ANNUAL REPORT 2016

CWT is a leading provider of integrated logistics solutions. We are focused on creating better supply chain and opportunities for world trade. We help customers accelerate time-to-market, realise new cost efficiencies and ensure supply chain integrity. To achieve this, we combine our logistics capabilities with our global network and resources to create value and deliver productivity for customers. Our assets and investments complement and enhance our logistics activities. We operate an integrated business structure with logistics at the core of our global activities. Our diversified business solutions include commodity marketing, financial and engineering services. We support a diverse worldwide customer base through our regional offices and network of service partners.

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year Ended 31 December				
	2016	2015	2014	2013	2012
FOR THE YEAR (S$ MILLION)					
Revenue	**9,251.9**	9,931.6	14,194.4	9,097.0	5,397.0
EBIT	**131.0**	151.6	148.8	124.1	116.4
Operating EBIT*	**154.1**	161.8	148.2	114.6	94.7
EBITDA	**164.3**	180.2	154.0	117.5	112.8
Operating EBITDA*	**187.4**	190.4	153.4	108.0	91.2
Profit					
- PBT	**104.8**	131.7	131.6	115.7	118.5
- Operating PBT*	**127.9**	141.9	131.0	106.2	96.8
- PATNCI	**73.6**	108.9	112.4	106.0	107.9
- Operating PATNCI*	**104.6**	118.8	111.8	96.5	86.5
Capex	**226.5**	48.4	116.2	183.8	64.9
PER SHARE					
Earnings (Singapore cents)					
- PBT	**17.5**	21.9	21.9	19.3	19.7
- PATNCI	**12.3**	18.1	18.7	17.7	18.0
- Operating PATNCI	**17.4**	19.8	18.6	16.1	14.4
Weighted average number of issued shares (million)	**600.3**	600.3	600.3	600.3	600.3
Number of issued shares as at 31 December (million)	**600.3**	600.3	600.3	600.3	600.3
AT YEAR-END (S$ MILLION)					
Net tangible assets	**754.6**	712.5	629.1	531.9	452.3
Shareholders' funds	**874.2**	839.4	765.1	659.5	582.8
Non-controlling Interests	**29.8**	28.7	26.4	27.7	32.6
Capital employed	**1,316.2**	1,537.0	1,432.2	978.3	860.6
Net cash/(borrowings)	**(157.3)**	(337.0)	(384.7)	(201.9)	78.9
Gross gearing (x)	**0.7**	0.6	0.6	0.7	0.5
Net gearing (x)	**0.1**	0.3	0.3	0.2	-
Net debt/Equity (x)	**(0.2)**	(0.4)	(0.5)	(0.3)	0.1
RETURN ON SHAREHOLDERS' FUNDS (%)					
PBT	**12.0**	15.7	17.2	17.5	20.3
PATNCI	**8.4**	13.0	14.7	16.1	18.5
Operating ROTA (using Operating EBIT)	**2.8%**	3.6%	3.4%	2.8%	4.3%
Operating ROE (using Operating PATNCI)	**12.0%**	14.1%	14.6%	14.8%	15.4%
SHAREHOLDERS' VALUE					
Distribution (Singapore cents per share)					
- Interim dividend (net)	-	9.0	-	-	-
- Final dividend (net)	**3.0**	-	4.0	3.5	3.0
- Total distribution	**3.0**	9.0	4.0	3.5	3.0
Share price as at 31 December (S$)	**1.930**	1.920	1.600	1.355	1.225
Share price/Book value (x)	**1.325**	1.373	1.256	1.234	1.261

Note:

- *Profits for 2012 included non-recurring items from the sale and leaseback of properties.*
- *Net Cash/(borrowings) excludes collateralised short-term trade facilities.*
- *Gross gearing is the ratio of total borrowings to the sum of total borrowings and total equity.*
- *Net gearing is the ratio of net borrowings (total borrowings excluding collateralised short-term trade facilities less cash and cash equivalents) to the sum of net borrowings and total equity.*
- ** Excluding non-recurring items, where applicable.*

CORPORATE PERFORMANCE

In SGD million unless otherwise stated.

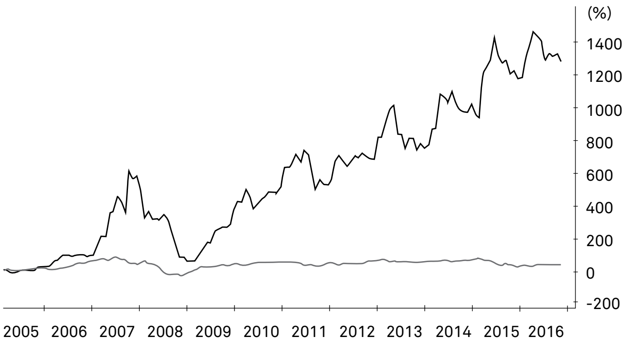
Year	Revenue	Operating Profit	Operating ROE (%)	Net Asset Value	Net Tangible Assets
2005	248	9.1	8.8	103.8	101.2
2006	327	13.7	10.8	137.6	118.6
2007	535	18.4	9.7	204.9	176.4
2008	603	27.9	12.7	266.4	217.0
2009	624	22.8	8.1	292.0	246.0
2010	747	28.5	10.3	428.3	378.3
2011	2,580	51.6	11.0	476.2	336.6
2012	5,397	86.5	15.4	582.8	452.3
2013	9,097	96.5	14.8	659.6	531.9
2014	14,194	111.8	14.6	765.1	629.1
2015	9,932	118.8	14.1	839.4	712.5
2016	**9,252**	**104.6**	**12.0**	**874.2**	**754.6**
CAGR	**39%**	**25%**	**3%**	**21%**	**20%**

Note:
- CWT was incorporated in 1970 and listed on the Singapore Exchange since1993. Present management took over in end 2004.

TOTAL SHAREHOLDER RETURNS FROM 2005-2016

CWT LIMITED (CWT):
1,284%

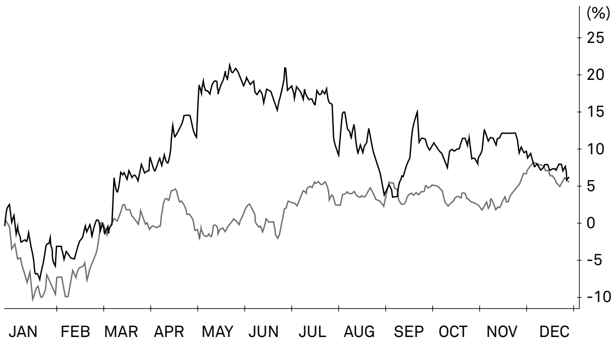
STRAITS TIME INDEX (STI):
44%



TOTAL SHAREHOLDER RETURNS IN 2016

CWT LIMITED (CWT):
6.6%

STRAITS TIME INDEX (STI):
5.5%



Source: Bloomberg

— CWT — STI

A reliable growth company must have the ability to evolve, the courage to invest and the discipline to deliver. Thanks to our financial discipline, prudent capital allocation and extensive focus on business synergies over the past years, we are enabling growth and long-term value creation.

CHAIRMAN MESSAGE

DEAR SHAREHOLDERS,

Macroeconomic uncertainty and risks continued throughout 2016. Commodity markets remain depressed and oil's weakness weighed on the general markets. Not many could have predicted the events that took place last year. The aftermath of the UK Referendum and the US Presidential Elections left the global financial markets in a frenzied volatile.

In this very tough environment, CWT earned S$9.3 billion in revenue and netted S$73.6 million in profits. Our Company delivered 12.3 cents in earnings per share and returned 6.6% on investment to shareholders. The credit for this performance in a difficult time like this goes to the people of CWT. The efforts of our 6,000-strong workforce helped us end 2016 with decent profitability and prepare our Company for future growth.

BUILDING A GROWTH COMPANY

We have taken strong actions to protect our Company in this new economic era of continuous instability. During the past year, we continued to strengthen core competencies, improve operational productivity, fortify market leaderships and reposition our portfolio to capture new opportunities.

A reliable growth company must have the ability to evolve, the courage to invest and the discipline to deliver. Thanks to our financial discipline, prudent capital allocation and extensive focus on business synergies over the past years, we are enabling growth and long-term value creation.

In logistics, our newly operational mega integrated logistics hub demonstrates our commitment to logistics capacity growth. Through optimal resource utilisation and flow synergy, our mega hub provides economies of scale, higher operational efficiency and cost effectiveness for new supply chain opportunities. Additionally, its innovative design and layout intensify land use, enhance building efficiency and enable operational productivity.

For our diversified businesses, we continue to optimise our trading operations to provide a robust platform for growth, while strategically positioning our financial services portfolio to capitalise on opportunities presented by market volatility. We will continue to drive apt initiatives that build competitive advantage and a high-performance company.

DELIVERING SHAREHOLDER VALUE

In 2016, we delivered results that showed our strategy is working. We aim to reward shareholders by delivering a more valuable company and returning cash. As part of its regular review of cash policy, the Board in February 2016 approved 6 cents per share in cash dividend based on earnings from the preceding year and returned S$36 million in total to shareholders. For fiscal 2016, the Board has proposed a final one-tier cash dividend of 3 cents per share to be distributed in May 2017.

The interests of the Board and all of our leaders are solidly aligned with the interests of our stakeholders. We believe in sustainable performance and long-term commitment to our Company. Since present management took over in end 2004, our Company's market capitalisation has increased significantly and our total shareholder returns far exceeded the Straits Times Index benchmark in performance. We will continue to create shareholder value through organic growth and strategic alternatives.

MAINTAINING CORPORATE GOVERNANCE

We are committed to appropriate and effective corporate governance. We run our Company in accordance with the principles of good corporate governance and we continually refine our processes in line with best practices to govern with fairness, transparency and integrity.

During 2016, the Board maintained a balanced risk profile and managed cost prudently whilst engaging in a wide range of strategic, compliance, risk and sustainability related issues through regular board meetings. The Board's balance of skills, expertise and attributes, including its diversity of perspective, continues to constructively challenge and support the management team.

LOOKING AHEAD

We are investing in growth and building capabilities around our businesses to help customers succeed and communities thrive. Our bench is deep and our resilient business model continues to deliver in good times and bad. We will continue to execute on our strategy and develop strong businesses that will perform over the long term.

Making progress in volatile times has demanded patience from our long-term investors and stakeholders. My thanks go out to all our shareholders, bankers, business associates, customers, employees and other stakeholders who continue to support our efforts.

CWT will be a better company winding through this tough environment.

LOI KAI MENG
Chairman, CWT Limited
12 April 2017

BOARD OF DIRECTORS

LOI KAI MENG
Chairman

Mr Loi joined the Board as Chairman in November 2004. He is an accountant by profession and has been in the logistics sector for over 40 years. Mr Loi is also the Group Managing Director of C & P Holdings Pte Ltd and a Director of a number of private companies.

LIAO CHUNG LIK
Director

Mr Liao joined the Board in November 2004. He is the Deputy Group Managing Director of C & P Holdings Pte Ltd. Mr Liao is also a Non-executive Director of ARA-CWT Trust Management (Cache) Limited since March 2010 and a Director of a number of private companies. He graduated from the National University of Singapore with a degree in Bachelor of Business Administration.

LOI POK YEN
Director & Group CEO

Mr Loi joined the Board in November 2004. He is also CWT Group CEO. With his extensive experience in strategic and logistics business management, Mr Loi leads the executive team in strengthening the Group's businesses and market competitiveness for the long term success of the CWT Group. Prior to joining CWT, Mr Loi was responsible for the construction of warehouses and running the logistics business operations at C & P Holdings Pte Ltd. From 1995 to 1997, he helped oversee and build Myanmar International Terminals Thilawa (MITT), Myanmar's largest port. Mr Loi has been instrumental in transforming the CWT Group into a global enterprise. In 2013, he was named EY Entrepreneur of the Year – Logistics Winner. Mr Loi graduated from the National University of Singapore with a Bachelor of Business Administration (Hons) degree.

DR TAN WEE LIANG, PBM
Lead Independent Director

Dr Tan joined the Board in June 2008 and was appointed Lead Independent Director (ID) on March 1, 2013. He is Associate Professor of Strategic Management at the Singapore Management University (SMU). Prior to joining SMU, he taught at National University of Singapore (NUS) and Nanyang Technological University. Dr Tan is chairman of the management council of the Chartered Secretaries Institute of Singapore. He served as the International President of the Institute of Chartered Secretaries and Administrators, U.K. in 2004. In 2009, Dr Tan received the Public Service Medal for his contributions as a member of the Criminal Law Advisory Committee of the Ministry of Home Affairs. He is currently vice-chairman of the executive board of the Presbyterian Community Services. Dr Tan was educated at NUS, University of Cambridge, MIT and the Technological University of Eindhoven.

JIMMY YIM WING KUEN
Independent Director

Mr Yim joined the Board as an Independent Director in May 2003. He is managing director of one of Singapore's most established law firms, Drew & Napier LLC. Mr Yim was admitted to the Singapore Bar in 1983 and was appointed Senior Counsel in 1998. He sits on boards of other listed and private companies. His legal practice covers most areas of civil and commercial law, and international commercial arbitrations. His appointments include Fellow of the Singapore Institute of Arbitrators, regional arbitrator with the Singapore International Arbitration Centre and Pacific International Arbitration Centre, Vietnam. At CWT, he is also Chairman of the Audit Committee.

DR HU JIAN PING
Independent Director

Dr Hu was appointed to the Board in December 2004. He is a senior vice president with Microvast Ltd and the executive vice chairman of China Public Transportation Association (CPTA). Dr Hu has more than 20 years of experience in the transportation industry. He was the Chairman from 2007 to 2011 and General Manager from 2001 to 2006 of Shenzhen Bus Group Company Ltd, a China based company that owns the largest bus network in the Shenzhen Special Economic Area. Prior to this, he was the Executive Deputy General Manager of Shenzhen Metro Co., Ltd and the Shenzhen Transportation Bureau from 1992 to 2001. Dr Hu was also the Civil Engineer, Project Manager and Deputy Division-Chief of the Department of Construction of Shenzhen Metro Co., Ltd and the Shenzhen Transportation Bureau from 1992 to 1996. Dr Hu did a research study in the Transportation Research Centre, University of Kansas, USA.

CORPORATE STRUCTURE

CWT Limited defines common values, goals and strategies for the entire group.

CWT LIMITED

LOGISTICS

COMMODITY LOGISTICS
CWT Commodites Pte Ltd
and its subsidiaries

INTEGRATED LOGISTICS
CWT Integrated Pte Ltd
Teng Lee Green Pack Pte Ltd

FREIGHT LOGISTICS
CWT Globelink Pte Ltd
and its subsidiaries

CONTRACT LOGISTICS
CWT Logistics Pte Ltd
and its subsidiaries

WAREHOUSING
CWT Limited
and its property entity subsidiaries

DEFENCE SERVICES
CWT Limited (Freight & Project Mgt.)
Force 21 Equipment Pte Ltd

COMMODITY MARKETING

BASE METALS AND ENERGY PRODUCTS MARKETING
MRI Group Pte Ltd
and its subsidiaries

FINANCIAL SERVICES

BROKERAGE AND FINANCIAL SERVICES
Straits Financial Group Pte Ltd
and its subsidiaries

TRUST AND ASSET MANAGEMENT
ARA-CWT Trust Management
(Cache) Limited

ENGINEERING SERVICES

DESIGN, BUILD AND MAINTENANCE
Indeco Engineers (Pte) Ltd

PROPERTY MANAGEMENT
Cache Property Management Pte Ltd

GLOBAL OPERATIONS

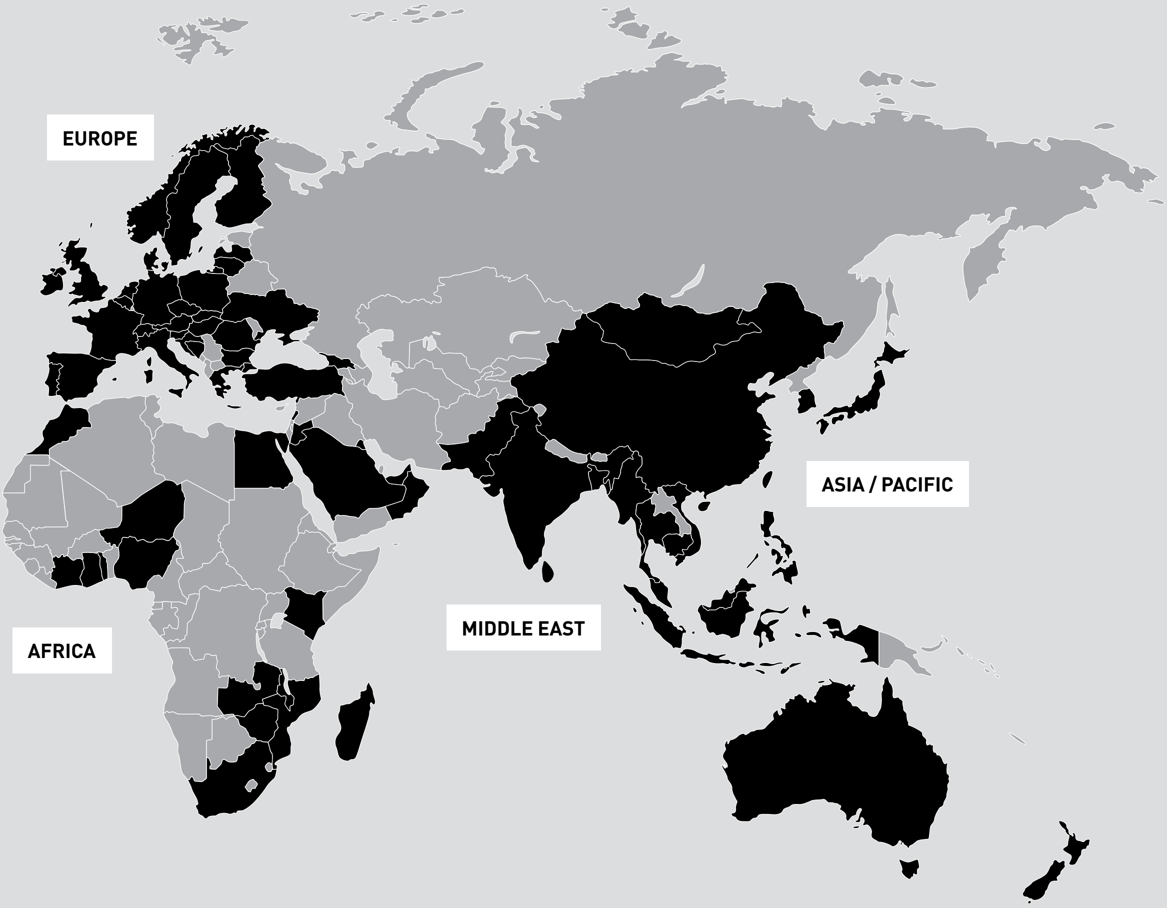
CWT operates in more than 90 countries through our regional offices and network of service partners. We support a diverse customer base around the globe.

REGIONAL OFFICES

ASIA / PACIFIC	EUROPE	MIDDLE EAST	AFRICA	NORTH AMERICA	LATIN AMERICA
Singapore (HQ)	Belgium	Kuwait	Cote d'Ivoire	Canada	Chile
Australia	Bulgaria	Qatar	Egypt	USA	Costa Rica
China	Croatia	UAE	Ghana		Guatemala
Hong Kong	Netherlands		Mauritius		Mexico
India	Portugal		Morocco		Peru
Indonesia	Romania		Mozambique		
Malaysia	Slovenia		South Africa		
Mongolia	Spain				
Philippines	Switzerland				
Pakistan	Turkey				
South Korea	UK				
Sri Lanka					
Taiwan					
Thailand					
Vietnam					

LEGEND

■ CWT footprint



NETWORK OF SERVICE PARTNERS

ASIA / PACIFIC	EUROPE	MIDDLE EAST	AFRICA	NORTH AMERICA	LATIN AMERICA
Bangladesh	Austria	Israel	Cote d' Ivoire	Canada	Argentina
Cambodia	Belgium	Jordan	Ghana	USA	Bolivia
Fiji Island	Cyprus	Lebanon	Kenya		Brazil
Japan	Czech Republic	Oman	Madagascar		Chile
Myanmar	Denmark	Saudi Arabia	Malawi		Colombia
New Zealand	Finland		Mauritius		Dominican Republic
South Korea	France		Nigeria		Ecuador
Taiwan	Georgia		South Africa		Mexico
Thailand	Germany		Togo		Panama
Vietnam	Greece		Zambia		Paraguay
	Hungary		Zimbabwe		Peru
	Ireland				Uruguay
	Italy				Venezuela
	Latvia				
	Lithuania				
	Malta				
	Netherlands				
	Norway				
	Poland				
	Slovakia				
	Sweden				
	Turkey				
	Ukraine				

GROUP CEO REPORT

THE YEAR IN REVIEW

2016 was a tough year. The macro environment has been brutal. Major political events, subdued economic growth and prolonged industry downturns led to continued economic uncertainty and financial market volatility. To weather the economic storm, we lowered costs, streamlined our operations and restructured loss-making businesses to perform more effectively and efficiently. By focusing on credit and risk management, executing with financial discipline, we delivered continued profitability and improved our balance sheet.

For fiscal 2016, CWT posted net income of S$73.6 million on the back of S$9.3 billion sales turnover. Through strategic diversification and portfolio repositioning over the years, we redeployed our capital to enable growth. We have geographic diversity, with 90% of our revenues outside Singapore. We also increased shareholders' equity by 4% to S$874 million. We ended 2016 with S$334 million of cash, up 8%, on our balance sheet. These results demonstrate our resilience in a difficult economy and commitment to sustainable performance.

Over time, we have been able to transform the CWT portfolio to meet new opportunities. To emerge a more valuable company from this economic cycle, we remain focused on executing our long-term strategy: building strong businesses and sustaining competitive advantage. We continue to harness business synergies, improve operational productivity and invest in growth for long-term value creation for our customers and shareholders.

SNAPSHOT OF FY2016 RESULTS

FINANCIAL HIGHLIGHTS

In S$'000 unless otherwise stated	FY2016	FY2015	% Change +/(-)
Revenue	9,251,854	9,931,619	(7)
Gross Profit	320,809	336,198	(5)
Operating PATNCI*	104,635	118,771	(12)
Net Profit Attributable to Owners	73,559	108,911	(32)
Earnings Per Ordinary Share (cents)	12.25	18.14	(32)
NAV Per Ordinary Share (cents)	145.6	139.8	4

Note:

- *Revenue decreased mainly due to lower naphtha volume traded and weaker commodity prices in 2016.*
- *Despite stronger warehousing services, weaker earnings from Commodity Marketing, Design and Build projects, Freight and General Logistics drove down the operating profit.*
- ** Excluding exceptional costs and withholding tax incurred on foreign dividend.*

CWT operates in four business segments with logistics at the heart of our global activities. Our diversified businesses include commodity marketing, financial and engineering services ancillary to our core logistics business. The scale of our operations and our ability to integrate global resources create better supply chain and add value for our customers.

LOGISTICS SERVICES

Our logistics capacity growth continues to underpin our warehouse infrastructure leadership and support our logistics operations. CWT's integrated logistics mega hub, the biggest and latest addition to our logistics assets, is set to begin operating this year with Level 1 & 2 of the warehouse having obtained T.O.P. in February. Upon full completion, the hub will embrace a future state-of-art automated container storage and retrieval system at its integrated depot.

In 2016, we entered into a multi-year contract with a major oil & gas customer to provide on-site logistics at their production plants. CWT will deploy automated guided vehicles for the operation in our continued focus on productivity and technology to deliver increased efficiency for our customers. The operational startup is scheduled for second half 2017.

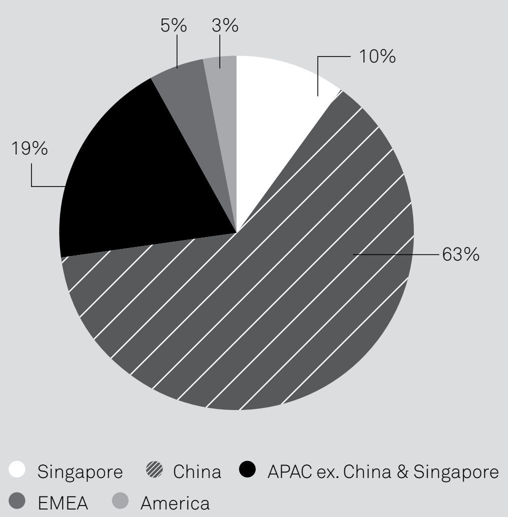
In Singapore, we own and manage one of the largest container trucking fleets for local distribution services. Our logistics transport activities play a role in the environmental sustainability and road safety of the local community. To that end, we have adopted greener technology for our prime movers and we continue to promote road safety through continued education and training for our drivers. Our efforts were reinforced at the 2016 Road Safety Awards when CWT emerged as champion for heavy vehicle fleet.

During the year, we also set up two new offices in The Philippines as we continue to pursue organic growth in our global freight network. In ocean shipping, stagnant demand and a persistent oversupply of vessels have kept the market at its low end. Other developments such as the collapse of a major shipping line have accelerated industry realignment and consolidation. These events continue to affect our buying cost and pricing strategies of our freight logistics business. Nevertheless, our portfolio of global accounts continues to grow even as we mitigate the overall slowdown in trade volumes.

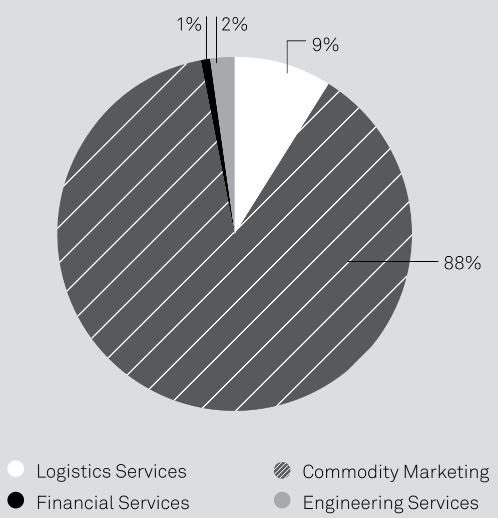
FY2016 SEGMENTAL REVENUE

CWT Group has four operating business segments: Logistics Services; Commodity Marketing; Financial Services; and Engineering Services. Logistics Services and Commodity Marketing are managed on a worldwide basis and the Group operates principally in Singapore, China, other parts of Asia Pacific, Europe and Africa. Financial Services operates mainly in China, Singapore and North America. Engineering Services activities are primarily in Singapore.

REVENUE BY GEOGRAPHY (%)



REVENUE BY BUSINESS SEGMENT (%)



Over time, we have been able to transform the CWT portfolio to meet new opportunities. To emerge a more valuable company from this economic cycle, we remain focused on executing our long-term strategy: building strong businesses and sustaining competitive advantage.

GROUP CEO REPORT

As we navigated uneven markets, our commodity logistics business remains compromised by the continued downturn in the sector. Through better cost controls, risk management and prudent reorganisation, we continue to consolidate and strengthen this business for the future. These corrective actions will lay a stronger foundation and position us to capture potential upsides over time as the sector recovers.

COMMODITY MARKETING

The commodities industry is characterised by volatile, cyclical and market-driven commodity prices, which are largely determined by changes in the supply and demand of industrial commodities and raw materials. We continue to manage these risks by using derivative financial instruments to hedge their exposure to commodity prices.

As expected, we were confronted with tough trading conditions in 2016. The commodity sector remained weak as average prices further softened. Our commodity marketing business generated revenue of S$8.2 billion, down 7% from the preceding year. The lower revenue is due to a significant drop in naphtha trading volumes whilst trading volumes for base metal non-ferrous concentrates remained stable. For 2017, we expect higher volatility in commodity prices due to increased geopolitical risk. In general, higher volatility provides more trading opportunities and should benefit our trading business.

FINANCIAL SERVICES

Our financial services arm benefitted from market volatility as market uncertainties increased the need for hedging through derivatives and led to more trading activities. In 2016, we grew net revenues for our global derivatives business by more than 40% whilst increasing total customer equity by 34%, which signals a growing customer base.

