,073,823	93.23
TOTAL	**4,101**	**100**	**1,500,667,440**	**100**

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Eighteen Tenth Nineteen Forty Four Inc.	361,048,720 (1)	24.06	-	0.00
Dr. T.C. Pierre (Cayman Islands) Inc.	-	0.00	427,609,219 (1) (2)	28.49
T.C. Stone Limited	165,306,500 (3)	11.02	-	0.00
J.J. Mibisa Holdings (BVI) Inc.	-	0.00	165,306,500 (3)	11.02
Dr Cheo Tong Choon @ Lee Tong Choon	-	0.00	732,527,219 (6)	48.81
Michelle Cheo Hui Ning	2,119,500	0.14	717,395,719 (7)	47.81
Bianca Cheo Hui Hsin	416,000	0.03	717,395,719 (7)	47.81
Sara Cheo Hui Yi	-	0.00	717,395,719 (7)	47.81
Cheo Jian Jia	-	0.00	717,395,719 (7)	47.81
Cheo Seng Jin	209,338,400 (5)	13.95	-	0.00
Cheo Holdings Pte. Ltd.	-	0.00	79,396,200 (9)	5.29
Cheo Tiong Heng @ Lee Tiong Heng	2,264,100	0.15	79,396,200 (8)	5.29
Chung Amy	22,616,500	1.51	79,396,200 (10)	5.29
Ong Tuan Hong	82,351,220	5.49	-	0.00
TOTAL	**845,460,940**	**56.34**		

Statistics of Shareholdings

as at 13 March 2017

(1) The shareholders of Eighteen Tenth Nineteen Forty Four Inc.("1810") include Dr. T.C. Pierre (Cayman Islands) Inc. (94.29%) which is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the trust.

(2) The shareholders of Unity Investment Inc. ("Unity") include Dr. T.C. Pierre (Cayman Islands) Inc. (62.55%) which is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the trust. Accordingly, Dr. T.C. Pierre (Cayman Islands) Inc. is deemed to have an interest in 66,560,499 shares held by Unity.

(3) The shareholders of T.C. Stone Limited.("TCS") is wholly owned by J.J. Mibisa Holdings (BVI) Inc. which in turn is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the trust.

(4) Choon Heng Transport & Warehousing Pte Ltd ("CHTWPL") is wholly owned by Cheo Holdings Pte. Ltd. ("CHPL") which includes Cheo Tiong Heng @ Lee Tiong Heng (42.57%) and Chung Amy (40.00%) as shareholders. Cheo Tiong Heng @ Lee Tiong Heng as majority shareholder of CHPL shall ensure that the CHTWPL shall vote with respect to the 54,000,000 shares, on certain matters in accordance with the wishes of J.J. Mibiansa Holdings Pte Ltd owned by MOI Chemicals Ltd which is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the trust.

(5) Cheo Seng Jin has assigned voting rights of 70,480,000 shares to SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the trust.

(6) Deemed interest for Dr Cheo Tong Choon @ Lee Tong Choon arises from the shares held by his spouse; and shares held by 1810 (Note 1), Unity. (Note 2), TCS (Note 3), CHTWPL (Note 4) and Cheo Seng Jin (Note 5).

(7) Deemed interest for Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Cheo Jian Jia and Sara Cheo Hui Yi arises from the shares held by 1810 (Note 1), Unity (Note 2), TCS (Note 3), CHTWPL (Note 4) and Cheo Seng Jin (Note 5).

(8) Deemed interest for Cheo Tiong Heng @ Lee Tiong Heng arises from shares held by CHTWPL and Containers Printers Pte Ltd ("CPPL") which are both wholly owned by CHPL (Note 4).

(9) Deemed interest for CHPL arises from shares held by CHTWPL (Note 4) and CPPL which are both wholly owned by CHPL.

(10) Deemed interest for Chung Amy arises from shares held by CHTWPL (Note 4) and CPPL which are both wholly owned by CHPL.

