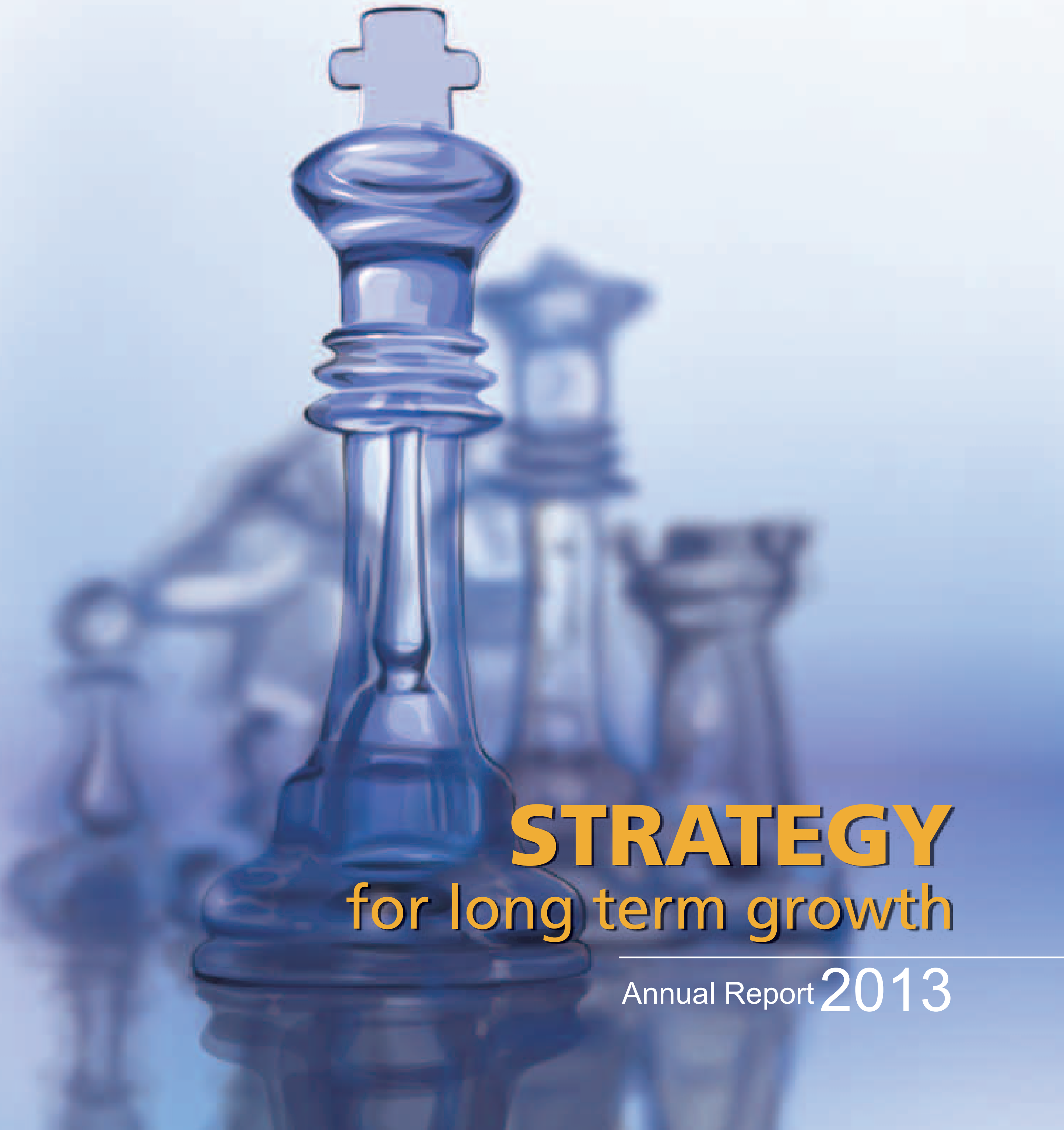
NEW TOYO
International Holdings Ltd



STRATEGY
for long term growth

Annual Report 2013

NEW TOYO International Holdings Ltd

Annual Report 2013

Introduction

Founded in 1975, today New Toyo is one of the largest producers of specialty packaging materials in the Asia Pacific Region. Our operations are strategically located in Singapore, Malaysia, Vietnam, Australia, China and Thailand to serve both multinational corporations and local customers. For over 30 years, we have built and continue to build a business which is focused on improving and perfecting the quality of our products and meeting our customers' needs. Today with numerous applications for packaging materials, we are constantly upgrading our capabilities to stay abreast of the latest changes and improving productivity to stay competitive.

Key Figures

Revenue
S$281.9 M

Total Assets
S$271.2 M

Profit Before Tax
S$25.3 M

Operating Cashflow
S$23.3 M

Net Asset Value Per Share
35.64 cents

Dividend Per Share*
3.98 cents

Earnings Per Share
3.59 cents

* Includes one-off special dividend of 2.28 cents paid in 2013.

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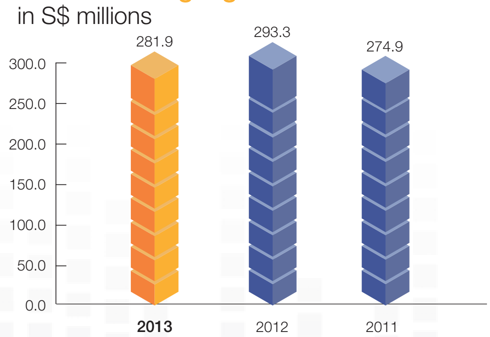
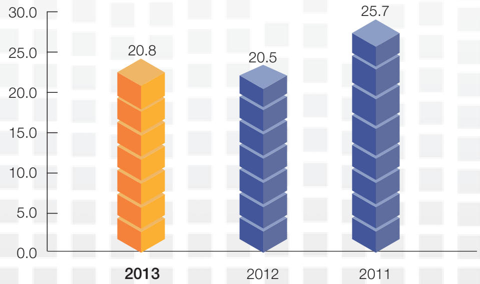
Message and Business Review by the Chairman and CEO

Gary Yen
Chairman

Three Year Highlights – Total Revenue
in S$ millions



Three Year Highlights – Net Profit After Tax
in S$ millions



Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present to you, our shareholders, the Group's 2013 annual report.

We achieved another year of satisfactory results, despite more difficult market conditions in some countries where our Printed Cartons and Labels business operated, primarily caused by tougher government legislations.

Earnings per share improved 6.5% to 3.59 cents as compared to 3.37 cents in the previous year. In order to reward our shareholders, we paid a special dividend of $10m during the year, which contributed to the lower net asset value per share of 35.64 cents compared to 36.57 cents in the previous year. Operating cash flow remained healthy at $23.3m.

While the Group remains focused on its core businesses, as part of our longer-term growth initiatives, the Board evaluated several new investment opportunities during the year but these did not materialize mainly due to unacceptable returns and/or risk concerns.

The Board is pleased to propose a final dividend of 0.90 cents per share, bringing the full year dividend to 3.98 cents per share (being ordinary dividend of 1.70 cents plus a special dividend of 2.28 cents). Total cash dividend payment this year is $17.5m compared to $7.5m in the previous year.

We would like to thank all our employees for their dedication and contribution.

We would also like to thank all of New Toyo's stakeholders, including customers, shareholders and suppliers for their continuous support.

Looking ahead at 2014, while market conditions may appear more uncertain, the business sentiments in the industry we operate in remain positive and we also see opportunities. We will continue to embark on initiatives to improve our bottom line and to reward our shareholders whenever possible.

George Lee
Chief Executive Officer

Performance Review

The Group's revenue for the year decreased 3.9% to $281.9m, as compared with $293.3m in the previous year. This was mainly attributable to lower sales in the Printed Cartons and Labels and Trading businesses, resulting from reduction in demand and changes in product mix.

The Group's profit after tax however, increased 1.5% to $20.8m as compared to $20.5m in the previous year, mainly from the contribution of Specialty Papers Business and disposal of the Nanning asset.

The Group's balance sheet continued to strengthen with an improved debt to equity ratio of 22.1% as compared with 25.6% in the previous year.

Specialty Papers ("SP") Business Performance

The SP business produces mainly coated and laminated paper with materials such as foil, metallised-polyesters. They have also started to increase their product range to include paper cones, paper plates and paper cups. The business currently has plants in four countries (Singapore, Malaysia, Vietnam and Thailand) and a contract manufacturing base in China.

The SP business improved in 2013 as they regained market share in Asia Pacific, mainly through new supply contracts that they secured from two major customers in the region as well as increased sales to Middle East and the Sub-continent. This resulted in an increase in revenue of 9.3% to $98.6m as compared to $90.2m in the previous year. Profit before tax also improved 43.4% to $7.6m as compared to $5.3m in the previous year. The SP business accounted for 35.0% of the Group's total revenue.

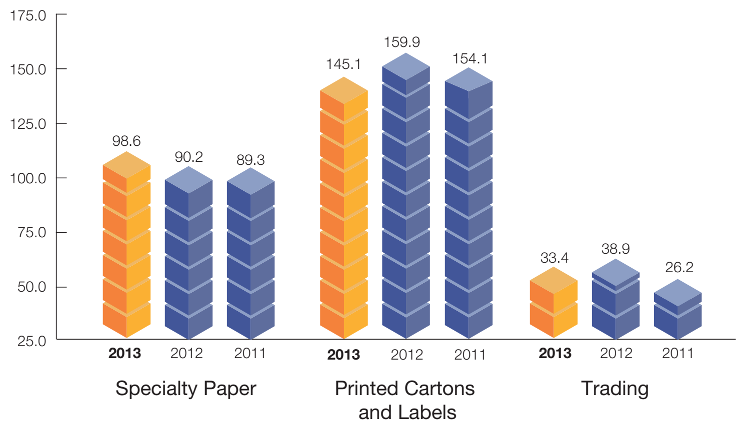
Printed Cartons and Labels ("PCL") Business Performance

The PCL business produces mainly gravure and offset printed materials for fast moving consumer goods such as cigarette cartons, cereal boxes and beer labels. The Group is the main supplier to a major tobacco customer in the Asia Pacific region, with a long term exclusive supply contract. The PCL business has also successfully increased their customer base to other major tobacco customers in the region. The business currently has four plants in three countries (Australia, Malaysia and Vietnam).

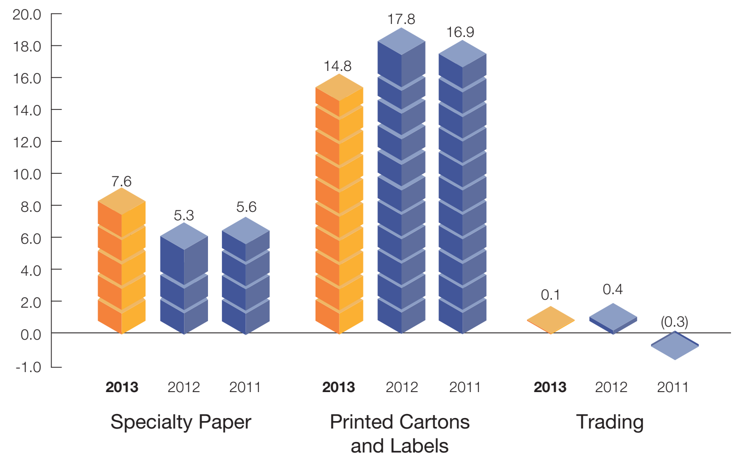
The PCL business was affected by lower demand, attributable to product packaging, legislation and excise duty changes in some of the markets that we operate in. Despite the challenges, we retained our major customers and would continue to expand our market share as PCL business remains the key contributor to the Group.

Message and Business Review by the Chairman and CEO

Three Year Highlights – Revenue by Division
in S$ millions



Three Year Highlights – Profit Before Tax by Division
in S$ millions



Revenue decreased 9.3% to $145.1m compared to $159.9m in the previous year. Profit before tax also decreased 16.9% to $14.8m compared to $17.8m in the previous year, partially affected by the provision for redundancy in a subsidiary of $1.1m. The PCL business accounted for 51.5% of the Group's total revenue.

Other Business Performance

Other business is represented by the Corrugated Containers ("CC"), Trading and Printing Ink businesses.

The CC business produces mainly corrugated cartons and sheets for general packaging in the fast moving consumer goods, electronics and furniture industries. This business currently operates one plant in Vietnam under a joint venture with a major tobacco customer.

The Trading business supports the core businesses of the Group by managing the raw material pricing structure as well as selling finished products in countries where the Group does not operate in. Some of the products that are traded are chemical, foil, paper and board, printed materials and acetate-tow.

The Printing Ink business is a joint venture setup to supply printing ink for the Group's internal requirements in the PCL and SP businesses as well as external customers.

In 2013, the performance of other business decreased compared to 2012 mainly due to lower demand in the Trading and Printing Ink businesses.

Board Change

Mr. Gary Yen, the Non-Executive Chairman of the Company, will be retiring as a Director (and consequently as Chairman) and will not be seeking re-election at the forthcoming Annual General Meeting ("AGM") of the Company in April 2014. In addition, Mr. Ronnie Teo Heng Hock and Prof. Lee Chang Leng Brian have decided to retire and not seek re-election/re-appointment at the forthcoming AGM. We would like to extend our gratitude and appreciation to Mr. Gary Yen, Mr. Ronnie Teo and Prof. Lee for their invaluable contributions during their terms in office and wish them well in their future endeavours.

We are pleased to announce that Ms. Angela Heng Chor Kiang and Mr. David Lim Teck Leong joined as Directors of the Company with effect from 27 March 2014. Ms. Angela Heng is appointed as an Executive Director and will be the Executive Chairman of the Company at the conclusion of the forthcoming AGM (subject to her re-election as a Director). Mr. David Lim Teck Leong is appointed as a Non-Executive and Independent Director.

Gary Yen
Chairman

George Lee
CEO

Board of Directors

From left to right:
Gary Yen, George Lee Chee Whye, Brian Lee Chang Leng, Victoria Tay Seok Kian, Ronnie Teo Heng Hock, Tengku Tan Sri Dr Mahaleel bin Tengku Ariff

Gary Yen

Chairman

Mr. Yen was appointed as Non-Executive Chairman in October 2011. Prior to this appointment, Mr. Yen served as the Chief Executive Officer of the Company. He is also a member of the Audit and Nominating Committees. Mr. Yen has over 15 years of experience in the cigarette packaging and paper industries. He holds a Bachelor in Commerce (Accounting) degree from the Flinders University of South Australia. He presently sits on the board of other public listed companies including Tien Wah Press Holdings Berhad and Shanghai Asia Holdings Limited. He will be retiring as a Non-Executive Chairman in the forthcoming Annual General Meeting on 25 April 2014.

George Lee Chee Whye

Executive Director & Chief Executive Officer

Mr. Lee first joined New Toyo Aluminium Paper Product Co. (Pte) Ltd, a subsidiary of New Toyo International Holdings Ltd, as the Operations Manager in March 2005 and was subsequently promoted to Business Head of Specialty Papers Division in October 2006. In October 2011, he was appointed as Acting CEO of the Group and subsequently assumed his current position as the Chief Executive Officer of the Company in July 2012. He holds a Bachelor in Computer Science with Business degree and has more than 15 years of senior management, operations and marketing experience.