During 2016, we obtained the full capital markets services license in Singapore that expanded our offerings coverage from commodity to a full suite of financial derivatives. We also received permission to set up a physical commodity exchange and a clearing house in Indonesia, which adds a new dimension to our business strategy in Asia. Additionally, we expanded our brokerage services to specialise in the OTC energy markets, enabling our clients to trade energy OTC and clear futures contracts through one single trading account, a combined service not offered by most brokers. We remain focused in realising expanded product offerings and strengthening our presence in new markets.

ENGINEERING SERVICES

In 2016, we secured approximately S$100 million worth of contracts for our engineering services portfolio. These included design-and-build projects and provision of maintenance services for facilities, vehicles and equipment fleet as well as product engineering and installation jobs for airport terminals, government agencies, military, commercial and industrial institutions.

We faced a tough market which counts high labour costs, competition and a subdued economy in Singapore for our engineering services business. We expect these key challenges to continue into 2017. We have since invested in facility management technologies to improve productivity and sharpen our competencies. We are also providing more skills training for our employees so that we can be future-ready to seize the opportunities when the economy rebounds.

CORPORATE SOCIAL RESPONSIBILITY

Our CSR focus falls broadly into four categories: workplace, the environment, human resources and the local community. At the workplace, we govern our activities with high ethical standards and maintain a safety culture for our employees, customers and suppliers. For the environment, we adopt green technologies for our vehicle fleet and logistics facilities such as solar panel and motion detector. In human resources, we engage and encourage our employees while rewarding good performance. We also continue to retain and attract talent and diversity in our workforce.

At CWT, we serve the communities where we live and work in alignment with our business objectives. During the year, we provided logistical support to Children's Cancer Foundation as Official Logistics Partner for their Hair for Hope campaign and contributed to charitable causes for the young and underprivileged. CWT remains committed to the continued development of sustainable and responsible practices in our global operations. By engaging with our stakeholders, we build strong relationships while identifying strengths and opportunities to improve our performance.

LOOKING AHEAD

Looking ahead, we see a changeable and more challenging macro environment in 2017. In building strong businesses and sustaining our competitive advantage, we will continue to adapt, adjust and achieve.

I would like to take this opportunity to record my sincere appreciation for my team mates and the entire CWT workforce for their continued dedication and perseverance.

The powerful actions we are taking today will continue to define and shape CWT for the future.

LOI POK YEN

Group CEO, CWT Limited

12 April 2017

EXECUTIVE TEAM

LOI POK YEN
Group CEO

Mr Loi was appointed Group CEO in January 2005 after privately-owned logistics company C & P Holdings Pte Ltd acquired CWT. He leads the executive team in strengthening the Group's businesses and market competitiveness for the long term success of the CWT Group. Prior to joining CWT, Mr Loi was responsible for the construction of warehouses and running the logistics business operations at C & P Holdings Pte Ltd. From 1995 to 1997, he helped oversee and build Myanmar International Terminals Thilawa (MITT), Myanmar's largest port. Mr Loi has been instrumental in transforming the CWT Group into a global enterprise. In 2013, he was named EY Entrepreneur of the Year – Logistics Winner. Mr Loi graduated from the National University of Singapore with a Bachelor of Business Administration (Hons) degree.

LYNDA GOH
Deputy Group CEO & Group CFO

Mrs Goh was appointed Deputy Group CEO & Group CFO in July 2008. She leads the CWT Group with a very strong financial and operating background, having held various senior positions in CWT since 1991. In her current capacity, Mrs Goh's key role is to assist the Group CEO in the corporate development and strategic expansion, corporate finance and general management of the CWT Group of companies. She is also responsible for managing the Group's engineering business, investments, treasury, financial, human resource and corporate affairs. In 2013, she was named Best CFO for listed companies in the mid cap category at the Singapore Corporate Awards in recognition of her financial leadership. Mrs Goh is a Chartered Accountant of Singapore and Fellow of Chartered Certified Accountant (UK).

ADAM SLATER
Deputy Group CEO &
CEO, Commodity Logistics

Mr Slater joined CWT as CEO, Commodity Logistics in October 2006 and was promoted to Deputy Group CEO in July 2012. In his current capacity, he oversees the development and expansion of Supply Chain Management business of the Group. He is also responsible for the day-to-day management of the commodity logistics related businesses across Asia, Europe, Africa, the Middle East, North & South America and Oceania. Mr Slater has been working in the commodity logistics industry since 1997. Prior to that, he was a metal trader in China for five years. Mr Slater holds a Bachelor of Art in East Asian Studies from McGill University and also studied Chinese language at Fudan University.

TAN CHOON WEI
Executive Chairman,
CWT Globelink Group

Mr Tan is Executive Chairman of CWT Globelink Group since 2003 and held the position of CEO, Freight Logistics from 2005 to 2015. He spearheads and oversees the freight consolidation business of CWT Group. Mr Tan joined CWT in 1988 and has been instrumental in the Group's regional development and expansion over the past two decades. He brings to CWT vast industry domain knowledge and experience, having worked in the logistics and marine related industry since 1973. Prior to joining CWT, Mr Tan held various senior positions with PSA in Container Terminal, conventional wharves, bulk cargo operations and warehousing business.

ALAN KUEK
CEO, Commodity Marketing

Mr Kuek was appointed CEO, Commodity Marketing in May 2013 and heads up MRI Group. As the commodity marketing business arm of the CWT Group, the division is actively marketing physical non-ferrous metals, bulk minerals and energy products. Mr Kuek has been working in origination and structured financing in banks and commodity traders since 1997. He joined MRI in February 2012 as Global Head of Structured Commodity Finance and Origination and is instrumental in developing the energy marketing business. Prior to joining MRI, he held senior positions with Trafigura and BNP Paribas Singapore, where one of his transactions was awarded Deal of the Year by Trade and Forfaiting Review in 2008. Mr Kuek graduated from the National University of Singapore with a Bachelor of Social Science (Hons) in Economics.

JEREMY ANG
CEO, Financial Services

Mr Ang was appointed CEO, Financial Services in April 2011. He heads up Straits Financial Group, the financial services arm of the CWT Group engaged in the offering of futures and derivatives trade, forex, bullion and Over-the-Counter (OTC) brokerage services. Mr Ang is an industry veteran, especially in the global derivatives market, having worked in the futures industry since 1980. Prior to joining CWT, he held leadership positions with the Singapore Exchange (SGX), Singapore Commodity Exchange (SICOM), DBS Vickers Securities (Singapore) and the REFCO Group.

MARTIN VERSTEEG
CEO, CWT Europe

Mr Versteeg was appointed CEO, CWT Europe in January 2011. He is responsible for the development and expansion of the Group's logistics business in Europe and Africa. Mr Versteeg is an industry veteran, having worked in the soft commodities logistics industry since 1974. In 2009, Mr Versteeg was awarded the prestigious Amsterdam Ports Medal by the Amsterdam Ports Association in recognition of his significant contribution towards strengthening and reinforcing the prestige of Amsterdam ports. He is currently a board member of the European Cocoa Association in Brussels, the European Warehouse Keepers Federation in Amsterdam and Amsterdam Ports Association. Mr Versteeg holds a Master's degree in law from VU University of Amsterdam.

FOO SAY CHUANG
Managing Director, Warehousing & Business Development

Mr Foo was appointed Managing Director, Warehousing & Business Development in July 2007. He is responsible for the development and expansion of the Group's logistics business in Singapore and the regional market. Mr Foo brings to CWT strong domain knowledge and vast experience across various industries including Port Terminals, Shipping, Food & Beverage and Fast Moving Consumer Goods. He has been involved in logistics and related work since 1979. Mr Foo holds a Bachelor of Business in Transport from the Royal Melbourne Institute of Technology, a Diploma in Shipping Management (Maritime Studies) and a Diploma in Sales & Marketing.

KAY KONG SWAN
CEO, Integrated Logistics

Mr Kay is CEO, Integrated Logistics since December 2013. His portfolio includes transportation, yard storage, distribution and warehousing as well as other value-adding logistics businesses of CWT Integrated Group. Mr Kay had been instrumental in developing and expanding the logistics businesses in CWT as CEO, Container Logistics since May 2007 and as the General Manager of OCWS Logistics (now known as CWT Integrated) since 1995. Prior to joining the logistics industry, he was involved in engineering and management consultancy for more than ten years. Mr Kay holds a Master's degree in Business Analysis (with distinction) from the University of Lancaster, UK.

LEAW TIEW SAN
CEO, Contract Logistics (Asia Pacific)

Mr Leaw was appointed CEO, Contract Logistics (Southeast Asia) in July 2012 and subsequently expanded his portfolio to cover Asia Pacific in 2014. He heads up Cold Chain Logistics (Food & Beverage), Chemical Logistics, Industrial & Consumer Logistics and Bonded Logistics for contract logistics business in Asia Pacific. Mr Leaw is also charged with overall responsibility for Singapore Wine Vault Pte Ltd, which stores and handles Fine Wines. He has been instrumental in developing and expanding the contract logistics business in the region. Formerly from C & P Holdings, Mr Leaw joined CWT as a sales director and was soon promoted to managing director. He has been working in sales & marketing and the logistics sector since 1998. Mr Leaw was appointed as Director (Logistics & Distribution) for Singapore Chemical Industry Council (SCIC) in 2013. He graduated from Curtin University with a Bachelor degree in Logistics & Supply Chain Management.

DANIEL TOK
CEO, Freight Logistics

Mr Tok is CEO, Freight Logistics since July 2015. He oversees the overall development of the freight logistics business and implements the strategic directions of CWT Globelink network. Mr Tok held the position of Deputy CEO, Freight Logistics from 2012 to 2015. He joined CWT Globelink as its Chief Operating Officer in 2008. Mr Tok has been working in the freight industry since 1982.

ONG YAN WAH OLIVER
Managing Director, Infrastructure Development

Mr Ong is Managing Director, Infrastructure Development for CWT Group since 2011. He is the key person in designing, developing, building and expanding the Group's logistics infrastructure facilities in Singapore and the regional market. Under his leadership, the Group has also embarked and successfully completed various build-to-suit and turnkey construction projects for customers from financial institutions and multinational companies. Mr Ong joined CWT as a senior manager in 2006 and was promoted to Director in 2008 prior to his current appointment. He has 20 years of experience in property development, construction and engineering. Mr Ong graduated from the National University of Singapore with a Bachelor of Business Administration degree.

CORPORATE DATA

BOARD OF DIRECTORS

Loi Kai Meng (Chairman)
Liao Chung Lik
Loi Pok Yen
Dr Tan Wee Liang (Lead ID)
Jimmy Yim Wing Kuen
Dr Hu Jian Ping

AUDIT COMMITTEE

Jimmy Yim Wing Kuen (Chairman)
Dr Tan Wee Liang
Liao Chung Lik

NOMINATING CUM REMUNERATION COMMITTEE

Dr Hu Jian Ping (Chairman)
Dr Tan Wee Liang
Loi Kai Meng

EXECUTIVE COUNCIL

Loi Kai Meng (Chairman)
Liao Chung Lik (Vice Chairman)
Loi Pok Yen
Lye Siew Hong - Lynda Goh
Adam Slater
Tan Choon Wei
Alan Kuek
Jeremy Ang
Foo Say Chuang

COMPANY SECRETARY

Lye Siew Hong - Lynda Goh

REGISTERED OFFICE

38 Tanjong Penjuru
CWT Logistics Hub 1
Singapore 609039
Tel: 6262 6888
Fax: 6261 2373
Email: e-mail@cwtlimited.com

AUDITORS AND REPORTING ACCOUNTANTS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in-charge of the audit:
Tran Phuoc
(appointed in financial year 2015)

PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre
Singapore 018982

Oversea-Chinese Banking
Corporation Limited
63 Chulia Street
OCBC Centre
Singapore 049514

Standard Chartered Bank
8 Marina Boulevard #27-01
Marina Bay Financial Centre Tower 1
Singapore 018981

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

SOLICITORS

Rajah & Tann LLP
9 Battery Road
#25-01 Straits Trading Building
Singapore 049910

Drew & Napier LLC
10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315

SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

CORPORATE WEBSITE

www.cwtlimited.com

CORPORATE GOVERNANCE

CWT believes in having high standards of corporate governance and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long-term shareholder value.

In its aim to achieve the best practices in corporate governance, CWT subscribes to the Code of Corporate Governance (the Code) dated May 2, 2012 by the Monetary Authority of Singapore, which forms a sound platform for supporting good governance and transparency practices.

The Board is pleased to report that throughout the reporting period for the financial year ended December 31, 2016, CWT largely complied with the Code's principles and guidelines. This statement outlines CWT's corporate governance practices with specific reference to the principles and guidelines of the Code.

BOARD MATTERS

Board's Conduct of Affairs (Principle 1)

The Board charts the long-term strategic direction and oversees the business affairs of the CWT Group. It assumes responsibility for the Group's overall strategic plans and key business initiatives, significant investments and major funding, and financial performance reviews and corporate governance practices. The Board also determines the compensation policies for Senior Management and monitors standards of performance and issue policy, both directly and through board committees, ensuring the Group's compliance with all laws and regulations as may be relevant to the business.

To support its role and assist in the execution of its responsibilities, the Board has established two board committees, namely, the Nominating cum Remuneration Committee (NRC) and the Audit Committee (AC). The terms of reference and composition of each board committee are described in the respective section on Board Membership and Audit Committee.

The Board meets regularly and holds at least four meetings a year, with ad-hoc meetings being convened as and when circumstances require. Meetings via teleconference are permitted by CWT's Constitution (the Constitution). The frequency of meeting and attendance of each Director at every board and board committee meeting are hereby disclosed.

Board of Directors	No. of Board Meetings Held	No. of Board Meetings Attended	No. of NRC Meetings Held	No. of NRC Meetings Attended	No. of AC Meetings Held	No. of AC Meetings Attended
Loi Kai Meng	4	4	1	1	N.A.	N.A.
Liao Chung Lik	4	4	N.A.	N.A.	4	4
Loi Pok Yen	4	4	1	1	4	4
Jimmy Yim Wing Kuen	4	4	N.A.	N.A.	4	4
Dr Hu Jian Ping	4	4	1	1	N.A.	N.A.
Dr Tan Wee Liang	4	4	1	1	4	4

Note: N.A. denotes Not Applicable

All board directors objectively take decisions in the interests of the Group. Matters which specifically require the Board's decision are those involving a conflict of interest for a substantial shareholder or a director (such transactions are subject to AC's prior approval), material capital expenditure/investments, material acquisitions and disposal of investments/assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders as well as matters which require the Board's approval as specified under the CWT's interested person transaction policy. Specific approval from the Board is also required for any investment or expenditure exceeding 5% of the Group Net Tangible Assets.

In line with best practices in corporate governance and the Code, CWT has available budget for Directors to receive further relevant training of their choice in relation with their duties. Relevant courses include programmes conducted by the Singapore Institute of Directors.

Directors are aware of their duties and obligations and the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving CWT, prohibitions on dealings in CWT's securities and restrictions on disclosure of price-sensitive information. Directors are also informed of regulatory changes affecting CWT.

Board Composition and Guidance (Principle 2)

As at December 31, 2016, the Board comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of Appointment
Loi Kai Meng	Chairman	26 November 2004	23 April 2015	Non-executive/ Non-independent
Liao Chung Lik	Director	26 November 2004	23 April 2014	Non-executive/ Non-independent
Loi Pok Yen	Director	26 November 2004	23 April 2015	Executive/ Non-independent
Jimmy Yim Wing Kuen	Director	28 May 2003	23 April 2015	Non-executive/ Independent
Dr Hu Jian Ping	Director	10 December 2004	22 April 2016	Non-executive/ Independent
Dr Tan Wee Liang	Director	15 June 2008	22 April 2016	Non-executive/ Independent

The Board currently comprises 6 Directors. The Board is of the view that the present board size of 6 Directors is adequate to provide for a diversity of views, facilitate effective decision-making and that the Board has an appropriate balance of executive, independent and non-independent Directors, taking into account the scope and nature of operations of the Group. Each Director has been appointed on the strength of his calibre, experience and potential to contribute to the Group and its businesses. Directors bring valuable insights from different perspectives vital to the strategic interests of the Group. The Board is of the view that its Directors as a group possess the necessary competencies to lead and govern the Group effectively. Their profiles are found on page 6.

The NRC noted that all Independent Directors (IDs) had completed their self-assessment and confirmed their independence of the Group.

There is a fairly strong independent element in the Board, with the NRC considering 3 out of 6 Directors to be independent from Management and the Group. The independence of each Independent Director is reviewed annually by the NRC. The NRC adopts the Code's definition of what constitutes an Independent Director in its review and it is satisfied that no individual or small group of individuals dominate the Board's decision-making process.

The Non-executive Directors (NEDs) participate in board and board committee activities, provide necessary advice and guidance and contribute to the overall strategic development of the Group. The NEDs may be called upon by the AC and NRC if necessary to formally meet without the presence of Management or Executive Director to review any matters that must be raised privately. The NRC, comprising only NEDs, reviews Management's performance and determines the rewards for such performance.

Chairman and Group Chief Executive Officer (Principle 3)

CWT has a separate Chairman and Group Chief Executive Officer (CEO). There is appropriate division of responsibilities between the Chairman and the Group CEO, which ensures a balance of power and authority within the Group. The Chairman leads the Board and is responsible for its workings and proceedings. The Group CEO is the most senior executive in CWT and bears executive responsibility for the Group's business. The Group CEO, Loi Pok Yen, is the son of the Chairman, Loi Kai Meng.

Lead Independent Director
The Board appointed Dr Tan Wee Liang as Lead Independent Director (LID) on 1 March 2013 to lead and coordinate the activities of the IDs of the Company. Dr Tan was re-elected as a board director on 22 April 2016. The LID aids the IDs to constructively challenge business proposals and review business strategies put up by Management and provide necessary advice and guidance to Management.

Board Membership (Principle 4)

CWT's Executive Council (EXCO), AC and NRC have been formed to assist the Board in the execution of its responsibilities. These committees have written mandate and operating procedures, which are reviewed periodically.

Executive Council (EXCO)
The EXCO comprised two NEDs, Loi Kai Meng and Liao Chung Lik, one Executive Director, Loi Pok Yen, and members of Senior Management. The EXCO oversees the management of CWT and its group of companies. Its principal responsibilities include strategy formulation, review and evaluation of the Group's long-term objectives, projects and investments, organisation and resource structure, financial performance, cost management, business sustainability and corporate effectiveness.

Audit Committee (AC)
The AC comprised two IDs, Jimmy Yim Wing Kuen (AC Chairman) and Dr Tan Wee Liang, and one NED, Liao Chung Lik. The role and responsibilities of the AC are described in the section on Audit Committee (Principle 12).

Nominating cum Remuneration Committee (NRC)
The NRC is chaired by Dr Hu Jian Ping, who has a wealth of experience in corporate management and is not associated with a substantial shareholder. The other members of the NRC are LID Dr Tan Wee Liang and NED Loi Kai Meng.

The NRC covers dual roles in Directors' nomination cum evaluation and remuneration. The NRC's functions include considering and making recommendations to the Board concerning the appointment and re-election of Directors, and determining the independence of the Directors; evaluating Board and individual Director's performance and effectiveness; and reviewing the board composition of the Group and remuneration for Senior Management.

The NRC recommends all appointments and re-appointments of Directors to the Board and Board Committees. It takes into consideration whether Directors who serve on many boards are able to commit the necessary time to discharge their responsibilities. The Board has determined that each Director can hold up to a maximum number of 6 listed company board representations in a year. The NRC also conducts an annual review of Director's independence. Based on the Code's criteria for independence, the NRC has ascertained that all IDs are independent.

Article 92 of the Constitution requires one-third of the Board to retire by rotation at every Annual General Meeting (AGM). In other words, no directors stay in office for more than 3 years without being re-elected by shareholders. New Directors are at present appointed by way of a board resolution, after the NRC approves their appointments. Such new Directors must submit themselves for re-election at the next AGM of the Group.

Jimmy Yim Wing Kuen and Dr Hu Jian Ping have served more than nine years from the date of their respective first appointment. In assessing and confirming their independence, the Board has conducted a very rigorous review on their independent character and judgement, as well as evaluated existing relationships or circumstances which are likely to affect, or could appear to affect their judgement. The Board also evaluated and noted their strong understanding of CWT's business and their significant contributions to the Board and board committees on various fronts, including being active in the evaluation and deliberation of business initiatives and investments of CWT. The Board strongly believes that they will continue to make valuable contributions to the Board, while taking an objective and independent view. Taking into account the scope and nature of the operations of the company, the requirements of the business, the need to avoid undue disruptions from changes to the composition of the Board and board committees, and business continuity, the Board fully supports the retention of Jimmy Yim and Dr Hu as IDs of CWT.

A record of the Directors' appointment and re-election dates is set out on page 18.

Alternate Directors
CWT has no Alternate Directors on its Board.

Board Performance (Principle 5)

The Board and NRC will evaluate together the Board's performance as a whole. The assessment process adopts objective performance criteria such as comparison of the Group's performance with its industry peers. The Board's performance targets include a measure aligned with shareholders' interests, such as Total Shareholder Returns (TSR) and a comparison of CWT's TSR against industry peers. The performance criteria also consider CWT's share price performance over a three-year period vis-a-vis the Singapore Straits Times Index and a benchmark index of its industry peers.

The NRC, in considering the re-appointment of any director, will evaluate the performance of the Director. The assessment of each Director's performance is undertaken by the Board Chairman and NRC Chairman. The criteria for assessment include, but are not limited to, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings and the quality of contributions. Other performance criteria include Return on Total Assets and Return on Equity.

Access to Information (Principle 6)

Directors are provided with relevant information containing facts, analysis and recommendations in advance of each Board and Board Committee meeting to properly inform them on matters to be discussed and/or approved. Management staffs who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during Board and Board Committee meetings.

The Board also receives regular reports pertaining to the operational and financial performance of the Group. In addition, all analyst reports on the Group are forwarded to the Board as and when received to keep the Directors abreast of analysts' views on the Group's performance.

Directors have separate and independent access to Senior Management and Company Secretary at all times. The Company Secretary attends all Board meetings and advises the Board on all governance matters; ensures that legal and regulatory requirements as well as board policies and procedures are complied with; and facilitates and organises directors' training. The Board is involved in the appointment and removal of the Company Secretary.

Procedures are in place for Directors and Board Committees, where necessary, to seek independent professional advice, paid for by the Group.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 7)

The NRC, in consultation with the Board Chairman, has recommended to the Board a framework of director fees for NEDs. It also regularly reviews the compensation package for key executives, which is performance-based, and seeks to enhance the compensation structure with the view to incentivise performance. Where necessary, the NRC shall seek expert advice inside and/or outside the Group on remuneration of all Directors. No NRC member or Director is involved in the deliberation of any remuneration, compensation or any form of benefits to be granted to him.

Presently, other than fixed term contract with certain key executives approved by the Board before their appointment, there is no provision in the current employment contract with the Executive Director or other key executives for compensation or parachute payment upon termination of their contract. Any such contractual commitment requires the prior approval of the NRC before execution.

Level and Mix of Remuneration (Principle 8)

The NRC has given due consideration to the Code's principles and guidance notes on the level and mix of remuneration so as to ensure that the level of remuneration is appropriate to attract, retain and motivate Directors to run the Group successfully.

It has also taken into account factors such as efforts and time spent, and the responsibilities of NEDs. The NRC has ensured that a significant proportion of the remuneration especially that of key executives is linked to corporate and individual performance, and that the performance-related elements of remuneration should form a significant portion of the total remuneration package of the Executive Director, whose remuneration package was designed to align his interests with those of shareholders.

Presently, there is no long-term incentive scheme for employees in place.

CWT shall review the pay and employment conditions within the industry and those from peer companies to ensure that Directors and Senior Management are adequately remunerated.

Additionally, the NRC has come to a consensus that it is not feasible to enforce contractual provision on reclaim of incentive components of remuneration from the Executive Director or key executives. Such provision is presently absent from the relevant employment contracts.

Disclosure on Remuneration (Principle 9)

All Directors received a basic fee in Fiscal Year 2016 (FY2016). In addition, they received allowances tied to their respective roles on the Board and Board Committees. There is an overall cap on the total fees and allowances for each Director. If a Director occupied a position for part of FY2016, the fee or allowance payable will be prorated accordingly.

Based on the existing fee structure, the proposed Directors' fees for FY2016 have been computed and summarised as follow:

DIRECTOR	**FY2016 FEES**
Loi Kai Meng	S$250,000
Jimmy Yim Wing Kuen	S$140,000
Liao Chung Lik	S$130,000
Dr Tan Wee Liang	S$130,000
Dr Hu Jian Ping	S$100,000
Total Fees for FY2016	**S$750,000**

All NEDs received 100% fixed fees for their services in FY2016 in accordance with the existing fee structure. There are no variable components in Directors' fees.

The Board has endorsed the NRC's recommendation of the proposed Directors' fees which will be tabled for shareholders' approval at the AGM in April 2017.

Management remuneration is made up of fixed base salary, variable bonus, allowances, benefits and CPF contribution. The basis for management remuneration is substantially driven by return on equity investment; financial and operational results; governance and financial discipline; leadership, team-building and people development qualities; and organisation-building strengths and potential growth contributions. In alignment with regulatory standards, the mix of fixed and variable compensation for management staff in operational, administrative and backend control functions is weighted in favour of fixed compensation, to lessen the relationship between the compensation of management staff in such functions and the company's financial performance. Management staff in sales and business development functions, on the other hand, has a greater variable portion tied to business goals and financial performance. In FY2016, management staff met and are fairly remunerated based on above performance conditions.

With regard to the remuneration of key executives, there are both fixed and variable components, with the latter being tied to organisational and business units' performance. The overall average fixed and variable components paid to key executives, including the Executive Director, in FY2016 were 28% and 72% respectively.

Having considered the highly competitive industry conditions and the sensitivity and confidentiality of staff remuneration matters, CWT believes that the disclosure of remuneration of its top 5 executives on a named basis as recommended by the Code would be disadvantageous to the Group's interests and hamper its ability to retain and nurture the Group's talent pool. CWT has instead presented the remuneration band by the number of key executives as follows:

Annual Remuneration	**Number of Executives**
S$8,750,000 to S$9,000,000	1
S$3,250,000 to S$3,500,000	2
S$1,500,000 to S$1,750,000	1
S$750,000 to S$1,000,000	1
Total Remuneration	**S$18,166,510**

The Group CEO's remuneration package falls in the highest band above. The Group CEO's remuneration in FY2016 was S$8,752,640, of which 33% was fixed and 67% made up of variable component. While the Group CEO is a board director, he does not receive any director fees.

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10)

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Group's performance and prospects. Results for the first three quarters are released to shareholders within 45 days of the end of the quarter. Annual results are released within 60 days of the financial year end.

Management provides Directors with a quarterly financial management report, which includes the quarterly management accounts, other financial statements and an analysis of those accounts and an update of business and development projects. The report is submitted within 45 days of the quarter end. Management may also provide more frequent management reports to the Board or Board Committees for specific considerations.

CWT has clear policies and guidelines for dealings in securities by Directors and employees, as recommended by the SGX-ST's Best Practices Guide. Directors and employees are cautioned to observe the insider trading laws at all times.

Risk Management and Internal Controls (Principle 11)

The Group carries out periodic assessments of risks and controls to ensure the adequacy of financial and operational controls and compliance with those policies, procedures and controls.

The Audit Controller, who reports directly to the AC, conducts regular audit of internal control systems of the group companies and recommends necessary improvement and enhancement.

CWT's auditors, KPMG LLP, also carry out a review of the internal controls to the extent that these are relevant to the preparation of true and fair financial statements. In addition, the AC reviews the audit plans and findings of the external auditors including performance improvement observations noted by the auditors in connection with their audit.

Further, the AC reviews the actions taken by Management to address findings by both the internal and external auditors.