Statistics of Shareholdings

as at 13 March 2017

TWENTY LARGEST SHAREHOLDERS AS AT 13 MARCH 2017

No.	Name	No. of shares	%
1	DBS Nominees (Private) Ltd	332,520,241	22.16
2	Raffles Nominees (Pte) Ltd	296,311,883	19.75
3	DB Nominees (Singapore) Pte Ltd	151,332,070	10.08
4	T.C. Stone Limited	130,306,500	8.68
5	United Overseas Bank Nominees (Private) Limited	85,270,000	5.68
6	UOB Kay Hian Private Limited	78,560,499	5.24
7	Choon Heng Transport & Warehousing Pte Ltd	58,131,300	3.87
8	Citibank Nominees Singapore Pte Ltd	56,128,700	3.74
9	Eighteen Tenth Nineteen Forty Four Inc	44,949,279	3.00
10	Cheo Mingyou (Shi Mingyou)	39,955,500	2.66
11	Cheo Ming Xiang	24,857,500	1.66
12	Containers Printers Pte Ltd	21,264,900	1.42
13	Chung Amy	14,914,500	0.99
14	Tsao Chin Mey Jimmy	14,800,000	0.99
15	Cheo Seng Jin	7,680,000	0.51
16	Goi Seng Hui	7,666,000	0.51
17	Goh Bee Lan	4,380,000	0.29
18	Wong Wei Lan	3,558,000	0.24
19	Sukumaran S/O Ramasamy	3,000,000	0.20
20	BNP Paribas Nominees Singapore Pte Ltd	2,609,000	0.17
	Total	**1,378,195,872**	**91.84**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 13 March 2017, approximately 15.18% of the issued shares of the Company are held by the public. Accordingly, the Company has complied with the Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MEWAH INTERNATIONAL INC. ("Company") will be held at Genting 1 Ballroom, Level 1, Genting Hotel Jurong, 2 Town Hall Link, Singapore 608516 on Thursday, 27 April 2017 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Final Dividend of S$0.0055 per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**

3. To re-elect Ms Bianca Cheo Hui Hsin, a Director retiring pursuant to Article 86(1) of the Company's Articles of Association. **(Resolution 3)**

4. To re-elect Ms Leong Choi Foong, a Director retiring pursuant to Article 86(1) of the Company's Articles of Association. **(Resolution 4)**

5. To approve the payment of Directors' Fees of S$252,000 (2016: S$252,000) for the financial year ending 31 December 2017 to be paid at the end of each quarter during the financial year. **(Resolution 5)**

6. To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. GENERAL MANDATE TO ISSUE SHARES OR CONVERTIBLE SECURITIES

   That pursuant to Rule 806 of the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

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

   (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that may 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,

   (2) (notwithstanding that the authority conferred by paragraph 1 of 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 was in force,

   at any time and from time to time upon such terms and conditions, whether for cash or otherwise, and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that:

Notice of Annual General Meeting

a. 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 fifty per cent. (50%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph b. below), of which the aggregate number of Shares to be offered other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph b. below);

b. for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph a. above, the percentage of the total number of issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares of the Company at the time of the passing of this resolution, after adjusting for:

   (i) new Shares arising from the conversion or exercise of any convertible securities;

   (ii) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

   (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

c. in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Memorandum of Association and Articles of Association for the time being of the Company; and

d. unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is the earlier, except that the Directors shall be authorised to allot and issue Shares pursuant to any Instrument made or granted by the Directors while this resolution was in force notwithstanding that such authority has ceased to be in force at the time of issue of such Shares. [See Explanatory Note (i)].

(Resolution 7)

9. INTERESTED PERSON TRANSACTIONS

That for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST:

(1) approval be and is hereby given for the Company, its subsidiaries and associated companies that are considered to be "**entities at risk**" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Annual Report for the financial year 2016 (the "**Appendix**") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the "**Mandate**");

(2) the approval given in paragraph (1) above shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(3) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Mandate and/or this Resolution.
[See Explanatory Note (ii)].

(Resolution 8)

Notice of Annual General Meeting

10. RENEWAL OF SHARE PURCHASE MANDATE

(a) That for the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and subject to the Companies Law (as amended) of Cayman Islands (the "**Cayman Companies Law**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or acquire issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) market purchases on the SGX-ST, transacted through the ready market of the SGX-ST and through one or more duly licensed dealers appointed by the Company for that purpose ("**Market Purchase**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Cayman Companies Law and the Listing Manual ("**Off-Market Purchase**"),

(the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the conclusion of the next Annual General Meeting of the Company; or

(ii) the date on which the next Annual General Meeting is required to be held; or

(iii) the date on which such Share purchases or acquisitions are carried out to the full extent mandated; or

(iv) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five consecutive Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five consecutive Market Days;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares to holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding related expenses of the purchase) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price.