Board of Directors

Brian Lee Chang Leng

Non-Executive and Independent Director

Prof. Lee is a member of the Audit and Remuneration Committees of the Company. He has served as Vice President and Member of the Board of Trustees and Council of the Institution of Electrical Engineers, United Kingdom. He is also a Fellow of the Institution of Engineering and Technology, United Kingdom, Academy of Engineering, Singapore and Institution of Engineers, Singapore. In addition, he is a registered Professional Engineer in Singapore and a Chartered Engineer in the United Kingdom.

Prof. Lee holds a Bachelor of Engineering and Master of Engineering Science degrees in electrical engineering from the University of New South Wales, Sydney, Australia. He has 18 years of engineering and manufacturing experience in the electrical and electronic industry in Australia and Singapore at both senior technical and management levels prior to joining the Nanyang Technological University as the founding dean of the School of Electrical and Electronic Engineering. Prof. Lee is the Non-Executive Chairman of Tai Sin Electric Limited, which is a public listed company.

Ronnie Teo Heng Hock

Non-Executive and Lead Independent Director

Mr. Teo is the Chairman of the Audit Committee, member of the Nominating and Remuneration Committees of the Company. He has been appointed as the Lead Independent Director of the Company with effect from 1 January 2014. Mr. Teo has worked in several major banking and financial institutions covering areas in corporate lending, treasury, consumer and investment banking over a period spanning more than 20 years. He was previously Managing Director of DBS Asset Management Ltd and General Manager of DBS Finance Ltd. Mr. Teo is presently an Independent Director of Berger International Ltd, Uni-Asia Finance Corporation and Engro Corporation Ltd and a director of the Yeoman 3-Rights Value Asia Fund.

Mr. Teo holds a Bachelor of Social Sciences (Honours) degree in Economics from the University of Singapore and has attended the International Management Programme for Senior Executives conducted by Henley Management College, United Kingdom.

Tengku Tan Sri Dr Mahaleel bin Tengku Ariff

Non-Executive Director

Tengku Mahaleel has a diverse career, having started his career in Nestle Malaysia Berhad, then joining Shell Malaysia for 20 years and then Proton Holdings Berhad as the Group Chief Executive Officer. He left Proton Board and retired from Nestle Board. Tengku Mahaleel is now the Non-Executive Chairman of Tien Wah Press Holdings Berhad ("TWPH"). He has over 40 years experience in the food, paper cigarette, oil, marine, aviation, car and motorcycle industries and has represented Malaysia in the Asia Pacific Economic Council and the Asean Business Advisory Council.

Tengku Mahaleel graduated from the University of Malaya in 1970 with a Bachelor of Arts (Honours) and has attended courses at Harvard, London School of Economics and the Manchester Business School on Strategy, Strategic Management and Marketing. He sits on the board of other public listed companies including TWPH. He is also a trustee of Perdana Global Peace Foundation, a Distinguished Advisor to University of Science Malaysia and the President of Badminton Association Malaysia.

Victoria Tay Seok Kian

Non-Executive and Independent Director

Ms. Tay is the Chairman of the Nominating and Remuneration Committees. She has over 14 years of working experience in the field of Human Resources in Singapore, Australia and Hong Kong in diverse industries such as in the FMCG, Financial Services and Healthcare. Ms. Tay holds a Bachelor of Commerce (Accounting) degree from the Flinders University of South Australia. She is a member of the Institute of Singapore Chartered Accountants, a member of CPA Australia and a member of Singapore Human Resources Institute.

Angela Heng Chor Kiang

Executive Chairman (w.e.f. the conclusion of the forthcoming Annual General Meeting, subject to her re-election as a Director)

Ms. Heng joined the New Toyo Group in the 1970s. She was one of the pioneers of the Company and was instrumental in setting up the administration and accounts departments and later responsible for the sales and marketing activities of the Group.

In 1990, she assumed the position of General Manager of New Toyo Aluminium Paper Product Co (Pte) Ltd and brought this unit to ISO 9002 certification in 1996; paving the way for many other New Toyo units to follow likewise. She started New Toyo International Co (Pte) Ltd in 1992 and served as its director till 1995. She was one of the key personnel involved in the listing of the Group on the main board of the Singapore Exchange Securities Trading Limited in 1997. She was appointed the Deputy Chairperson of the Company from 1997 to 1999 and the President for Asia Pacific from 2002 to 2006. She is currently the Director of the Group's trading business and Head of Business Development for Special Projects.

Ms. Heng has accumulated more than 20 years of experience in the lamination industry, more than 10 years of experience in the printing business and more than 25 years in senior management and operations.

She served on the Management Committee of Care Community Services Society of Singapore from 2000 to 2003.

David Lim Teck Leong

Non-Executive and Independent Director

Mr. Lim is the founder and Managing Partner of David Lim & Partners LLP with over 30 years of experience in corporate finance and litigation. He has represented multiple corporations from a myriad of sectors including finance and banking, fund management, private equity, oil and gas, healthcare, construction, information technology and communications, among others. He is an Independent Director of Croesus Retail Asset Management Pte Ltd, the Trustee Manager of Croesus Retail Trust, LH Group Limited and G.K. Goh Holdings Limited. He sits on the boards of private companies in Singapore, Indonesia and Thailand in a non-executive capacity.

Mr. Lim is a Fellow of the Singapore Institute of Directors and Honorary Legal Advisor (for David Lim & Partners LLP) to Singapore Physiotherapy Association. He qualified as a Barrister-at-Law at Gray's Inn, London, UK. He is admitted as an Advocate & Solicitor of the Supreme Court of Singapore.

Senior Management

Jacco Dijke

Head of Business Printed Cartons and Labels

Mr. Dijke was appointed as the Business Head of Printed Cartons and Labels Division in August 2011. He is also the Group General Manager of Tien Wah Press Holdings Berhad. Mr. Dijke joined the Group in April 2010 as Business Development Manager and was subsequently promoted to Key Account Manager. He has over 16 years of experience in sales management and his experience includes sales and business development through close collaboration with large MNC customers. Prior to joining the Group, he worked with international packaging companies throughout Australasia. He holds a Bachelor of Engineering Degree from University of Newcastle, Australia.

Lionel Yap Chee Cheong

Head of Business Specialty Papers

Mr. Yap was appointed as the Business Head of Specialty Papers Division in July 2012. Mr. Yap is responsible for the revenue growth, profitability and long term sustainability for Specialty Papers business in the Group. He joined the Group as Finance and Operations Assistant Manager in April 2007. He was subsequently promoted to General Manager of New Toyo Aluminium Paper Product Co. (Pte) Ltd. Prior to joining the Group, Mr. Yap was the Group Accountant and Business Manager for a foreign international school based in Singapore. He is a member of the Institute of Singapore Chartered Accountants (ISCA).

Lucy Cher Soon Eng

Chief Financial Officer

Ms. Cher joined the Group in January 2013 and is responsible for the Group's corporate finance activities, investor relations and all aspects of the treasury, financial and accounting functions. Before joining the Group, she worked in Caterpillar, Aegion and PriceWaterhouse Singapore. She is a Chartered Accountant with the Institute of Chartered Accountants of England and Wales (ICAEW) and holds a Master of Applied Finance from Macquarie University in Sydney, Australia and a Bachelor of Accountancy from the National University of Singapore. She is also a member of the ISCA.

New Toyo's Business Divisions

Specialty Papers

The Specialty Papers product range includes laminated aluminium foil paper, coated paper and metalised paper and metalised polyethylene terephthalate. These products are applied mainly in cigarette packaging, food, beverages, wine and liquor, tissue boxes, cosmetic packaging and gift-wrapping.

- New Toyo Aluminium Paper Product Co. (Pte) Ltd
- Paper Base Converting Sdn Bhd
- Vina Toyo Company Ltd
- New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd
- New Toyo Paper Products (Shanghai) Co., Ltd
- Thai Toyo Aluminium Packaging Co., Ltd*

Printed Cartons & Labels

The Printed Cartons and Labels business division has two main types of printing, gravure and lithography. Gravure printing is a specialised high speed printing process used for the printing of high quality paper prints mainly for cigarette packaging. Lithography or offset printing is mainly suited for the supply of folded cartons and labels for fast moving consumer goods.

- Tien Wah Press (Malaya) Sdn Bhd
- Alliance Print Technologies Co., Ltd
- Toyo (Viet) Paper Product Co., Ltd
- Anzpac Services (Australia) Pty Ltd
- Max Ease International Limited

Others

Others include the Corrugated Containers, the Trading, the Printing Ink businesses and the investment holding companies.

- New Toyo International Holdings Ltd
- New Toyo International Co (Pte) Ltd
- Alliance Innovative Solutions Pte Ltd
- Tien Wah Press Holdings Bhd
- Vina Toyo Company Ltd
- Fast Win Enterprise Limited

Singapore

Malaysia

Vietnam

Australia

Hong Kong

Thailand

China

Note: Includes only major subsidiaries and associates (marked with an *) of the Group

Financial Highlights

Three-Year Financial Summary

	2013	2012	2011
Condensed Consolidated Profit & Loss Information (S$'000)			
Revenue^	**281,850**	293,285	274,937
Earnings before interest, tax, depreciation and amortisation (EBITDA) ^	**38,665**	39,242	45,290
Profit before interest and tax ^	**26,089**	26,293	32,732
Profit from ordinary activities before taxation ^	**25,273**	24,373	29,273
Net profit for the year	**20,770**	20,531	25,685
Attribute to:			
Equity holders of the company	**15,758**	14,800	19,806
Non-controlling interests	**5,012**	5,731	5,879
Condensed Consolidated Balance Sheet Information (S$'000)			
Total assets	**271,231**	287,288	321,463
Cash and cash equivalents	**59,860**	42,597	26,185
Total liabilities	**75,586**	88,283	123,092
Bank borrowings	**34,546**	41,041	73,625
Shareholders' equity	**156,600**	160,717	160,367
Cashflow Information (S$'000)			
Operating cashflow	**23,258**	37,317	43,011
Per Share Data (S$ cents)			
Earnings per share			
– basic	**3.59**	3.37	4.51
– fully diluted	**3.59**	3.37	4.51
Net asset value per share	**35.64**	36.57	36.49
Dividend per share	**3.98**	1.70	1.94
Share Information			
Number of shares in issue ('000)	**439,425**	439,425	439,425
Weighted average number of shares in issue ('000)			
– basic	**439,425**	439,425	439,425
– fully diluted	**439,425**	439,425	439,425

Note: ^ continuing operations

NEW TOYO
International Holdings Ltd

STATUTORY REPORTS

Directors' Report

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 2013.

Directors

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

Gary Yen
Lee Chee Whye
Prof Lee Chang Leng Brian
Ronnie Teo Heng Hock (Appointed on 14 May 2013)
Tay Seok Kian
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore 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, debentures, warrants and share options 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 at the beginning of the year/date of appointment	Holdings at the end of the year
Gary Yen		
The Company		
– ordinary shares		
– interests held	99,939	299,939
– deemed interests	1,693,200	1,693,200
Tay Seok Kian		
The Company		
– ordinary shares		
– interests held	30,000	30,000

Except as disclosed in this report, 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 of the financial year, or date of appointment if later, 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 2014.

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.

Directors' Report

Except as disclosed in this report and in note 26 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of 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.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

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

• Tang See Chim (Chairman)	Independent non-executive director	(Retired on 26 April 2013)
• Ronnie Teo Heng Hock (Chairman)	Independent non-executive director	(Appointed on 14 May 2013)
• Prof Lee Chang Lee Brian	Independent non-executive director	
• Gary Yen	Non-executive director	

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

The Audit Committee has held four meetings since the last directors' report. 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 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.

Directors' Report

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 and subsidiaries, the Board of Directors have complied with Rules 712, 715 and 716 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

Gary Yen
Director

Lee Chee Whye
Director

25 March 2014

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 20 to 96 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, 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.

On behalf of the Board of Directors

Gary Yen
Director

Lee Chee Whye
Director

25 March 2014

Independent Auditors' Report

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Hong Leong Building
Singapore 048581

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Fax +65 6225 0984
Internet www.kpmg.com.sg

Members of the Company
New Toyo International Holdings Ltd

Report on the financial statements

We have audited the accompanying financial statements of New Toyo International Holdings Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 20 to 96.

Management's responsibility for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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

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

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

Independent Auditors' Report

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2014

Statements of Financial Position

As at 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, plant and equipment	4	**89,245**	95,476	**59**	142
Investment properties	5	**9,157**	10,722	**–**	–
Subsidiaries	6	**–**	–	**102,196**	101,812
Associates	7	**6,457**	34,897	**1,294**	1,294
Other investments	8	**2,199**	2,164	**626**	626
Intangible assets	9	**9,786**	11,392	**–**	–
Deferred tax assets	17	**1,766**	1,959	**–**	–
		118,610	156,610	**104,175**	103,874
Current assets					
Inventories	10	**49,518**	46,487	**–**	–
Trade and other receivables, including derivatives	11	**43,243**	41,594	**9,543**	7,630
Cash and cash equivalents	12	**59,860**	42,597	**28,721**	12,344
		152,621	130,678	**38,264**	19,974
Total assets		**271,231**	287,288	**142,439**	123,848
Equity					
Share capital	13	**132,102**	132,102	**132,102**	132,102
Other reserves	13	**(10,896)**	(8,510)	**77**	77
Accumulated profits/(losses)		**35,394**	37,125	**(18,560)**	(19,836)
		156,600	160,717	**113,619**	112,343
Non-controlling interests		**39,045**	38,288	**–**	–
Total equity		**195,645**	199,005	**113,619**	112,343
Non-current liabilities					
Trade and other payables, including derivatives	14	**884**	828	**–**	–
Financial liabilities	16	**6,219**	14,166	**–**	–
Deferred tax liabilities	17	**3,939**	3,891	**11**	11
		11,042	18,885	**11**	11
Current liabilities					
Trade and other payables, including derivatives	14	**34,642**	41,338	**28,677**	11,475
Financial liabilities	16	**28,327**	26,875	**–**	–
Current tax payable		**1,575**	1,185	**132**	19
		64,544	69,398	**28,809**	11,494
Total liabilities		**75,586**	88,283	**28,820**	11,505
Total equity and liabilities		**271,231**	287,288	**142,439**	123,848

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

Consolidated Income Statement

Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Continuing operations^			
Revenue	18	**281,850**	293,285
Cost of sales		**(233,645)**	(246,130)
Gross profit		**48,205**	47,155
Other income	19	**7,163**	7,945
Distribution expenses		**(8,347)**	(8,612)
Administrative expenses		**(17,686)**	(18,607)
Other expenses	20	**(4,459)**	(1,784)
Results from operating activities		**24,876**	26,097
Finance income		**620**	699
Finance costs		**(1,436)**	(2,619)
Net finance costs	21	**(816)**	(1,920)
Share of profit of associates (net of tax)		**1,213**	196
Profit before tax	22	**25,273**	24,373
Tax expense	23	**(4,503)**	(3,647)
Profit from continuing operations		**20,770**	20,726
Discontinued operation			
Loss from discontinued operation (net of tax)	24	**–**	(195)
Profit for the year		**20,770**	20,531
Profit attributable to:			
Equity holders of the Company		**15,758**	14,800
Non-controlling interests		**5,012**	5,731
Profit for the year		**20,770**	20,531
Earnings per share (cents)			
Basic	25	**3.59**	3.37
Diluted	25	**3.59**	3.37
Earnings per share (cents) – continuing operations			
Basic	25	**3.59**	3.40
Diluted	25	**3.59**	3.40