The Board, with the concurrence of the AC, is of the opinion that CWT's internal controls are adequate in addressing financial, operational and compliance risks in the Group's current business environment based on:

a) Reviews of internal controls established and maintained by the Group;

b) Management's annual undertaking confirming their responsibilities for and effectiveness of the internal controls;

c) Reviews and assessment of risks; and

d) Reports issued by the internal and external auditors.

The Board has also received assurance from the Group CEO and Group Chief Financial Officer (CFO) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances, and with regard to the effectiveness of the company's risk management and internal control systems.

Audit Committee (Principle 12)

The AC comprises three NEDs, the majority of whom, including the AC Chairman, is independent. As stated under Board Membership on page 19, the members of the AC are Jimmy Yim Wing Kuen (AC Chairman), Dr Tan Wee Liang and Liao Chung Lik. The members of the AC, collectively, have the expertise in financial management and are qualified to discharge the AC's responsibilities.

The AC has full access to and cooperation by the Group's Management and auditors, and has full discretion to invite any Director or management executive to attend its meetings. The auditors have unrestricted access to the AC. The AC has reasonable resources to enable it to discharge its functions properly.

The AC holds at least four meetings a year and performs the following functions:

a) reviews the quarterly financial results before submission to the Board and announcement to the shareholders;

b) reviews the consolidated financial statements of the Group before submission to the Board and the auditors' report on those financial statements;

c) reviews the scope and results of the external and internal audits, and to evaluate, with the assistance of internal and external auditors, the adequacy of the systems of internal and accounting controls, risk management and compliance;

d) reviews the audit plans of the Group's auditors and their evaluation of the systems of internal accounting controls arising from their audit examination;

e) reviews that the system of internal controls maintained by the Group is sufficient to provide reasonable assurances that assets are safeguarded against loss from unauthorised use, transactions are properly authorised and proper accounting records are maintained;

f) reviews the independence of the auditors;

g) reviews interested person transactions; and

h) recommends the nomination of auditors, approves the compensation of the auditors, and reviews the scope and results of the audit and its cost-effectiveness.

The AC may examine whatever aspects it deems appropriate of the Group's financial affairs, its internal reviews and external audits and its exposure to risks of a regulatory or legal nature. It keeps under review the effectiveness of CWT's system of accounting and financial controls, for which the Directors are responsible. It also keeps under review the Group's programme to monitor compliance with its legal, regulatory and contractual obligations.

The AC has the explicit authority to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

The AC reviews with the Group CFO and auditors all audit matters including:

a) Auditors' report to Management on significant audit findings and recommendations for improvement in control systems;

b) CWT's quarterly and audited annual financial statements and related footnotes, and the integrity of financial reporting of the Group and accounting principles, for recommendation to the Board for approval; and

c) The auditors' audit of the annual financial statements and reports.

Where necessary, the AC meets with internal and external auditors – without the presence of Management – to review any matters that might be raised privately.

The AC has received the requisite information from the external auditors evidencing the latter's independence. It has also reviewed the volume and nature of non-audit services provided by the external auditors during the current financial year. Based on this information, the AC is satisfied that the financial, professional and business relationships between CWT and the external auditors will not prejudice the independence and objectivity of the external auditors.

The AC reviewed the performance of the existing auditors and decided to nominate for re-appointment, KPMG LLP, as the Group's auditors for the financial year 2017.

In the review of the financial statements for the year ended December 31, 2016, the AC discussed with Management and the external auditors the accounting principles that were applied and their judged opinions of items that might affect the financial statements. Based on the review and discussions, the AC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects.

Key Audit Matters
During the audit committee meeting to approve the results announcement and the financial statements of the Group for the year ended 31 December 2016, the AC discussed with the external auditors on the identified key audit matters and how those key audit matters have been addressed by the external auditors. Having considered the approach taken by the external auditors and their findings, the AC is satisfied with the basis and estimates adopted by the Group.

Whistleblowing Policy
CWT has a whistleblowing policy which encourages employees and vendors to report malpractices and misconduct in the workplace. The policy establishes a confidential line of communication to report concerns about possible improprieties to the Head of Internal Audit, and ensures the independent investigation of, and follow-up of such matters.

CWT will treat all information received confidentially and protect the identity of all whistleblowers. Anonymous disclosures will be accepted and anonymity honoured. Employees who have acted in good faith will be protected from reprisal. Reports can be lodged via email at whistleblow@cwtlimited.com. Whistleblowing complaints of materiality will be reported to the AC for their independent review and appropriate follow-up actions, including further investigation if deem appropriate by the AC.

Internal Audit (Principle 13)

CWT has put in place an internal audit function that is independent of the activities it audits. The Audit Controller is an independent qualified resource reporting directly to the AC on all audit matters, and to the Group CFO on administrative matters.

The Audit Controller meets the standards set out by recognised professional bodies and operates within the framework stated in its Internal Audit Charter, which is approved by the AC. Its mission is to provide independent review, objective assessment of CWT's internal control framework/systems to add value and improve CWT's operations. It helps CWT achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

The Audit Controller plans its internal audit schedules annually in consultation with, but independent of, Management and its plan is submitted to and approved by the AC. The audit plans are aligned to the business objectives of the Group and the scope of the audit is driven primarily from a risk-based audit approach, with greater focus on higher risk assignments.

The Audit Controller's reports are distributed to the AC, Management and the external auditors as and when issued. These reports are discussed with Senior Management periodically, and with the AC quarterly.

In addition, the Audit Controller also works with the external auditors to discuss the audit scope and findings as well as to coordinate their specific audit efforts to achieve maximum synergies. Supervisory reports issued by the external auditors and the Audit Controller are actively followed up for implementation by Management based on the agreed timelines.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders' Rights (Principle 14)

CWT fully supports and encourages shareholder participation at the AGM. All shareholders of CWT receive the annual report and notice of AGM in advance of the AGM. The notice is also advertised in newspapers and made available on CWT's website.

CWT ensures that shareholders have the opportunity to participate effectively in and vote at the AGM. Shareholders are informed of the rules that govern general meeting of shareholders.

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

Communication with Shareholders (Principle 15)

CWT is committed to maintaining high standards of disclosure and corporate transparency. The Group strives to convey to shareholders pertinent information in a clear, forthcoming, detailed, timely manner and on a regular basis, and take into consideration their views and inputs in addressing shareholders' concerns.

CWT also monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis.

Financial results are reported quarterly and made publicly available to shareholders and stakeholders on the SGXNET and CWT corporate website at www.cwtlimited.com. Information on the Group's new initiatives is also announced on the SGXNET and CWT corporate website.

The investor relations section of CWT corporate website contains extensive investor-related information on CWT which serves as a one-stop resource platform for shareholders and investors to gain access to company, financial and stock data, assisting them in their investment decisions. Further, shareholders and investors can subscribe to email alerts on CWT corporate website to receive real-time CWT's updates as and when they are announced.

CWT does not practise selective disclosure. Results and annual reports are announced or issued within the mandatory period and are available on CWT corporate website.

Conduct of Shareholder Meetings (Principle 16)

At the AGM, shareholders are given the opportunity to air their views and ask Directors and/or Management questions regarding CWT. The Constitution also allows a shareholder of CWT to appoint one or more proxies to attend and vote in place of the shareholder.

The Constitution presently does not provide for shareholders to vote at the AGM in absentia such as by mail, email or fax to ensure proper authentication of the identity of shareholders and their voting intent. CWT will consider implementing the relevant amendment to the Constitution if the Board is of the view that there is a demand for the same, and after CWT has evaluated and put in place the necessary security and other measures to facilitate absentia voting and protect against errors, fraud and other irregularities.

Each item of special business included in the notice of AGM is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each separate issue at the meeting. Chairpersons of the AC and NRC as well as the external auditors will be present and available to address questions at the AGM. Additionally, minutes of the AGM, including a summary of the questions and answers raised at the AGM, are available to shareholders upon request.

CWT uses electronic polling for all the resolutions tabled at the AGM for greater transparency in the voting process. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders immediately at the meeting. The total numbers and percentage of votes cast for or against the resolutions will also be announced after the meeting via SGXNET.

SUPPLEMENTARY INFORMATION

Share Dealing and Interested Person Transaction Policy

CWT has complied with the best practices on dealing in securities in relation to Listing Rule 1207(19). The Group issues email notification to all its officers including Directors and employees in which they are reminded that they should refrain from dealing in the securities of CWT:

a) During the two weeks before and up to the date of announcement of quarterly results and four weeks before and up to the date of announcement of full year results;

b) On short term considerations; and

c) At any time if they are in possession of unpublished material price-sensitive information.

Management staffs have been advised of the guideline on Share Dealings, the implications of insider trading and the recommendations of the Best Practices Guide issued by the Singapore Exchange Limited.

CWT has put in place an internal policy in respect of any interested person transactions of the Group (IPT Policy). All division heads are required to understand and be familiar with the IPT Policy, and highlight any such transactions to the Group's Corporate Services Division, where a register of CWT's interested person transactions is maintained. The IPT Policy also sets out the levels and procedures to obtain approval for applicable transaction.

The Group has not obtained a general mandate from shareholders for interested person transactions. The aggregate value of all interested person transactions for the year ended 31 Dec 2016 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	FY 2016	FY 2015	FY 2016	FY 2015
	S$'000	S$'000	S$'000	S$'000
Sales				
– J Logistics Pte Ltd	2,633	N.A.	N.A.	N.A.
Purchases				
– C & P Leasing Pte Ltd (fka C&P Capital Pte Ltd)	1,361	1,404	N.A.	N.A.
– C & P Transport Pte Ltd	2,706	3,800	N.A.	N.A.

Other than what was already disclosed in respect of the transactions conducted for the year ended 31 December 2016, CWT did not have further interested person transactions during the financial year under review which are required to be disclosed pursuant to Listing Rule 907.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2017

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	119	3.67	2,793	0.00
100 - 1,000	203	6.26	151,550	0.03
1,001 - 10,000	1,975	60.96	11,266,150	1.88
10,001 - 1,000,000	912	28.15	52,309,704	8.71
1,000,001 AND ABOVE	31	0.96	536,574,453	89.38
TOTAL	**3,240**	**100.00**	**600,304,650**	**100.00**

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 31 March 2017, approximately 34.6% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES	%
1	C & P HOLDINGS PTE LTD	191,680,000	31.93
2	DBS NOMINEES (PRIVATE) LIMITED	55,684,592	9.28
3	CITIBANK NOMINEES SINGAPORE PTE LTD	43,721,573	7.28
4	RAFFLES NOMINEES (PTE) LIMITED	41,089,714	6.84
5	LOI KAI MENG	39,440,000	6.57
6	LOI KAI MENG (PTE) LIMITED	37,356,900	6.22
7	DB NOMINEES (SINGAPORE) PTE LTD	20,230,138	3.37
8	LOI POK YEN	16,000,000	2.67
9	PENJURU CAPITAL PTE LTD	15,000,000	2.50
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	11,398,500	1.90
11	STANLEY K K LIAO	9,397,000	1.57
12	PRECISE DEVELOPMENT PTE LTD	8,600,000	1.43
13	LOI WIN YEN	5,350,000	0.89
14	OCBC SECURITIES PRIVATE LIMITED	5,295,810	0.88
15	HSBC (SINGAPORE) NOMINEES PTE LTD	5,200,609	0.87
16	UOB KAY HIAN PRIVATE LIMITED	4,832,000	0.80
17	PEH SOON LI	3,291,600	0.55
18	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	2,749,600	0.46
19	LIM SOO SENG (PTE) LIMITED	2,624,000	0.44
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,000,259	0.33
	TOTAL	**520,942,295**	**86.78**

STATISTICS OF SHAREHOLDINGS

As at 31 March 2017

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017

NAME	DIRECT INTEREST	DEEMED INTEREST	TOTAL	%
C & P HOLDINGS PTE LTD[(1)]	191,680,000	–	191,680,000	31.93
LOI KAI MENG (PTE) LIMITED[(1)(2)]	37,356,900	191,680,000	229,036,900	38.15
STANLEY LIAO PRIVATE LIMITED[(1)(3)]	19,581,000	191,680,000	211,261,000	35.19
LIM SOO SENG (PTE) LIMITED[(1)(4)]	2,624,000	191,680,000	194,304,000	32.37
LOI KAI MENG[(5)]	70,000,000	39,306,900	109,306,900	18.21
LIAO CHUNG LIK[(6)]	16,301,000	19,581,000	35,882,000	5.98
LOI POK YEN[(7)]	16,000,000	53,456,900	69,456,900	11.57
LOI WIN YEN[(8)]	7,930,000	37,356,900	45,286,900	7.54

Notes:

(1) C & P Holdings Pte Ltd is majority-owned by Loi Kai Meng (Pte) Limited, Stanley Liao Private Limited and Lim Soo Seng (Pte) Limited, each of whom owns more than 20% of its issued share capital.

(2) Loi Kai Meng (Pte) Limited is deemed to be interested in the shares held by C & P Holdings Pte Ltd.

(3) Stanley Liao Private Limited is deemed to be interested in the shares held by C & P Holdings Pte Ltd.

(4) Lim Soo Seng (Pte) Limited is deemed to be interested in the shares held by C & P Holdings Pte Ltd.

(5) Mr Loi Kai Meng is the legal and beneficial owner of 39,440,000 shares and is also the beneficial owner of 30,560,000 shares registered in the name of DBS Nominees (Private) Ltd. Mr Loi Kai Meng is deemed to be interested in the shares held by Loi Kai Meng (Pte) Limited. He is also deemed to be interested in 1,950,000 shares which are held by his spouse, Mdm Lim Lay Khia@Lim Lay Choo.

(6) Mr Liao Chung Lik is the beneficial owner of 16,301,000 shares registered in the name of Raffles Nominees (Pte) Ltd. Mr Liao Chung Lik is deemed to be interested in 19,581,000 shares which are directly held by Stanley Liao Private Limited.

(7) Mr Loi Pok Yen is the legal and beneficial owner of 16,000,000 shares. Mr Loi Pok Yen is deemed to be interested in the shares held by Penjuru Capital Pte Ltd and Loi Kai Meng (Pte) Limited. He is also deemed to be interested in 1,100,000 shares which are held by his spouse, Mdm Tong Siow Oon Sylvia.

(8) Mr Loi Win Yen is deemed to be interested in 37,356,900 shares which are held by Loi Kai Meng (Pte) Limited.

FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

Year ended 31 December 2016
CWT Limited and its Subsidiaries

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 43 to 155 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Loi Kai Meng (Chairman)
Liao Chung Lik
Loi Pok Yen
Jimmy Yim Wing Kuen
Dr Tan Wee Liang
Dr Hu Jian Ping

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	At 1/1/2016	At 31/12/2016	At 1/1/2016	At 31/12/2016
CWT Limited				
Ordinary shares				
Loi Kai Meng	70,000,000	70,000,000	230,986,900	39,306,900
Liao Chung Lik	16,301,000	16,301,000	19,581,000	19,581,000
Loi Pok Yen	16,000,000	16,000,000	16,100,000	53,456,900
Jimmy Yim Wing Kuen	1,089,000	1,089,000	–	–
C & P Holdings Pte Ltd				
Ordinary shares				
Loi Kai Meng	–	–	2,790,551	2,790,551
Liao Chung Lik	–	–	3,331,735	3,331,735

DIRECTORS' INTERESTS (CONT'D)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

During the financial year, the Company paid professional fees amounting to $10,120 (2015: $40,295) to a firm in which a director of the Company, Jimmy Yim Wing Kuen, is a member. However, the director has neither received nor become entitled to receive benefits arising out of these transactions other than those which he is ordinarily entitled to as a member of the professional firm.

SHARE OPTIONS

Share options of a subsidiary – MRI Group Pte Ltd

i) At the end of the financial year, there were no unissued shares of MRI Group Pte Ltd under option relating to the MRI Deferred Share Plan Scheme (the "DSP"). The DSP is administered by CWT Limited corporate office comprising Mrs Lynda Goh, Ms Tai Siew Yoong and Ms Syazana Leong.

ii) The DSP is an award granted to certain key management personnel of MRI Group Pte Ltd and its subsidiaries who have earned a bonus under an annual bonus plan.

iii) The DSP can be in the form of a conditional award or an option. In a conditional award, the employee receives the shares of MRI Group Pte Ltd as soon as the award vests. In an option, the employee is entitled to exercise the option when the award vests. MRI Group Pte Ltd only granted options to the key management personnel since the commencement of the DSP. The option is a nil cost option.

iv) Each award vests in three equal tranches on the first, second and third anniversary of the grant date. The options can be exercised after vesting.

v) The options granted expire 10 years after vesting.

At the end of the financial year, details of the options granted under the DSP on the unissued ordinary shares of MRI Group Pte Ltd, are as follows:

Date of grant of options	Outstanding at 1 January 2016	Adjustments	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2016	Exercise period
29 May 2014	2,618,046	185,755	(21,817)	(42,875)	2,739,109	28 May 2015 to 28 May 2026
29 May 2015	688,868	151,698	(6,809)	(13,619)	820,138	28 May 2016 to 28 May 2028
	3,306,914	337,453	(28,626)	(56,494)	3,559,247	

Since the commencement of the DSP, no options have been granted to the directors, controlling shareholders of the Company or their associates and no participant under the DSP has been granted 5% or more of the total options available under the DSP.

SHARE OPTIONS (CONT'D)

Share options of a subsidiary – MRI Group Pte Ltd (cont'd)

There is no option granted at a discount during the financial year.

During the financial year, other than those disclosed above there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option granted by the Company or its subsidiaries as at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are:

Jimmy Yim Wing Kuen (Chairman)
Liao Chung Lik
Dr Tan Wee Liang

The Audit Committee performs the functions specified by section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and of the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Loi Kai Meng
Director

Jimmy Yim Wing Kuen
Director

12 April 2017

INDEPENDENT AUDITORS' REPORT

Members of the Company
CWT Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CWT Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 155.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Impairment assessment of goodwill ($87.0 million) and intangible assets ($32.7 million) **(Refer to Note 5 to the financial statements)**	
The key audit matter	*How the matter was addressed in our audit*
The Group's assets include significant amounts of goodwill and intangible assets. The goodwill and intangible assets are allocated to the different businesses of CWT (cash generating unit ("CGU")). The goodwill and intangible assets are tested for impairment annually by estimating the recoverable amounts of the respective CGU. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amounts of the CGU. These CGU's recoverable amounts are determined based on estimates of forecasted revenue, profit margins, long-term growth rates, inflation rates and discount rates. Due to the significant carrying amounts and high level of judgement and estimates involved, this is a key audit matter.	We evaluated management's determination of CGU with significant goodwill and intangible assets based on our understanding of the initial business acquisitions giving rise to the goodwill and our understanding of the current business of the Group. We evaluated the Group's budgeting procedures (upon which forecasts are based) and methodology used in discounted cash flow calculations. We assessed the key assumptions by comparing with historical performance, secured contracts and external economic reports. This included enquiry with management to understand their business plan, strategies around revenue growth and cost initiatives.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

Impairment assessment of goodwill ($87.0 million) and intangible assets ($32.7 million) (Refer to Note 5 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
	In addition, stress tests were performed on the key assumptions by, amongst others, decreasing revenue growth rate, increasing the discount rate and inclusion of estimated capital expenditure in the calculation of terminal value. We considered the adequacy of the Group's disclosures in respect of impairment testing, and whether disclosures in relation to the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflect the risks inherent in the valuations. Further details on the impairment testing for CGUs are disclosed in Note 5 to the financial statements. *Our findings* The Group has a basis to determine the CGU for goodwill and intangible assets allocation purposes. The assumptions and resulting estimations by management were within range of reasonable expectations and the discount rates used in the cash flow forecasts appropriately reflect the risks attributed to the respective CGU. We found that the disclosures in Note 5 to the consolidated financial statements appropriately describe the inherent degree of subjectivity in the estimates.

Valuation of inventories ($605.0 million) (Refer to Note 15 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
Inventories amounted to $605.0 million as at 31 December 2016 comprised principally commodities held for trading including copper concentrates, energy and metal commodities. Energy and metal commodities are stated at fair value less costs to sell, while other inventories, including copper concentrates, are stated at the lower of cost and net realisable value. Determining inventory allowance for inventory stated at the lower of cost and net realisable value involved significant judgement and making decisions on subjective estimates concerning future sales prices.	We tested the effectiveness of the Group's controls and processes over the identification and monitoring of inventories with potential recoverability concerns. We evaluated the Group's inventory provisioning policies by comparing with historical records of inventory write down, observable market price sources and actual sales post year end.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

Valuation of inventories ($605.0 million) (Refer to Note 15 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group has established controls and processes over monitoring and identification of inventories with potential net realisable value below costs. The Group has also implemented inventory provisioning policies based on their assessment of historical write-off and quoted prices from independent market sources. Because of the significant amount and the potential volatility of the commodity price, this is a focus area of our audit.	*Our findings* We observed that the Group has a set of established controls and processes over the identification and monitoring of inventory valuation. We found that the inventory provisioning policies are appropriate and the policies have been applied consistently.

Valuation of unquoted available-for-sale convertible bonds ($65.2 million) (Refer to Note 10 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group holds unquoted convertible bonds which were issued by a customer for a construction project. The convertible bonds carry zero coupon rate and redeemable upon the expiry of three years after the temporary occupation permit ("TOP") is issued for the construction project or earlier if a redemption event has occurred. The Group can convert the bonds to the ordinary shares of the issuer if the redemption event does not occur three years after the TOP is obtained. The convertible bonds are classified as available-for-sale financial assets and stated at fair value. The fair value of the unquoted convertible bonds was determined by an independent external valuer, using the discounted cash flow method. Significant judgements are involved in determining the discount rate, and estimated cost of construction and the sales proceed used in the valuation.	We reviewed the engagement terms entered into with independent valuer to ascertain if there were any matters that may have affected the valuer's objectivity or placed limitations in the scope of their work. We evaluated the qualifications and competence of the valuer. We considered the valuation methodology and assessed the key assumptions and estimates, including the discount rate and expected return (from the expected sale proceed of the property, being the only asset of the convertible bond issuer) that were applied to the valuation. The expected sales proceed of the property and the expected cost of construction are dependent on the timing and market conditions at the time of the transaction. Our assessment of the key assumptions included making comparison with sales of similar properties in the vicinity and reviewing the analysis of different market scenarios. We also considered the extent of disclosure required with regard to nature and valuation of the financial asset in the financial statements. *Our findings* The valuer is a member of recognised professional bodies of valuers and has confirmed its independence to the Group. Based on the valuation report and the sensitivity analysis prepared by the independent external valuer, we found that the discount rate used in the valuation to be at the lower end of the range.

Members of the Company
CWT Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

Valuation of loans and receivables, and prepayments ($2,532.6 million) **(Refer to Note 17 and Note 43 to the financial statements)**	
The key audit matter	*How the matter was addressed in our audit*
The Group has loans and receivables, and prepayments of $2,532.6 million. The Group maintains an allowance for doubtful accounts on the estimated losses that may result from the inability of the debtors to make the required payments, at a level considered adequate to provide for potential uncollectible receivables. An allowance for doubtful receivables of $13.8 million has been recorded. The adequacy of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the individual outstanding receivable/prepayment. The Group has a process in place to identify and monitor credit exposure by management specifically analysing accounts receivables and analysing historical bad debts, credit-worthiness of the debtors, current economic trends, changes in payment terms, defaults on payment terms, legal proceedings and other available information. Significant judgement is involved in the assessment of credit risk exposures and collectability of loans and receivables, and prepayments.	We evaluated the design and implementation of the control in place, which is the management's monthly review of loans and receivables, and prepayments ageing analysis and recoverability assessment. We challenged the management's assessment of recoverability of receivables, focusing on those that were long outstanding or of significant amounts. Our procedures included making enquiry with management, analysing the payment history of the debtors and enquiring on the nature of long outstanding receivables, reviewing receipts after year end, assessing the level and quality of collateral available to the Group as part of the prepayment and financing transactions; and where appropriate, evaluating the debtor's financial position. *Our findings* Our testing indicated that loans and receivables, and prepayments are appropriately valued and that the policy for impairment allowance is appropriate and has been consistently applied.

Recognition and measurement of revenue ($9.3 billion) and accrued income ($132.1 million) **arising from the Group's various businesses** **(Refer to Note 3.17, Note 17 and Note 36 to the financial statements)**	
The key audit matter	*How the matter was addressed in our audit*
The Group operates diverse businesses and its operations are geographically dispersed. The diverse revenue streams increase the complexity in the selection and application of accounting policies relating to revenue recognition, the application of which includes significant judgement on the part of management. The Group also has accrued income of $132.1 million as at 31 December 2016 pertaining mainly to its commodity trading activities. Accrued income represents primarily sales made but yet to be invoiced and price adjustments to the provisional sales/purchase price of certain commodities. For such sales, at the point of transaction, the price is provisional and will depend on the quality and quantity of the commodity based on a final assay and weight certificates. The Group marks to market these provisional sales based on the forward price in the estimated month of settlement. At settlement, prices are fixed based on the spot price and metal contents and quantities, with subsequent adjustments for quality and content.	We assessed the overall revenue recognition process, including internal risk management procedures and the systems and controls around recognition of revenue. We performed audit procedures to substantiate the Group's reported revenue on a sample basis and to ascertain that revenue have been recognised in the correct accounting period. Such procedures include agreeing the details of selected samples of transactions to underlying contractual information or other supporting documents which demonstrated that risk and rewards have been transferred and when obligations had been fulfilled by the parties to the transaction. We reviewed the terms of sales and revenue recognition policies in respect of the Group's principal sources of revenue for compliance with FRS.

INDEPENDENT AUDITORS' REPORT

Members of the Company
CWT Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

Recognition and measurement of revenue ($9.3 billion) and accrued income ($132.1 million) arising from the Group's various businesses (Refer to Note 3.17, Note 17 and Note 36 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
For certain transactions, it may be unclear whether the Group is acting as principal or agent in such transactions. Significant judgement is involved in estimating the provision of price adjustments of affected commodities, and in ascertaining whether the Group acts as principal or agent in certain transactions.	We assessed the reasonableness of the valuation methodology used by management in valuing provisional sales and purchase contracts by performing test of details on inputs such as forward prices provided by brokers and agreeing quantities and qualities of commodities to underlying documents such as sales contracts and the final assay and weight certificates. We evaluated the terms of sales contracts to ascertain if sales were entered into with the Group acting as principal or agent, and that the presentation of the sales revenue in the financial statements is consistent with the arrangement. *Our findings* Our testing indicated that the revenue recognition policy in place was appropriately applied and controls in place to be operating effectively. We are satisfied that sales recognised have been appropriately valued. For certain structured trade transactions undertaken by the Group's commodity trading entities, we have ascertained that they are structured trades and concur with the management's decision to present these transactions on a net basis.

Provision for litigations arising from the Group's normal businesses (Refer to Note 34 and Note 45 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group faces claims and litigations from regulators, customers and suppliers that arise during the normal course of business. Some of the claims may result in arbitration hearing or court proceedings of which the outcome is uncertain. Significant judgement is involved in estimating the outcome of these claims and litigations, thereby the provision amount for claims and litigations to be made in the accounts.	We enquired with management to understand the nature of the various claims and management's basis of conclusion. We obtained written legal opinions from the legal counsels representing the group entities. Where necessary, we discussed with the legal counsels to understand their rationale supporting their opinions. We ascertained if the provision amounts and/or disclosures in the financial statements are consistent with the legal counsels' opinions.

Members of the Company
CWT Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

Provision for litigations arising from the Group's normal businesses (Refer to Note 34 and Note 45 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
	Our findings Based on the legal counsels' opinions, we found the provisions and disclosures in the financial statements to be in compliance with the FRSs requirements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

- 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 auditors' 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 auditors' 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.