Notice of Annual General Meeting

"**Prescribed Limit**" means in respect of the entire Relevant Period, such number of issued Shares which shall not exceed:

(i) within any period of (6) six months, 1.5% of the issued Shares of the Company; and

(ii) within the entire Relevant Period, 3% of the issued Shares of the Company,

as at the date of the passing of this Resolution at which the renewal of the Share Purchase Mandate is approved unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Cayman Companies Law, at any time during the Relevant Period or within any one (1) financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Company's Shares which are held as treasury shares will be disregarded for purposes of computing the 3% limit; and

"**Relevant Period**" means the period commencing from the date of the Annual General Meeting ("**AGM**") at which the renewal of the Share Purchase Mandate is approved up to (i) the conclusion of the next AGM of the Company; or (ii) the date on which the next AGM is required to be held; or (iii) the date on which such Share purchases or acquisitions are carried out to the full extent mandated; or the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting, whichever is the earliest;

(c) in connection with the actions contemplated by the foregoing resolutions, any Director or any attorney or duly authorised signatory of the Company (any such person being an "**Attorney**" or "**Authorised Signatory**" respectively) be, and each hereby is, authorised, in the name and on behalf of the Company, to do such further acts and things as any Director or officer or such other person shall deem necessary or appropriate in connection with, or to carry out the actions contemplated by, the foregoing resolutions, including to do and perform (or cause to be done and performed), in the name and on behalf of the Company, all such acts and to make, execute, deliver, issue or file (or cause to be made, executed, delivered or filed) with any person including any governmental authority or agency, all such agreements, documents, instruments, certificates, consents and waivers, and all amendments to any such agreements, documents, instruments or certificates, and to pay, or cause to be paid, all such payments, as any of them may deem necessary or advisable to carry out the intent of the foregoing resolutions, the authority for the taking of any such action and the execution and delivery of such of the foregoing to be conclusively evidenced thereby;

(d) any and all actions of the Company, or of a Director or any Attorney or Authorised Signatory, taken in connection with the actions contemplated by the foregoing resolutions prior to the execution hereof be and hereby are ratified, confirmed, approved and adopted in all respects as fully as if such action(s) had been presented to for approval, and approved by, all the Directors prior to such action being taken; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution. [See Explanatory Note (iii)].

(Resolution 9)

11. RESOLUTION IN RESPECT OF THE PROPOSED MODIFICATION TO THE NON-COMPETE UNDERTAKING

That the undertaking given by Mr Cheo Seng Jin (as disclosed in the prospectus of the Company dated 16 November 2010 (registered by the Monetary Authority of Singapore on 16 November 2010)) that:

(a) he will not directly or indirectly compete with the Company and its subsidiaries (the "**Group**") by (i) selling products to others which are not manufactured or sold to him by the Group; and (ii) selling products to customers of the Group; and

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(b) for as long as he retains an interest in the voting shares of, or is a director of, Nature International Pte. Ltd. ("**Nature International**"), he will procure the same auditors which audit the Group's consolidated financial statements to audit the financial statements of Nature International annually and separately he will agree with the Audit Committee of the Company a separate scope of work to be undertaken by the auditors of Nature International so as to evidence that Nature International only purchases the type of products produced by the Group from the Group,

be modified to exclude the United States of America from the geographical scope of the undertaking. [See Explanatory Note (iv)].

(Resolution 10)

By Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary

Singapore,
11 April 2017

NOTICE OF BOOKS CLOSURE AND DATE OF PAYMENT OF FINAL DIVIDENDS

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Mewah International Inc. (the "Company") will be closed from 5.00 pm on 4 May 2017 for the purpose of determining members' entitlements to the final dividends.

Duly completed registrable transfers (in respect of shares not registered in the name of The Central Depository (Pte) Ltd) together with all relevant documents of title thereto received not later than 5.00 pm on 4 May 2017 by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 will be registered in accordance with the Bye-Laws of the Company to determine members' entitlements to such dividends.