^ Refer to note 24

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Profit for the year		**20,770**	20,531
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(4,594)**	(7,785)
Net change in fair value of available-for-sale securities		**(19)**	123
Effect of disposal of a subsidiary	24	**–**	(99)
Foreign currency translation reserve of an associate recognised in profit or loss		**835**	–
Other comprehensive loss for the year, net of tax		**(3,778)**	(7,761)
Total comprehensive income for the year		**16,992**	12,770

		2013 $'000	2012 $'000
Total comprehensive income attributable to:			
Equity holders of the Company		**13,372**	8,128
Non-controlling interests		**3,620**	4,642
Total comprehensive income for the year		**16,992**	12,770

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

2012	Note	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the parent $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2012		132,102	564	77	(2,816)	337	30,103	160,367	38,004	198,371
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	14,800	14,800	5,731	20,531
Other comprehensive income										
Foreign currency translation differences		–	–	–	(5,963)	–	–	(5,963)	(1,822)	(7,785)
Net change in fair value of available-for-sale securities		–	–	–	–	123	–	123	–	123
Effect of disposal of a subsidiary	24	–	–	–	(832)	–	–	(832)	733	(99)
Total other comprehensive income		–	–	–	(6,795)	123	–	(6,672)	(1,089)	(7,761)
Total comprehensive income for the year		–	–	–	(6,795)	123	14,800	8,128	4,642	12,770
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends										
– one-tier tax exempt final dividend of 0.97 cents per share for the financial year 2011		–	–	–	–	–	(4,262)	(4,262)	–	(4,262)
– one-tier tax exempt interim dividend of 0.80 cents per share for the financial year 2012		–	–	–	–	–	(3,516)	(3,516)	–	(3,516)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(4,358)	(4,358)
Total transactions with owners		–	–	–	–	–	(7,778)	(7,778)	(4,358)	(12,136)
At 31 December 2012		132,102	564	77	(9,611)	460	37,125	160,717	38,288	199,005

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

2013	Note	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the parent $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2013		132,102	564	77	(9,611)	460	37,125	160,717	38,288	199,005
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	15,758	15,758	5,012	20,770
Other comprehensive income										
Foreign currency translation differences		–	–	–	(3,202)	–	–	(3,202)	(1,392)	(4,594)
Net change in fair value of available-for-sale securities		–	–	–	–	(19)	–	(19)	–	(19)
Foreign currency translation reserve of an associate recognised in profit or loss	20	–	–	–	835	–	–	835	–	835
Total other comprehensive income		–	–	–	(2,367)	(19)	–	(2,386)	(1,392)	(3,778)
Total comprehensive income for the year		–	–	–	(2,367)	(19)	15,758	13,372	3,620	16,992
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends										
– one-tier tax exempt final dividend of 0.90 cents per share for the financial year 2012		–	–	–	–	–	(3,955)	(3,955)	–	(3,955)
– one-tier tax exempt interim dividend of 0.80 cents per share for the financial year 2013		–	–	–	–	–	(3,516)	(3,516)	–	(3,516)
– one-tier tax exempt special dividend of 2.28 cents per share for the financial year 2013		–	–	–	–	–	(10,018)	(10,018)	–	(10,018)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(2,863)	(2,863)
Total transactions with owners		–	–	–	–	–	(17,489)	(17,489)	(2,863)	(20,352)
At 31 December 2013		132,102	564	77	(11,978)	441	35,394	156,600	39,045	195,645

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

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Profit for the year		**20,770**	20,531
Adjustments for:			
Amortisation of other investments		**5**	3
Depreciation and amortisation		**12,571**	12,998
Dividend income from quoted securities		**(24)**	(23)
Gain on disposal of investment properties		**(955)**	(72)
Gain on disposal of other investment		**–**	(31)
Gain on disposal of property, plant and equipment		**(203)**	(100)
Loss/(Gain) on disposal of a subsidiary	24, (a)*	**59**	(152)
Interest expense		**1,436**	2,619
Interest income		**(620)**	(699)
Property, plant and equipment written off		**3**	5
Provision for termination benefits		**1,135**	–
Changes in fair value of derivative financial instruments		**8**	(11)
Share of profit of associates		**(1,213)**	(196)
Tax expenses		**4,503**	3,663
		37,475	38,535
Changes in working capital:			
Inventories		**(2,696)**	2,161
Trade and other receivables		**450**	1,150
Trade and other payables		**(7,787)**	(322)
Employee benefits		**(292)**	(51)
Cash generated from operations		**27,150**	41,473
Income taxes paid		**(3,892)**	(4,156)
Net cash from operating activities		**23,258**	37,317
Cash flows from investing activities			
Dividends received		**24**	23
Dividends received from an associate	7	**–**	28,452
Interest received		**620**	699
Proceeds from disposal of investment properties		**–**	319
Proceeds from disposal of other investment		**–**	173
Proceeds from disposal of property, plant and equipment		**288**	780
Proceeds from disposal of a subsidiary, net of cash disposed of	24, (a)*	**–**	394
Proceeds from cash distribution of an associate	7	**29,138**	–
Purchase of other investments		**–**	(158)
Purchase of investment properties		**(10)**	(63)
Purchase of property, plant and equipment		**(6,460)**	(4,134)
Net cash from investing activities		**23,600**	26,485
Balance carried forward		**46,858**	63,802

* (a) refers to note to consolidated statement of cashflows on page 26.

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

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Balance brought forward		**46,858**	63,802
Cash flows from financing activities			
Dividends paid		**(17,489)**	(7,778)
Dividends paid to non-controlling shareholders		**(2,863)**	(4,358)
Interest paid		**(1,436)**	(2,619)
Principal repayment of finance lease obligations		**(6)**	(95)
Proceeds from bank borrowings and trust receipts		**12,431**	17,798
Repayment of bank borrowings and trust receipts		**(18,926)**	(49,192)
Net cash used in financing activities		**(28,289)**	(46,244)
Net increase in cash and cash equivalents		**18,569**	17,558
Cash and cash equivalents at beginning of year		**42,597**	26,185
Effect of exchange rate changes on balances held in foreign currency		**(1,306)**	(1,146)
Cash and cash equivalents at end of year	12	**59,860**	42,597

(a) Disposal of subsidiary in 2013:

During the year, the Group disposed its newly incorporated subsidiary, Nanning Shen Jiu Packaging Material Co., Ltd, for a consideration of $2,713,000. A loss on disposal of $59,000 was recognised in profit or loss.

Effect of disposal on the financial position of the Group

	Note	Group 2013 $'000
Investment properties		1,956
Cash and cash equivalents		816
Net assets		2,772
Loss on disposal of subsidiary		(59)
Sale consideration		2,713
Consideration received, satisfied in cash		816
Consideration receivable	11	1,897
Proceeds from disposal		2,713
Consideration received, satisfied in cash		816
Cash and cash equivalents disposed of		(816)
Net cash received in statement of cash flows		–

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

Notes to the 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 25 March 2014.

1 Domicile and activities

New Toyo International Holdings Ltd (the "Company") is incorporated in the Republic of Singapore and has its registered office at 80 Robinson Road, #02-00, Singapore 068898.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are shown in note 6.

The financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been 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 for certain financial assets and financial liabilities as described 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 FRSs 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 (Continued)

2.4 Use of estimates and judgements (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

Goodwill and other intangible assets are tested for impairment annually and at other times when such indicators exist.

When value in use calculations are undertaken to determine the recoverable amounts, management must estimate the expected future cash flows from the asset or cash-generating unit ("CGU") and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of investments in subsidiaries is set out in note 6; property, plant and equipment, goodwill and intangible assets is set out in note 9 to the financial statements respectively.

2.5 Changes in accounting policies

With effect from 1 January 2013, the Group adopted the new or revised FRS that are mandatory for application from that date. The adoption of these new or revised FRS does not have any significant impact on the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, except as explained below, which address changes in accounting policies.

(i) Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

2 Basis of preparation (Continued)

2.5 Changes in accounting policies (Continued)

(ii) Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

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, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 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 the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

3 Significant accounting policies (Continued)

3.1 Consolidation (Continued)

Business combinations (Continued)

Non-controlling interests 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 non-controlling interests' proportionate share of the recognised amounts of the acquiree'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 is required by FRSs.

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.

Subsidiaries

Subsidiaries are entities controlled by the Group. 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.

Acquisition 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.

3 Significant accounting policies (Continued)

3.1 Consolidation (Continued)

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

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 commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. The 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.

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 equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

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

3 Significant accounting policies (Continued)

3.2 Foreign currencies

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. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated 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 retranslated 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 cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, 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 arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (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 of such that control, significant influence is lost, the cumulative amount in the 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 that includes a foreign operation while retaining significant influence, 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 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 Significant accounting policies (Continued)

3.2 Foreign currencies (Continued)

Hedge of a net investment in foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

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 (Continued)

3.3 Property, plant and equipment (Continued)

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 as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is 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 for the current and comparative years are as follows:

Freehold buildings	25 to 40 years
Leasehold properties	Over lease terms ranging from 15 to 50 years
Leasehold improvements	5 to 6 years
Plant and machinery	3 to 20 years
Furniture and fittings	3 to 10 years
Office equipment and computers	2 to 10 years
Motor vehicles	5 to 10 years

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

Constructions-in-progress are stated at cost. Expenditure relating to constructions-in-progress are capitalised when incurred. No depreciation is charged on constructions-in-progress until they are completed and ready for use and the related property, plant and equipment are transferred to the respective property, plant and equipment categories and depreciated accordingly.

3 Significant accounting policies (Continued)

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and 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 pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, 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 equity-accounted investee.

Contract value

Contract value relates to a seven-year exclusive supply agreement to supply British American Tobacco's printed carton requirements in several locations in the Asia Pacific region with a right to extend the supply period by an additional three years.

Contract value is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss so as to reduce the cost of contract value to zero on a systematic basis over its estimated useful life of ten years.

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

3 Significant accounting policies (Continued)

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Assets under construction are not depreciated. Depreciation on other investment properties is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over their estimated useful lives (or lease terms, if shorter). The estimated useful lives of the investment properties range from 35 to 68 years. Rental income from investment properties is accounted for in the manner described in note 3.15.

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

3.6 Club membership

Club memberships are stated at cost less accumulated amortisation and impairment losses.

3.7 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables 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. 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 and available-for-sale financial assets.

3 Significant accounting policies (Continued)

3.7 Financial instruments (Continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets 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 (excluding prepayments).

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

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 and foreign currency differences on available-for-sale debt instruments, 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.

Available-for-sale financial assets comprise equity securities.

Interest-free inter-company loans

Loans to subsidiaries

In the Company's financial statements, interest-free loans to subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amount at inception is recognised as additional investments in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

Non-derivative financial liabilities

The Group initially recognises subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities 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.

3 Significant accounting policies (Continued)

3.7 Financial instruments (Continued)

Non-derivative financial liabilities (Continued)

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

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 either intends to settle on a net basis or 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 plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trust receipts, finance lease liabilities and trade and other payables.

Loans from subsidiaries

In the Company's financial statements, the interest-free inter-company loans from the subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amounts at inception is recognised as a distribution income in profit or loss. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in profit or loss over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency 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 recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value. When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3 Significant accounting policies (Continued)

3.8 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact 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. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

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 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.

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 (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Significant accounting policies (Continued)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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 impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) 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, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, 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 related 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 CGU. 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 testing is performed 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 and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

3 Significant accounting policies (Continued)

3.8 Impairment (Continued)

(ii) Non-financial assets (Continued)

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 amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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.

3.9 Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amounts of the financial guarantees are transferred to profit or loss.

3.10 Share capital

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.

3.11 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to 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.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3 Significant accounting policies (Continued)

3.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding 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.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specified asset or assets; and

- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.13 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3 Significant accounting policies (Continued)

3.14 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 employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. 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 return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. 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 net defined benefit liability (asset).

The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

3 Significant accounting policies (Continued)

3.14 Employee benefits (Continued)

Long service leave

The liability of long service leave is recognised in the non-current provision for employee benefits and is measured as the present value of the expected future payments to be made in respect of services provided by an employee up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.15 Revenue

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

3 Significant accounting policies (Continued)

3.15 Revenue (Continued)

Rental income

Rental income receivable under operating leases is recognised in profit or loss 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, over the term of the lease.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3.16 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.17 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.18 Tax

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.

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.

Notes to the Financial Statements

3 Significant accounting policies (Continued)

3.18 Tax (Continued)

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 and associates 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 end of the reporting period, 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 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 (Continued)

3.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS 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 EPS 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.

3.20 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's Chairman, CEO and senior management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the 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 (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

3.21 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Financial Statements

3 Significant accounting policies (Continued)

3.22 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that may have a significant effect on the financial statements of the Group and the Company in future periods and which the Group does not plan to early adopt are set out below.

Applicable for the Group's 2014 financial statements

FRS 110 *Consolidated Financial Statements*, which changes the definition of control such that an investor controls an investee when it 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 with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees and determined that no significant effect is expected on the financial statements of the Group in 2014 as a result of the new control model that is applicable to all investees.

FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities, as FRS 112 is primarily a disclosure standard, there will be no financial impact on the results and financial position of the Group and the Company. The Group is currently collating the information of the additional disclosures required.