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 controls 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 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 auditors' report unless the law or regulations preclude 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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
CWT Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Tran Phuoc.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 April 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016
CWT Limited and its Subsidiaries

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	4	744,218	562,684	359,134	164,887
Intangible assets	5	119,662	126,933	283	821
Investment property	6	574	–	–	–
Subsidiaries	7	–	–	411,642	470,221
Associates	8	28,656	30,755	200	200
Joint ventures	9	31,278	32,030	4,116	4,888
Financial assets	10	95,224	93,960	29,972	33,672
Non-current receivables	11	15,232	23,003	95,242	107,594
Deferred tax assets	13	4,084	6,355	–	–
Other non-current assets	14	5,833	6,000	–	–
		1,044,761	881,720	900,589	782,283
Current assets					
Inventories	15	605,004	536,911	1,085	1,662
Trade and other receivables	17	2,545,548	2,171,912	126,290	305,365
Warrantable LME commodities	22	550,370	306,298	–	–
Financial assets	10	217,053	212,744	–	–
Derivative financial instruments	29	112,793	126,620	809	118
Tax recoverable		1,634	1,834	–	–
Cash and cash equivalents	23	334,376	310,341	25,120	40,342
		4,366,778	3,666,660	153,304	347,487
Assets held for sale	25	930	1,374	–	–
		4,367,708	3,668,034	153,304	347,487
Total assets		5,412,469	4,549,754	1,053,893	1,129,770
Equity attributable to owners of the Company					
Share capital	26	174,338	174,338	174,338	174,338
Reserves	27	699,903	665,064	194,546	178,942
		874,241	839,402	368,884	353,280
Non-controlling interests	42	29,803	28,664	–	–
Total equity		904,044	868,066	368,884	353,280

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016
CWT Limited and its Subsidiaries

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Non-current liabilities					
Trade and other payables	32	4,300	8,134	–	–
Loans and borrowings	28	366,505	610,175	288,810	531,661
Derivative financial instruments	29	137	733	–	–
Employee benefits	30	15,261	20,239	–	–
Deferred tax liabilities	13	19,567	19,228	–	–
Deferred gains	33	6,416	10,410	6,416	10,410
		412,186	668,919	295,226	542,071
Current liabilities					
Trade and other payables	32	2,383,029	2,082,120	266,790	209,521
Loans and borrowings	28	1,504,910	817,249	112,055	11,101
Derivative financial instruments	29	172,607	65,652	1,092	95
Employee benefits	30	–	3,544	–	–
Current tax payable		25,371	26,518	–	–
Deferred gains	33	7,344	12,185	7,344	12,185
Provisions	34	2,978	5,439	2,502	1,517
		4,096,239	3,012,707	389,783	234,419
Liabilities held for sale	25	–	62	–	–
		4,096,239	3,012,769	389,783	234,419
Total liabilities		4,508,425	3,681,688	685,009	776,490
Total equity and liabilities		5,412,469	4,549,754	1,053,893	1,129,770

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016
CWT Limited and its Subsidiaries

	Note	2016 $'000	2015 $'000
Revenue	36	9,251,854	9,931,619
Cost of sales		(8,931,045)	(9,595,421)
Gross profit		320,809	336,198
Other income		11,872	13,297
Administrative expenses		(191,498)	(184,067)
Other operating expenses		(11,870)	(25,899)
Profit from operations		129,313	139,529
Finance income		19,585	29,013
Finance expenses		(56,335)	(50,970)
Net finance expenses	39	(36,750)	(21,957)
Share of profit of associates and joint ventures, net of tax		12,238	14,148
Profit before income tax		104,801	131,720
Income tax expense	40	(25,781)	(17,801)
Profit for the year	37	79,020	113,919
Profit attributable to:			
Owners of the Company		73,559	108,911
Non-controlling interests		5,461	5,008
Profit for the year		79,020	113,919
Earnings per share (cents)			
Basic and diluted	41	12.25	18.14

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016
CWT Limited and its Subsidiaries

	2016 $'000	2015 $'000
Profit for the year	79,020	113,919
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Defined benefit plan remeasurements	3,701	396
Tax on other comprehensive income	(341)	(44)
	3,360	352
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences relating to foreign operations	1,154	23,936
Foreign currency translation differences reclassified to profit or loss on settlement of quasi-equity loans	(5,214)	–
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiaries	–	71
Net change in fair value of available-for-sale financial assets	388	(10,279)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon disposals	–	(7,493)
Effective portion of changes in fair value of cash flow hedges	454	601
Share of other comprehensive income of associates and joint ventures	(1,294)	(69)
Tax on other comprehensive income	(695)	176
	(5,207)	6,943
Other comprehensive income for the year, net of income tax	(1,847)	7,295
Total comprehensive income for the year	77,173	121,214
Total comprehensive income attributable to:		
Owners of the Company	72,832	116,500
Non-controlling interests	4,341	4,714
Total comprehensive income for the year	77,173	121,214

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016
CWT Limited and its Subsidiaries

2015	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Other reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2015	174,338	18,822	(7,383)	(1,098)	(754)	1,474	(661)	580,374	765,112	26,371	791,483
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	–	108,911	108,911	5,008	113,919
Other comprehensive income											
Exchange differences arising from translation of foreign operations	–	–	24,423	–	–	–	–	–	24,423	(487)	23,936
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	–	71	–	–	–	–	–	71	–	71
Fair value changes on available-for-sale financial assets	–	(10,279)	–	–	–	–	–	–	(10,279)	–	(10,279)
Fair value changes on available-for-sale financial assets reclassified to profit or loss arising on disposals	–	(7,493)	–	–	–	–	–	–	(7,493)	–	(7,493)
Effective portion of changes in fair value of cash flow hedges	–	–	–	408	–	–	–	–	408	193	601
Share of other comprehensive income of associates and joint ventures	–	–	(116)	47	–	–	–	–	(69)	–	(69)
Defined benefit plan remeasurements	–	–	–	–	–	–	–	396	396	–	396
Tax on other comprehensive income	–	176	–	–	–	–	–	(44)	132	–	132
Total other comprehensive income	–	(17,596)	24,378	455	–	–	–	352	7,589	(294)	7,295
Total comprehensive income for the year	–	(17,596)	24,378	455	–	–	–	109,263	116,500	4,714	121,214

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016
CWT Limited and its Subsidiaries

2015	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Other reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend paid to equity holders (7.0 cents per share)	–	–	–	–	–	–	–	(42,021)	(42,021)	–	(42,021)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(4,177)	(4,177)
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	1,643	1,643
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(42,021)	(42,021)	(2,534)	(44,555)
Transfer of reserves											
Transfer to statutory reserve in compliance with foreign entities' statutory requirements	–	–	–	–	–	107	–	(107)	–	–	–
Changes in ownership interest in subsidiaries											
Changes in non-controlling interests	–	–	(41)	–	(91)	–	–	(57)	(189)	113	(76)
Total transactions with owners	–	–	(41)	–	(91)	107	–	(42,185)	(42,210)	(2,421)	(44,631)
At 31 December 2015	174,338	1,226	16,954	(643)	(845)	1,581	(661)	647,452	839,402	28,664	868,066

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016
CWT Limited and its Subsidiaries

2016	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Other reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	174,338	1,226	16,954	(643)	(845)	1,581	(661)	647,452	839,402	28,664	868,066
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	–	73,559	73,559	5,461	79,020
Other comprehensive income											
Exchange differences arising from translation of foreign operations	–	–	2,425	–	–	–	–	–	2,425	(1,271)	1,154
Exchange differences reclassified to profit or loss on settlement of quasi-equity loans	–	–	(5,214)	–	–	–	–	–	(5,214)	–	(5,214)
Fair value changes on available-for-sale financial assets	–	388	–	–	–	–	–	–	388	–	388
Effective portion of changes in fair value of cash flow hedges	–	–	–	303	–	–	–	–	303	151	454
Share of other comprehensive income of associates and joint ventures	–	–	(1,344)	50	–	–	–	–	(1,294)	–	(1,294)
Defined benefit plan remeasurements	–	–	–	–	–	–	–	3,701	3,701	–	3,701
Tax on other comprehensive income	–	(695)	–	–	–	–	–	(341)	(1,036)	–	(1,036)
Total other comprehensive income	–	(307)	(4,133)	353	–	–	–	3,360	(727)	(1,120)	(1,847)
Total comprehensive income for the year	–	(307)	(4,133)	353	–	–	–	76,919	72,832	4,341	77,173

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016
CWT Limited and its Subsidiaries

2016	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Other reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend paid to equity holders (6.0 cents per share)	–	–	–	–	–	–	–	(36,018)	(36,018)	–	(36,018)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(4,149)	(4,149)
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	631	631
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(36,018)	(36,018)	(3,518)	(39,536)
Transfer of reserves											
Transfer to statutory reserve in compliance with foreign entities' statutory requirements	–	–	–	–	–	1,264	–	(1,264)	–	–	–
Changes in ownership interest in subsidiaries											
Changes in non-controlling interests	–	–	(80)	–	(1,895)	–	–	–	(1,975)	316	(1,659)
Total transactions with owners	–	–	(80)	–	(1,895)	1,264	–	(37,282)	(37,993)	(3,202)	(41,195)
At 31 December 2016	174,338	919	12,741	(290)	(2,740)	2,845	(661)	687,089	874,241	29,803	904,044

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016
CWT Limited and its Subsidiaries

	2016 $'000	2015 $'000
Cash flows from operating activities		
Profit before income tax	104,801	131,720
Adjustments for:		
Interest expense	39,267	37,025
Interest income	(13,059)	(17,100)
Dividend income from financial assets	(2,773)	(4,303)
Loss on fair value change of financial assets	9	–
Depreciation of property, plant and equipment and investment property	37,530	37,179
Net loss/(gain) on disposal or liquidation of:		
– Financial assets	–	(7,432)
– Property, plant and equipment and intangible assets	319	(629)
– Subsidiaries and joint ventures	(22)	(361)
Property, plant and equipment written-off	–	12,663
Share of profit of associates and joint ventures	(12,238)	(14,148)
Amortisation of:		
– Intangible assets	7,900	10,465
– Deferred gains	(12,185)	(19,136)
Impairment losses on:		
– Property, plant and equipment	–	1,281
– Intangible assets	–	3,069
– Loans and receivables	6,713	4,107
– Prepayments	1,257	–
– A subsidiary held for sale	–	1,517
Insurance recovery	–	(5,639)
Employee benefits expense net payments	(5,010)	(1,062)
Provisions	(2,480)	2,702
Operating profit before working capital changes	150,029	171,918
Changes in working capital:		
Inventories	(57,468)	285,749
Trade and other receivables	(336,544)	44,483
Trade and other payables	318,967	47,870
Derivative financial instruments	121,882	(27,732)
Warrantable LME commodities	(237,962)	(183,506)
Cash (used in)/from operations	(41,096)	338,782
Income taxes paid	(21,851)	(21,514)
Net cash (used in)/from operating activities	(62,947)	317,268

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016
CWT Limited and its Subsidiaries

	2016 $'000	2015 $'000
Cash flows from investing activities		
Interest received	14,871	15,694
Dividends received from:		
– Associates and joint ventures	13,045	11,693
– Financial assets	2,773	4,303
Purchases of:		
– Property, plant and equipment	(221,533)	(44,887)
– Intangible assets	(276)	(1,327)
– Financial assets	(282,342)	(212,836)
Investment in exploration and evaluation assets	(146)	(38)
Guarantee deposits with a clearing corporation	551	(1,962)
Net proceeds from disposals of:		
– Property, plant and equipment	1,283	2,727
– Financial assets	209,786	25,446
– Subsidiaries, net of cash disposed of	–	(8)
Deferred consideration paid for acquisition of subsidiary	(1,225)	(24,856)
Insurance claims received on property, plant and equipment	4,992	–
Loans to non-controlling interests	(175)	(35)
Repayment of loans from:		
– Non-controlling interests	540	–
– Joint ventures	1,084	–
Net cash used in investing activities	(256,772)	(226,086)
Cash flows from financing activities		
Interest paid	(41,774)	(35,553)
Dividends paid:		
– Owners of the Company	(36,018)	(42,021)
– Non-controlling interests	(4,149)	(4,177)
Acquisition of non-controlling interests	(1,659)	(311)
Capital contributions from non-controlling interests	631	1,643
Repayment of hire purchase and finance lease obligations	(890)	(1,313)
Repayment of loans from non-controlling interests	(2,571)	(160)
Net proceed/(repayment) from short-term bank borrowings	571,159	(107,034)
Proceeds from long-term bank borrowings	18,796	4,840
Repayment of long-term bank borrowings	(161,937)	(51,617)
Net proceeds from issue of notes payable	–	99,181
Loans from non-controlling interests	217	26
Changes in pledged cash balances and fixed deposits	13,028	7,392
Net cash from/(used in) financing activities	354,833	(129,104)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016
CWT Limited and its Subsidiaries

	Note	2016 $'000	2015 $'000
Net increase/(decrease) in cash and cash equivalents		35,114	(37,922)
Cash and cash equivalents at beginning of the year		291,665	313,368
Effect of exchange rate fluctuations on balances held in foreign currencies		334	16,219
Cash and cash equivalents at end of the year	23	327,113	291,665

Significant non-cash transactions:

In 2016:

(1) The Group acquired available-for-sale financial assets, being the convertible bonds issued by a customer amounting to $795,000 (2015: $nil) as part of the consideration received for a construction project.

(2) The Group received an investment property of $686,000 (2015: $nil) in full settlement of a long outstanding debt due from a debtor.

In 2015, the dividend income of $986,000 from an associate was converted to a loan.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 April 2017.

1 DOMICILE AND ACTIVITIES

CWT Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039.

The principal activities of the Company are those relating to the provision of warehousing and logistics services, transportation services and investment holding.

The principal activities of the Group are those relating to the provision of warehousing and logistics services, transportation services, import and export services, cargo consolidation and freight forwarding services, container depot operations, commodity marketing, inventory management services, engineering services, design-and-build of logistics facilities and financial services.

The consolidated financial statements relate to the Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and joint ventures.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.6 – Accounting for an arrangement containing a sale and leaseback transaction
- Note 3.12 – Accounting for repurchase and resale agreements

The key assumptions concerning the future, and other key sources at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described in the following notes:

- Note 4 – Impairment assessment, provision for restoration costs and depreciation of property, plant and equipment
- Note 5 – Measurement of recoverable amounts for goodwill impairment test
- Note 7 – Impairment on investments in subsidiaries
- Note 16 – Measurement of allowance for foreseeable losses
- Note 30 – Measurement of other long-term employee benefit obligations
- Note 31 – Measurement of retirement benefit obligations
- Note 34 – Measurement of provisions
- Note 40 – Assessment of income tax provision
- Note 43 – Allowance for doubtful receivables and valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a Group Accounts Department ("GAD") that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Chief Financial Officer.

The GAD regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the GAD assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Chief Financial Officer.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 43 – Financial risk management

2.5 Changes in accounting policies

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2016. The adoption of these new and revised FRSs and INT FRSs did not result in substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests ("NCI") that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquirer's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis specified is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. The cost of the investments includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity. Significant unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. The functional currencies of the Group entities are mainly the Singapore dollar, United States dollar, Euro and the Renminbi. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the translation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss); or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign operations (cont'd)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (currency translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment. Freehold land and assets-under-construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives are as follows:

Leasehold land and buildings	5 to 52 years
Leasehold improvements	15 years
Plant, machinery and equipment	5 to 10 years
Motor vehicles and trailers	5 to 10 years
Furniture, fittings, computers and office equipment	1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Assets-under-construction are stated at cost. Expenditure directly attributable to assets-under-construction is capitalised when incurred. Depreciation will commence when the asset is ready for use.

3.4 Mining properties

Costs directly attributable to the construction and development of a mine are capitalised as mine development until such time as production commences.

The construction and development costs together with the capitalised exploration costs, are amortised over the unit of production from the period when production commences. Costs that are not directly attributable to construction and development are recognised in profit or loss as incurred.

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalised into the cost of mining properties. Such costs are estimated on the basis of a formal closure plan and are subject to regular review.

Capitalised restoration, rehabilitation and decommissioning costs are charged to profit or loss through depreciation of the assets and unwinding of the discount on the provision.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Mining properties (cont'd)

The costs for restoration of site damage, which arises during production, are provided at their net present values and charged against profit or loss as extraction progresses.

The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

3.5 Mineral exploration, evaluation, stripping and development costs

Pre-mining rights

Costs incurred prior to obtaining mining rights are expensed in the period in which they are incurred.

Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation cost for an area of interest, other than that acquired from the purchase of another company, is charged to profit or loss as incurred, except when the costs will be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the cost is capitalised. Exploration and evaluation costs include researching and analysing historical exploration data, exploratory drilling, trenching, sampling, and the costs of pre-feasibility studies. Purchased exploration and evaluation assets are recognised at their fair value at acquisition if purchased as part of a business combination.

General and administrative costs are allocated to an exploration and evaluation asset only to the extent that these costs can be related directly to operational activities in the relevant area of interest.

All capitalised exploration and evaluation cost is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level.

Once reserves are established and development is sanctioned, exploration and evaluation assets are transferred to "Mining Properties". No amortisation is charged during the exploration and evaluation phase.

Stripping costs

Stripping costs are costs incurred in the waste removal activity known as stripping activity.

Pre-production stripping costs

Pre-production stripping costs are capitalised as part of "Mines Development" if it improves access to a mine and meet the following criteria:

- it is probable that the future economic benefits will flow to the entity;
- the entity can identify the component of the ore body to which access has been improved; and
- the costs incurred can be measured reliably.

These capitalised costs are amortised on a systematic basis using the units of production method once production begins.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Mineral exploration, evaluation, stripping and development costs (cont'd)

Stripping costs (cont'd)

Pre-production stripping costs (cont'd)

Pre-production stripping costs are expensed as incurred if it does not meet the above criteria.

Capitalisation of pre-production stripping costs ceases at the time that saleable material begins to be extracted from the mine.

Production stripping costs

Production stripping commences at the time that saleable materials begin to be extracted from the mine and normally continues throughout the life of a mine.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

The production stripping costs are accounted for as part of the cost of producing inventories if the benefits are realised in the form of inventory produced in the period.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the production stripping costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

- future economic benefits (being improved access to the ore body) are probable;
- the component of the ore body for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

Production stripping costs that are not used for the production of inventory and do not meet the above criteria are expensed as incurred.

(i) Recognition

Stripping costs are recognised when the stripping activity takes place.

(ii) Measurement

The stripping activity asset is initially measured at cost, which comprises the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Mineral exploration, evaluation, stripping and development costs (cont'd)

Stripping costs (cont'd)

Production stripping costs (cont'd)

(ii) Measurement (cont'd)

The stripping activity asset is accounted for as an addition of mining properties.

After initial recognition, the stripping activity asset shall be carried at cost less accumulated depreciation and accumulated impairment.

(iii) Depreciation

The stripping asset is depreciated on a systematic basis over the expected useful life of the identified component of the mine/ore. The unit of production method is applied unless another method is more appropriate.

Development costs

Development costs incurred is accumulated for each area of interest in which economically recoverable resources have been identified and recognised as "Mines Development". Such costs comprise costs directly attributable to the construction of a mine and the related infrastructure. Mines Development is reclassified as "Mining Properties" at the end of the commissioning phase when the mine is capable of operating in the manner intended by management.

When further development cost is incurred in respect of a mining property after the commencement of production, such costs are capitalised as part of the mining property when it is probable that additional economic benefits associated with the expenditure will flow to the Group. Otherwise, such costs are charged to profit and loss when incurred.

No depreciation is recognised in respect of development properties until they are reclassified as "Mining Properties".

Development properties are tested for impairment on each reporting period.

3.6 Leases

Finance leases are recognised as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, if not the incremental borrowing rate shall be used.

When entities within the Group are lessors of a finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the Group's net investment outstanding in respect of the leases.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When the entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in leasehold buildings and are stated at cost less accumulated depreciation and impairment losses. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease.

Sale and leaseback transactions

In a sale and leaseback of an asset, the excess of the sale proceeds over the carrying amount of the asset is recognised immediately in income except where the transaction results in a finance lease or where the sale price is above the fair value of asset leased back in an operating lease. Where the sale and leaseback results in a finance lease, the excess of the sale proceeds over the carrying amount of the asset is deferred and amortised over the term of the finance lease. Where the sale proceeds are in excess of the fair value of an asset sold and leased back in an operating lease, the excess of the sale proceeds over the fair value of the asset is deferred and amortised over the period for which the asset is expected to be used.

If the sale results in a loss, the loss is recognised immediately except where the sale price is below fair value which is compensated by future lease payments at below market price; in which case, the difference is deferred and amortised over the period the asset is expected to be used.

3.7 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Intangible assets (cont'd)

Goodwill (cont'd)

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a negative goodwill is recognised immediately in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

Other intangible assets

Other intangible assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

- ***Computer software***

  Computer software which is acquired by the Group, where it is not an integral part of the related hardware, is treated as an intangible asset. Computer software is stated at cost less accumulated amortisation and impairment losses.

  Computer software is amortised to profit or loss using the straight-line method over its estimated useful life of 3 to 5 years.

- ***Customer contracts***

  Customer contracts relate to the estimated value of contracts acquired in a business combination; and have finite lives and are measured at cost less accumulated amortisation and impairment losses.

  Customer contracts are amortised to profit or loss using the straight-line method over the customers' contract periods of 1 to 10 years.

- ***London Metal Exchange ("LME") licence***

  The licence relates to the estimated licence value acquired in a business combination and has finite life and is measured at cost less accumulated amortisation and impairment losses.

  LME licence is amortised to profit or loss using the straight-line method over its estimated useful life of 30 years.

- ***Port Concession Rights ("PCR")***

  PCR relates to the estimated value of PCR arising from a foreign warehouse located and operated within a port concession area that was acquired in a business combination. It has finite life and is measured at cost less accumulated amortisation and impairment losses.

  PCR is amortised to profit or loss using the straight-line method over its estimated useful life of 36 years.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Intangible assets (cont'd)

Other intangible assets (cont'd)

- ***Business Relationships ("BRS")***

  BRS relates to the estimated economic benefits from business relationship arising from a business combination. BRS refers to business relationships between suppliers and customers. BRS is estimated to have finite life and is measured at cost less accumulated amortisation and impairment losses.

  BRS is amortised to profit or loss using the straight-line basis over its estimated useful life of 4 to 10 years.

- ***Brand ("BD")***

  BD relates to the estimated economic benefits from brand arising from a business combination. BD refers to the acquired company's good reputation and name known in the market. BD is estimated to have finite life and is measured at cost less accumulated amortisation and impairment losses.

  BD is amortised to profit or loss on a straight-line basis over its estimated useful life of 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.8 Investment property

Investment property is a property held either to earn rental income or for capital appreciation, or both, but not for sale in ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Except for the freehold land, investment property is measured at cost on initial recognition and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property and transaction costs.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful life of 40 years.

Depreciation method, useful life and residual value are reviewed at each reporting date and adjusted if appropriate.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.9 Inventories

Inventories principally comprise commodities held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its processing activities.

Inventories of metals and energy commodities acquired with the purpose of selling them in the near term and generating a profit from fluctuations in price, where the Group acts as a broker-trader, are measured at fair value less costs to sell.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Inventories (cont'd)

All other inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost is determined on a first-in, first-out (FIFO) basis and includes the full costs of materials, freight and insurance and all other costs incurred in bringing the inventories to their present location and condition.

Allowance is made where necessary for obsolete, slow moving and defective inventories.

3.10 Warrantable LME commodities

Warrantable LME commodities comprise highly liquid commodities with the intention of selling them in the near term, where the Group acts as a broker-trader. These are measured at fair value less costs to sell.

3.11 Contract work-in-progress

Contract work-in-progress comprises uncompleted service contracts.

Contract work-in-progress at the reporting date is recorded in the statement of financial position at cost plus attributable profit less recognised losses, net of progress billings and allowances for foreseeable losses, and is presented in the statement of financial position as contract work-in-progress (as an asset) or as excess of progress billings over contract work-in-progress (as a liability), as applicable. Cost includes all expenditure related directly to specific contracts and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

Progress claims not yet paid by the customer are included in the statement of financial position under progress billings receivable.

3.12 Financial instruments

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency, commodity price and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

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

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

Derivative financial instruments (cont'd)

Derivative financial instruments relate to the commodity trading activities and consist of instruments such as commodity futures, commodity options, commodity fixed price forward contracts and other forward contracts with determinable pricing. All purchases and sales of derivative financial instruments are recognised on the trade date, which is the date that the Group commits to sell or purchase the asset. All realised and unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in profit or loss in the period in which they arise.

The fair value of publicly traded derivatives is based on quoted market prices at the reporting date. The fair value of commodity fixed price forward contracts is calculated as the present value of the estimated future cash flows. The fair value of foreign exchange forward contracts is determined using forward foreign exchange market rates at the reporting date.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, as well as its risk management objectives and strategy for undertaking the hedge transactions. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of risk being hedged and how the entity assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income/income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

Derivative financial instruments (cont'd)

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Repurchase and resale agreements

In the ordinary course of business, certain subsidiaries of the Group enter into commodity trading transactions where inventories or financial instruments are sold subject to repurchase agreements ('repos'). In these instances, the inventories remain on the statement of financial position with the recording of a corresponding liability. Inventories or financial instruments purchased with agreements to re-sell at a fixed price on a future date ('reverse-repos') are recorded as trade receivables, and the underlying asset is not recognised in the Group's financial statements.

The Group also enters into non-structured commodity purchase and sale agreements with the option, but not the obligation, to re-purchase the inventories. In such instance, the option to repurchase is accounted for as a separately recognised derivative financial instrument at fair value through profit or loss.

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks, bank overdrafts and fixed deposits net of bank balances and fixed deposits pledged with banks.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.13 Impairment – non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment – non-derivative financial assets (cont'd)

Loans and receivables (cont'd)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impairment of available-for-sale equity security is recognised in other comprehensive income.

3.14 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro-rata* basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment – non-financial assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.15 Provisions

Provision is recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.16 Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.17 Revenue recognition

Provision of logistics services

Provided it is probable that the economic benefits will flow to the Group, and that the revenue and costs can be measured reliably, revenues from the provision of logistics services are recognised as follows:

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Revenue recognition (cont'd)

Provision of logistics services (cont'd)

Freight forwarding

Export revenue is recognised when the cargos are delivered to the carriers and import revenue is recognised upon the arrival of cargos.

Distribution services, and repair and maintenance services

Revenues from distribution services, and repair and maintenance services are recognised as and when the services are rendered.

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of certain commodities is initially recorded based on 100% of the provisional sales prices. Until final settlement occurs, adjustments to the provisional sales price are made to take into account metal price changes, based upon the month-end spot price and metal quantities upon receipt of the final assay and weight certificates, if different from the initial certificates. The Group marks to market its provisional sales based on the forward price for the estimated month of settlement. In the statement of financial position, such mark to market adjustments is included within 'accrued income' or 'accrued expenses'.

Financial services income

Commission and brokerage fee income

When the Group acts in the capacity of an agent rather than as a principal in a transaction, the revenue recognised is the net amount of commission earned by the Group. Commission income is recognised as earned when trades are executed by clients.

Transaction fee income

Transaction fee represents the margin earned from executing sale and purchase contracts. Transaction fee is recognised in income when the contracts are executed.

Service income and interest income

Service income is recognised when the services are rendered. Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable.

Warehouse rental income

Warehouse rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Revenue recognition (cont'd)

Contract revenue

When the outcome of the service contract can be estimated reliably, contract revenue and costs are recognised as income and expense using the percentage of completion method, measured by reference to the contract activity. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred and revenue is recognised only to the extent of contract costs incurred that can probably be recovered.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus representing amounts due from customers is shown as 'progress billings receivable' and included under 'trade and other receivables'. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus representing amounts due to customers is shown as 'advance billings and billings in excess of costs incurred and recognised profits' and included under 'trade and other payables'. Amounts received before the related work is performed are shown as 'customer advances' and included under 'deferred income'.

3.18 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the period in which the employees render their services.

Short-term employee benefits

All short-term employee benefits, including accumulated compensated absences, are recognised in profit or loss in the period in which the employees render their services.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Employee benefits (cont'd)

Defined benefit plans (cont'd)

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset to the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other employee benefits

The Group operates other long-term employee benefit schemes. Every year the Group calculates the amount to be debited/credited to the bonus pool under the schemes. Such amounts are recognised in the profit or loss. Payments to beneficiaries are dependent on certain conditions such as minimum service period and long-term profitability. Payments within 12 months to beneficiaries after the service period are reclassified from non-current liabilities to current liabilities.