The proposed dividends, if approved at the Annual General Meeting to be held on 27 April 2017, will be paid on 12 May 2017.

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 8 above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

Notice of Annual General Meeting

(ii) The Ordinary Resolution 8 proposed in item 9 above, if passed, is to empower the Directors of the Company to continue to enter into interested person transactions, on the Group's normal commercial terms and in accordance with the guidelines and procedures of the Company for interested person transactions as described in the Appendix to Shareholders dated 11 April 2017. This authority will continue in force until the next Annual General Meeting.

(iii) The Ordinary Resolution 9 proposed in item 10 above, is to renew the Share Purchase Mandate, which was originally approved by the shareholders on 25 April 2013. Detailed information on the renewal of the Share Purchase Mandate is set out in Appendix to Shareholders dated 11 April 2017.

(iv) The Ordinary Resolution 10 proposed in item 11 above, is in relation to the Proposed Modification to the Non-Compete Undertaking (as defined in the Appendix to this Notice of Annual General Meeting dated 11 April 2017). Shareholders should refer to the said Appendix for details of the proposal.

Notes:

1. If a shareholder being a Depositor whose name appears in the Depository Register wishes to attend and vote at the Annual General Meeting, then he/she should complete the Proxy Form and deposit the duly completed Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623, at least 48 hours before the time of the Annual General Meeting.

2. If a Depositor wishes to appoint a proxy(ies), then the Proxy Form must be deposited at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623, at least 48 hours before the time of the Annual General Meeting.

Personal data privacy:

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

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Corporate Information

DIRECTORS
Dr Cheo Tong Choon @ Lee Tong Choon (Chairman and Executive Director)
Ms Michelle Cheo Hui Ning (Executive Director and Chief Executive Officer)
Ms Bianca Cheo Hui Hsin (Executive Director)
Ms Wong Lai Wan (Executive Director)
Ms Leong Choi Foong (Executive Director)
Dr Foo Say Mui (Bill) (Lead Independent Director)
Mr Robert Loke Tan Cheng (Independent Director)
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor (Independent Director)
Tan Sri Datuk Dr Ong Soon Hock (Independent Director)

AUDIT COMMITTEE
Mr Robert Loke Tan Cheng (Chairman)
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor
Tan Sri Datuk Dr Ong Soon Hock

NOMINATING COMMITTEE
Dr Foo Say Mui (Bill) (Chairman)
Mr Robert Loke Tan Cheng
Dr Cheo Tong Choon @ Lee Tong Choon
Tan Sir Dato' Ir. Muhammad Radzi Bin Haji Mansor
Tan Sri Datuk Dr Ong Soon Hock

REMUNERATION COMMITTEE
Dr Foo Say Mui (Bill) (Chairman)
Mr Robert Loke Tan Cheng
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor

EXECUTIVE OFFICERS
Dr Cheo Tong Choon @ Lee Tong Choon
Ms Michelle Cheo Hui Ning
Ms Bianca Cheo Hui Hsin
Mr Rajesh Chopra
Mr Shyam Kumbhat
Ms Wong Lai Wan
Ms Leong Choi Foong
Ms Agnes Lim Siew Choo

COMPANY SECRETARY
Mr Abdul Jabbar Bin Karam Din, LLB

COMPANY REGISTRATION NUMBER
CR-166055

REGISTERED OFFICE
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103 South Church Street
P.O. Box 472
George Town
Grand Cayman, KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS
5 International Business Park
#05-00 Mewah Building
Singapore 609914

CAYMAN ISLANDS SHARE REGISTRAR
Travers Thorp Alberga
(formerly known as Thorp Alberga)
1205A The Centrium
60 Wyndham Street
Central, Hong Kong

SINGAPORE SHARE TRANSFER AGENT
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITORS
PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Ms Tan Bee Nah
(Effective from the Financial year ended 31 December 2015)

PRINCIPAL BANKERS
Alliance Bank
AmBank
Arab Bank Corporation
Bangkok Bank
Bank of China
BNP Paribas
CTBC Bank
CIMB Bank
DBS Bank
Export – Import Bank of Malaysia
ICICI Bank
OCBC Bank
RHB Bank
Société Générale
United Overseas Bank
Westpac Bank

Mewah

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