Notes to the Financial Statements

4 Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Leasehold properties $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Group										
Cost										
At 1 January 2012	11,032	8,628	21,826	2,941	130,774	5,745	2,606	1,929	882	186,363
Additions	–	–	97	58	1,244	1,217	306	–	1,224	4,146
Disposals/Write-off	–	–	(1)	(286)	(660)	(568)	(209)	(321)	–	(2,045)
Disposals upon disposal of a subsidiary	–	–	–	(56)	(664)	(7)	(38)	(14)	–	(779)
Translation differences on consolidation	(543)	(336)	(899)	(122)	(5,297)	(196)	(87)	(59)	(55)	(7,594)
Reclassification from investment properties	–	–	–	–	–	–	–	–	218	218
Transfer/Reclassification	–	–	–	1	195	1	(2)	–	(195)	–
At 31 December 2012	10,489	8,292	21,023	2,536	125,592	6,192	2,576	1,535	2,074	180,309
Additions	–	–	197	74	3,577	261	144	254	1,959	6,466
Disposals/Write-off	–	–	–	–	(338)	(3)	(68)	(260)	–	(669)
Translation differences on consolidation	(347)	(867)	(189)	78	(3,427)	(12)	(54)	11	(64)	(4,871)
Transfer/Reclassification	–	–	266	–	1,602	–	1,067	–	(2,935)	–
At 31 December 2013	10,142	7,425	21,297	2,688	127,006	6,438	3,665	1,540	1,034	181,235
Accumulated depreciation and impairment losses										
At 1 January 2012	82	1,636	6,300	2,052	62,148	3,782	1,967	1,185	–	79,152
Depreciation for the year	–	336	796	115	8,427	667	254	201	–	10,796
Disposals/Write-off	–	–	–	(285)	(659)	(94)	(206)	(116)	–	(1,360)
Disposals upon disposal of a subsidiary	–	–	–	(55)	(556)	(7)	(25)	(14)	–	(657)
Translation differences on consolidation	(5)	(79)	(219)	(103)	(2,470)	(121)	(63)	(38)	–	(3,098)
At 31 December 2012	77	1,893	6,877	1,724	66,890	4,227	1,927	1,218	–	84,833
Depreciation for the year	–	304	391	121	7,926	764	299	177	–	9,982
Disposals/Write-off	–	–	–	–	(255)	(3)	(63)	(260)	–	(581)
Translation differences on consolidation	3	(159)	(86)	53	(2,010)	(8)	(47)	10	–	(2,244)
At 31 December 2013	80	2,038	7,182	1,898	72,551	4,980	2,116	1,145	–	91,990
Carrying amounts										
At 1 January 2012	10,950	6,992	15,526	889	68,626	1,963	639	744	882	107,211
At 31 December 2012	10,412	6,399	14,146	812	58,702	1,965	649	317	2,074	95,476
At 31 December 2013	10,062	5,387	14,115	790	54,455	1,458	1,549	395	1,034	89,245

4 Property, plant and equipment (Continued)

	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Total $'000
Company					
Cost					
At 1 January 2012	376	40	206	367	989
Additions	–	–	17	–	17
Write-off	(286)	(19)	(196)	–	(501)
Transfer/reclassification	–	1	(1)	–	–
At 31 December 2012	90	22	26	367	505
Additions	–	1	12	–	13
Write-off	–	(1)	(1)	–	(2)
At 31 December 2013	90	22	37	367	516
Accumulated depreciation					
At 1 January 2012	342	40	198	191	771
Depreciation for the year	11	1	6	74	92
Write-off	(285)	(19)	(196)	–	(500)
At 31 December 2012	68	22	8	265	363
Depreciation for the year	11	1	10	74	96
Write-off	–	(1)	(1)	–	(2)
At 31 December 2013	79	22	17	339	457
Carrying amounts					
At 1 January 2012	34	–	8	176	218
At 31 December 2012	22	–	18	102	142
At 31 December 2013	11	–	20	28	59

Certain property, plant and equipment in the Group are pledged as securities for banking facilities granted to the Group, details of which are provided in note 16.

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

	Group	
	2013 $'000	**2012 $'000**
Office equipment	**15**	12
Motor vehicles	**–**	2
	15	14

During the year, the Group acquired leased office equipment of $6,000 (2012: $12,000).

4 Property, plant and equipment (Continued)

Impairment

In 2012 and 2013, the Group carried out an impairment assessment of its property, plant and equipment and intangible assets by comparing the carrying values and the recoverable amounts. Refer to note 9 for summary of the key assumptions used in the discounted cash flow projections.

5 Investment properties

	Note	Group 2013 $'000	Group 2012 $'000
Cost			
At 1 January		**20,346**	21,673
Additions		**10**	63
Disposals		**(1,077)**	(259)
Reclassification to property, plant and equipment	4	**–**	(218)
Translation differences on consolidation		**202**	(913)
At 31 December		**19,481**	20,346
Accumulated depreciation and impairment losses			
At 1 January		**9,624**	9,326
Disposals		**(76)**	(12)
Depreciation for the year		**708**	708
Translation differences on consolidation		**68**	(398)
At 31 December		**10,324**	9,624
Carrying amount		**9,157**	10,722

Investment properties comprise a number of commercial lots and offices, residential apartments, factories and industrial and warehouse buildings.

The investment properties are mostly leased to third parties. Each of the leases contains an average non-cancellable period of 2 years, with certain annual rents indexed to consumer prices index. Subsequent renewals are negotiated with the lessee and on average, renewal periods are 2 years. No contingent rents are charged.

The investment properties have an estimated market value of $25,798,000 at 31 December 2013 (2012: $27,070,000) which is based on independent valuations obtained from 2012 to 2013 by property valuers on an open market value basis.

5 Investment properties (Continued)

The valuations were performed by independent valuers who are certified real estate appraisers. The valuers used the direct comparison, capitalisation and discounted cash flow methods. The market value represents Level 3 valuation method:

- The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.
- The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.
- The discounted cash flow method involves discounting the expected cash flows on the investment properties at an appropriate discount rate.

Gross rental income of $1,867,000 (2012: $1,766,000) was derived from the investment properties during the financial year.

6 Subsidiaries

	Note	Company 2013 $'000	Company 2012 $'000
Investment in subsidiaries, at cost		**73,875**	73,875
Impairment losses		**(5,831)**	(5,831)
		68,044	68,044
Discount implicit in the interest-free loans to subsidiaries		**1,041**	1,041
Total investment in subsidiaries		**69,085**	69,085
Loans to subsidiaries, at cost	(i)	**34,250**	34,583
Loan to a subsidiary (unsecured)			
– interest bearing	(ii)	**1,315**	–
– interest-free	(iii)	**3,866**	4,464
Impairment losses		**(6,320)**	(6,320)
		33,111	32,727
		102,196	101,812

(i) The loans to subsidiaries are unsecured and interest-free. The settlement of these loans is neither planned nor likely to occur in the foreseeable future. These loans are, in substance, a part of the Company's net investments in the subsidiaries.

(ii) The loan to a subsidiary is unsecured and bears an interest of 3.33% per annum. The loan is repayable in December 2015.

Notes to the Financial Statements

6 Subsidiaries (Continued)

(iii) The loan to a subsidiary is unsecured, interest-free and due in December 2016. The effective interest rates used to discount the inter-company loans to its fair value at inception are the prevailing market interest rates of similar loans.

Investments in certain subsidiaries are pledged as securities for banking facilities granted to the Group, details of which are provided in note 16.

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2013 %	2012 %
	Held by the Company				
#	New Toyo Aluminium Paper Product Co (Pte) Ltd	Manufacturing of specialty papers	Singapore	**100**	100
#	New Toyo Corrugated Products Pte Ltd	Investment holding	Singapore	**100**	100
#	New Toyo International Co (Pte) Ltd	Trading of paper products, tissue paper products, machinery and equipment	Singapore	**100**	100
#	New Toyo Ventures Pte Ltd	Investment holding	Singapore	**100**	100
#	Singapore Pacific Investments Pte Ltd	Investment holding	Singapore	**100**	100
#	New Toyo Lamination (M) Pte Ltd	Investment holding	Singapore	**100**	100
∞	New Toyo Adelaide Pty Ltd	Investment holding	Australia	**100**	100
∞	Sealink International Limited	Inactive	Hong Kong	**100**	100
∞	Pacific Eagle Investment Limited	Investment holding	Hong Kong	**100**	100
∞	Toyoma Non-Carbon Paper Manufacturer Sdn Bhd	Investment holding	Malaysia	**100**	100
+	New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd	Manufacturing of specialty papers and paper core	Vietnam	**100**	100
∞	Fast Win Enterprise Limited	Trading of aluminium foil and paper products	Hong Kong	**100**	100
	Held by subsidiaries				
∞	Tien Wah Holdings (1990) Sdn Bhd	Investment holding	Malaysia	**100**	100
+	Tien Wah Press Holdings Berhad	Investment holding	Malaysia	**54**	54
+	Tien Wah Press (Malaya) Sdn Bhd	Manufacturing of printed cartons and labels	Malaysia	**54**	54
+	Tien Wah Properties Sdn Bhd	Investment property	Malaysia	**54**	54
+	Paper Base Converting Sdn Bhd	Manufacturing of specialty papers	Malaysia	**100**	100
∞	New Toyo Paper Products (Shanghai) Co., Ltd	Manufacturing of specialty papers	China	**100**	100
∞	Wuhu New Asia Paper Products Co., Ltd	Investment holding	China	**100**	100

Notes to the Financial Statements

6 Subsidiaries (Continued)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2013 %	2012 %
	Held by subsidiaries (Continued)				
+	Vina Toyo Company Ltd	Manufacturing of specialty papers and corrugated containers	Vietnam	**50****	50**
#	New Toyo Investments Pte Ltd	Investment holding	Singapore	**54**	54
+	Alliance Print Technologies Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	**54**	54
+	Toyo (Viet) Paper Product Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	**54**	54
∞	Max Ease International Limited	Trading of printed cartons and labels	Hong Kong	**76***	76*
+	Anzpac Services (Australia) Pty Ltd	Manufacturing of printed cartons and labels	Australia	**76***	76*
∞	Alliance Innovative Solutions Pte Ltd	Supplies of printing ink	Singapore	**50****	50**
□	Nanning Shen Jiu Packaging Material Co., Ltd	Investment holding	China	**–**	–

* The Company and its 54% subsidiary, Tien Wah Press Holdings Berhad jointly hold Anzpac Services (Australia) Pty Ltd through Max Ease International Limited, a company in which the proportionate interest of the Company and Tien Wah Press Holdings Berhad was 49% and 51% respectively

** Deemed to be a subsidiary as the Group controls the financial and operating policies of the entity

Audited by KPMG LLP, Singapore

+ Audited by other member firms of KPMG International

∞ Audited by other accounting firms

□ Incorporated on 8 July 2013 and disposed on 30 December 2013

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, 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.

Impairment

In 2012 and 2013, management noted an indication of impairment with respect to the investments in New Toyo Aluminium Paper Product Co (Pte) Ltd ("NTAP") and New Toyo International Co (Pte) Ltd ("NTIT") as the Group's costs of investments were higher than the share of net assets of the investee companies. Management carried out an impairment assessment on the recoverable amounts of NTAP and NTIT. The recoverable amounts were based on the calculation of the value in use and were determined by discounting the future cash flows covering a period of 10 years based on the financial budget approved by management.

6 Subsidiaries (Continued)

Impairment (Continued)

Key assumptions used in the discounted cash flow projections are as follows:

	NTAP		NTIT	
	2013	**2012**	**2013**	**2012**
Revenue growth rate	**3.00%**	3.00%	**0%**	0%
Pre-tax discount rate	**6.97%**	7.74%	**8.31%**	7.81%
Terminal value growth rate	**3.00%**	3.00%	**0%**	0%

The discount rate is a pre-tax measure estimated based on past experience and the weighted average cost of capital of comparable companies.

The terminal value growth rate has been determined based on the long-term compound annual growth rate estimated by management by reference to the expected market development.

Based on the assessment, management concluded that no further impairment loss is required. Should the assumptions be worse than forecast, impairment loss may be required in the future.

7 Associates

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity shares, at cost	**–**	25,628	**–**	–
Unquoted equity shares, at cost	**2,093**	2,093	**2,093**	2,093
Impairment losses	**–**	–	**(799)**	(799)
	2,093	27,721	**1,294**	1,294
Share of post acquisition reserves	**4,364**	7,176	**–**	–
	6,457	34,897	**1,294**	1,294

As at 31 December 2012, the market value of the quoted equity shares in an associate held by the Group amounted to $23,958,000.

In 2012, Shanghai Asia Holdings Limited ("SAH") completed its disposal of substantially all its businesses. The associate's net assets comprise cash balances. The Group had assessed the recoverable amount of its investment in the associate based on its share of net assets in the associate. Accordingly, impairment loss on goodwill arising from acquisition of the associate of $3,657,000 was made in 2012. The impairment loss was recognised in the share of profits of associates.

In 2012, the Group received dividends of $28,452,000 from SAH.

7 Associates (Continued)

During the year, the Group received distribution on capital reduction from its investment in SAH amounted to $29,138,000. Subsequent to the capital reduction exercise, SAH went into members' voluntary liquidation. The cumulative realised foreign currency translation loss arising from investment in SAH of $835,000 was recognised in profit or loss.

Summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group, is as follows:

	2013 $'000	2012 $'000
Assets and liabilities		
Total assets#	**32,999**	116,313
Total liabilities	**5,981**	5,659
Results		
Revenue*	**36,476**	49,805
Profit from continuing operations∞	**3,939**	903
Profit from discontinued operations, net of tax	**–**	10,828
Profit after tax	**3,939**	11,731

* includes revenue from discontinued operations.
# includes SAH's total assets. SAH is in members' voluntary liquidation.
∞ includes SAH's loss from continuing operations. SAH is in members' voluntary liquidation.

The Group's share of the capital commitments of the associates is $Nil (2012: $Nil).

Details of the associates are as follows:

	Name of associates	Principal activities	Country of incorporation	Effective equity held by the Group 2013 %	2012 %
	Held by the Company				
∞	Toyoma Aluminium Foil Packaging Sdn Bhd	Investment holding	Malaysia	**30**	30
∞	Thai Toyo Aluminium Packaging Company Limited	Manufacturing of specialty papers	Thailand	**49**	49
	Held by subsidiaries				
#	Shanghai Asia Holdings Limited	Investment holding	Singapore	**34**	34
∞	Benkert (Malaysia) Sdn Bhd	Manufacturing and sale of standard and perforated tipping papers	Malaysia	**16^^**	16^^

^^ 30% held by a 54% owned subsidiary
# In members' voluntary liquidation
∞ Audited by other accounting firms

Notes to the Financial Statements

8 Other investments

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Available-for-sale, at fair value				
– quoted equity securities	**544**	545	**–**	–
– unquoted equity securities	**374**	366	**–**	–
	918	911	**–**	–
Club memberships, at cost	**1,321**	1,288	**626**	626
Accumulated amortisation and impairment losses				
At 1 January	**(35)**	(32)	**–**	–
Amortisation and impairment losses for the year	**(5)**	(3)	**–**	–
At 31 December	**(40)**	(35)	**–**	–
Club memberships, at carrying amount	**1,281**	1,253	**626**	626
Total other investments	**2,199**	2,164	**626**	626

The fair value information related to other investments is disclosed in note 28.

9 Intangible assets

	Goodwill on consolidation $'000	Contract value $'000	Total $'000
Group			
Cost			
At 1 January 2012	3,663	12,181	15,844
Translation differences on consolidation	–	(791)	(791)
At 31 December 2012	3,663	11,390	15,053
Translation differences on consolidation	–	433	433
At 31 December 2013	3,663	11,823	15,486
Accumulated amortisation			
At 1 January 2012	–	2,349	2,349
Amortisation for the year	–	1,494	1,494
Translation differences on consolidation	–	(182)	(182)
At 31 December 2012	–	3,661	3,661
Amortisation for the year	–	1,881	1,881
Translation differences on consolidation	–	158	158
At 31 December 2013	–	5,700	5,700
Carrying amount			
At 1 January 2012	3,663	9,832	13,495
At 31 December 2012	3,663	7,729	11,392
At 31 December 2013	3,663	6,123	9,786

The amortisation was recognised in other expenses.