3.19 Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gain on disposal of available-for-sale financial assets and gain on fair value adjustment of derivative financial instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on deferred consideration, loss on fair value adjustment of derivative financial instruments and financial assets, and bank commissions that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Government grants

Government grants received in relation to the purchase or construction of assets are deducted against the costs of the assets acquired. These government grants are recognised in profit or loss on a straight-line basis over the useful lives of the assets by way of a reduced depreciation charge.

3.21 Income tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities and corporate expenses arising from group functions.

Segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.24 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however the Group has not early applied the following new or amended standards in preparing these statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early, except for FRS 109 *Financial Instruments*, which the Group plans to early adopt the standard with effect from annual period beginning 1 January 2017.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group has set up project teams to assess the transition options and the potential impact on its financial statements, and to implement these standards. Management provides updates to the Board of Directors on the progress of implementing these standards. These updates cover project implementation status, key reporting and business risks and the implementation approach.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 115 ***Revenue from Contracts with Customers***	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	During 2016, the Group performed an initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group expects the following key impacts: **Timing of recognition** – The Group currently recognises revenue from provision of export and import freight forwarding services upon delivery to the carriers for export revenue and upon arrival of cargos for import revenue. Under FRS 115, these revenues may have to be recognised over the journey. Per the initial assessment, the impact is expected to be on shipments in transit as at year end, which the Group believes, may be immaterial. **Variable consideration** – The Group's construction contracts may include variable considerations such as discounts, incentives, penalties, including liquidated damages for delays or other similar terms. Under FRS 115, the Group is required to estimate the amount of considerations to which it expects to be entitled and variable amounts are included in the contract revenue to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved. Per the initial assessment, the Group presently anticipates that the adoption of FRS 115 in 2018 will not have a material impact on the financial statements of the Group. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 109 *Financial Instruments*	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2016, the Group performed an initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect significant impact on its opening equity except for the potential effect of applying the impairment requirements of FRS 109. Based on the initial assessment, the Group does not expect a material increase in impairment loss allowance. The Group's initial assessment of the three elements of FRS 109 is as described below. **Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables and held-to-maturity debt securities that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently at fair value, the Group expects to continue measuring most of the assets at fair value under FRS 109. The expected classification and measurement of these financial assets under FRS 109 is summarised below: • Convertible bonds that are currently classified as available-for-sale (AFS) are expected to be classified as financial assets measured at fair value through profit or loss (FVTPL) as the contractual terms of the financial asset does not give rise to cash flows that are solely payments of principal and interest. • AFS equity securities are held as long-term investments. For these, the Group expects to elect to present subsequent changes in fair value in other comprehensive income (OCI). Under FRS 109, only dividend income is recognised in profit or loss. Any subsequent fair value changes are recognised in OCI and will not be reclassified to profit or loss even upon divestment. • Equity securities that are currently designated at FVTPL will continue to be classified as financial asset subsequently measured at FVTPL.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

New standards Summary of the requirements	**Potential impact on the financial statements**
	Impairment – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. The Group is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements. **Hedge accounting** – The Group expects all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109. Currently, the Group cannot apply hedge accounting for hedging its commodity price risk of base metals under the commodity marketing segments as the hedge relationship does not meet the quantitative threshold for hedge effectiveness. Upon adoption of FRS109, the Group will be able to apply hedge accounting for base metals as the new standard removes the quantitative threshold for hedge effectiveness and allows entity to hedge component risk and rebalance hedge ratio. The Group will expect less volatility in profit or loss resulting from the recognition of mark-to-market losses from hedge instruments for base metals. **Transition** – The Group plans to early adopt the standard with effect from annual period beginning 1 January 2017 without restating comparative information; and is gathering data to quantify the potential impact arising from adoption.

Convergence with International Financial Reporting Standards ("IFRS")

In addition, the Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 New standards and interpretations not adopted (cont'd)

Applicable to 2019 financial statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 116 ***Leases***	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group is currently assessing the impact of the new standard. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio. The operating lease commitments on an undiscounted basis amount to approximately 9.0% of the consolidated total assets and 10.8% of the consolidated total liabilities as at 31 December 2016. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease term runs down. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adoption of SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land, buildings and improvements $'000	Freehold land $'000	Exploration and evaluation assets $'000	Plant, machinery and equipment $'000	Motor vehicles and trailers $'000	Furniture, fittings, computers and office equipment $'000	Assets-under-construction $'000	Total $'000
Group								
Cost								
At 1 January 2015	508,509	3,652	5,565	68,098	28,546	20,443	85,915	720,728
Additions	9,727	116	38	5,746	2,640	3,601	25,182	47,050
Transfers and reclassifications	95,724	–	–	(4,289)	153	(505)	(91,083)	–
Disposals	(5,687)	–	–	(7,781)	(5,127)	(2,198)	–	(20,793)
Write-off	(14,045)	–	–	–	–	–	–	(14,045)
Effect of movement in exchange rates	(3,218)	(868)	64	(340)	(140)	(102)	3	(4,601)
At 31 December 2015	591,010	2,900	5,667	61,434	26,072	21,239	20,017	728,339
Additions	5,970	–	146	4,371	5,473	2,014	208,206	226,180
Transfers and reclassifications	3,164	–	–	(2,907)	68	61	(386)	–
Reclassification to assets held-for-sale	(511)	–	–	(1,022)	(13)	–	–	(1,546)
Disposals	(799)	–	–	(2,791)	(4,815)	(942)	–	(9,347)
Write-off	–	(2,437)	–	–	–	–	–	(2,437)
Effect of movement in exchange rates	(5,262)	(35)	(1,038)	(1,822)	(399)	(561)	(2)	(9,119)
At 31 December 2016	593,572	428	4,775	57,263	26,386	21,811	227,835	932,070

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land, buildings and improvements $'000	Freehold land $'000	Exploration and evaluation assets $'000	Plant, machinery and equipment $'000	Motor vehicles and trailers $'000	Furniture, fittings, computers and office equipment $'000	Assets-under-construction $'000	Total $'000
Group								
Accumulated depreciation and impairment losses								
At 1 January 2015	82,788	1,724	–	36,000	14,674	13,584	–	148,770
Depreciation charge for the year	23,868	–	–	7,096	3,151	3,064	–	37,179
Reclassifications	530	–	–	(666)	199	(63)	–	–
Impairment loss	–	1,281	–	–	–	–	–	1,281
Disposals	(5,291)	–	–	(7,195)	(4,053)	(2,067)	–	(18,606)
Write-off	(1,382)	–	–	–	–	–	–	(1,382)
Effect of movement in exchange rates	(740)	(538)	–	(191)	(40)	(78)	–	(1,587)
At 31 December 2015	99,773	2,467	–	35,044	13,931	14,440	–	165,655
Depreciation charge for the year	24,893	–	–	6,943	3,086	2,600	–	37,522
Reclassifications	450	–	–	(543)	128	(35)	–	–
Reclassification to assets held-for-sale	(483)	–	–	(307)	(3)	–	–	(793)
Disposals	(502)	–	–	(2,343)	(4,524)	(838)	–	(8,207)
Write-off	–	(2,437)	–	–	–	–	–	(2,437)
Effect of movement in exchange rates	(2,240)	(30)	–	(967)	(185)	(466)	–	(3,888)
At 31 December 2016	121,891	–	–	37,827	12,433	15,701	–	187,852
Carrying amounts								
At 1 January 2015	425,721	1,928	5,565	32,098	13,872	6,859	85,915	571,958
At 31 December 2015	491,237	433	5,667	26,390	12,141	6,799	20,017	562,684
At 31 December 2016	471,681	428	4,775	19,436	13,953	6,110	227,835	744,218

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings and improvements $'000	Plant, machinery and equipment $'000	Motor vehicles and trailers $'000	Furniture, fittings, computers and office equipment $'000	Assets-under-construction $'000	Total $'000
Company						
Cost						
At 1 January 2015	159,558	10,252	9,992	6,763	10,632	197,197
Additions	3,883	676	591	140	23,026	28,316
Disposals	(3,410)	(261)	(408)	(194)	–	(4,273)
Transfers	14,061	–	–	–	(14,061)	–
At 31 December 2015	174,092	10,667	10,175	6,709	19,597	221,240
Additions	318	17	3,867	257	198,337	202,796
Disposals	–	(150)	(3,371)	–	–	(3,521)
Transfers	62	–	52	–	(114)	–
At 31 December 2016	174,472	10,534	10,723	6,966	217,820	420,515
Accumulated depreciation						
At 1 January 2015	29,677	7,410	8,915	6,349	–	52,351
Depreciation charge for the year	6,343	961	556	277	–	8,137
Disposals	(3,316)	(238)	(386)	(195)	–	(4,135)
At 31 December 2015	32,704	8,133	9,085	6,431	–	56,353
Depreciation charge for the year	6,626	937	687	209	–	8,459
Disposals	–	(140)	(3,291)	–	–	(3,431)
At 31 December 2016	39,330	8,930	6,481	6,640	–	61,381
Carrying amounts						
At 1 January 2015	129,881	2,842	1,077	414	10,632	144,846
At 31 December 2015	141,388	2,534	1,090	278	19,597	164,887
At 31 December 2016	135,142	1,604	4,242	326	217,820	359,134

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,668,000 (2015: $1,938,000) under finance lease arrangements. At the reporting date, the carrying amount of property, plant and equipment of the Group and Company held under finance lease and hire purchase arrangements amounted to $6,606,000 (2015: $2,492,000) and $77,000 (2015: $118,000) respectively.

During the financial year, the Group and Company capitalised the following expenses in assets-under-construction:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Operating lease expense	1,805	1,766	1,805	1,690
Interest expense	2,834	188	2,834	–
	4,639	1,954	4,639	1,690

The Group and Company capitalised interest expense in assets-under-construction, with a capitalisation rate of 4.61% (2015: 2.35%) and 4.61% (2015: nil%), respectively.

The following are the significant accounting estimates on the Group's property, plant and equipment and judgements used in applying accounting policies:

(a) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on the straight-line basis over their estimated useful lives, after taking into account the estimated residual values. The Group reviews the estimated useful lives and residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded in each financial year. Changes in the expected level of use of the assets and the Group's historical experience with similar assets, after taking into account anticipated technological changes, could impact the economic useful lives and the residual values of the assets; therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charge and consequently, affect the Group's results.

During the year, there were no changes in the useful lives or residual values of the Group's property, plant and equipment.

(b) *Provisions for restoration*

In some lease agreements, the Group and Company are required to carry out site restoration work upon expiry of the leases. At 31 December 2016, the Group and Company have provisions for site restoration of $2,579,000 (2015: $1,667,000) and $2,502,000 (2015: $1,497,000) respectively. The expected site restoration costs are based on estimated costs of dismantling and removing assets and restoring the premises to their original conditions provided by external contractors.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) *Impairment assessment*

The Group has substantial investments in property, plant and equipment for its logistics and warehousing businesses. Each of these warehouse properties (including land) and the related plant and equipment forms a separate cash generating unit ("CGU"). Management evaluates the performance of the CGUs annually and performs an impairment assessment for CGUs with impairment trigger. The recoverable amount of a CGU is determined based on the higher of fair value less costs to sell and value-in-use. No impairment trigger was identified during the year.

In 2015, one of the subsidiaries, Pryzma Ltd, recognised an impairment loss of $1,281,000 on the remaining carrying amount of its freehold land which has become idle since the termination of the warehouse property project. The impairment loss, determined by fair value less costs to sell, was recognised in other operating expenses in the profit or loss.

In 2015, the Group wrote-off leasehold buildings and improvements with a carrying amount of $12,663,000 as a result of the damage suffered from the Tianjin blast on 12 August 2015. In 2015, the Group also recognised the estimated insurance recovery of $5,639,000 for the building. In 2016, the Group received partial insurance claim of $4,992,000.

5 INTANGIBLE ASSETS

	Goodwill	Computer software	Customer contracts	LME licence	Port concession rights	Business relationships	Brand	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost								
At 1 January 2015	90,298	6,240	8,746	10,198	10,478	33,940	21,901	181,801
Additions	–	1,327	–	–	–	–	–	1,327
Disposals	–	(20)	–	–	–	–	–	(20)
Disposal of subsidiaries	(533)	–	–	–	–	–	–	(533)
Effect of movement in exchange rates	1,660	(40)	–	–	(403)	2,370	1,529	5,116
At 31 December 2015	91,425	7,507	8,746	10,198	10,075	36,310	23,430	187,691
Additions	–	276	–	–	–	–	–	276
Disposals	–	(420)	–	–	–	–	–	(420)
Effect of movement in exchange rates	845	2	–	–	(127)	724	467	1,911
At 31 December 2016	92,270	7,365	8,746	10,198	9,948	37,034	23,897	189,458

5 INTANGIBLE ASSETS (CONT'D)

	Goodwill	Computer software	Customer contracts	LME licence	Port concession rights	Business relationships	Brand	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated amortisation and impairment loss								
At 1 January 2015	3,205	3,160	7,443	2,805	1,810	12,037	15,330	45,790
Amortisation charge for the year	–	1,199	606	340	275	3,489	4,556	10,465
Impairment loss	2,588	–	–	–	–	481	–	3,069
Disposals	–	(20)	–	–	–	–	–	(20)
Disposal of subsidiaries	(533)	–	–	–	–	–	–	(533)
Effect of movement in exchange rates	(112)	10	–	–	(66)	954	1,201	1,987
At 31 December 2015	5,148	4,349	8,049	3,145	2,019	16,961	21,087	60,758
Amortisation charge for the year	–	1,147	430	340	275	3,426	2,282	7,900
Disposals	–	(15)	–	–	–	–	–	(15)
Effect of movement in exchange rates	144	6	–	–	(26)	501	528	1,153
At 31 December 2016	5,292	5,487	8,479	3,485	2,268	20,888	23,897	69,796
Carrying amounts								
At 1 January 2015	87,093	3,080	1,303	7,393	8,668	21,903	6,571	136,011
At 31 December 2015	86,277	3,158	697	7,053	8,056	19,349	2,343	126,933
At 31 December 2016	86,978	1,878	267	6,713	7,680	16,146	–	119,662

5 INTANGIBLE ASSETS (CONT'D)

	Computer software $'000
Company	
Cost	
At 1 January 2015	3,036
Additions	620
31 December 2015 and 31 December 2016	3,656
Accumulated amortisation	
At 1 January 2015	2,278
Amortisation charge for the year	557
At 31 December 2015	2,835
Amortisation charge for the year	538
At 31 December 2016	3,373
Carrying amounts	
At 1 January 2015	758
At 31 December 2015	821
At 31 December 2016	283

The amortisation charge is recognised in the following line items in profit or loss:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cost of sales	64	35	–	1
Administration expenses	1,084	1,164	538	556
Other operating expenses	6,752	9,266	–	–
	7,900	10,465	538	557

5 INTANGIBLE ASSETS (CONT'D)

Impairment testing for cash-generating units ("CGUs") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the following CGUs, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes:

	Group	
	2016	**2015**
	$'000	**$'000**
LME warehousing	3,269	3,269
General warehousing – Africa	1,772	1,539
General warehousing – Europe	8,298	8,610
Inventory management services	6,060	6,038
Freight forwarding	3,270	3,278
Defence logistics	5,482	5,482
Commodity marketing	43,480	42,629
Integrated logistics	14,927	14,927
Others	420	505
	86,978	86,277

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections derived from financial budgets covering five-year periods and approved by senior management.

The key assumptions used in the value-in-use calculation of the CGUs are as follows:

Revenue – The revenue growth rates used are estimated taking into account past performance trends and forecasts included in industry reports.

Budgeted gross margins – The budgeted gross margins used in the forecasts are based on past performance trends and expectations of market developments.

Terminal value – The terminal value is estimated by using the fifth year cash flow through perpetuity at zero growth rate and discounting it.

Discount rates – The discount rates used are pre-tax and reflect the weighted average cost of capital adjusted for the risks specific to the respective CGUs.

The pre-tax discount rates applied to the cash flow projections of each of the CGUs are as follows:

	2016	**2015**
LME warehousing	9.6%	9.5%
General warehousing – Africa	14.9%	15.7%
General warehousing – Europe	8.8%	8.7%
Inventory management services	9.8%	14.6%
Freight forwarding	14.0%	10.8%
Defence logistics	8.9%	9.3%
Commodity marketing	7.8%	7.9%
Integrated logistics	9.6%	9.5%

5 INTANGIBLE ASSETS (CONT'D)

Impairment testing for cash generating units ("CGUs") containing goodwill (cont'd)

The following table shows the amount by which the discount rate would need to increase for individual CGU for the estimated recoverable amount to be equal to the carrying amount:

	Increase required for carrying amount to equal the recoverable amount	
	2016	**2015**
Discount rate		
LME warehousing	5.2%	3.1%
General warehousing – Africa	3.4%	0.0%
General warehousing – Europe	9.9%	7.2%
Inventory management services	9.6%	2.4%
Freight forwarding	5.0%	9.6%
Defence logistics	0.0%	0.0%
Commodity marketing	13.2%	3.6%
Integrated logistics	0.7%	2.3%

In 2015, an impairment charge of $987,000 has been recorded in the profit or loss for the goodwill arising from the general warehousing – Africa. This resulted from a decline in the value-in-use of the cash generating unit as cash flow projections were reduced. The decline in cash flow projection for the CGU was driven by the increased likelihood of lower cargo flow into South Africa due to the anticipated slower recovery in African markets. Any further adverse movement in the key assumptions would lead to further impairment.

In 2015, the Group also recognised impairment loss amounting to $1,601,000 and $481,000 for the goodwill and business relationship respectively arising from the commodity marketing CGU. This resulted from the cessation of business operations of certain subsidiaries in the commodity marketing CGU during the year.

6 INVESTMENT PROPERTY

	Group $'000
Cost	
At 1 January 2015 and 31 December 2015	–
Additions	686
Translation exchange difference	(105)
At 31 December 2016	581
Accumulated depreciation	
At 1 January 2015 and 31 December 2015	–
Depreciation for the year	8
Translation exchange difference	(1)
At 31 December 2016	7
Carrying amounts	
At 1 January 2015 and 31 December 2015	–
At 31 December 2016	574

6 INVESTMENT PROPERTY (CONT'D)

During the year, the Group received an investment property of $686,000 (2015: $nil) in full settlement of a long outstanding debt due from a debtor.

Measurement of fair value

At the reporting date, the fair value of the investment property is approximately $627,000. The valuation is determined by an external and independent professional valuer, Marigold International LLC, using the Market Comparison Approach by comparing the market price of a similar property near the location. The fair value measurement is categorised under Level 3 of the fair value hierarchy.

7 SUBSIDIARIES

	Company	
	2016	2015
	$'000	$'000
Unquoted equity shares, at cost	229,328	229,203
Quasi-equity loans	197,477	259,842
	426,805	489,045
Less: Accumulated impairment losses		
At 1 January	(18,824)	(18,843)
Reversal	91	19
Write off	3,570	–
At 31 December	(15,163)	(18,824)
	411,642	470,221

Quasi-equity loans to subsidiaries are interest-free and form part of the Company's net investments in subsidiaries. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Impairment of investment in subsidiaries - Company only

When a subsidiary is in net liabilities position or has suffered recurring operating losses, a test is made whether the investment in the subsidiary has suffered any impairment by determining the recoverable amount. This determination requires significant judgment. An estimate is made of the future profitability of the subsidiary, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The recoverable amount of the investee could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

7 SUBSIDIARIES (CONT'D)

Impairment of investment in subsidiaries - Company only (cont'd)

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/business	Effective interest held by the Group	
		2016	2015
		%	%
[1] MRI Group Pte Ltd	Singapore	100.0	100.0
[2] MRI Trading AG	Switzerland	100.0	100.0
[1] Straits (Singapore) Pte Ltd	Singapore	97.4	97.4

[1] *Audited by KPMG LLP, Singapore*
[2] *Audited by other member firms of KPMG International*

A subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

8 ASSOCIATES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Investments in associates	28,270	30,380	200	200
Quasi-equity loan	386	375	–	–
	28,656	30,755	200	200

Investments in associates include goodwill on acquisition of $2,401,000 (2015: $2,401,000).

The quasi-equity loan to an associate is interest-free and forms part of the Group's net investment in associates. The loan is unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

The Group has one (2015: one) associate that is material and a number of associates that are individually immaterial to the Group. All are equity accounted.

8 ASSOCIATES (CONT'D)

The following are details for the material associate:

Name of associate	Country of incorporation/ business	Nature of relationship with the Group	Effective interest held by the Group 2016 %	2015 %
[1] Globelink West Star Shipping LLC ("West Star")	United Arab Emirates	Provider of air, ocean and ground transportation, custom clearing and warehousing services	49.0	49.0

[1] *Audited by other member firm of KPMG International*

The Group has not recognised cumulative share of losses of $86,000 (2015: $327,000) relating to an associate.

The following table summarises the financial information of the Group's material associate based on its financial statements prepared in accordance with FRS, modified for differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

	West Star $'000	Immaterial associates $'000	Total $'000
2016			
Revenue	297,351		
Profit	10,221		
Other comprehensive income	405		
Total comprehensive income	10,626		
Non-current assets	9,036		
Current assets	61,740		
Non-current liabilities	(9,696)		
Current liabilities	(26,694)		
Net assets	34,386		
Group's interest in net assets of investee at beginning of the year	21,494	9,261	30,755
Group's share of:			
– profit	5,008		
– other comprehensive income	232		
– total comprehensive income	5,240	1,459	6,699
Dividends received during the year	(8,499)	(299)	(8,798)
Carrying amount of interest in investee at end of the year	18,235	10,421	28,656

8 ASSOCIATES (CONT'D)

	West Star $'000	Immaterial associates $'000	Total $'000
2015			
Revenue	318,323		
Profit	12,480		
Other comprehensive income	3,833		
Total comprehensive income	16,313		
Non-current assets	9,516		
Current assets	70,275		
Non-current liabilities	(8,874)		
Current liabilities	(29,858)		
Net assets	41,059		
Group's interest in net assets of investee at beginning of the year	20,654	9,950	30,604
Group's share of:			
– profit	6,115		
– other comprehensive income	1,878		
– total comprehensive income	7,993	2,462	10,455
Quasi-equity loan	22	–	22
Reclassification of an associate to joint venture	–	(933)	(933)
Dividends received during the year	(7,175)	(2,218)	(9,393)
Carrying amount of interest in investee at end of the year	21,494	9,261	30,755

9 JOINT VENTURES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Investments in joint ventures	31,278	31,258	4,116	4,116
Quasi-equity loan	–	772	–	772
	31,278	32,030	4,116	4,888

Investments in joint ventures include goodwill on acquisition of $9,503,000 (2015: $9,503,000).

The quasi-equity loan to a joint venture was interest-free and formed part of the Group's net investments in the joint venture.

The Group has one (2015: one) joint venture that is material and a number of joint ventures that are individually immaterial to the Group. All are equity accounted.

The following is for the material joint venture:

Name of joint venture	Country of incorporation/ business	Nature of relationship with the Group	Effective interest held by the Group	
			2016	2015
			%	%
[1] CWT-SML Logistics LLC ("CWT-SML")	United Arab Emirates	Provision of warehousing, distribution and forwarding services	40.0	40.0

[1] *Audited by Deloitte & Touche, United Arab Emirates*

The following table summarises the financial information of Group's material joint venture, based on its financial statements prepared in accordance with FRS, modified for differences in Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	CWT-SML	Immaterial joint ventures	Total
	$'000	$'000	$'000
2016			
Revenue	18,111		
Profit	4,454		
Other comprehensive income	745		
Total comprehensive income [a]	5,199		

[a] Includes:
– depreciation and amortisation of $2,192,000

9 JOINT VENTURES (CONT'D)

	CWT-SML $'000	Immaterial joint ventures $'000	Total $'000
2016			
Non-current assets	27,129		
Current assets [b]	11,270		
Non-current liabilities	(728)		
Current liabilities	(2,575)		
Net assets	35,096		

[b] Includes cash and cash equivalents of $7,356,000

	CWT-SML $'000	Immaterial joint ventures $'000	Total $'000
Group's interest in net assets of investee at beginning of the year	12,729	19,301	32,030
Group's share of:			
– profit	1,782		
– other comprehensive income	298		
– total comprehensive income	2,080	2,165	4,245
Repayment of quasi-equity loan	(772)	–	(772)
Dividends received during the year	–	(4,247)	(4,247)
Disposal during the year	–	22	22
Carrying amount of interest in investee at end of the year	14,037	17,241	31,278

	CWT-SML $'000
2015	
Revenue	15,907
Profit	3,400
Other comprehensive income	1,948
Total comprehensive income [a]	5,348

[a] Includes:
– depreciation and amortisation of $2,017,000

	CWT-SML $'000
Non-current assets	26,790
Current assets [b]	7,442
Non-current liabilities [c]	(2,149)
Current liabilities [d]	(2,188)
Net assets	29,895

[b] Includes cash and cash equivalents of $3,956,000

[c] Includes non-current financial liabilities (excluding trade and other payables and provisions) of $1,931,000

[d] Includes current financial liabilities (excluding trade and other payables and provisions) of $252,000

9 JOINT VENTURES (CONT'D)

	CWT-SML $'000	Immaterial joint ventures $'000	Total $'000
2015			
Group's interest in net assets of investee at beginning of the year	11,019	19,763	30,782
Group's share of:			
– profit	1,360		
– other comprehensive income	779		
– total comprehensive income	2,139	1,285	3,424
Group's contribution during the year	772	145	917
Dividends received during the year	(1,201)	(2,823)	(4,024)
Reclassification from Associate to Joint Venture	–	933	933
Disposal during the year	–	(2)	(2)
Carrying amount of interest in investee at end of the year	12,729	19,301	32,030

The Group's share of the joint ventures' commitments is as follows:

	2016 $'000	2015 $'000
(a) Non-cancellable operating lease commitments		
Payable:		
Within 1 year	876	800
After 1 year but within 5 years	2,509	2,085
After 5 years	11,134	11,311
	14,519	14,196
(b) Capital commitments	2	21

10 FINANCIAL ASSETS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current					
Available-for-sale financial assets:					
– Quoted equity securities, measured at fair value		29,972	33,672	29,972	33,672
– Unquoted equity securities, measured at cost less accumulated impairment		44	44	–	–
– Convertible bonds, measured at fair value		65,208	60,244	–	–
		95,224	93,960	29,972	33,672
Current					
Available-for-sale financial assets:					
– Unquoted wealth management products, measured at fair value		–	70,544	–	–
Held-to-maturity financial assets:					
– Quoted treasury securities, measured at amortised cost using the effective interest method, less accumulated impairment	18	216,953	142,090	–	–
Financial assets designated at fair value through profit or loss:					
– Quoted equity securities		100	110	–	–
		217,053	212,744	–	–

The convertible bonds represent consideration received from a customer (the issuer of the convertible bonds) for a construction project. The convertible bonds are unquoted with zero coupon rate and redeemable upon the expiry of three years after the temporary occupation permit ("TOP") is issued for the completed project or earlier if a redemption event has occurred. The Company can convert the bonds to the ordinary shares of the issuer if the redemption event does not occur three years after the TOP is obtained. The TOP was issued on 30 September 2015. The convertible bonds were not bifurcated as the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risk of the host contract.

10 FINANCIAL ASSETS (CONT'D)

The wealth management products of $70,544,000 as at 31 December 2015 related to investment products issued and managed by banks whereby the pool of funds are invested in bonds, notes, trust assets, money market instruments and assets generating fixed returns. The wealth management products were unquoted with an expected return of 4.60% to 5.60% per annum as at 31 December 2015 which matured between April to July 2016. The wealth management products' principal and expected returns are not guaranteed by the banks. The wealth management products were an integral part of the structured transactions and were fully pledged to secure the related bills payable amounting to $74,275,000 as at 31 December 2015. In 2015, a subsidiary of the Group signed an agreement with a group of unrelated companies which jointly guaranteed the full principal and expected return of the wealth management products. The wealth management products matured as per the original principal and the expected return, and were used to settle the secured bills payable in full.

The treasury securities are quoted with an interest rate ranging from zero coupon to 0.88% (2015: 0.63%) that mature between 2 to 12 months (2015: 12 months). The treasury securities are purchased using customer segregated funds held and pledged as margin deposit with the Chicago Mercantile Exchange.

11 NON-CURRENT RECEIVABLES

		Group		Company	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Loan to a subsidiary	19	–	–	95,242	107,594
Loans to non-controlling interests		2,066	2,577	–	–
Loan to a joint venture	20	–	293	–	–
Loans to associates	21	5,253	5,180	–	–
Loan to a third party		208	1,063	–	–
Finance lease receivables	12	–	30	–	–
Guarantee deposits with clearing corporation		5,212	5,650	–	–
Retention receivable		964	2,960	–	–
Others		1,529	1,704	–	–
Loans and receivables		15,232	19,457	95,242	107,594
Prepayments		–	3,546	–	–
		15,232	23,003	95,242	107,594

The loans to non-controlling interest comprise $2,066,000 (2015: $2,033,000) that is interest-free and $nil (2015: $544,000) that bears interest rate at nil% (2015: 12.00%) per annum. The loans are unsecured and payable in 2019.

Guarantee deposits with clearing corporation refer to collaterals placed by a subsidiary with the Chicago Mercantile Exchange ("CME") by virtue of the subsidiary being a clearing member of the CME.

Retention receivable of $964,000 (2015: $2,960,000) relates to the contract work-in-progress.

12 FINANCE LEASE RECEIVABLES

	Note	Group 2016 $'000	Group 2015 $'000
Gross receivables		37	220
Unearned interest income		(2)	(10)
Net receivables classified as loans and receivables		35	210
Non-current	11	–	30
Current	17	35	180
		35	210

	Gross receivables $'000	Unearned income $'000	Net receivables $'000
2016			
Within 1 year	37	(2)	35
After 1 year but within 5 years	–	–	–
	37	(2)	35
2015			
Within 1 year	187	(7)	180
After 1 year but within 5 years	33	(3)	30
	220	(10)	210

These lease receivables relate to the finance leases of Group's machinery, equipment and motor vehicles. The average term of finance leases entered into is 10 years (2015: 10 years).

The interest rate inherent in the leases is fixed at the agreement date throughout the lease term. The average effective interest rate is 3.63% (2015: 3.63%) per annum.

The carrying amount of the Group's finance lease receivables approximates its fair value, based on discounting the estimated cash flows at the market rate prevailing at the reporting date.

13 DEFERRED TAX

Movements in temporary differences during the year:

	At 1 January 2016 $'000	Translation differences $'000	Recognised in profit or loss (note 40) $'000	Recognised in other comprehensive income $'000	At 31 December 2016 $'000
Group					
Deferred tax liabilities/(assets)					
Property, plant and equipment	11,874	196	(363)	–	11,707
Intangible assets	7,635	(7)	(1,152)	–	6,476
Financial assets	25	–	–	695	720
Inventories	75	10	637	–	722
Trade and other receivables	(9,995)	23	696	–	(9,276)
Trade and other payables	7,996	19	168	–	8,183
Provisions	(541)	(1)	(27)	–	(569)
Unutilised tax benefits	(2,781)	19	1,115	–	(1,647)
Others	(1,415)	11	230	341	(833)
	12,873	270	1,304	1,036	15,483
Company					
Deferred tax liabilities/(assets)					
Property, plant and equipment	950	–	1,474	–	2,424
Provisions	143	–	(118)	–	25
Unutilised tax benefits	(1,093)	–	(1,356)	–	(2,449)
	–	–	–	–	–

13 DEFERRED TAX (CONT'D)

	At 1 January 2015 $'000	Translation differences $'000	Recognised in profit or loss (note 40) $'000	Recognised in other comprehensive income $'000	At 31 December 2015 $'000
Group					
Deferred tax liabilities/(assets)					
Property, plant and equipment	12,963	(194)	(895)	–	11,874
Intangible assets	9,020	178	(1,563)	–	7,635
Financial assets	201	52	(52)	(176)	25
Inventories	4,358	284	(4,567)	–	75
Trade and other receivables	(7,021)	198	(3,172)	–	(9,995)
Trade and other payables	9,654	71	(1,729)	–	7,996
Provisions	(508)	17	(50)	–	(541)
Unutilised tax benefits	(3,801)	76	944	–	(2,781)
Others	(1,056)	(168)	(235)	44	(1,415)
	23,810	514	(11,319)	(132)	12,873
Company					
Deferred tax liabilities/(assets)					
Property, plant and equipment	1,554	–	(604)	–	950
Provisions	–	–	143	–	143
Unutilised tax benefits	(1,554)	–	461	–	(1,093)
	–	–	–	–	–

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax liabilities	19,567	19,228	–	–
Deferred tax assets	(4,084)	(6,355)	–	–

13 DEFERRED TAX (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016	2015
	$'000	$'000
Deductible temporary differences	31,487	24,362
Unutilised tax losses	53,418	42,846
Unabsorbed wear and tear allowances	14,677	12,081
	99,582	79,289

Unutilised tax losses include $3,254,000 (2015: $4,023,000) for subsidiaries that are available for offset against future taxable profits of the subsidiaries for the next 2 financial years. The annual amount of tax loss deductible from taxable income is limited to 50% of the taxable income of the said subsidiaries in a given year.

Unutilised tax losses include $1,220,000 (2015: $250,000) for subsidiaries that are available for offset against future taxable profits of the subsidiaries for the next 5 financial years.

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The deductible temporary differences and tax losses, other than disclosed above, do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which certain subsidiaries of the Group can utilise the benefits.

14 OTHER NON-CURRENT ASSETS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Other investments	5,833	6,000	–	–

Group's other investments include clearing memberships with the Chicago Mercantile Exchange ("CME"), the Chicago Board of Trade ("CBOT") and the New York Mercantile Exchange ("NYMEX") and the Commodity Exchange, Inc ("COMEX") amounting to $5,718,000 (2015: $5,606,000). The clearing memberships are required for the Group to trade in CME, CBOT, NYMEX and COMEX.

15 INVENTORIES

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Raw materials	320	715	–	–
Consumables, equipment and spare parts	2,484	2,911	–	15
Commodity inventories at fair value	164,292	159,237	–	–
Commodity inventories at lower of cost and net realisable value	436,737	372,273	–	–
Other goods for sale	1,222	1,775	1,131	1,647
Less: Allowance for inventory obsolescence	(51)	–	(46)	–
	605,004	536,911	1,085	1,662

Raw materials, changes in work-in-progress, consumables and commodities inventories recognised in cost of sales amounted to $7,910,713,000 (2015: $8,725,083,000).

During the year, the Group and the Company recognised allowance for inventory obsolescence of $51,000 (2015: $nil) and $46,000 (2015: $nil) respectively.

16 CONTRACT WORK-IN-PROGRESS

	Note	Group 2016 $'000	Group 2015 $'000
Costs incurred and attributable profits		169,723	136,247
Progress billings		(121,248)	(85,340)
		48,475	50,907
Represented by:			
Progress billings receivable	17	50,331	51,021
Advance billings and billings in excess of costs incurred and recognised profits	32	(1,856)	(114)
		48,475	50,907

The Group assesses allowance for foreseeable losses by taking into account the contract revenue, estimated total costs to completion, project duration and overruns. It is possible that management estimate is not indicative of future losses that may be incurred. Any increase or decrease would affect profit or loss in the future years.

17 TRADE AND OTHER RECEIVABLES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables		1,195,667	1,067,671	12,020	13,951
Less: Allowance for impairment of receivables		(5,836)	(4,803)	(686)	(118)
		1,189,831	1,062,868	11,334	13,833
Subsidiaries:					
– trade		–	–	10,825	11,074
– loans	19	–	–	82,400	264,691
– non-trade		–	–	1,165	5,976
Related parties:					
– trade		167	519	11	177
– non-trade		221	488	–	–
– interest receivables		277	280	691	618
Associates:					
– trade		3,188	3,538	–	–
– non-trade		99	147	–	–
– loans	21	3,802	3,302	–	–
– dividends receivable		–	1,873	–	–
Joint ventures:					
– trade		486	726	–	–
– non-trade		263	231	250	225
– loans	20	–	23	–	–
Non-controlling interests:				–	
– non-trade		496	349	–	–
– loans		1,868	1,660	–	–
Loans to third parties		20,852	14,153	–	–
Staff loans		106	692	–	–
Finance lease receivables	12	35	180	–	–
Interest receivables		774	2,054	–	5
Other receivables		66,311	64,491	5,626	879
Progress billings receivable	16	50,331	51,021	–	–
Margin deposits with brokers	18	664,245	351,100	–	–
Margin deposits with clearing organisations	18	50,125	1,055	–	–
Customer segregated funds with banks	18	371,768	413,122	–	–
Customer segregated funds with clearing organisations	18	159	–	–	–
Deposits		71,549	103,025	63	162
Loans and receivables		2,496,953	2,076,897	112,365	297,640
Prepayments		35,654	88,496	993	1,272
Deferred costs		12,941	6,519	12,932	6,453
		2,545,548	2,171,912	126,290	305,365

17 TRADE AND OTHER RECEIVABLES (CONT'D)

The non-trade amounts due from subsidiaries include advances of $443,000 (2015: $437,000) given to the subsidiaries through the cash pool account managed by the Company. The cash pool advances bear interest rate at 0.05% to 0.38% (2015: 0.05%) per annum.

The non-trade amounts due from related parties, associates, joint ventures and non-controlling interests are unsecured, interest-free and repayable on demand.

The loans to non-controlling interest are unsecured, interest-free and repayable on demand.

The loans to third parties comprise secured loans of $20,852,000 (2015: $11,296,000) and unsecured loans of $3,721,000 (2015: $2,857,000). These loans bear interest at 0% to 5.00% (2015: 5.00% to 7.00%) per annum. During the year, the Group recognised full impairment loss amounting to $3,721,000 (2015: $nil) for the unsecured loans.

The Group's trade receivables include accrued income of $132,065,000 (2015: $109,542,000) which represents primarily sales made but yet to be invoiced and price adjustments to the provisional sales/purchase price of certain commodities. During the contractually agreed quotational period, the sales/purchase prices are not fixed and fluctuate based on the changes in the market prices of the underlying metals. The Group marks to market its provisional sales and purchases based on the forward price for the estimated month of settlement. In the statement of financial position, positive mark to market adjustments are included within 'accrued income' whereas negative adjustments are included within 'accrued expenses'. Upon completion of the quotation period, the prices are fixed based upon the spot price and metal contents and quantities upon receipt of the final assay and weight certificates.

Deposits comprise $65,072,000 (2015: $84,958,000) that is pledged as securities for bills payable amounting to $67,200,000 (2015: $87,890,000) and short-term loan amounting to $302,000 (2015: $6,552,000).

As at 31 December 2016, the Group's other receivables include retentions of $2,123,000 (2015: $3,878,000) relating to the contract work-in-progress.

18 ASSETS HELD OR SEGREGATED IN SEPARATE ACCOUNTS

Customer segregated funds represent customers' funds held by the Group that are required to be held in segregated accounts by laws and regulations of the Securities and Futures Act ("SFA") governed by Monetary Authority of Singapore ("MAS"), the Commodities Trading Act ("CTA") governed by International Enterprise Singapore ("IE Singapore") and Commodity Futures Trading Commission ("CFTC") in the United States of America.

		Group	
	Note	2016 $'000	2015 $'000
Customer segregated funds with banks			
Representing customer balances		338,846	374,741
Representing house balances		32,922	38,381
	17	371,768	413,122
Margin deposits with brokers			
Representing customer balances		474,795	275,550
Representing house balances		189,450	75,550
	17	664,245	351,100

18 ASSETS HELD OR SEGREGATED IN SEPARATE ACCOUNTS (CONT'D)

	Note	Group 2016 $'000	Group 2015 $'000
Margin deposits with clearing organisations			
Representing customer balances	17	50,125	1,055
Customer segregated funds with clearing organisations			
Representing customer balances	17	159	–
Held-to-maturity financial assets – treasury securities			
Representing customer balances	10	216,953	142,090

19 LOANS TO SUBSIDIARIES

	Note	Company 2016 $'000	Company 2015 $'000
Non-current			
Loan to a subsidiary, classified as loans and receivables	11	95,242	107,594
Current			
Loans to subsidiaries, classified as loans and receivables		82,400	264,787
Less: Allowance for impairment losses		–	(96)
Loans and receivables	17	82,400	264,691

The loans to subsidiaries are unsecured and bear interest at 1.80% to 5.50% (2015: 1.60% to 5.50%) per annum. The interest rate reprices on a yearly basis.

The changes in allowance for impairment losses in respect of loans to subsidiaries during the year were as follows:

	Company 2016 $'000	Company 2015 $'000
At 1 January	96	–
Allowance recognised	–	96
Written-off	(96)	–
At 31 December	–	96
Current	–	96

The Company assessed collectability of the balances, having considered the financial conditions of the subsidiaries and their ability to make the required repayments. Management believes that no further impairment loss beyond the recorded allowances is necessary. If the financial conditions of the subsidiaries were to deteriorate subsequently, further impairment loss may then be recognised in future periods.

20 LOANS TO JOINT VENTURES

	Note	Group 2016 $'000	Group 2015 $'000
Non-current			
Loan to a joint venture, classified as loans and receivables	11	–	293
Current			
Loans to joint ventures		66	89
Less: Allowance for impairment losses		(66)	(66)
Loans and receivables	17	–	23

The loans to joint ventures are unsecured and repayable on demand. The loans are interest-free (2015: 5.00% per annum).

The changes in allowance for impairment losses in respect of loans to joint ventures during the year were as follows:

	Group 2016 $'000	Group 2015 $'000
At 1 January and 31 December	66	66
Current	66	66

21 LOANS TO ASSOCIATES

	Note	Group 2016 $'000	Group 2015 $'000
Non-current			
Loans to associates, classified as loans and receivables	11	5,253	5,180
Current			
Loans to an associate, classified as loans and receivables	17	3,802	3,302

The non-current loans to associates are unsecured and bear interest rate of 0.70% to 6.00% (2015: 0.70% to 6.00%) per annum. The Group has given an undertaking to the associate not to recall the loan within the next 12 months.

The current loans to an associate are unsecured and bear interest at 0.67% to 1.56% (2015: 0.56% to 0.85%) per annum.

22 WARRANTABLE LME COMMODITIES

	Group 2016 $'000	Group 2015 $'000
Warrantable LME commodities measured at fair value less costs to sell	550,370	306,298

23 CASH AND CASH EQUIVALENTS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Fixed deposits		71,828	32,394	–	–
Wealth management products		45,825	–	–	–
Cash and bank balances		216,723	277,947	25,120	40,342
Cash and cash equivalents in the statements of financial position		334,376	310,341	25,120	40,342
Less:					
Bank overdrafts	28	(908)	(491)		
Bank balances and fixed deposits pledged		(6,532)	(19,559)		
		326,936	290,291		
Cash and cash equivalents of assets held for sale	25	177	1,374		
Cash and cash equivalents in the statement of cash flows		327,113	291,665		

The weighted average effective interest rates per annum at the reporting date are as follows:

	Group 2016 %	Group 2015 %
Fixed deposits	1.83	0.53
Bank overdrafts	16.76	17.87

Interest rates are repriced at intervals of one week, one, three or six months.

Bank balances and fixed deposits of certain subsidiaries are pledged as securities to obtain credit facilities (see note 28).

24 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION

Accounting classification and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Fair value – hedging instruments $'000	Fair value through profit or loss $'000	Held-to-maturity financial assets $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group										
2016										
Financial assets	10	–	100	216,953	–	95,224	–	–	312,277	312,213
Trade and other receivables*	11, 17	–	–	–	2,512,185	–	–	–	2,512,185	2,511,793
Cash and cash equivalents	23	–	–	–	334,376	–	–	–	334,376	334,376
Derivative financial assets	29	112,793	–	–	–	–	–	–	112,793	112,793
		112,793	100	216,953	2,846,561	95,224	–	–	3,271,631	3,271,175
Medium term notes	28	–	–	–	–	–	(302,185)	–	(302,185)	(297,886)
Secured bank loans	28	–	–	–	–	–	(629,633)	–	(629,633)	(632,126)
Hire purchase and finance lease liabilities	28	–	–	–	–	–	–	(3,046)	(3,046)	(3,046)
Revolving short-term trade facilities	28	–	–	–	–	–	(935,643)	–	(935,643)	(935,643)
Secured bank overdrafts	28	–	–	–	–	–	(400)	–	(400)	(400)
Unsecured bank overdrafts	28	–	–	–	–	–	(508)	–	(508)	(508)
Derivative financial liabilities	29	(172,744)	–	–	–	–	–	–	(172,744)	(172,744)
Trade and other payables**	32	–	–	–	–	–	(2,360,665)	–	(2,360,665)	(2,360,665)
		(172,744)	–	–	–	–	(4,229,034)	(3,046)	(4,404,824)	(4,403,018)

* *Excludes prepayments and deferred costs.*
** *Excludes advance billings and billings in excess of costs incurred and recognised profits.*

24 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION (CONT'D)

Accounting classification and fair values (cont'd)

	Note	Fair value – hedging instruments $'000	Fair value through profit or loss $'000	Held-to-maturity financial assets $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group										
2015										
Financial assets	10	–	110	142,090	–	164,504	–	–	306,704	306,704
Trade and other receivables*	11, 17	–	–	–	2,096,354	–	–	–	2,096,354	2,095,941
Cash and cash equivalents	23	–	–	–	310,341	–	–	–	310,341	310,341
Derivative financial assets	29	126,620	–	–	–	–	–	–	126,620	126,620
		126,620	110	142,090	2,406,695	164,504	–	–	2,840,019	2,839,606
Medium term notes	28	–	–	–	–	–	(301,858)	–	(301,858)	(298,950)
Secured bank loans	28	–	–	–	–	–	(371,252)	–	(371,252)	(374,143)
Hire purchase and finance lease liabilities	28	–	–	–	–	–	–	(2,428)	(2,428)	(2,428)
Revolving short-term trade facilities	28	–	–	–	–	–	(751,395)	–	(751,395)	(751,395)
Unsecured bank overdrafts	28	–	–	–	–	–	(491)	–	(491)	(491)
Derivative financial liabilities	29	(66,385)	–	–	–	–	–	–	(66,385)	(66,385)
Trade and other payables**	32	–	–	–	–	–	(2,076,001)	–	(2,076,001)	(2,076,001)
		(66,385)	–	–	–	–	(3,500,997)	(2,428)	(3,569,810)	(3,569,793)

* *Excludes prepayments and deferred costs.*
** *Excludes advance billings and billings in excess of costs incurred and recognised profits.*

24 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION (CONT'D)

Accounting classification and fair values (cont'd)

	Note	Fair value – hedging instruments $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Company								
2016								
Financial assets	10	–	–	29,972	–	–	29,972	29,972
Trade and other receivables*	11, 17	–	207,607	–	–	–	207,607	201,298
Cash and cash equivalents	23	–	25,120	–	–	–	25,120	25,120
Derivative financial assets	29	809	–	–	–	–	809	809
		809	232,727	29,972	–	–	263,508	257,199
Medium term notes	28	–	–	–	(302,185)	–	(302,185)	(297,886)
Secured bank loans	28	–	–	–	(98,612)	–	(98,612)	(98,612)
Hire purchase and finance lease liabilities	28	–	–	–	–	(68)	(68)	(68)
Derivative financial liabilities	29	(1,092)	–	–	–	–	(1,092)	(1,092)
Trade and other payables	32	–	–	–	(266,790)	–	(266,790)	(266,790)
		(1,092)	–	–	(667,587)	(68)	(668,747)	(664,448)
2015								
Financial assets	10	–	–	33,672	–	–	33,672	33,672
Trade and other receivables*	11, 17	–	405,234	–	–	–	405,234	396,759
Cash and cash equivalents	23	–	40,342	–	–	–	40,342	40,342
Derivative financial assets	29	118	–	–	–	–	118	118
		118	445,576	33,672	–	–	479,366	470,891
Medium term notes	28	–	–	–	(301,858)	–	(301,858)	(298,950)
Secured bank loans	28	–	–	–	(240,803)	–	(240,803)	(240,803)
Hire purchase and finance lease liabilities	28	–	–	–	–	(102)	(102)	(102)
Derivative financial liabilities	29	(95)	–	–	–	–	(95)	(95)
Trade and other payables	32	–	–	–	(209,521)	–	(209,521)	(209,521)
		(95)	–	–	(752,182)	(102)	(752,379)	(749,471)

* *Excludes prepayments and deferred costs.*

25 DISPOSAL GROUP HELD FOR SALE

In 2016, due to the fact that local business in Nigeria has not developed according to the expectations, the Group plans to sell one of its subsidiary with its cash balance and property, plant and equipment positions in Nigeria in the near future. Other positions in this subsidiary are planned to be settled before the sale. Accordingly cash, and property, plant and equipment are presented as assets held for sale.

In 2014, the Group signed a capital transfer agreement to sell all its equity interest in a subsidiary, CWT SPL Distripark Vietnam Limited ("SPL"). Partial payment of $504,000 relating to the capital transfer was received to date. The remaining consideration receivable balance of $746,000 was reclassified as other receivable in 2016.

In 2015, the Group recognised an impairment loss of $1,517,000 on the disposal group in relation to SPL. The recoverable amount was determined based on fair value less costs to sell. The loss was recognised in other operating expenses.

At 31 December, the disposal group comprised the following assets and liabilities:

		Group	
	Note	**2016**	**2015**
		$'000	**$'000**
Assets held for sale			
Property, plant and equipment		753	–
Cash and banks	23	177	1,374
		930	1,374
Liabilities held for sale			
Trade and other payables		–	62

26 SHARE CAPITAL

	2016	**2016**	**2015**	**2015**
	No. of shares		**No. of shares**	
	('000)	**$'000**	**('000)**	**$'000**
Company				
Issued and fully paid, with no par value:				
At 1 January and 31 December	600,305	174,338	600,305	174,338

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

26 SHARE CAPITAL (CONT'D)

Capital management

The Board defines "Capital" to include share capital, reserves and non-controlling interests. The Board's policy is to maintain a sound capital base to sustain the future development and expansion of the Group's business, so as to maintain investor and creditor confidence in the Group. The Board of Directors monitors the level of dividend payment by taking into account the Group's business expansion requirements.

The Board of Directors also seeks to maintain an optimal mix of equity and debt with a view to optimise financial return to shareholders. The Group targets to achieve a return on shareholders' equity ("ROE") of between 12.0% to 18.0% (2015: 12.0% to 18.0%). In 2016, the Group achieved a ROE of 12.0% (2015: 13.6%).

The Group monitors capital on the basis of the net debt to equity ratio. Net debt to equity ratio is the ratio of total borrowings excluding collateralised short-term trade facilities and including cash and cash equivalents to total equity. Collateralised short-term trade facilities are excluded from the calculation of net debt to equity ratio due to its short term highly liquid nature that is fully secured by liquid assets such as cash and cash equivalents, inventories and receivables. Equity refers to share capital, reserves and non-controlling interests as presented in the consolidated statement of financial position.

The Group's strategy, which is unchanged from 2015, is to maintain the net debt to equity ratio under 1.00. The net debt to equity ratio at 31 December 2016 and 2015 was as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Total borrowings	1,871,415	1,427,424
Less: Collateralised short-term trade facilities	(1,386,317)	(799,655)
Adjusted total borrowings	485,098	627,769
Less: Cash and cash equivalents*	(327,844)	(290,782)
Net debt	157,254	336,987
Total equity	904,044	868,066
Net debt to equity ratio	0.17	0.39

* *Excludes bank overdrafts of $908,000 (2015: $491,000) which are included in total borrowings.*

There were no changes in the Group's approach to capital management during the year.

Straits Financial LLC, Straits (Singapore) Pte Ltd and Straits Financial Services Pte Ltd, incorporated in the United States of America and Singapore respectively, are subject to minimum capital requirements pursuant to laws and regulations of the United States of America and Singapore. Management has established controls and policies to ensure that the subsidiaries comply with the minimum capital requirements. The subsidiaries have compiled with the minimum capital requirements pursuant to laws and regulations of the United States of America and Singapore during the year.

Other than disclosed above, the Group and its subsidiaries, are not subject to externally imposed capital requirements.

27 RESERVES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Fair value reserve	919	1,226	(2,594)	1,105
Currency translation reserve	12,741	16,954	–	–
Hedging reserve	(290)	(643)	–	–
Capital reserve	(2,740)	(845)	–	–
Statutory reserve	2,845	1,581	–	–
Other reserve	(661)	(661)	–	–
Retained profits	687,089	647,452	197,140	177,837
	699,903	665,064	194,546	178,942

The fair value reserve comprises the cumulative net changes in the fair values of available-for-sale financial assets.

The currency translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

The hedging reserve comprises the effective portion of the cumulative net changes in the fair value of cash flow hedging instruments.

The capital reserve comprises the difference between purchase considerations and net assets acquired in group restructuring and acquisition of non-controlling interests that does not result in a change in control.

The statutory reserve relates to profits set aside in accordance with local legislation by certain foreign entities and is non-distributable.

28 LOANS AND BORROWINGS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current liabilities					
Medium term notes		201,231	301,858	201,231	301,858
Secured bank loans		163,023	306,551	87,545	229,735
Hire purchase and finance lease liabilities	(a)	2,251	1,766	34	68
Total		366,505	610,175	288,810	531,661
Current liabilities					
Medium term notes		100,954	–	100,954	–
Secured bank loans		466,610	64,701	11,067	11,067
Revolving short-term trade facilities		935,643	751,395	–	–
Hire purchase and finance lease liabilities	(a)	795	662	34	34
Secured bank overdrafts	23	400	–	–	–
Unsecured bank overdrafts	23	508	491	–	–
Total		1,504,910	817,249	112,055	11,101

The medium term notes are issued by the Company under its $500,000,000 Multicurrency Debt Issuance Programme which was first established in April 2013.

Secured bank loans of the Group are secured over:

- Property, plant and equipment with carrying amounts of $616,087,000 (2015: $414,908,000);
- Floating charges on existing fixed and floating assets;
- Trade and other receivables of $302,000 (2015: $6,552,000);
- Warrantable LME commodities of $422,731,000 (2015: $41,708,000); and
- Fixed deposits pledged of $269,000 (2015: $149,000).

Secured bank loans of the Company are secured over property, plant and equipment with carrying amounts of $348,896,000 (2015: $137,828,000) and property, plant and equipment of the subsidiaries with carrying amounts of $114,583,000 (2015: $117,335,000).

Revolving short-term trade facilities of the Group relate to short-term trade related self-liquidating facilities to finance the Group's commodity marketing business. These are secured by bank balances and fixed deposits with carrying amount of $5,695,000 (2015: $18,452,000), warrantable LME commodities with carrying amount of $123,739,000 (2015: $127,865,000), trade and other receivables with carrying amount of $165,827,000 (2015: $162,583,000) and inventories with carrying amount of $597,461,000 (2015: $532,180,000).