9 Intangible assets (Continued)

Impairment tests for cash-generating units containing property, plant and equipment, goodwill and contract value

For the purpose of impairment testing, goodwill is principally allocated to the cash-generating unit (CGU):

	Specialty papers $'000	2012 and 2013 Printed cartons and labels $'000	Total $'000
Goodwill	22	3,641	3,663

The goodwill on consolidation and contract value are allocated to Tien Wah Press Holdings Berhad ("TWPH") and its subsidiaries which include Max Ease International Limited ("MEIL").

Contract value is in relation to exclusive rights to supply to British American Tobacco's printed carton requirements in several locations in the Asia Pacific region for a period of seven years, with a right to extend the supply period by additional three years, beginning financial year 2008.

The recoverable amount of the CGU was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU.

Key assumptions used in the discounted cash flow projections

- Cash flow projections were over a period of 10 years, except for contract value where cash flow projections were made over the remaining life of the supply contract.

- Cash flows were projected based on the 1-year financial budget approved by management. Management has considered and determined the factors applied in the financial budget. The budgeted gross margin is based on past experience. An anticipated revenue growth rate of 3%, 7% and -6% in 2014, 2015 and 2016 respectively and thereafter zero growth rate was used in the cash flow projections (2012: 5% from 2013 – 2017 and 0% thereafter).

- The pre-tax discount rate of 9.00% (2012: 8.40%) was applied in determining the recoverable amounts of the CGU. This represents the CGU's weighted average cost of capital.

- No terminal value was used.

The values assigned to the key assumptions represent management's assessment of future trends of the industry in which the CGUs operate and are based on both external sources and internal sources (historical data).

As the carrying amounts of the CGUs were determined to be lower than their recoverable amounts, no impairment loss was recognised. Should the assumptions be worse than forecast, impairment loss may be required in the future.

10 Inventories

	Group	
	2013	**2012**
	$'000	**$'000**
Finished goods	**10,692**	8,182
Work-in-progress	**3,253**	2,354
Raw materials	**35,193**	35,929
Consumables	**1,947**	1,616
	51,085	48,081
Allowance for inventories obsolescence	**(1,567)**	(1,594)
	49,518	46,487

Allowance for inventories obsolescence is made taking into account market trends, inventory ageing and conditions as well as historical experience.

In 2013, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to $200,722,000 (2012: $209,507,000). During the year, the Group recognised a reversal of inventories obsolescence of $27,000 as the inventories were sold above carrying amounts.

During 2012, included in cost of sales was an allowance for inventories obsolescence of $232,000.

Certain inventories in the Group have been pledged as securities for banking facilities granted, details of which are provided in note 16.

11 Trade and other receivables, including derivatives

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Trade receivables		**35,352**	37,021	**–**	–
Impairment losses		**(538)**	(590)	**–**	–
		34,814	36,431	**–**	–
Deposits		**2,479**	589	**–**	–
Tax recoverable		**168**	143	**–**	–
Derivative assets		**–**	11	**–**	11
Consideration receivable	(i)	**1,897**	–	**–**	–
Other receivables		**1,536**	1,303	**3**	79
Impairment loss on other receivables		**–**	(91)	**–**	(54)
Amounts due from subsidiaries					
– trade		**–**	–	**1,874**	925
– non-trade	(ii)	**–**	–	**356**	202
Amounts due from associates					
– trade		**383**	412	**–**	–
– non-trade	(ii)	**503**	505	**–**	–
Amounts due from other related parties*					
– trade		**193**	647	**–**	–
– non-trade	(ii)	**125**	138	**–**	–
Loans to subsidiaries	(iii)	**–**	–	**7,290**	6,454
Trade and other receivables		**42,098**	40,088	**9,523**	7,617
Prepayments		**1,145**	1,506	**20**	13
		43,243	41,594	**9,543**	7,630

* the amounts due from other related parties also include amount receivables from entities which are wholly-owned or partially-owned by close family members of one of the Company's directors and a member of the key management personnel of a subsidiary.

(i) Consideration receivable relates to disposal of a subsidiary by the Group during the year.

(ii) The non-trade amounts due from subsidiaries, associates and other related parties and loans to subsidiaries are unsecured, interest-free and repayable on demand.

(iii) Included in the loans to subsidiaries is an amount of $1,126,000 (2012: $1,577,000) which is unsecured, interest-free and repayable on demand. The remaining amount of $6,164,000 (2012: $4,877,000) are unsecured, repayable on demand, and bear fixed interest rates ranging from 3.00% – 3.75% per annum (2012: 3.33% – 3.75% per annum).

11 Trade and other receivables, including derivatives (Continued)

Except as described below, concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed and mainly engaged in similar manufacturing and distribution activities.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographical distribution is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**13,558**	12,253	**1,408**	1,686
Malaysia	**7,877**	8,512	**3,482**	2,154
Vietnam	**4,499**	6,371	**4,606**	3,771
Australia	**4,228**	4,482	**3**	6
China	**3,100**	801	**24**	–
United Arab Emirates	**2,262**	1,330	**–**	–
Korea	**1,358**	1,252	**–**	–
Papua New Guinea	**1,046**	475	**–**	–
Pakistan	**55**	1,455	**–**	–
India	**1,008**	975	**–**	–
New Zealand	**610**	504	**–**	–
The Philippines	**414**	384	**–**	–
Others	**2,083**	1,294	**–**	–
	42,098	40,088	**9,523**	7,617

As at 31 December 2013, the amount receivable from the top five customers of the Group represents 55% (2012: 59%) of total trade and other receivables.

11 Trade and other receivables, including derivatives (Continued)

Impairment losses

The ageing of trade and other receivables at the reporting date is:

	2013		2012	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Group				
Not past due	**31,374**	–	29,203	–
Past due 0 – 30 days	**7,378**	–	8,496	–
Past due 31 – 180 days	**3,224**	10	2,045	151
More than 180 days	**660**	528	1,025	530
	42,636	538	40,769	681
Company				
Not past due	**7,406**	–	6,691	–
Past due 0 – 30 days	**151**	–	41	–
Past due 31 – 180 days	**504**	–	180	–
More than 180 days	**1,462**	–	759	54
	9,523	–	7,671	54

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2013, the Group and the Company do not have any collective impairment on their loans and receivables (2012: $Nil).

The change in impairment losses in respect of trade and other receivables during the year is as follows:

		Group		Company	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January		**681**	498	**54**	519
(Reversal of)/Allowance for impairment losses	22	**(88)**	308	**(54)**	124
Utilisation of allowances		**(55)**	(103)	**–**	(589)
Translation differences on consolidation		**–**	(22)	**–**	–
At 31 December		**538**	681	**–**	54

The Group's historical experience in the collection of trade receivable falls within the recorded allowances. Due to these factors, management believes that there is no additional credit risk beyond amounts provided for collection losses.

12 Cash and cash equivalents

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	**51,988**	34,708	**28,721**	12,344
Fixed deposits	**7,872**	7,889	**–**	–
Cash and cash equivalents in the statement of cash flows	**59,860**	42,597	**28,721**	12,344

Repricing of interest rate at which the deposits with banks is set out in note 28.

13 Share capital and reserves

	Company No. of shares	
	2013	2012
	('000)	('000)
Fully paid ordinary shares, with no par value:		
In issue at 1 January and 31 December	**439,425**	439,425

Ordinary shares

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.

Capital management

The Board defines capital as share capital and accumulated profits.

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

The Board monitors the capital position of the Group to ensure a sufficiently strong capital base so as to maintain investor, creditor and market confidence. This is also a platform to sustain the existing business and for future growth. Concurrently, the Board of Directors reviews the capital to debt ratio to achieve the dual objective of a strong capital base and an acceptable level on the return on capital.

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

13 Share capital and reserves (Continued)

Reserves

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	**564**	564	**–**	–
Fair value reserve	**441**	460	**–**	–
Translation reserve	**(11,978)**	(9,611)	**–**	–
Others	**77**	77	**77**	77
	(10,896)	(8,510)	**77**	77

Capital reserve

The capital reserve of the Group comprises statutory reserves transferred from accumulated profits by certain foreign subsidiaries as required by statutory legislations in their countries of incorporation. The percentage of transfer of accumulated profits is determined by the board of directors of these foreign subsidiaries based on the statutory requirements and these reserves can only be distributed upon approval by the relevant authorities.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations and from the translation of financial liability designated as a hedge of net investment in the foreign operations, as well as foreign exchange differences on monetary items which form part of the Group's net investments in the foreign operations.

13 Share capital and reserves (Continued)

Others

Other reserve comprises the value of unexercised warrants of the Company which has been transferred from capital reserve to other reserve.

Dividends

The following exempt (one-tier) dividends were declared and paid:

	Group and Company	
	2013	**2012**
	$'000	**$'000**
One-tier tax exempt interim dividend of 0.80 cents (2012: 0.80 cents) per share in respect of the year	**3,516**	3,516
One-tier tax exempt special dividend of 2.28 cents per share in respect of the year (2012: $Nil)	**10,018**	–
	13,534	3,516

After the balance sheet date, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company	
	2013	**2012**
	$'000	**$'000**
One-tier tax exempt final dividend of 0.90 cents (2012: 0.90 cents) per share in respect of the year	**3,955**	3,955

Notes to the Financial Statements

14 Trade and other payables, including derivatives

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current liabilities					
Employee benefits	15	**687**	647	**–**	–
Other payables		**197**	181	**–**	–
		884	828	**–**	–
Current liabilities					
Trade payables		**22,362**	28,287	**–**	–
Loans from subsidiaries	(i)	**–**	–	**27,030**	9,835
Amounts due to					
– subsidiaries (non-trade)	(i)	**–**	–	**939**	619
– associates					
– trade		**22**	185	**–**	–
– non-trade	(i)	**2**	2	**2**	2
– other related corporations					
– trade		**92**	110	**–**	–
– non-trade	(i)	**–**	3	**–**	–
Accrued operating expenses		**4,866**	5,358	**648**	929
Advances from customers		**–**	317	**–**	–
Employee benefits	15	**4,355**	3,552	**–**	–
Other payables		**2,935**	3,524	**58**	90
Derivative liabilities		**8**	–	**–**	–
		34,642	41,338	**28,677**	11,475
		35,526	42,166	**28,677**	11,475

(i) The loans from subsidiaries and non-trade amounts due to subsidiaries, associates and other related corporations are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to liquidity and currency risk related to trade and other payables are disclosed in notes 16 and 28 respectively.

15 Employee benefits

		Group	
		2013	2012
		$'000	$'000
Defined benefit obligations	(i)	**375**	408
Provision for long service leave	(ii)	**2,000**	2,142
Provision for termination benefits	(iii)	**1,066**	–
Accrual for annual leave		**1,601**	1,649
		5,042	4,199
Analysed as:			
– Current		**4,355**	3,552
– Non-current		**687**	647
		5,042	4,199

A subsidiary, Tien Wah Press Holdings Berhad, makes contributions to a non-contributory defined benefit plan that provides pension for eligible employees upon retirement. The plan entitles a retired employee to receive a lump sum payment equal to 86% of final monthly salary for each year of service the employee provided.

(i) Movement in the present value of the defined benefit obligations

		Group	
	Note	2013	2012
		$'000	$'000
At 1 January		**408**	409
Benefits paid by the plan		**(59)**	–
Expense recognised in profit or loss	22	**40**	8
Translation differences on consolidation		**(14)**	(9)
At 31 December		**375**	408

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group	
	2013	2012
	$'000	$'000
Discount rate at 31 December	**4%**	4% – 5%
Future salary increases	**4% – 5%**	4% – 5%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average retirement age of an individual retiring is at the age of 55 for males and 50 for females.

15 Employee benefits (Continued)

(ii) Movement in provision for long service leave

Provision for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

	Note	Group 2013 $'000	Group 2012 $'000
At 1 January		**2,142**	2,162
Provision made during the year	22	**101**	64
Translation differences on consolidation		**(243)**	(84)
At 31 December		**2,000**	2,142

(iii) Movement in provision for termination benefits

During the year, a subsidiary made a provision for termination benefits following the Group's decision for business restructuring.

	Note	Group 2013 $'000	Group 2012 $'000
At 1 January		**–**	–
Provision made during the year	20	**1,135**	–
Translation differences on consolidation		**(69)**	–
At 31 December		**1,066**	–

(iv) Employee benefits expenses recognised in profit or loss

	Group 2013 $'000	Group 2012 $'000
Defined benefits obligations	**40**	8
Provision for long service leave	**101**	64
Provision for termination benefits	**1,135**	–
Accrual for annual leave	**117**	29
	1,393	101

15 Employee benefits (Continued)

(v) Employee benefits expenses recognised in the following line items in profit or loss

	Group 2013 $'000	Group 2012 $'000
Cost of sales	**141**	72
Administrative expenses	**117**	29
Other expenses	**1,135**	–
	1,393	101

16 Financial liabilities

	Group 2013 $'000	Group 2012 $'000
Non-current liabilities		
Non-current portion of long-term bank loans		
– secured	**4,515**	10,152
– unsecured	**1,693**	4,004
Finance lease liabilities	**11**	10
	6,219	14,166
Current liabilities		
Bank loans		
– secured	**3,229**	2,435
– unsecured	**19,521**	18,398
Current portion of long-term bank loans		
– secured	**2,483**	3,042
– unsecured	**2,540**	2,430
Trust receipts (unsecured)	**550**	565
Finance lease liabilities	**4**	5
	28,327	26,875
	34,546	41,041

16 Financial liabilities (Continued)

The Group's secured bank loans are secured on the following assets, stated at their carrying amounts:

	Group	
	2013	**2012**
	$'000	**$'000**
Plant and machinery	**–**	3,346
Inventories	**4,905**	3,566
Investment in subsidiary*	**53,781**	52,006
	58,686	58,918

* These are stated at cost

The details of interest rates are set out in note 28.

The bank loans are repayable between 2013 to 2017, details of which are provided in the following tables.

Finance lease liabilities

As at 31 December, the Group has obligations under finance leases that are repayable as follows:

	Principal 2013 $'000	**Interest 2013 $'000**	**Future minimum lease payments 2013 $'000**	**Principal 2012 $'000**	**Interest 2012 $'000**	**Future minimum lease payments 2012 $'000**
Group						
Repayable:						
Within 1 year	**4**	**1**	**5**	5	1	6
After 1 year but within 5 years	**11**	**2**	**13**	10	2	12
	15	**3**	**18**	15	3	18

The Group lease certain property, plant and equipment from financial institutions under finance leases as disclosed in note 4.