28 LOANS AND BORROWINGS (CONT'D)

(a) Hire purchase and finance lease liabilities

Obligations under hire purchase and finance leases are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
Group			
2016			
Repayable within 1 year	795	133	928
Repayable after 1 year but within 5 years	2,140	182	2,322
Repayable after 5 years	111	5	116
	3,046	320	3,366
2015			
Repayable within 1 year	662	117	779
Repayable after 1 year but within 5 years	1,745	194	1,939
Repayable after 5 years	21	–	21
	2,428	311	2,739
Company			
2016			
Repayable within 1 year	34	7	41
Repayable after 1 year but within 5 years	34	7	41
	68	14	82
2015			
Repayable within 1 year	34	7	41
Repayable after 1 year but within 5 years	68	14	82
	102	21	123

28 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

			2016		2015	
	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Group	**%**		**$'000**	**$'000**	**$'000**	**$'000**
SGD fixed rate medium term notes	3.90% – 4.80%	2017 – 2020	300,000	302,185	300,000	301,858
USD floating rate loans	2.17% – 2.49%	2017	450,372	450,372	41,708	41,708
SGD floating rate loans	0.53% – 2.81%	2017 – 2021	162,507	162,507	304,251	304,251
EUR floating rate loans	1.15% – 2.66%	2017	3,025	3,025	192	192
EUR fixed rate loans	3.97%	2025 – 2027	10,174	10,174	14,676	14,676
GBP fixed rate loans	3.60%	2031	1,176	1,176	1,474	1,474
RMB fixed rate loans	1.77%	2017	302	302	6,552	6,552
TRY fixed rate loans	14.00% – 17.00%	2017	1,897	1,897	2,337	2,337
INR fixed rate loans	8.65% – 11.50%	2018	180	180	62	62
Hire purchase and finance lease liabilities	1.00% – 14.70%	2017 – 2023	3,046	3,046	2,428	2,428
USD floating rate revolving short-term trade facilities	1.05% – 6.17%	2017	931,932	931,932	751,395	751,395
EUR floating rate revolving short-term trade facilities	1.15% – 1.50%	2017	3,711	3,711	–	–
Bank overdrafts	2.08% – 24.00%	2017	908	908	491	491
			1,869,230	1,871,415	1,425,566	1,427,424
Company						
SGD fixed rate medium term notes	3.90% – 4.80%	2017 – 2020	300,000	302,185	300,000	301,858
SGD floating rate loans	1.25% – 2.69%	2019 – 2021	98,612	98,612	240,802	240,802
Hire purchase and finance lease liabilities	2.99%	2018	68	68	102	102
			398,680	400,865	540,904	542,762

29 DERIVATIVE FINANCIAL INSTRUMENTS

	2016		2015	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Group				
Interest rate swaps	–	250	–	733
Commodities futures	68,417	162,473	86,109	63,046
Commodities forward contracts	37,822	455	33,042	620
Commodities options	–	647	50	3
Currency forward contracts	2,404	7,551	492	40
Commodities swaps	3,613	1,315	3,127	655
Fair value gain on commodity contracts	537	53	3,800	1,288
	112,793	172,744	126,620	66,385
Analysed as:				
– non-current	–	137	–	733
– current	112,793	172,607	126,620	65,652
	112,793	172,744	126,620	66,385
Company				
Currency forward contracts	809	1,092	118	95

The Group recognised a net loss (realised and unrealised) from fair value movements of derivative financial instruments of $166,870,000 (2015: net gain of $268,280,000) which is included in cost of sales.

The interest rate swaps are used to hedge the interest rate risk related to the floating interest rate loans.

30 EMPLOYEE BENEFITS

		Group	
	Note	2016 $'000	2015 $'000
Non-current			
Retirement benefit obligations	31	8,336	12,632
Other long-term employee benefit liabilities		6,925	7,607
		15,261	20,239
Current			
Subordinated employee benefit liabilities		–	3,544
		15,261	23,783

30 EMPLOYEE BENEFITS (CONT'D)

Other employee benefit liabilities

Other long-term employee benefit obligation relates to a deferred share plan of a subsidiary. The deferred share plan is an award granted to certain key management personnel of certain subsidiaries who have earned a bonus under an annual bonus plan. The deferred share plan can be in the form of a conditional award or an option. In a conditional award, the employee receives the shares of the subsidiary as soon as the award vests. In an option, the employee is entitled to exercise the option when the award vests.

Each award vests in three equal tranches on the first, second and third anniversary of the grant date. The share value of the shares awarded to the employees under the deferred share plan is measured based on the net assets of the subsidiary.

The deferred share awards are discounted to determine their present value. The discount rate is the yield at the reporting date on Singapore government bonds that have maturity dates approximating the terms of the subsidiary's obligations in which the benefits are expected to be paid. This calculation is performed using projected unit credit method.

31 RETIREMENT BENEFIT OBLIGATIONS

The net defined benefit obligations recognised in the statement of financial position at the reporting date are as follows:

		Group	
	Note	2016	2015
		$'000	$'000
Present value of funded obligations		21,577	25,882
Fair value of plan assets		(13,241)	(13,250)
Net defined benefit obligation recognised in statement of financial position	30	8,336	12,632

Cost of defined benefit plans included in profit or loss:

	Group	
	2016	2015
	$'000	$'000
Current service cost	930	2,100
Interest cost	220	251
Interest income	(123)	(130)
Exchange differences	–	(48)
	1,027	2,173

31 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Cost of defined benefit plans included in the statement of comprehensive income:

	Group 2016 $'000	Group 2015 $'000
Remeasurement loss/(gain)		
– Effect of changes in demographic assumptions	(1,391)	–
– Effect of changes in financial assumptions	(1,782)	(1,147)
– Effect of experience adjustments	(506)	822
– Return on plan assets (excluding interest income)	(22)	(70)
	(3,701)	(395)

Change in present value of defined benefit obligations are as follows:

	Group 2016 $'000	Group 2015 $'000
Defined benefit obligations at 1 January	25,882	22,358
Current service cost	930	2,100
Interest cost	220	251
Remeasurements on change in assumptions	(3,679)	(325)
Benefits paid	(1,686)	24
Exchange differences	(89)	1,474
Defined benefit obligations at 31 December	21,578	25,882

Weighted average duration of the defined benefit obligations as of 31 December 2016 is 20.70 years (2015: 23.70 years).

Change in the fair value of plan assets during the year are as follows:

	Group 2016 $'000	Group 2015 $'000
Fair value of plan assets at 1 January	(13,250)	(10,825)
Interest income	(123)	(130)
Employer contribution*	(1,548)	(1,493)
Actuarial losses	(23)	(71)
Benefits paid	1,686	(24)
Exchange differences	17	(707)
Fair value of plan assets at 31 December	(13,241)	(13,250)

* *Employer contributions for 2016 are expected to be approximately $1,564,000 (2015: $1,651,000).*

31 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Breakdown of plan assets:

	Group	
	2016	**2015**
	$'000	**$'000**
Assets held by insurance company	(13,243)	(13,250)

The principal actuarial assumptions are as follows:

	Group	
	2016	**2015**
	BVG 2015	**BVG 2010**
Mortality tables, actuarial statistics (disability, mortality, etc)		
Discount rate	0.65%	0.90%
Rate of salary increase	1.00%	1.00%
Rate of the projection of the saving capital	0.65%	0.90%
Rate of pension increase	0.00%	1.00%
Turnover	12.90%	12.00%

Sensitivities of significant actuarial assumptions

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	Increase	**Decrease**
	$'000	**$'000**
2016		
Discount rate (0.25% movement)	(1,075)	1,163
Future salary growth (0.25% movement)	366	–
2015		
Discount rate (0.25% movement)	(1,562)	1,436
Future salary growth (0.25% movement)	474	–

The above sensitivity calculations are based on one assumption changing while others remain unchanged. In practice, however, there are certain correlations between the individual assumptions. The same method was used to calculate the sensitivities and the defined benefit obligations at the end of the financial year.

32 TRADE AND OTHER PAYABLES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current liabilities					
Non-controlling interests:					
– loans		2,011	2,506	–	–
Deferred purchase consideration:					
– contingent consideration		1,067	2,057	–	–
Retention payable		741	2,415	–	–
Accrued operating expenses		371	990	–	–
Others		110	166	–	–
		4,300	8,134	–	–
Current liabilities					
Trade and other payables and accrued operating expenses		1,187,900	1,082,804	114,237	41,959
Advance billings and billings in excess of costs incurred and recognised profits*	16	26,664	14,253	–	–
Deposits received		10,002	9,770	7,892	7,751
Subsidiaries:					
– trade		–	–	7,942	9,904
– non-trade		–	–	65,865	73,406
– loans		–	–	69,679	75,322
Related parties:					
– trade		763	953	8	12
– non-trade		226	132	–	–
– loans		113	68	–	–
Associates:					
– trade		300	591	–	–
– non-trade		–	1	–	–
Joint ventures:					
– trade		317	290	–	–
– non-trade		148	145	–	–
Non–controlling interests:					
– non-trade		–	160	–	–
– loans		3,639	5,321	–	–
Deferred purchase consideration:					
– deferred payments		1,167	1,336	1,167	1,167
– contingent consideration		1,083	1,052	–	–
Payables to clearing organisation		699	833	–	–
Bills payable		67,200	169,307	–	–
Amounts segregated for customers		1,080,878	793,320	–	–
Commission and brokerage fee payable		1,930	1,784	–	–
		2,383,029	2,082,120	266,790	209,521

* *Includes advance billings and billings in excess of costs incurred and recognised profits relating to contract work-in-progress of $1,856,000 (2015: $114,000).*

32 TRADE AND OTHER PAYABLES (CONT'D)

The non-trade amounts due to subsidiaries include funds of $65,828,000 (2015: $73,369,000) in the cash pool managed by the Company as part of its cash management and treasury activities. The cash pool funds bear interest rate at 0.05% to 0.38% (2015: 0.05% to 0.55%) per annum.

The remaining non-trade amounts due to subsidiaries, related parties, associates, joint ventures and non-controlling interests are unsecured, interest-free and repayable on demand.

The non-current loans from non-controlling interests comprise $1,875,000 (2015: $2,388,000) which are interest-free and $136,000 (2015: $118,000) bear interest at 9.75% to 10.50% (2015: 9.25% to 9.50%) per annum. The amounts are unsecured and settlement of the amounts is neither planned nor likely to occur within the next twelve months.

The current loans from non-controlling interests comprise $3,639,000 (2015: $5,317,000) which bear interest at 4.00% to 5.00% (2015: 4.00%) per annum and $nil (2015: $4,000) which is interest-free. The amounts are unsecured and repayable on demand.

The loans from subsidiaries and related parties are unsecured, bear interest at 0.48% to 1.28% (2015: 0.53% to 1.51%) per annum and are repayable on demand.

Deferred purchase consideration is derived from acquisition of subsidiaries and a joint venture.

In 2015, bills payable were secured by wealth management products of $70,544,000 and one year fixed deposits of $84,958,000.

In 2015, trade payables include an amount of $6,168,000 received as collateral for trade receivables that are past due 91-180 days and 181-365 days.

33 DEFERRED GAINS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current	6,416	10,410	6,416	10,410
Current	7,344	12,185	7,344	12,185
	13,760	22,595	13,760	22,595

Deferred gains relate to the excess of sales proceeds over the fair values of the leasehold buildings disposed of under sale and leaseback arrangements and risk premium attributed to build and lease projects. Deferred gains are released to profit or loss over the leaseback period ranging from 3 to 7 years.

34 PROVISIONS

	Warranties $'000	Claims for services and damage of goods $'000	Site restoration cost $'000	Retrenchment benefit $'000	Others $'000	Total $'000
Group						
At 1 January 2015	472	733	1,356	174	–	2,735
Provision made	–	3,375	871	–	–	4,246
Payments made	(199)	(9)	–	(169)	–	(377)
Reversal of provisions	(50)	(653)	(560)	–	–	(1,263)
Translation differences	–	98	–	–	–	98
At 31 December 2015	223	3,544	1,667	5	–	5,439
Provision made	91	45	1,092	–	2,292	3,520
Payments made	(176)	–	–	–	(2,401)	(2,577)
Reversal of provisions	(46)	(3,377)	–	–	–	(3,423)
Translation differences	–	(90)	–	–	109	19
At 31 December 2016	92	122	2,759	5	–	2,978

	Claims for services and damage of goods $'000	Site restoration cost $'000	Total $'000
Company			
At 1 January 2015	20	1,238	1,258
Provision made	–	819	819
Reversal of provisions	–	(560)	(560)
At 31 December 2015	20	1,497	1,517
Provision made	–	1,005	1,005
Reversal of provisions	(20)	–	(20)
At 31 December 2016	–	2,502	2,502

Sources of estimation uncertainty

The estimated provisions made by the Group and the Company are in respect of:

(i) Warranty claims for completed projects. The provision is made based on estimates from historical warranty data and a weighting of all possible outcomes against their associated probabilities;

(ii) Claims by customers for damage of goods, quality of goods/commodities and liquidated damages for services rendered in the course of business including third party claims for accidents. The provision is made based on historical claims data and a weighting of possible outcomes against their associated probabilities;

(iii) Obligations to carry out site restoration work on the leasehold buildings used for warehouse operations. The estimated restoration costs are based on quotation from third party consultants and approximate the present value of estimated restoration costs at the end of the lease;

34 PROVISIONS (CONT'D)

Sources of estimation uncertainty (cont'd)

(iv) Retrenchment benefits arose due to the cessation of an operating division in December 2014. The provision is made based on estimated remuneration and termination benefits for the ceased operating division's senior management; and

(v) Provision – others arose due to legal action a subsidiary had brought against a customer and broker in the United States in 2011 for the deficit from the customers' hedge account, interest and attorney fees. The Group made a full provision for the damages in the judgement of order prepared by the counterparty's lawyer. During the year, both the subsidiary and the plaintiff commenced cross appeal. The damage ordered by the court was paid and held by court for settlement of the litigation once the cross appeal was concluded.

35 SEGMENT REPORTING

Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Logistics services.* Include warehousing, transportation, freight forwarding and cargo consolidation, supply chain management services such as procurement, inventory management, packing and other value added services and delivery to end customers, and container management services. The Group, being a one-stop logistics provider, views all logistics services as total logistics solutions provided to customers. These logistics services are aggregated into a single operating segment since the aggregated operating results of this segment are regularly reviewed by the Group CEO to make decisions about resources to be allocated to it and to assess its performance.

- *Commodity marketing.* Include physical trading and supply chain management of base metal non-ferrous concentrates with predominant focus on copper, lead, zinc and other minor metals and energy products like naphtha and distillates.

- *Engineering services.* Include management and maintenance of facilities, vehicles and equipment, supply and installation of engineering products, property management, and design-and-build for logistics properties.

- *Financial services.* Include financial brokerage services, structured trade services and assets management services.

Performance is measured based on segment profit before income tax and is reviewed regularly by the Group CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these business environments. Inter-segment pricing is determined on an arm's length basis.

Segment profit before tax represents operating revenue less expenses. Corporate expenses represent the cost of Group function not allocated to the reportable segments. Segment assets represent assets directly managed by each segment, and primarily include inventories, receivables, property, plant and equipment. Segment liabilities represent liabilities directly managed by each segment, and primarily include payables and loans and borrowings.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability.

35 SEGMENT REPORTING (CONT'D)

Information about reportable segments

	Logistics services		Commodity marketing		Engineering services		Financial services		Eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:												
External revenue	831,800	868,196	8,161,343	8,793,567	129,739	141,004	128,972	128,852	–	–	9,251,854	9,931,619
Inter-segment revenue	8,518	10,537	608	80	558	431	24	100	(9,708)	(11,148)	–	–
Total reportable segment revenue	840,318	878,733	8,161,951	8,793,647	130,297	141,435	128,996	128,952	(9,708)	(11,148)	9,251,854	9,931,619
Results:												
Interest income	6,595	14,035	8,627	13,013	145	109	3,925	3,146	(6,233)	(13,203)	13,059	17,100
Interest expense	(17,028)	(21,329)	(15,086)	(16,992)	–	–	(13,419)	(11,907)	6,266	13,203	(39,267)	(37,025)
Depreciation and amortisation	(37,696)	(37,595)	(6,789)	(9,245)	(671)	(530)	(274)	(274)	–	–	(45,430)	(47,644)
Share of profits of associates and joint ventures	9,169	9,941	–	–	436	460	2,633	3,747	–	–	12,238	14,148
Other material non-cash items:												
Gain/(Loss) on disposal of property, plant and equipment	221	688	(135)	(53)	(16)	(6)	–	–	–	–	70	629
Gain/(Loss) on disposal of subsidiaries and joint ventures	22	232	–	129	–	–	–	–	–	–	22	361
Gain on disposal of available-for-sale financial assets	–	7,432	–	–	–	–	–	–	–	–	–	7,432
Property, plant and equipment written-off	–	(12,663)	–	–	–	–	–	–	–	–	–	(12,663)
Impairment loss on intangible assets	–	(987)	–	(2,082)	–	–	–	–	–	–	–	(3,069)
Insurance recovery	–	5,639	–	–	–	–	–	–	–	–	–	5,639
Impairment losses on trade and other receivables	(1,122)	(3,769)	(6,721)	(319)	(40)	7	(87)	(26)	–	–	(7,970)	(4,107)
Reportable segment profit before tax	61,135	54,707	18,264	29,822	15,626	20,808	34,203	33,373	–	–	129,228	138,710
Reportable segment assets	1,189,985	1,276,419	1,783,299	1,456,094	182,696	179,349	2,329,791	1,967,114	(140,002)	(401,964)	5,345,769	4,477,012
Investments in associates and joint ventures	50,343	53,918	–	–	995	1,020	8,596	7,847	–	–	59,934	62,785
Capital expenditure	225,132	41,578	394	5,940	532	537	398	323	–	–	226,456	48,378
Reportable segment liabilities	775,508	854,176	1,573,116	1,253,076	96,355	100,787	2,158,510	1,829,804	(140,002)	(401,964)	4,463,487	3,635,879

35 SEGMENT REPORTING (CONT'D)

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items

	2016 $'000	2015 $'000
Profit or loss		
Total profit or loss for reportable segments	129,228	138,710
Unallocated amounts:		
Corporate expenses*	(36,665)	(21,138)
Share of profits of associates and joint ventures	12,238	14,148
Consolidated profit or loss	104,801	131,720
Assets		
Total assets for reportable segments	5,345,769	4,477,012
Investments in associates and joint ventures	59,934	62,785
Assets held for sale	930	1,374
Other unallocated assets	5,836	8,583
Consolidated total assets	5,412,469	4,549,754
Liabilities		
Total liabilities for reportable segments	4,463,487	3,635,879
Liabilities held for sale	–	62
Other unallocated liabilities	44,938	45,747
Consolidated total liabilities	4,508,425	3,681,688

* *Corporate expenses include $21,800,000 (2015:$4,275,000) arising from an on-going project of which $13, 000, 000 has not been paid as at 31 December 2016.*

Geographical information

The logistics services and commodity marketing segments are managed on a worldwide basis and the Group operates principally in Singapore, China, Taiwan, Malaysia and other parts of Asia Pacific, Europe, Africa and South America. Engineering services are primarily in Singapore. Financial services operates mainly in China, Singapore and North America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical locations from which the Group derives its revenue. Segment non-current assets (other than loans and receivables, financial assets and deferred tax assets) are based on the geographical location of the assets.

	Revenue from external customers		Specified non-current assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
China	5,756,424	4,876,687	19,528	20,575
Asia Pacific	1,369,657	1,464,877	50,847	57,848
Singapore	918,082	1,073,843	675,412	497,397
Malaysia	188,365	1,160,192	12,221	3,858
Taiwan	262,651	818,106	–	–
Europe	423,951	360,160	156,647	165,556
North America	149,353	94,406	5,836	5,722
Africa	112,718	73,064	9,176	10,483
South America	70,653	10,284	554	509
	9,251,854	9,931,619	930,221	761,948

35 SEGMENT REPORTING (CONT'D)

Major customer

In 2016 and 2015, the Group had no major customer accounting for more than 10% of the consolidated revenue.

36 REVENUE

	Group	
	2016	**2015**
	$'000	**$'000**
Sale of commodities	8,211,662	8,848,918
Rendering of services	976,062	992,187
Construction income	37,688	62,434
Sale of goods	26,442	28,080
	9,251,854	9,931,619

37 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2016	**2015**
	$'000	**$'000**
Staff costs	253,647	247,019
Contributions to defined contribution plan included in staff costs	16,879	16,551
Operating lease expenses	107,085	115,207
Audit fees paid to:		
– Auditors of the Company	1,055	797
– Other auditors	1,434	1,465
Non-audit fees paid to:		
– Auditors of the Company	166	195
– Other auditors	306	527
Professional fees paid to a firm in which a director is a member	10	40
Depreciation of property, plant and equipment and investment property	37,530	37,179
Amortisation of intangible assets	7,900	10,465
Amortisation and reversal of deferred gains	(12,185)	(19,136)
Bad debts written-off	421	545
Allowance of impairment losses on:		
– Property, plant and equipment	–	1,281
– Intangible assets	–	3,069
– Loans and receivables	6,713	4,107
– Prepayments	1,257	–
– A subsidiary held for sale	–	1,517
(Gain)/Loss on disposal or liquidation of:		
– Property, plant and equipment	(70)	(629)
– Intangible assets	389	–
– Subsidiaries	–	(361)
– Joint ventures	(22)	–
Property, plant and equipment written-off	–	12,663

38 DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The compensation paid/payable to key management personnel, included in staff costs, are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Fees payable to directors of the Company	750	790
Senior management team remuneration*	22,485	24,380
Post-employment benefits	221	187
Other long-term employee benefits	131	–
	23,587	25,357

* *Represents short-term employee benefits*

39 FINANCE INCOME AND EXPENSES

	Group	
	2016	**2015**
	$'000	**$'000**
Exchange gain, net	–	72
Gain on disposal of wealth management product	3,549	–
Gain on disposal of available-for-sale financial assets	–	7,432
Gain on fair value adjustment of derivative financial instruments	204	106
Dividend income from available-for-sale financial assets and financial assets designated at fair value through profit or loss	2,773	4,303
Interest income:		
– Cash and cash equivalents	3,168	3,339
– Held-to-maturity financial assets	990	198
– Joint ventures, associates and related parties	175	204
– Interest charge to suppliers	3,715	5,730
– Interest charge to customers	4,075	6,078
– Interest charge to third parties	584	687
– Others	352	864
Finance income	19,585	29,013

39 FINANCE INCOME AND EXPENSES (CONT'D)

	Group	
	2016	2015
	$'000	$'000
Bank commissions	(9,912)	(10,342)
Exchange loss, net	(1,068)	–
Loss on fair value adjustment of derivative financial instruments	(222)	(382)
Loss on fair value change of financial assets	(9)	–
Interest expense:		
– Bank borrowings and other banking facilities	(28,202)	(23,532)
– Medium term notes	(10,290)	(11,892)
– Unwind of discount on deferred consideration	–	(158)
– Hire purchase and finance lease liabilities	(172)	(132)
– Related parties	(203)	(223)
– Others	(400)	(1,088)
Other finance cost	(5,857)	(3,221)
Finance expenses	(56,335)	(50,970)
Net finance expenses recognised in profit or loss	(36,750)	(21,957)

40 INCOME TAX EXPENSE

	Group	
	2016	2015
	$'000	$'000
Current tax expense		
Current year	18,159	29,136
Over provision in prior years	(1,906)	(483)
Withholding tax	8,224	467
	24,477	29,120
Deferred tax expense		
Origination and reversal of temporary differences	1,480	(11,298)
Over provision in prior years	(176)	(21)
	1,304	(11,319)
Total income tax expense	25,781	17,801

40 INCOME TAX EXPENSE (CONT'D)

Income tax recognised in other comprehensive income

	Before tax $'000	Tax expense $'000	Net of tax $'000
Group			
2016			
Defined benefit plan remeasurements	3,701	(341)	3,360
Foreign currency translation differences relating to foreign operations	1,154	–	1,154
Foreign currency translation differences relating to settlement of quasi-equity loans	(5,214)	–	(5,214)
Net change in fair value of available-for-sale financial assets	388	(695)	(307)
Effective portion of changes in fair value of cash flow hedges	454	–	454
Share of other comprehensive income of associates and joint ventures	(1,294)	–	(1,294)
	(811)	(1,036)	(1,847)
2015			
Defined benefit plan remeasurements	396	(44)	352
Foreign currency translation differences relating to foreign operations	23,936	–	23,936
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiaries	71	–	71
Net change in fair value of available-for-sale financial assets	(10,279)	176	(10,103)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon disposals	(7,493)	–	(7,493)
Effective portion of changes in fair value of cash flow hedges	601	–	601
Share of other comprehensive income of associates and joint ventures	(69)	–	(69)
	7,163	132	7,295

40 INCOME TAX EXPENSE (CONT'D)

	Group 2016 $'000	Group 2015 $'000
Reconciliation of effective tax rate		
Profit before income tax	104,801	131,720
Less:		
Share of profit of associates and joint ventures, net of tax	(12,238)	(14,148)
	92,563	117,572
Tax calculated using Singapore tax rate of 17%	15,736	19,987
Effect of different tax rates in other countries	2,731	(881)
Income not subject to tax	(4,839)	(6,831)
Tax incentives	(1,187)	(1,447)
Expenses not deductible for tax purposes	6,779	7,845
Effect of utilisation of tax losses and wear and tear allowances not previously recognised as deferred tax assets	(3,052)	(3,068)
Effect of deferred tax assets not recognised	3,471	2,233
Over provision in prior years	(2,082)	(504)
Withholding tax	8,224	467
	25,781	17,801

The utilisation of tax losses under the group relief system is subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

Certain tax returns of the Group entities (including the Company) for prior years have not yet been finalised with the respective tax authorities. In arriving at the current tax expense of the Group, management establishes the best estimate of the expenditure required to settle its current tax liabilities based on its actual experience of similar transactions in the past, and in some cases, advice from its legal advisors on certain transactions.

In respect of the gains recognised on sale and leaseback of certain leasehold buildings, the Group continues to treat the disposals of the leasehold buildings as capital transactions and accordingly, the gains on disposal of leasehold buildings including the accretion of the deferred gain over the leaseback period are therefore not subject to tax.

The Group did not recognise deferred tax liabilities relating to unremitted accumulated earnings in foreign subsidiaries amounting to $131,526,000 (2015: $271,389,000) as it is not probable that these earnings will be repatriated in the foreseeable future.

Subsequent to the tax affairs being finalised by the tax authorities, there may be significant adjustments affecting the Group's results in future periods as there is no absolute certainty that the relevant tax authorities would accept the tax treatments of certain income and expenses submitted by the Group.

41 EARNINGS PER SHARE

	Group	
	2016	**2015**
	$'000	**$'000**
The basic and diluted earnings per share are based on:		
Profit for the year attributable to shareholders	73,559	108,911
Issued ordinary shares at beginning of the year	600,305	600,305
Weighted average number of ordinary shares during the year	600,305	600,305

The Company does not have any dilutive potential ordinary shares in existence for the current and previous financial year.

42 NON-CONTROLLING INTERESTS ("NCI")

A subsidiary of the Group has material non-controlling interests:

Name	Country of incorporation/business	Ownership interests held by NCI	
		2016	**2015**
CWT Europe B.V.	Netherlands/Provision of storage and handling services	30%	30%

The following summarises the financial information of CWT Europe B.V. Group with material non-controlling interests, based on its consolidated financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

42 NON-CONTROLLING INTERESTS ("NCI") (CONT'D)

	CWT Europe B.V. Group $'000	Other individually immaterial subsidiaries $'000	Total $'000
2016			
Revenue	85,811		
Profit	4,697		
Other comprehensive income	(393)		
Total comprehensive income	4,304		
Attributable to NCI:			
- Profit	1,095	4,366	5,461
- Other comprehensive income	(138)	(982)	(1,120)
- Total comprehensive income	957	3,384	4,341
Non-current assets	87,976		
Current assets	26,316		
Non-current liabilities	(48,912)		
Current liabilities	(23,854)		
Net assets	41,526		
Net assets attributable to NCI	12,299	17,504	29,803
Cash flows from operating activities	13,575		
Cash flows used in investing activities	(3,643)		
Cash flows used in financing activities	(5,714)		
Net increase in cash and cash equivalents	4,218		
2015			
Revenue	82,192		
Profit	1,884		
Other comprehensive income	858		
Total comprehensive income	2,742		
Attributable to NCI:			
- Profit	71	4,937	5,008
- Other comprehensive income	18	(312)	(294)
- Total comprehensive income	89	4,625	4,714
Non-current assets	92,980		
Current assets	20,289		
Non-current liabilities	(49,090)		
Current liabilities	(25,818)		
Net assets	38,361		
Net assets attributable to NCI	11,390	17,274	28,664
Cash flows from operating activities	8,537		
Cash flows from investing activities	(1,717)		
Cash flows used in financing activities	(3,332)		
Net increase in cash and cash equivalents	3,488		

43 FINANCIAL RISK MANAGEMENT

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place whereby new customers are subject to credit evaluations based on available financial information and past experiences. The Group has established credit limits for customers and monitors their balances on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions, which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. There were no significant concentrations of credit risk.

The maximum exposure to credit risk for receivables classified as loans and receivables at the reporting date by business segment is:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Operating segment				
Logistics services	156,335	152,813	207,607	405,234
Commodity marketing	858,545	555,605	–	–
Engineering services	87,712	79,689	–	–
Financial services	1,409,593	1,308,247	–	–
	2,512,185	2,096,354	207,607	405,234
Non-current	15,232	19,457	95,242	107,594
Current	2,496,953	2,076,897	112,365	297,640
	2,512,185	2,096,354	207,607	405,234

Certain sales by the commodity marketing and financial services segments are generally secured by letter of credit. The Group generally does not require collateral for sales in other segments. As at 31 December 2016, trade receivables of the Group secured by letters of credit amounted to $345,254,000 (2015: $302,564,000).

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

The ageing of receivables classified as loans and receivables at the reporting date is:

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Group				
Not past due	2,447,401	–	1,569,082	(30)
Past due 1 – 30 days	35,588	–	487,874	(517)
Past due 31 – 90 days	19,111	(16)	15,664	(34)
Past due 91 – 180 days	6,816	(809)	16,648	(1,723)
Past due 181 – 365 days	8,106	(6,487)	2,359	(367)
Past due more than 1 year	6,052	(3,577)	10,856	(3,458)
	2,523,074	(10,889)	2,102,483	(6,129)

Impairment losses include allowance for impairment of non-trade amounts due from related parties, loans to subsidiaries, loans to joint ventures, loans to third parties and other receivables of $5,053,000 (2015: $1,326,000).

In 2015, loans and receivables past due 181-365 days of $1,148,000 and past due 91-180 days of $5,020,000 are secured by cash received from the related parties of the customers.

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Company				
Not past due	197,362	–	390,909	(96)
Past due 1 – 30 days	4,752	(23)	8,587	–
Past due 31 – 90 days	1,308	–	2,298	–
Past due 91 – 180 days	1,310	–	509	–
Past due 181 – 365 days	898	(686)	878	–
Past due more than 1 year	3,163	(477)	3,303	(1,154)
	208,793	(1,186)	406,484	(1,250)

Impairment losses include allowance for impairment of trade amount due from subsidiaries of $500,000 (2015: $1,036,000) and loans receivable from subsidiaries of $nil (2015: $96,000).

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

The changes in allowance for impairment losses in respect of receivables classified as loans and receivables during the year were as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	6,129	8,126	1,250	1,271
Allowance recognised/(reversed)	6,713	4,107	182	(21)
Disposal of subsidiary	–	(408)	–	–
Amounts written-off	(1,952)	(6,120)	(246)	–
Translation differences	(1)	424	–	–
At 31 December	10,889	6,129	1,186	1,250

The Group's primary exposure to credit risk arises through its trade and other receivables. Concentration of credit risk relating to these trade and other receivables is limited due to the Group's many varied customers, which are internationally dispersed. The Group assessed collectability based on historical default rates to determine the impairment loss to be recognised. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Management reviews the ageing of receivables classified as loans and receivables, and except for the impaired receivables, no impairment loss is necessary in respect of the remaining receivables due to the good track records and reputation of customers.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of funding as required. The Group monitors and maintains a level of cash and bank balances and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group aims at maintaining flexibility in funding by keeping adequate liquidity available. Where necessary and at the appropriate time, the Group would unlock cash from properties held to meet expansion needs.

The Group maintains adequate secured and unsecured loan facilities. As at 31 December 2016, the Group has unutilised loan facilities amounting to $3,517,261,000 (2015: $3,327,868,000) that are available to fund its working capital requirements and to service financing obligations.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The following are the expected contractual undiscounted cash outflows of financial liabilities including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	On demand $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group						
2016						
Medium term notes	302,185	(328,522)	–	(110,684)	(217,838)	–
Floating rate loans	615,904	(625,422)	–	(474,756)	(149,208)	(1,458)
Fixed rate loans	13,729	(15,821)	–	(3,494)	(6,334)	(5,993)
Hire purchase and finance lease liabilities	3,046	(3,366)	–	(928)	(2,322)	(116)
Revolving short-term trade facilities	935,643	(938,610)	–	(938,610)	–	–
Bank overdrafts	908	(908)	–	(908)	–	–
Trade and other payables*	2,360,665	(2,360,665)	(1,080,878)	(1,275,487)	(4,300)	–
	4,232,080	(4,273,314)	(1,080,878)	(2,804,867)	(380,002)	(7,567)
2015						
Medium term notes	301,858	(341,208)	–	(12,700)	(328,508)	–
Floating rate loans	346,151	(383,748)	–	(61,768)	(281,041)	(40,939)
Fixed rate loans	25,101	(28,109)	–	(10,565)	(8,124)	(9,420)
Hire purchase and finance lease liabilities	2,428	(2,738)	–	(779)	(1,938)	(21)
Revolving short-term trade facilities	751,395	(753,177)	–	(753,177)	–	–
Bank overdrafts	491	(491)	–	(491)	–	–
Trade and other payables*	2,076,001	(2,076,001)	(793,320)	(1,274,547)	(5,628)	(2,506)
	3,503,425	(3,585,472)	(793,320)	(2,114,027)	(625,239)	(52,886)

* *Excluding advance billings and billings in excess of costs incurred and recognised profits. Payables on demand relates to customer segregated funds.*

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Company					
2016					
Medium term notes	302,185	(328,522)	(110,684)	(217,838)	–
Floating rate loans	98,612	(107,004)	(21,899)	(85,105)	–
Hire purchase and finance lease liabilities	68	(82)	(41)	(41)	–
Trade and other payables	266,790	(266,790)	(266,790)	–	–
	667,655	(702,398)	(399,414)	(302,984)	–
2015					
Medium term notes	301,858	(341,208)	(12,700)	(328,508)	–
Floating rate loans	240,802	(267,340)	(17,793)	(208,608)	(40,939)
Hire purchase and finance lease liabilities	102	(123)	(41)	(82)	–
Trade and other payables	209,521	(209,521)	(209,521)	–	–
	752,283	(818,192)	(240,055)	(537,198)	(40,939)

The table below analyses the derivative financial instruments of the Group for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Maturity		
	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group			
2016			
Interest rate swaps	113	137	–
Commodities futures	162,473	–	–
Commodities forward contracts	455	–	–
Commodities options	647	–	–
Currency forward contracts	7,551	–	–
Commodities swaps	1,315	–	–
Fair value gain on commodity contracts	53	–	–
	172,607	137	–
2015			
Interest rate swaps	–	583	150
Commodities futures	63,046	–	–
Commodities forward contracts	620	–	–
Commodities options	3	–	–
Currency forward contracts	40	–	–
Commodities swaps	655	–	–
Fair value gain on commodity contracts	1,288	–	–
	65,652	583	150

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as equity prices, commodity prices, interest rates and foreign exchange rates, will affect the Group's income, or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Price risk

Price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk

The Group and the Company hold equity securities which are designated as available-for-sale investments, amounting to $29,972,000 (2015: $33,672,000) (Note 10). A 10% increase or decrease in the underlying equity prices at the reporting date with all other variables held constant would increase or decrease equity by $2,997,200 (2015: $3,367,200) respectively.

Commodity price risk

The Group uses derivative financial instruments such as commodity futures, commodity option contracts, commodity futures and commodity swaps to hedge certain exposures. The markets used are the London Metal Exchange ("LME") for base metals, such as copper, lead and zinc, the London Bullion Market Association ("LBMA") for gold and silver, and the Intercontinental Exchange ("NYSE: ICE") and the New York Mercantile Exchange ("NYMEX").

The following table presents the quantities by commodity, to which the Group is exposed to commodity price risk. Base metals, such as copper, lead and zinc are shown as, metric tons (mt), precious metals such as gold and silver are shown as ounces (oz).

	Copper mt	Lead mt	Zinc mt	Gold oz	Silver oz	Nickel/ Aluminium mt	Naphtha mt	Tin Ore mt
Group								
2016								
Gross exposure	108,106	7,487	5,977	190,681	2,542,241	38,178	(1,000)	47
Hedges	(104,500)	(7,600)	(6,650)	(192,962)	(2,432,412)	(38,178)	2,000	(35)
Net exposure	3,606	(113)	(673)	(2,281)	109,829	–	1,000	12
2015								
Gross exposure	33,842	1,281	16,166	49,805	867,324	77,276	(19,593)	–
Hedges	(33,889)	(1,687)	(16,125)	(49,967)	(833,681)	(77,313)	19,941	–
Net exposure	(47)	(406)	41	(162)	33,643	(37)	348	–

Exposure to commodity prices is covered by derivatives and therefore, changes to market prices are not expected to significantly impact the Group's financial performance. Changes in weight and content of the metals within the concentrates can impact the Group's financial performance.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk

The following loans and borrowings of the Group and the Company bear interests at floating rates (Note 28):

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
USD floating rate loans	450,372	41,708	–	–
SGD floating rate loans	162,507	304,251	98,612	240,802
EUR floating rate loans	3,025	192	–	–
USD floating rate revolving short-term trade facilities	931,932	751,395	–	–
EUR floating rate revolving short-term trade facilities	3,711	–	–	–
Bank overdrafts	908	491	–	–
	1,552,455	1,098,037	98,612	240,802

The Group's earnings are affected by changes in interest rates due to the impact such changes have on short-term cash deposits and debt obligations. The Group's debt obligations are mainly denominated in Singapore dollars and United States dollars. Generally, the Group adopts a conservative approach in interest risk management. The Group's policy is to maintain its borrowings in the appropriate currencies such as to balance risks and cost effectiveness.

The Group enters into interest rate swap contracts to hedge its interest rate risk.

Sensitivity analysis

In managing its interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, any prolonged adverse change in interest rates can have a significant impact on profit or loss.

For the variable rate bank loans, a change of 100 bp in interest rate at the reporting date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Profit before tax			
	Group		Company	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	$'000	$'000	$'000	$'000
2016				
Variable rate loans and borrowings	(15,525)	15,525	(986)	986
2015				
Variable rate loans and borrowings	(10,980)	10,980	(2,408)	2,408

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk

The Group operates internationally and is exposed to foreign currency risks arising from various currency exposures. Where possible, the Group seeks to minimise its foreign currency exposure in operations by matching its exposure to foreign currency receivables to its exposure to foreign currency payables. The Group may also explore using derivatives to hedge its foreign exchange risk.

The Group seeks to minimise its foreign currency exposures in foreign subsidiaries, associates and joint ventures by repatriating their earnings, where practicable. The Group also requires the foreign subsidiaries, associates and joint ventures to maintain their borrowings in the relevant foreign currencies which match their respective functional currencies.

In respect of the other monetary assets and liabilities held in currencies other than the functional currencies, the Group reviews the balances periodically to ensure the net exposure is kept at an acceptable level.

The Group's and Company's significant exposures to foreign currencies are as follows:

	US Dollar $'000	Singapore Dollar $'000	Euro $'000	Renminbi $'000
Group				
2016				
Non-current loan receivables	2,138	–	–	–
Current loan receivables	28,912	789	457	–
Trade and other receivables	44,012	5,865	4,906	225,039
Cash and cash equivalents	25,661	4,186	1,026	5,634
Trade and other payables	(71,393)	(195,344)	(3,344)	(238,675)
Loans and borrowings	–	(26)	(3,384)	–
Net statement of financial position exposure	29,330	(184,530)	(339)	(8,002)
Forward exchange contracts	(23,293)	17,834	122	56,414
Net exposure	6,037	(166,695)	(217)	48,412
2015				
Non-current loan receivables	2,781	–	27,562	–
Current loan receivables	61,487	1,136	463	–
Trade and other receivables	40,913	41,873	7,353	173,874
Cash and cash equivalents	26,486	5,267	3,941	6,532
Trade and other payables	(72,751)	(382,351)	(5,334)	(163,620)
Loans and borrowings	–	–	(1,410)	–
Net statement of financial position exposure	58,916	(334,075)	32,575	16,786
Forward exchange contracts	(55,109)	107,000	–	–
Net exposure	3,807	(227,075)	32,575	16,786

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk (cont'd)

	US Dollar		Euro	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Company				
Non-current loan receivables	–	33,902	–	–
Current loan receivables	28,746	26,809	–	–
Trade and other receivables	1,970	1,981	–	–
Cash and cash equivalents	6,881	10,602	157	1,172
Trade and other payables	(19,619)	(6,707)	(190)	(87)
Loans and borrowings	–	–	–	–
Net statement of financial position exposure	17,978	66,587	(33)	1,085
Forward exchange contracts	(22,208)	(55,109)	122	–
Net exposure	(4,230)	11,478	89	1,085

Sensitivity analysis

A 10% strengthening of the Group's major functional currencies against the following currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			Company		
	Equity	Profit before tax	Total	Equity	Profit before tax	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2016						
US Dollar	1,695	(2,299)	(604)	–	423	423
Singapore Dollar	13,505	3,165	16,670	–	–	–
Euro	–	22	22	–	(9)	(9)
Renminbi	–	(4,841)	(4,841)	–	–	–
	15,200	(3,953)	11,247	–	414	414
2015						
US Dollar	1,705	(2,086)	(381)	–	(1,148)	(1,148)
Singapore Dollar	19,635	3,073	22,708	–	–	–
Euro	–	(3,258)	(3,258)	–	(109)	(109)
Renminbi	–	(1,679)	(1,679)	–	–	–
	21,340	(3,950)	17,390	–	(1,257)	(1,257)

A 10% weakening of the Group's major functional currencies against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

Fair value hierarchy

The table below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques as described in note 2.4.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets and liabilities carried at fair value				
Group				
2016				
Available-for-sale financial assets	29,972	44	65,208	95,224
Financial assets designated at fair value through profit or loss	100	–	–	100
Derivative financial assets				
– Commodities futures	57,865	10,552	–	68,417
– Commodities forward contracts	–	37,822	–	37,822
– Commodities swaps	3,613	–	–	3,613
– Currency forward contracts	–	2,404	–	2,404
– Fair value gain on commodity contracts	537	–	–	537
	92,087	50,822	65,208	208,117
Derivative financial liabilities				
– Interest rate swaps	–	(250)	–	(250)
– Commodities futures	(161,719)	(754)	–	(162,473)
– Commodities forward contracts	–	(455)	–	(455)
– Commodities options	–	(647)	–	(647)
– Commodities swaps	(1,315)	–	–	(1,315)
– Currency forward contracts	–	(7,551)	–	(7,551)
– Fair value loss on commodity contracts	(53)	–	–	(53)
	(163,087)	(9,657)	–	(172,744)

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2015				
Available-for-sale financial assets	33,672	44	130,788	164,504
Financial assets designated at fair value through profit or loss	110	–	–	110
Derivative financial assets				
– Commodities futures	81,236	4,873	–	86,109
– Commodities forward contracts	–	33,042	–	33,042
– Commodities options	50	–	–	50
– Commodities swaps	3,127	–	–	3,127
– Currency forward contracts	–	492	–	492
– Fair value gain on commodity contracts	3,800	–	–	3,800
	121,995	38,451	130,788	291,234
Derivative financial liabilities				
– Interest rate swaps	–	(733)	–	(733)
– Commodities futures	(60,846)	(2,200)	–	(63,046)
– Commodities forward contracts	–	(620)	–	(620)
– Commodities options	(3)	–	–	(3)
– Commodities swaps	(655)	–	–	(655)
– Currency forward contracts	–	(40)	–	(40)
– Fair value loss on commodity contracts	(1,288)	–	–	(1,288)
	(62,792)	(3,593)	–	(66,385)
Company				
2016				
Available-for-sale financial assets	29,972	–	–	29,972
Derivative financial assets				
– Currency forward contracts	–	809	–	809
	29,972	809	–	30,781
Derivative financial liabilities				
– Currency forward contracts	–	(1,092)	–	(1,092)
2015				
Available-for-sale financial assets	33,672	–	–	33,672
Derivative financial assets				
– Currency forward contracts	–	118	–	118
	33,672	118	–	33,790
Derivative financial liabilities				
– Currency forward contracts	–	(95)	–	(95)

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets and liabilities not carried at fair value but for which fair value are disclosed*				
Group				
2016				
Non-current receivables	–	–	14,840	14,840
Held-to-maturity financial assets	216,889	–	–	216,889
	216,889	–	14,840	231,729
Medium term notes	–	(297,886)	–	(297,886)
Fixed interest rate bank loans	–	(16,222)	–	(16,222)
	–	(314,108)	–	(314,108)
2015				
Non-current receivables	–	–	19,043	19,043
Held-to-maturity financial assets	142,090	–	–	142,090
	142,090	–	19,043	161,133
Medium term notes	–	(298,950)	–	(298,950)
Fixed interest rate bank loans	–	(27,992)	–	(27,992)
	–	(326,942)	–	(326,942)
Company				
2016				
Non-current receivables	–	–	88,933	88,933
Medium term notes	–	(297,886)	–	(297,886)
2015				
Non-current receivables	–	–	89,611	89,611
Medium term notes	–	(298,950)	–	(298,950)

* *Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.*

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair value hierarchy (cont'd)

The following table shows the carrying amounts and fair values of significant non-financial assets, including their levels in the fair value hierarchy.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets measured at fair value				
Group				
2016				
Warrantable LME commodities	550,370	–	–	550,370
2015				
Warrantable LME commodities	306,298	–	–	306,298

Measurement of fair value

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Available-for-sale financial assets – convertible bonds	*Discounted cash flows:* The valuation model considers the present value of expected cash received upon redemption event, discounted using a risk-adjusted discount rate.	Risk-adjusted discount rate (6.93% (2015: 6.82%)); and Expected fair value of the property.	The estimated fair value would increase (decrease) if the risk-adjusted discount factor was lower (higher); and if the fair value of the property was higher (lower).
Available-for-sale financial assets – wealth management products	*Discounted cash flows:* The valuation model considers the present value of expected cash flows expected to be generated on maturity date due in 2016. The expected cash flows are discounted using risk-adjusted discount rate considering the credit risk of the pool of invested financial assets.	Risk-adjusted discount rate. Value of the underlying instruments.	The estimated fair value would increase (decrease) if the risk-adjusted discount factor was lower (higher).

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Measurement of fair value (cont'd)

Financial instruments measured at fair value (cont'd)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commodities forward contracts	*Market comparison technique:* The fair values are based on exchange or broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.
Commodities futures	*Market comparison technique:* The fair values are based on month end spot and forward prices received from broker.	Not applicable.	Not applicable.
Interest rate swaps	*Market comparison technique:* The fair values are based on market value (MTM value) provided by the bank.	Not applicable.	Not applicable.
Currency forward contracts	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Fixed interest rate bank loans	*Discounted cash flows.*	Discount rate.	Discount rate.
Group and Company			
Non-current receivables	*Discounted cash flows.*	Risk-adjusted discount rate.	The estimated fair value would increase (decrease) if the risk-adjusted discount rate was lower (higher).
Medium term notes	*Market comparison technique:* The fair values are based on bank quotes. The valuations are calculated on the basis of estimated mid-market levels.	Not applicable.	Not applicable.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Measurement of fair value (cont'd)

Non-financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Investment property	*Market comparison technique:* The fair value is based on market price of a similar property near the location.	Not applicable.	Not applicable.

Transfer between Level 1 and Level 2

There were no transfers from Level 1 to Level 2 nor the opposite direction in the reporting and comparative period.

Level 3 fair value

The following table shows a reconciliation for Level 3 fair value:

	Available-for-sale financial assets	
	2016	**2015**
	$'000	**$'000**
Group		
2016		
At 1 January	130,788	61,281
Purchases	876	70,544
Sales	(70,544)	–
Total losses for the year included in other comprehensive income ("OCI") – net change in fair value	4,088	(1,037)
At 31 December	65,208	130,788

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Measurement of fair value (cont'd)

Sensitivity analysis

For the fair values of the available-for-sale financial assets, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	OCI, net of tax	
	Increase	**Decrease**
	$'000	**$'000**
31 December 2016		
Risk-adjusted discount rate (1% movement)	(251)	255
Expected fair value of the property (10% movement)	730	(730)
31 December 2015		
Risk-adjusted discount rate (1% movement)	(978)	996
Expected fair value of the property (10% movement)	675	(675)

Offsetting financial assets and liabilities

The disclosures set out in the table below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement.

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial assets/ liabilities offset in the statement of financial position	Net amounts of financial assets/ liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position – financial instruments	Net amount
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
2016					
Type of financial assets					
Derivatives	367,635	(254,842)	112,793	–	112,793
Type of financial liabilities					
Derivatives	427,586	(254,842)	172,744	–	172,744
2015					
Type of financial assets					
Derivatives	257,226	(130,606)	126,620	–	126,620
Type of financial liabilities					
Derivatives	196,992	(130,606)	66,386	–	66,386

44 COMMITMENTS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Capital commitments:				
– contracted for but not provided	51,543	237,861	46,583	228,538
– authorised but not contracted	52,045	16,322	50,000	–
	103,588	254,183	96,583	228,538

The Group and Company lease land, warehouse facilities, offices and motor vehicles under operating leases. The leases typically run for an initial period of 1 to 50 years, with an option to renew the lease after the expiry dates. Lease payments for land are revised on an annual basis to reflect the market rental whilst other lease payments are revised on renewal of lease contracts to reflect market rental. None of the leases include contingent rental.

At the reporting date, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within 1 year	89,974	99,891	59,378	69,817
After 1 year but within 5 years	106,010	143,129	43,796	87,510
After 5 years	292,259	291,570	97,141	99,166
	488,243	534,590	200,315	256,493

The Group and the Company contracted out part of their leasehold buildings to clients under logistic contracts. The contracts typically run for an initial period of 1 to 6 years. Rates are revised at renewal of contract to reflect market rate. None of the contracts include contingent payments. The non-cancellable contract payments receivable are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within 1 year	76,708	47,216	102,533	73,656
After 1 year but within 5 years	94,013	98,705	92,106	118,544
After 5 years	10,810	29,423	10,810	30,910
	181,531	175,344	205,449	223,110

45 CONTINGENCIES

The Group is subject to various litigation, regulatory, and arbitration matters in the normal course of business. The Group vigorously defends against these claims and, in the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Group.

46 RELATED PARTIES

During the financial year, other than those disclosed elsewhere in the financial statements, the Group had the following significant related party transactions on terms agreed between the parties:

	Entities in which directors have an interest $'000	Associates $'000	Joint ventures $'000	Other related parties $'000
Group				
2016				
Sales of goods and/or services	174	17,347	6,314	7
Purchase of goods and/or services	2,776	4,932	4,910	–
Rental paid	1,344	–	–	–
Interest income from loan	–	156	16	–
2015				
Sales of goods and/or services	388	20,847	9,165	10
Purchase of goods and/or services	3,988	8,408	4,426	1,460
Rental paid	1,411	956	–	–
Interest income from loan	–	138	16	50

47 SUBSEQUENT EVENTS

The significant subsequent events that arose after 31 December 2016 are as follows:

(a) The directors declared an interim one-tier dividend of 3.0 cents per ordinary share amounting to $18,009,140 (2015: $36,018,279). The dividend has not been provided for in the financial statements as at 31 December 2016; and

(b) On 13 March 2017, the Company fully redeemed its Series No. 002, $100,000,000 4.0% fixed rate notes under the Group's $500,000,000 Multicurrency Debt Issuance Programme.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting of the shareholders of CWT Limited (the "**Company**") will be held at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039 on 28 April 2017 at 5.00pm for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions relating to both ordinary and special businesses which will be proposed as ordinary resolutions.

ORDINARY BUSINESS

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

2. To approve a final one-tier cash dividend of three (3) cents per share (or a total net dividend of S$18,009,139.50 for the financial year ended 31 December 2016. **(Resolution 2)**

3. To approve Directors' fees of S$750,000 for the financial year ended 31 December 2016 (2015: S$790,000). **(Resolution 3)**

4. To re-elect the following Directors pursuant to Article 92 of the Company's Constitution and who, being eligible, will offer themselves for re-election:

   Loi Kai Meng **(Resolution 4)**

   Liao Chung Lik **(Resolution 5)**

5. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

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

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

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

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

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues,

   at any time and upon such terms and conditions, and for such purposes, and to such persons as the Directors may in their absolute discretion deem fit; and

   (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

   (1) 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 but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50 percent of the total number of issued Shares excluding any treasury shares (as calculated in accordance

with sub-paragraph (2) below) of which the aggregate number of Shares to be issued 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 but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20 percent of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above:

(i) the total number of issued Shares, excluding treasury shares, shall be calculated based on the total number of issued Shares, excluding treasury shares, at the time this Resolution is passed, after adjusting for:

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

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

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

(ii) in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) 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 Constitution for the time being of the Company; and

(4) (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 by law to be held, whichever is the earlier[1]. **(Resolution 7)**

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

Explanatory Notes:

(1) Ordinary Resolution No. 7, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further Shares and Instruments in the Company, including a bonus or rights issue. The maximum number of Shares which the Directors may issue under this Resolution shall not exceed the quantum set out in the Resolution.

By Order of the Board

Madam Lye Siew Hong (Mrs Lynda Goh)
Company Secretary
13 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. If a proxy is to be appointed, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney, must be duly deposited at the registered office of the Company at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

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 relating to the Annual General Meeting (including any adjournment thereof); and

(ii) warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

CWT LIMITED
(Company Registration No.: 197000498M)
(Incorporated in the Republic of Singapore)

PROXY FORM

FOR ANNUAL GENERAL MEETING

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting and vote must submit their voting instructions to their CPF Approved Nominees so that their CPF Approved Nominees may register within the specified time frame, with the Company.
4. **Please read the notes to the Proxy Form.**

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

*I/We ____ of

____

being a *member/members of CWT Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

or failing *him/her, the Chairman of the Annual General Meeting (the "**Annual General Meeting**") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039 on 28 April 2017 at 5.00pm and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

* Please delete whichever is not applicable accordingly.

No.	ORDINARY RESOLUTIONS	For	Against
1.	Approval and adoption of Audited Accounts for the financial year ended 31 December 2016 and the Directors' Statement and the Auditors' Report thereon		
2.	Approval of the final dividend for the financial year ended 31 December 2016		
3.	Approval of the Directors' fees for the financial year ended 31 December 2016		
4.	Re-election of Loi Kai Meng as Director		
5.	Re-election of Liao Chung Lik as Director		
6.	Re-appointment of Auditors and authorising the Directors to fix their remuneration		
7.	Authorise Directors to allot and issue new shares		

Please indicate your vote with a tick (✓) within the boxes above either **"For"** or **"Against"** the respective resolutions.

Signed this ______________ day of ______________ 2017.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s) or Common Seal

IMPORTANT:

Please read the notes below:

Notes:

1. Please insert the total numbers of shares held by you on the Proxy Form. If you have shares entered against your name in the Depository Register (as defined in Section 81F of the Securities and Futures Act (Cap. 289) ("**SFA**")), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointments shall be in the alternative unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
   A "relevant intermediary" means:
   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (b) a capital markets services licence holder which provides custodial services for securities under the SFA and holds shares in that capacity; or
   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039, not less than 48 hours before the time appointed for the Annual General Meeting.

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

7. Where the instrument of proxy is executed by an attorney, the relevant power of attorney or an office copy or notarially certified copy of the power of attorney must be received by the Company at least 48 hours before the time notified for the Annual General Meeting.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2017.

CWT LIMITED
38 Tanjong Penjuru
CWT Logistics Hub 1
Singapore 609039
Tel: +65 6262 6888
Fax: +65 6261 2373
Email: e-mail@cwtlimited.com
www.cwtlimited.com

Company Registration No.: 197000498M