Notes to the Financial Statements

16 Financial liabilities (Continued)

Liquidity risk

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
Group				
2013				
Non-derivative financial liabilities				
Secured bank loans	**10,227**	**(10,674)**	**(6,088)**	**(4,586)**
Unsecured bank loans	**23,754**	**(24,061)**	**(22,340)**	**(1,721)**
Finance lease liabilities	**15**	**(18)**	**(5)**	**(13)**
Trade and other payables*	**30,476**	**(30,476)**	**(30,476)**	**–**
Trust receipts	**550**	**(552)**	**(552)**	**–**
	65,022	**(65,781)**	**(59,461)**	**(6,320)**
Derivative financial instruments				
Forward exchange contracts (gross-settled):				
– outflow	**8**	**(908)**	**(908)**	**–**
– inflow	**–**	**900**	**900**	**–**
	8	**(8)**	**(8)**	**–**
Total	**65,030**	**(65,789)**	**(59,469)**	**(6,320)**
2012				
Non-derivative financial liabilities				
Secured bank loans	15,629	(16,957)	(6,186)	(10,771)
Unsecured bank loans	24,832	(25,221)	(21,119)	(4,102)
Finance lease liabilities	15	(18)	(6)	(12)
Trade and other payables*	37,967	(37,967)	(37,967)	–
Trust receipts	565	(568)	(568)	–
	79,008	(80,731)	(65,846)	(14,885)
Derivative financial instruments				
Forward exchange contracts (gross-settled):				
– outflow	(11)	(7,530)	(7,530)	–
– inflow	–	7,541	7,541	–
	(11)	11	11	–
Total	78,997	(80,720)	(65,835)	(14,885)

* Excludes employee benefits

Cash flows due within one year include secured and unsecured revolving credit facilities amounting to $23,578,000 (2012: $21,633,000).

16 Financial liabilities (Continued)

Liquidity risk (Continued)

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Cash flows: Within 1 year $'000
Company			
2013			
Non-derivative financial liabilities			
Trade and other payables	**28,677**	**(28,677)**	**(28,677)**
Financial guarantee	**–**	**(25,094)**	**(25,094)**
	28,677	**(53,771)**	**(53,771)**
2012			
Non-derivative financial liabilities			
Trade and other payables	11,475	(11,475)	(11,475)
Financial guarantee	–	(30,285)	(30,285)
	11,475	(41,760)	(41,760)
Derivative financial instruments			
Forward exchange contracts (gross-settled):			
– outflow	(11)	(7,530)	(7,530)
– inflow	–	7,541	7,541
	(11)	11	11
	11,464	(41,749)	(41,749)

The maturity analysis shows the undiscounted cash flows of the Group and the Company's financial liabilities and guarantees on the basis of their earliest possible contractual maturity.

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

Financial guarantee

(i) Intra-group financial guarantee comprises guarantees granted by the Company to certain banks of $23,198,000 (2012: $28,451,000) in respect of banking facilities granted to subsidiaries.

(ii) An unsecured guarantee of $1,896,000 (2012: $1,834,000) was issued to a supplier by the Company for credit terms granted to a subsidiary.

17 Deferred tax

Unrecognised deferred tax liabilities

At 31 December 2013, deferred tax liability of $2,626,000 (2012: $2,026,000) for temporary differences of $29,288,000 (2012: $22,279,000) related to investments in subsidiaries was not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Recognised deferred tax assets/liabilities

Movements in deferred tax assets/(liabilities) (prior to offsetting of balances) during the year are as follows:

	At 1/1/2012 $'000	Recognised in profit or loss (note 23) $'000	Exchange differences $'000	At 31/12/2012 $'000	Recognised in profit or loss (note 23) $'000	Exchange differences $'000	At 31/12/2013 $'000
Group							
Deferred tax assets							
Property, plant and equipment	301	(37)	(17)	247	**(84)**	**6**	**169**
Inventories	245	(30)	(7)	208	**(3)**	**(5)**	**200**
Trade and other payables	1,358	92	(54)	1,396	**(9)**	**(148)**	**1,239**
Others	190	52	(8)	234	**(28)**	**(12)**	**194**
	2,094	77	(86)	2,085	**(124)**	**(159)**	**1,802**
Deferred tax liabilities							
Property, plant and equipment	(3,719)	(369)	127	(3,961)	**(174)**	**155**	**(3,980)**
Others	(410)	350	4	(56)	**58**	**3**	**5**
	(4,129)	(19)	131	(4,017)	**(116)**	**158**	**(3,975)**
Company							
Deferred tax asset							
Trade and other payables	3	–	–	3	**–**	**–**	**3**
Deferred tax liability							
Property, plant and equipment	(14)	–	–	(14)	**–**	**–**	**(14)**

17 Deferred tax (Continued)

Recognised deferred tax assets/liabilities (Continued)

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 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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred tax assets	**1,766**	1,959	**–**	–
Deferred tax liabilities	**3,939**	3,891	**11**	11

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits:

	Group	
	2013	2012
	$'000	$'000
Deductible temporary differences	**406**	421
Tax losses	**3,566**	3,366
	3,972	3,787

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

18 Revenue

	Group	
	2013	2012
	$'000	$'000
Sale of manufactured packaging products	**248,463**	254,408
Trading of packaging products	**33,387**	38,877
	281,850	293,285

19 Other income

	Group 2013 $'000	Group 2012 $'000
Dividend income on available-for-sale securities	**24**	23
Fee income	**1,365**	2,050
Gain on disposal of investment properties	**955**	72
Gain on disposal of other investment	**–**	31
Gain on disposal of property, plant and equipment (net)	**203**	100
Insurance claim recovery	**43**	769
Net foreign exchange gain	**–**	127
Rental income from investment properties	**1,867**	1,766
Scrap sales	**1,916**	2,061
Others	**790**	946
	7,163	7,945

20 Other expenses

	Note	Group 2013 $'000	Group 2012 $'000
Amortisation of intangible asset	9	**1,881**	1,494
Amortisation of other investment	8	**5**	3
Cumulative realised foreign currency translation loss of an investment in associate recognised in profit or loss	7	**835**	–
Loss on disposal of a subsidiary		**59**	–
Net foreign exchange loss		**261**	–
Property, plant and equipment written off	4	**3**	5
Provision for termination benefits	15	**1,135**	–
Others		**280**	282
		4,459	1,784

21 Finance income and finance costs

	Group	
	2013	2012
	$'000	$'000
Interest income from bank deposits	**620**	699
Finance income	**620**	699
Interest paid and payable to		
– banks	**(1,436)**	(2,619)
Finance costs	**(1,436)**	(2,619)
Net finance costs recognised in profit or loss	**(816)**	(1,920)

22 Profit before tax

The following items have been included in arriving at profit before income tax:

		Group	
	Note	2013	2012
		$'000	$'000
Audit fees paid to			
– auditors of the Company		**250**	256
– other auditors		**219**	230
Non-audit fees paid to			
– auditors of the Company		**36**	32
– other auditors		**135**	101
Depreciation of property, plant and equipment	4	**9,982**	10,796
Depreciation of investment properties	5	**708**	708
Directors' fees		**347**	321
Inventories written off		**214**	245
Operating expenses arising from rental of investment properties		**523**	386
Operating lease expenses		**1,103**	1,073
(Reversal of)/Allowance for inventories obsolescence		**(27)**	232
(Reversal of)/Allowance for impairment losses for receivables	11	**(88)**	308
Staff costs			
– Salaries, bonus and other costs		**36,925**	36,593
– Contributions to defined contribution plans		**2,943**	2,966
– Expenses related to defined benefits plan	15	**40**	8
– Provision for long service leave	15	**101**	64

Notes to the Financial Statements

23 Tax expense

	Note	Group 2013 $'000	Group 2012 $'000
Current tax expense			
Current year		**4,066**	3,844
Under/(Over) provision in prior years		**197**	(123)
		4,263	3,721
Deferred tax expense/credit			
Origination and reversal of temporary differences		**240**	(58)
Total tax expense		**4,503**	3,663
Tax expense from continuing operations		**4,503**	3,647
Tax expense from discontinued operation	24	**–**	16
Total tax expense		**4,503**	3,663

Reconciliation of effective tax rate

	Group 2013 $'000	Group 2012 $'000
Profit for the year	**20,770**	20,531
Total tax expense	**4,503**	3,663
Profit before tax	**25,273**	24,194
Tax using the Singapore tax rate of 17%	**4,296**	4,113
Effect of tax rates in foreign jurisdictions	**1,096**	821
Non-deductible expenses	**628**	1,049
Tax exempt income	**(1,408)**	(1,661)
Reinvestment allowances and other tax incentives	**(35)**	(277)
Utilisation of tax losses previously not recognised	**(271)**	(259)
Under/(Over) provision in prior years	**197**	(123)
	4,503	3,663

Notes to the Financial Statements

24 Discontinued operation

In 2012, the Group sold its entire 80% equity interest in New Toyo Pakistan Aluminium (Private) Limited ("NTPA"). The results of NTPA's operations were presented as discontinued operation for the year ended 31 December 2012.

	Note	Group 2012 $'000
Results of discontinued operation		
Revenue		1,546
Expenses		(1,877)
Loss from operating activities		(331)
Tax	23	(16)
Loss from operating activities, net of tax		(347)
Gain on sale of discontinued operation		152
Loss for the year		(195)
Basic loss per share (cents)	25	0.03
Diluted loss per share (cents)	25	0.03

In 2012, the loss from discontinued operation of $126,000 was attributable to the owners of the Company. Of the profit from continuing operations of $20,726,000, an amount of $14,926,000 was attributable to the owners of the Company.

	Group 2012 $'000
Cash flows from discontinued operation	
Net cash used in operating activities	(65)
Net cash used in investing activities	(22)
Net cash outflow for the year	(87)

Notes to the Financial Statements

24 Discontinued operation (Continued)

Effect of disposal on the financial position of the Group

	Group 2012 $'000
Property, plant and equipment	(122)
Inventories	(346)
Trade and other receivables	(603)
Cash and cash equivalents	(19)
Trade and other payables	700
Current tax payable	30
Net assets and liabilities	(360)
Non-controlling interest	(733)
Foreign currency translation differences	832
Group's share of net assets and liabilities	(261)
Gain on sale of discontinued operation	(152)
Sale consideration	(413)
Consideration received, satisfied in cash	413
Cash and cash equivalents disposed of	(19)
Net cash inflow	394

25 Earnings per share

	Group					
	2013			2012		
	Continuing operations $'000	Discontinued operation $'000	Total $'000	Continuing operations $'000	Discontinued operation $'000	Total $'000
Basic and diluted earnings per share is based on:						
Profit/(loss) attributable to ordinary shareholders	**15,758**	**–**	**15,758**	14,926	(126)	14,800

25 Earnings per share (Continued)

	Group 2013 $'000	Group 2012 $'000
Issued ordinary shares at 1 January and 31 December	**439,425**	439,425

There are no unexercised share options or warrants issued by the Company.

There were no instruments that would have an effect of diluting the earnings of the Group that existed during or as at the end of the financial year.

26 Related parties

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group 2013 $'000	Group 2012 $'000
Short-term employment benefits		
– directors	**964**	747
– key executives	**2,588**	2,164
Post-employment benefits (including contribution to Central Provident Fund)	**131**	140
	3,683	3,051

26 Related parties (Continued)

Other significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant transactions were carried out by the Group with its related parties in the normal course of business on terms agreed between the parties.

	Group	
	2013	**2012**
	$'000	**$'000**
Purchase of raw materials and finished goods from associates	**–**	(2,029)
Sale of raw materials and finished goods to associates	**8**	15
Transactions with companies in which certain directors have significant influence		
– sale of raw materials and finished goods	**324**	248
– service fee paid/payable	**(112)**	(107)
– rental received/receivable	**49**	32
– professional fee paid/payable	**(7)**	(7)
Transactions with companies in which certain directors of subsidiaries have significant influence		
– sale of finished goods	**950**	971
– purchase of raw materials	**(1,401)**	(964)
– purchase of plant and equipment	**(215)**	(212)
– transportation fee	**(482)**	(435)
Transactions with a substantial shareholder		
– sale of motor vehicle	**–**	206
– sale of club membership	**–**	173
Transactions with a director of the Company		
– consultancy fees paid/payable	**(80)**	(80)
– sale of motor vehicle	**49**	–

27 Operating segments

The Group's reportable segments as described below are the Group's strategic business units. The management has determined the reportable segments based on the reports reviewed by the Group's Chairman, CEO and senior management that are used to make strategic decisions. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Chairman, CEO and senior management. The following summary describes the operations of each of the Group's reportable segments:

Specialty papers	:	The manufacture and sale of laminated aluminium paper products and other packaging products.
Printed cartons and labels	:	The printing and sale of paper packaging materials.
Corrugated containers	:	The manufacture and sale of corrugated boxes and sheets.
Trading	:	The sale of laminated aluminium paper products, corrugated boxes, tissue and other packaging products.
Investment holding	:	Investing activities, including investment in associates and investment properties.

Inter-segment pricing is determined on commercial basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

Notes to the Financial Statements

27 Operating segments (Continued)

Information about reportable segments

	Specialty papers		Corrugated containers		Printed cartons and labels		Trading		Investment holding		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
External revenues	**98,626**	90,222	**4,743**	4,293	**145,094**	159,893	**33,387**	38,877	**–**	–	**281,850**	293,285
Inter-segment revenue	**7,854**	4,038	**–**	–	**60,375**	63,530	**6,064**	14,880	**–**	–	**74,293**	82,448
Interest income	**89**	91	**3**	1	**437**	581	**–**	–	**380**	234	**909**	907
Interest expense	**(366)**	(516)	**(5)**	–	**(1,235)**	(1,740)	**(17)**	(41)	**(102)**	(530)	**(1,725)**	(2,827)
Reportable segment profit before tax inclusive of dividend from associates	**7,554**	5,312	**255**	132	**14,774**	17,752	**126**	410	**1,251**	28,248	**23,960**	51,854
Elimination of dividend from associates	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(28,452)	**–**	(28,452)
Segment results	**7,554**	5,312	**255**	132	**14,774**	17,752	**126**	410	**1,251**	(204)	**23,960**	23,402
Share of profit of associates	**–**	–	**–**	–	**–**	–	**–**	–	**1,213**	196	**1,213**	196
Other material non-cash items:												
– Amortisation	**5**	3	**–**	–	**1,881**	1,494	**–**	–	**–**	–	**1,886**	1,497
– Depreciation	**1,252**	1,404	**7**	5	**8,617**	9,272	**3**	1	**715**	716	**10,594**	11,398
– Provision for termination benefits	**–**	–	**–**	–	**1,135**	–	**–**	–	**–**	–	**1,135**	–
– Foreign currency translation reserve of an associate recognised in profit and loss	**–**	–	**–**	–	**–**	–	**–**	–	**835**	–	**835**	–
Capital expenditure	**909**	495	**–**	–	**5,534**	3,609	**10**	2	**1**	1	**6,454**	4,107
Investment in associates	**–**	–	**–**	–	**–**	–	**–**	–	**6,457**	34,897	**6,457**	34,897
Reportable segment assets	**54,584**	48,098	**3,475**	3,837	**158,008**	166,133	**7,859**	9,479	**8,356**	7,969	**232,282**	235,516
Reportable segment liabilities	**16,639**	14,191	**731**	968	**47,031**	59,472	**4,729**	7,356	**190**	184	**69,320**	82,171

27 Operating segments (Continued)

Reconciliations of information about reportable segments

	2013 $'000	2012 $'000
Revenues		
Total revenue of reportable segments	**356,143**	375,733
Other revenue	**–**	1,546
Elimination of inter-segment revenue	**(74,293)**	(82,448)
Elimination of discontinued operation	**–**	(1,546)
Consolidated revenue	**281,850**	293,285
Profit or loss		
Total profit for reportable segments inclusive of dividend from associates	**23,960**	51,854
Other profit or loss	**742**	745
	24,702	52,599
Elimination of inter-segment profits and dividend received from associates	**2,177**	(26,042)
Elimination of discontinued operation	**–**	331
Share of profit of associates	**1,213**	196
Unallocated amounts:		
– other corporate expenses	**(2,819)**	(2,711)
Consolidated profit before income tax	**25,273**	24,373
Assets		
Total assets for reportable segments	**232,282**	235,516
Other assets	**883**	1,274
Investment in associates	**6,457**	34,897
Unallocated amounts:		
– other corporate assets	**29,675**	13,488
– income tax assets	**1,934**	2,113
Consolidated total assets	**271,231**	287,288
Liabilities		
Total liabilities of reportable segments	**69,320**	82,171
Other liabilities	**44**	16
Other unallocated amounts:		
– other corporate liabilities	**708**	1,020
– income tax liabilities	**5,514**	5,076
Consolidated total liabilities	**75,586**	88,283
Depreciation		
Total depreciation of reportable segments	**10,594**	11,398
Discontinued operation	**–**	52
Others	**96**	54
Consolidated depreciation	**10,690**	11,504
Capital expenditure		
Total capital expenditure of reportable segments	**6,454**	4,107
Others	**12**	39
Consolidated capital expenditure	**6,466**	4,146

27 Operating segments (Continued)

Reconciliations of information about reportable segments (Continued)

	2013			2012		
	Reportable Segment Total $'000	Elimination $'000	Consolidated Total $'000	Reportable Segment Total $'000	Elimination $'000	Consolidated Total $'000
Interest income and expense						
Interest income	**909**	**(289)**	**620**	907	(208)	699
Interest expense	**(1,725)**	**289**	**(1,436)**	(2,827)	208	(2,619)
Consolidated net interest expense	**(816)**	**–**	**(816)**	(1,920)	–	(1,920)

Geographical segments

The specialty papers, printed cartons and labels, corrugated containers, trading and investment holding segments operate in a number of principal countries. For specialty papers, the Group has plants in Singapore, Vietnam, Malaysia and China, while for printed cartons and labels, the Group has plants in Vietnam, Malaysia and Australia. For trading, the Group has sales offices in Singapore and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of business operations. Segment non-current assets are based on the geographical location of the assets. Inter-segment pricing is determined on mutually agreed terms.

Geographical information

	2013		2012	
	External revenues $'000	Non-current assets* $'000	External revenues $'000	Non-current assets* $'000
Singapore	**41,453**	**3,950**	36,607	33,725
Vietnam	**40,354**	**33,871**	38,522	34,524
Hong Kong	**106,521**	**5,188**	120,787	7,163
Australia	**41,699**	**32,893**	49,700	38,301
Malaysia	**49,488**	**36,121**	44,049	35,527
China	**2,335**	**4,821**	3,620	5,411
Pakistan	**–**	**–**	1,546	–
Discontinued operation – Pakistan	**–**	**–**	(1,546)	–
Total	**281,850**	**116,844**	293,285	154,651

* Excludes deferred tax assets

Revenue of approximately $141.5 million (2012: $157.2 million) is derived from a single external customer, attributable to the Specialty Papers and Printed Cartons and Labels segments.

28 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- currency risk
- interest rate risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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 regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and receivables.

Concentrations of credit risk exist when economic or industry factors similarly affect a group of counterparties, and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. Details of credit risk by different factors, including geographical, can be found in note 11.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit facilities. Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer. These limits are reviewed regularly. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. Specific allowance and write-offs of trade and other receivables are made as and when it is considered necessary.

28 Financial risk management (Continued)

Credit risk (Continued)

The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Intra-group financial guarantees

The Company has issued letters of financial support and financial guarantees on behalf of some of its subsidiaries to secure certain banking facilities. In the event of a default of those banking facilities by the subsidiaries, the Company would be responsible for the repayment of the amount owing to the bank.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Working capital management

The Group manages its working capital requirements with the view to ensure smooth operations and optimise interest cost. There are credit facilities available to the Group to support part of the working capital requirements. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Group.

28 Financial risk management (Continued)

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD), United States dollar (USD), Vietnamese dong (VND), Australian dollar (AUD) and Malaysia ringgit (MYR).

The Group has a policy that governs the hedging of foreign currency risk exposure. The Group's policy is to enter into "Plain Vanilla" foreign exchange forwards to hedge its foreign currency risks. The policy prescribes guidelines as to the duration and the risks limits to foreign currency exposures. Exposures to currency risk are monitored on an on-going basis and the Group endeavours to keep the net exposures at an acceptable level.

As at 31 December 2013, the Group and Company have outstanding forward exchange contracts with notional amounts of approximately $900,000 (2012: $7,541,000).

The Group's and Company's exposures to foreign currency risk are as follows:

	SGD $'000	USD $'000	VND $'000	AUD $'000	MYR $'000
Group					
2013					
Trade and other receivables	**342**	**904**	**1,206**	**2,670**	**2,701**
Cash and cash equivalents	**445**	**4,254**	**56**	**2,410**	**333**
Financial liabilities	**–**	**(9,820)**	**–**	**(6,998)**	**(382)**
Trade and other payables	**(447)**	**(1,841)**	**(988)**	**(83)**	**(921)**
Net exposure	**340**	**(6,503)**	**274**	**(2,001)**	**1,731**
2012					
Trade and other receivables	361	3,280	593	4,401	1,722
Cash and cash equivalents	510	2,605	61	1,185	77
Financial liabilities	–	(13,540)	–	(12,436)	–
Trade and other payables	(535)	(6,959)	(1,336)	(190)	–
Net exposure	336	(14,614)	(682)	(7,040)	1,799

28 Financial risk management (Continued)

Currency risk (Continued)

	USD $'000
Company	
2013	
Loans to subsidiaries	**7,290**
Trade and other receivables	**1,075**
Cash and cash equivalents	**3,080**
Trade and other payables	**(1,720)**
Net exposure	**9,725**
2012	
Loans to subsidiaries	6,454
Trade and other receivables	956
Cash and cash equivalents	1,708
Trade and other payables	(1,578)
Net exposure	7,540

Sensitivity analysis

A 2% strengthening of SGD against USD, VND, AUD and MYR 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. The analysis is performed on the same basis for 2012.

	Group Profit/(Loss)		Company Profit/(Loss)	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Group				
SGD	**7**	7	**–**	–
USD	**130**	292	**(195)**	(151)
VND	**(5)**	14	**–**	–
AUD	**40**	141	**–**	–
MYR	**(35)**	(36)	**–**	–

A 2% weakening of SGD against USD, VND, AUD and MYR at the reporting date 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.

28 Financial risk management (Continued)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Effective interest rates and repricing/maturity analysis

	Average interest rate %	Floating interest $'000	Fixed interest rate maturing: Within 1 year $'000	Fixed interest rate maturing: 1 to 5 years $'000	Total $'000
Group					
2013					
Assets					
Cash at bank	**0.3 – 2.5**	**5,611**	**24,527**	**–**	**30,138**
Fixed deposits	**0.1 – 3.7**	**–**	**7,872**	**–**	**7,872**
		5,611	**32,399**	**–**	**38,010**
Liabilities					
Bank loans	**2.7 – 8.0**	**33,981**	**–**	**–**	**33,981**
Trust receipts	**2.2**	**550**	**–**	**–**	**550**
Finance lease liabilities	**9.0**	**–**	**4**	**11**	**15**
		34,531	**4**	**11**	**34,546**
2012					
Assets					
Cash at bank	0.4 – 4.0	8,932	10,365	–	19,297
Fixed deposits	0.1 – 4.6	–	7,889	–	7,889
		8,932	18,254	–	27,186
Liabilities					
Bank loans	2.8 – 9.0	40,461	–	–	40,461
Trust receipts	2.3	565	–	–	565
Finance lease liabilities	2.3 – 9.0	–	5	10	15
		41,026	5	10	41,041

28 Financial risk management (Continued)

Effective interest rates and repricing/maturity analysis (Continued)

	Average interest rate %	Floating interest $'000	Fixed interest rate maturing Within 1 year $'000	Fixed interest rate maturing 1 to 5 years $'000	Total $'000
Company					
2013					
Asset					
Loan to a subsidiary	**3.0 – 3.8**	**–**	**6,164**	**1,315**	**7,479**
Cash at bank	**0.5**	**–**	**24,527**	**–**	**24,527**
		–	**30,691**	**1,315**	**32,006**
2012					
Asset					
Loan to a subsidiary	3.0 – 3.8	–	4,877	–	4,877
Cash at bank	0.4	–	10,365	–	10,365
		–	15,242	–	15,242

Sensitivity analysis

For variable rate financial assets and liabilities, a change of 50bp in interest rate at the reporting date would increase (decrease) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss Group 50 bp increase $'000	Profit or loss Group 50 bp decrease $'000	Profit or loss Company 50 bp increase $'000	Profit or loss Company 50 bp decrease $'000
31 December 2013				
Variable rate instruments	**(145)**	**145**	**–**	**–**
31 December 2012				
Variable rate instruments	(161)	161	–	–

28 Financial risk management (Continued)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets;

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

(c) Level 3 – Inputs for the asset that are not based on observable market data (unobservable inputs).

Financial assets and liabilities carried at fair value

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
2013					
Assets					
Available-for-sale quoted equity shares	8	**544**	**–**	**–**	**544**
Available-for-sale unquoted equity securities	8	**–**	**–**	**374**	**374**
Total assets		**544**	**–**	**374**	**918**
Liabilities					
Forward exchange contracts	14	**–**	**(8)**	**–**	**(8)**
		–	**(8)**	**–**	**(8)**
Group					
2012					
Assets					
Available-for-sale quoted equity shares	8	545	–	–	545
Available-for-sale unquoted equity securities	8	–	–	366	366
Forward exchange contracts	11	–	11	–	11
		545	11	366	922
Company					
2012					
Assets					
Forward exchange contracts	11	–	11	–	11

There was no transfer between levels 1 and 2 during the year.

Notes to the Financial Statements

28 Financial risk management (Continued)

Financial assets and liabilities carried at fair value (Continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Note	2013 $'000	2012 $'000
Group			
At 1 January		**366**	385
Translation difference on consolidation		**8**	(19)
At 31 December	8	**374**	366

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Available-for-sale financial assets

The fair value of available-for-sale quoted equity shares is determined by reference to their quoted prices (unadjusted) in active markets for identical assets.

The fair value of available-for-sale unquoted equity securities is based on cash flows discounted at rates based on the market interest rates adjusted for risk premiums specific to the securities. Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

Derivatives

The fair value of forward exchange contracts is based on broker quotes.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of or reprice within one year (including trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The fair value of loan to subsidiaries is not materially different from its carrying values. All other financial assets and liabilities are discounted to determine their fair values.

28 Financial risk management (Continued)

Classification of financial assets and liabilities

	Note	Loans and receivables $'000	Available-for-sale $'000	Liabilities at amortised cost $'000	Trading $'000	Total carrying amount $'000
Group						
31 December 2013						
Available-for-sale investments	8	**–**	**918**	**–**	**–**	**918**
Trade and other receivables	11	**42,098**	**–**	**–**	**–**	**42,098**
Cash and cash equivalents	12	**59,860**	**–**	**–**	**–**	**59,860**
		101,958	**918**	**–**	**–**	**102,876**
Trade and other payables*	14	**–**	**–**	**(30,484)**	**–**	**(30,484)**
Forward exchange contracts	14	**–**	**–**	**–**	**(8)**	**(8)**
Financial liabilities	16	**–**	**–**	**(34,546)**	**–**	**(34,546)**
		–	**–**	**(65,030)**	**(8)**	**(65,038)**
31 December 2012						
Available-for-sale investments	8	–	911	–	–	911
Trade and other receivables	11	40,077	–	–	–	40,077
Forward exchange contracts	11	–	–	–	11	11
Cash and cash equivalents	12	42,597	–	–	–	42,597
		82,674	911	–	11	83,596
Trade and other payables*	14	–	–	(37,967)	–	(37,967)
Financial liabilities	16	–	–	(41,041)	–	(41,041)
		–	–	(79,008)	–	(79,008)
Company						
31 December 2013						
Trade and other receivables	11	**9,523**	**–**	**–**	**–**	**9,523**
Cash and cash equivalents	12	**28,721**	**–**	**–**	**–**	**28,721**
		38,244	**–**	**–**	**–**	**38,244**
Trade and other payables*	14	**–**	**–**	**(28,677)**	**–**	**(28,677)**
31 December 2012						
Trade and other receivables	11	7,606	–	–	–	7,606
Forward exchange contracts	11	–	–	–	11	11
Cash and cash equivalents	12	12,344	–	–	–	12,344
		19,950	–	–	11	19,961
Trade and other payables*	14	–	–	(11,475)	–	(11,475)

* Excludes employee benefits

29 Contingent liabilities

The Company has given an undertaking to provide continuing financial support to certain subsidiaries, to enable the subsidiaries to continue their operations for at least the next twelve months. The net liabilities of the subsidiaries as at 31 December 2013 were $2,012,000 (2012: $2,661,000).

30 Commitments

At the reporting date, the Group and the Company have the following commitments:

Capital commitments

	Group	
	2013	**2012**
	$'000	**$'000**
Authorised but not contracted for	**5,679**	7,762
Contracted but not provided for	**2,646**	1,396
	8,325	9,158

Operating lease commitments

Leases as lessee

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Payable:				
Within 1 year	**962**	985	**200**	194
After 1 year but within 5 years	**1,421**	1,613	**24**	194
After 5 years	**2,248**	2,287	**–**	–
	4,631	4,885	**224**	388

Operating lease commitments of the Group include commitment by a subsidiary for a land with lease expiring on 15 November 2029.

The Group and the Company lease lands, factories, office, warehouse, motor vehicles and office equipment under non-cancellable operating leases. The leases have varying terms and escalation clauses and renewal rights. On renewal, the terms of the leases are re-negotiated. These leases do not contain contingent rental.

30 Commitments (Continued)

Operating lease commitments (Continued)

Leases as lessor

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Within 1 year	**1,130**	1,305
After 1 year but within 5 years	**1,491**	1,500
	2,621	2,805

Group Properties

List of Major Properties

Location	Description	Tenure
Lot 15,17,19 & 21 – Road 3 Industrial Zone Linh Trung II EPZ Thu Duc District Ho Chi Minh City, Vietnam	One office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 48.5 years from 3 December 2001 to 22 May 2050
Lot 24 – Road 3 Industrial Zone Linh Trung II EPZ Thu Duc District Ho Chi Minh City, Vietnam	Office and factory used by a subsidiary for its operations	Leasehold 40 years from 7 June 2010 to 22 May 2050
A street, Thu Duc District Ho Chi Minh City, Vietnam	Two storey office and ground floor factory used by a subsidiary for its operations	Leasehold 20 years from 30 July 1996
No. 16 Soon Lee Road Singapore 628079	A single-storey detached factory with ancillary structures used by a subsidiary for its operations	Leasehold 60 years commencing from 16 November 1969
38 Huu Nghi Street Vietnam – Singapore Industrial Park Thuan An, Binh Duong Ho Chi Minh City, Vietnam	Two-storey office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 49 years expiring on 8 August 2054
No. 11 Jalan Semangat 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office and factory used by a subsidiary for its operations	Leasehold 99 years expiring on 16 August 2059
No. 9 Jalan Semangat 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office and factory used by a subsidiary for its operations	Leasehold 99 years expiring on 10 November 2059
No. 79 Section 14/20 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of its subsidiary	Leasehold 99 years expiring on 22 July 2074
No. 8, Section 14/28 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of its subsidiary	Leasehold 99 years expiring on 10 January 2063
Forest Hills, Block B-210 Mission Hill Golf Club Tangxia Town, Dongguan City Guangdong Province, PRC	Studio apartment	Leasehold 40 years expiring on 6 July 2049
32 Britton Street, Smithfield NSW 2164 Australia	Office and factory used by a subsidiary for its operations	Freehold

Group Properties

List of Investment Properties

Location	Descriptions	Tenure
No. 190, 191, 210 and 211 Shanghai Ma Lu Industrial Park No. 58 Chan Bo Road, Ma Lu District Jia Ding County, Shanghai, PRC	Four similar semi-detached single-storey industrial/warehouse buildings	Leasehold 50 years expiring on 12 November 2043
No. 2461, Bao An Road JiaDing District, Shanghai, PRC	Office, factory and warehouse	Leasehold 50 years from 7 July 1997
No. 5 & 6 Yue Hai Industrial Area Nan Yu Road West, Nan Shan District Shenzhen, PRC	Two adjoining ground floor units of twin six-storey factory buildings	Leasehold 50 years from 1 March 1996
No. 78 Xin Hua Dong Road Inner Mongolia, PRC	2 units of residential apartments	Leasehold 70 years from 25 January 2006
No. 35 Gang Wan Road Wuhu Economic Technology Development Park Wuhu City, Anhui Province, PRC	Office, factory and warehouse	Leasehold period from 13 December 2000 to 1 December 2047
Workshop B, 1/F., Block 1 Koon Wah Mirror Factory (6th) Industrial Building Nos. 7 – 9 Ho Tin Street, Tuen Mun New Territories, Hong Kong	Industrial premises	Leasehold 99 years from 1 July 1898, extended by the New Territories Leases (Extension) Ordinance until the expiry of 30 June 2047
No. 8, Lorong 19/1 A 46300 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office, factory and warehouse	Leasehold 99 years from 24 July 1963
No. 41-43 Birralee Road Regency Park, SA 5010 Australia	Office, factory and warehouse	Freehold

Corporate Governance Statement

The Company is committed to adhering to the principles and guidelines of the Code of Corporate Governance ("Code"). This Statement outlines the corporate governance practices of the Company in relation to the Code.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Board of Directors of the Company ("Board") and its committees meet on a regular basis and as and when necessary to address any specific significant matters that may arise. The Articles of Association of the Company provide for telephonic and video-conferencing meetings. The Board and its committees may also decide on matters by way of circular resolutions. Below is the attendance of the Directors at meetings of the Board and its committees in 2013:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	5	4	3	3
Directors		**No. of meetings attended**		
Gary Yen	4	3	3	n.a.
George Lee Chee Whye	5	n.a.	n.a.	n.a.
Tang See Chim*	1	1	1	1
Ronnie Teo Heng Hock**	4	3	2	2
Prof. Brian Lee Chang Leng	5	4	n.a.	3
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	3	n.a.	n.a.	n.a.
Victoria Tay Seok Kian	4	n.a.	3	3
Angela Heng Chor Kiang#	–	–	–	–
David Lim Teck Leong#	–	–	–	–

n.a. – not a member
* *ceased as Director with effect from 26 April 2013*
** *appointed as a Director with effect from 14 May 2013*
# *appointed as a Director with effect from 27 March 2014*

The Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee and delegated specific responsibilities to these committees. Details of these committees and their respective duties and functions are set out in this Statement.

Matters requiring Board approval include annual budgets, investments, divestments, major contracts, financial reporting, borrowings and the appointment of the Chief Executive Officer and Directors.

The Company issues a formal letter to newly-appointed Directors, setting out their duties and obligations. In addition, the Company conducts orientation programs for new Directors so that they are familiar with their duties and its businesses and governance practices. Such programs include briefings by management and visits to principal subsidiaries. Furthermore, the Directors receive training, briefing or updates on applicable laws, regulations and practices, accounting standards, risk management as well as industry-specific knowledge, issues and risks from time to time.

Corporate Governance Statement

Principle 2: Board Composition and Guidance
As at the date of this Annual Report, the Board comprises eight Directors, four of whom are non-executive and independent. They are:

Gary Yen	**(Non-Executive Chairman)**
George Lee Chee Whye	**(Executive Director)**
Angela Heng Chor Kiang	**(Executive Director*)**
Ronnie Teo Heng Hock	**(Non-Executive and Lead Independent Director)**
Prof. Brian Lee Chang Leng	**(Non-Executive and Independent Director)**
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	**(Non-Executive Director)**
Victoria Tay Seok Kian	**(Non-Executive and Independent Director)**
David Lim Teck Leong	**(Non-Executive and Independent Director)**

* *will be Executive Chairman with effect from the conclusion of the forthcoming Annual General Meeting, subject to her re-election as a Director.*

Among their functions, the Non-Executive Directors assist in the development of strategies for the Group and review the performance of management in meeting goals and objectives. They meet as and when necessary without the presence of management.

Principle 3: Chairman and Chief Executive Officer
The Chairman and the Chief Executive Officer are separate persons and their roles and responsibilities are distinct.

The Chairman's functions include leading the Board and setting its agenda, ensuring that the Directors receive accurate, timely and clear information, ensuring effective communication with shareholders, encouraging constructive relations between the Board and management, facilitating the effective contribution of non-executive Directors and promoting high standards of corporate governance.

With regard to Board proceedings, the Chairman ensures that Board meetings are held when necessary. Management staff who can provide additional insight into matters to be discussed are invited to attend such meetings.

The Chief Executive Officer implements the Board's decisions, administers the Group and manages and develops its businesses.

Given that the Chairman is not an Independent Director, Ronnie Teo Heng Hock has been appointed the Lead Independent Director with effect from 1 January 2014. The function of a Lead Independent Director is to be available to shareholders of the Company where they have concerns and for which contact through the normal channels of the Chairman, the Chief Executive Officer or the Chief Financial Officer has failed to resolve or is inappropriate.

Corporate Governance Statement

Principle 4: Board Membership

As at the date of this Annual Report, the Nominating Committee ("NC") comprises three Non-Executive Directors, a majority of whom, including the Chairman, are independent. They are:

Victoria Tay Seok Kian (Chairperson of the NC – Non-Executive and Independent Director)
Ronnie Teo Heng Hock (Non-Executive and Lead Independent Director)
Gary Yen (Non-Executive Director)

The NC has specific terms of reference and its duties, roles and authority include:

a. reviewing and recommending candidates for appointments to the Board and/or its committees;

b. being responsible for the induction of new Directors;

c. reviewing and recommending the re-appointment or re-election of Directors;

d. reviewing and recommending nominees to the boards of the Company's subsidiaries and associated companies;

e. reviewing the independence of Directors annually;

f. reviewing the Board structure, size and composition and making recommendations to the Board with regard to any adjustment that is necessary;

g. developing a process for evaluation of the performance of the Board, its committees and Directors and evaluating such performances;

h. reviewing board succession plans for Directors, in particular, the Chairman and for the Chief Executive Officer; and

i. reviewing training and professional development programs for the Board.

At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold as it is of the view that the effectiveness of a Director should be evaluated by a qualitative assessment of his/her contributions to the Company's affairs taking into account his/her other commitments including his/her directorships in other listed companies.

With respect to the appointment of any new Director to the Board, candidates are identified through various sources and the NC reviews the expertise and experience of the candidates, interviews the short-listed candidates and recommends the most suitable candidate(s) to the Board for approval.

With respect to Directors who retire at the Annual General Meetings of the Company and who offer themselves for re-appointment or re-election, the NC reviews the performance and contribution of the relevant Directors before deciding whether to recommend their re-appointments or re-elections to the Board.

Pursuant to the Articles of Association of the Company, one-third of the Directors will retire from office at each Annual General Meeting ("AGM") and be eligible for re-election. The Directors will submit themselves for re-nomination and re-election at regular intervals and at least every three years.

Corporate Governance Statement

The NC reviews the independence of the Directors annually. The NC and the Board consider Ronnie Teo Heng Hock, Prof. Brian Lee Chang Leng, Victoria Tay Seok Kian and David Lim Teck Leong to be Independent Directors.

The appointment of Prof. Brian Lee Chang Leng as a Director shall cease at the conclusion of the forthcoming AGM pursuant to Section 153(6) of the Companies Act, Chapter 50. Prof. Brian Lee Chang Leng has decided not to seek re-appointment as Director.

Tengku Tan Sri Dr Mahaleel bin Tengku Ariff, Gary Yen and Ronnie Teo Heng Hock are retiring as Directors at the forthcoming AGM pursuant to the Articles of Association of the Company. The NC and the Board nominated Tengku Tan Sri Dr Mahaleel bin Tengku Ariff for re-election as Director at the forthcoming AGM. Gary Yen and Ronnie Teo Heng Hock have decided not to seek re-election as Directors.

The dates of first appointment and last re-election or re-appointment of the Directors are as follows:

Director	Date of appointment	Date of last re-election or re-appointment
Gary Yen	1 February 2002	26 April 2013
Ronnie Teo Heng Hock	14 May 2013	n.a.
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	1 March 2007	26 April 2012
Prof. Brian Lee Chang Leng	4 March 2011	26 April 2013
George Lee Chee Whye	2 July 2012	26 April 2013
Victoria Tay Seok Kian	31 July 2012	26 April 2013
Angela Heng Chor Kiang	27 March 2014	n.a.
David Lim Teck Leong	27 March 2014	n.a.

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out on pages 7 to 9 of this Annual Report.

Information regarding the Directors' shareholdings in the Company and related corporations is set out on page 14 of this Annual Report.

Principle 5: Board Performance

The NC assesses the effectiveness of the Board and its committees as well as the contributions by the Directors annually. Evaluation forms are sent to the Directors for completion. The NC analyses the results of the evaluation and ascertains key areas for improvement. The findings are reported to the Board. The performance of a Director is taken into account in the review of his/her re-appointment or re-election.

Principle 6: Access to Information

The Board has separate and independent access to the senior management and the company secretary and is informed of all material events and transactions as and when they occur. The company secretary coordinates, attends and prepares minutes of board meetings and advises on relevant rules and regulations as well as corporate governance practices.

If the Directors, whether individually or as a group, in furtherance of their duties, need independent professional advice, the Company will, upon the direction of the Board, appoint a professional adviser to render such advice at the Company's expense.

Corporate Governance Statement

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
As at the date of this Annual Report, the Remuneration Committee ("RC") comprises three Directors, all of whom, including the Chairman, are non-executive and independent. They are:

Victoria Tay Seok Kian (Chairperson of the RC)
Prof. Brian Lee Chang Leng
Ronnie Teo Heng Hock

The RC has specific terms of reference and its duties, roles and authority include:

a. reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel;

b. reviewing and recommending to the Board specific remuneration packages for each Director and key management personnel;

c. reviewing the obligations of the Company or its relevant subsidiary in the event of termination or cessation of the Executive Directors' or key management personnel's contracts of service including severance payments, retirement payments, gratuities and ex-gratia payments; and

d. considering, evaluating and, if appropriate, recommending to the Board long-term incentive schemes for Directors and key management personnel.

The RC, in carrying out its duties, has access to the Company's resources and/or external professional advice.

Principle 8: Level and Mix of Remuneration
The Company entered into a consultancy agreement on 21 September 2011 with Gary Yen, our Non-Executive Chairman, pursuant to which, he, *inter alia*, advises the Chief Executive Officer on corporate and business strategies for the Group and the Company pays him S$20,000 every quarter for such services.

Non-Executive Directors are paid directors' fees subject to the approval of the Company at the AGM. Executive Directors do not receive directors' fees.

The Company has been considering long-term incentive schemes for Directors and key management personnel but has yet to find a suitable model. The Company will continue to look into the matter.

Principle 9: Disclosure on Remuneration (Annual Remuneration Report)
The Code recommends full disclosure of the remuneration of the Company's Directors and top key executives. The Board has considered this matter carefully and has decided against disclosure in dollar terms. Given the highly competitive and niche industry that the Group operates in, it is felt that the disadvantages of disclosure will outweigh the benefits.

The remuneration of the Directors for 2013 is as follows:

	Directors' fees %	Base/Fixed Salary[(a)] %	Variable or performance-related income/ bonuses[(a)] %	Benefits in kind %	Consultancy %	Total %
Executive Directors						
S$250,000 to S$500,000						
George Lee Chee Whye	Nil	78%	20%	2%	Nil	100%
Below S$250,000						
Angela Heng Chor Kiang[(b)]	Nil	89%	11%	Nil	Nil	100%
Non-Executive Directors						
Below S$250,000						
Gary Yen	56%	Nil	Nil	Nil	44%[(g)]	100%
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	91%[(c)]	Nil	Nil	9%[(d)]	Nil	100%
Non-Executive and Independent Directors						
Below S$250,000						
Prof. Brian Lee Chang Leng	100%	Nil	Nil	Nil	Nil	100%
Ronnie Teo Heng Hock[(e)]	100%	Nil	Nil	Nil	Nil	100%
Tang See Chim[(f)]	100%	Nil	Nil	Nil	Nil	100%
Victoria Tay Seok Kian	100%	Nil	Nil	Nil	Nil	100%
David Lim Teck Leong[(b)]	Nil	Nil	Nil	Nil	Nil	Nil

(a) Includes contributions to the Provident Fund.
(b) Appointed as a Director on 27 March 2014.
(c) Received from both the Company and Tien Wah Press Holdings Berhad, a listed subsidiary of the Company.
(d) Received from Tien Wah Press Holdings Berhad.
(e) Appointed as a Director on 14 May 2013.
(f) Retired as a Director on 26 April 2013.
(g) Details of the consultancy can be found on page 103 under Principle 8.

Corporate Governance Statement

The remuneration of the top four key executives (who are not Directors and whom the Company considers senior enough and appropriate for disclosure purposes) for 2013 is as follows:

Key Executives	Base/Fixed Salary[(a)] %	Variable or performance-related income/ bonuses[(a)] %	Total %
$250,000 to $500,000			
Jacco Dijke	94%	6%	100%
Lucy Cher Soon Eng	87%	13%	100%
Below $250,000			
Lionel Yap Chee Cheong	83%	17%	100%
Ong Liang Win	85%	15%	100%

The total remuneration paid to the above four key executives for 2013 was S$1,023,000.

The remuneration of employees who are immediate family members of a Director or the Chief Executive Officer, and whose remuneration exceeded $50,000 in 2013 is as follows:

	Base/Fixed Salary[(a)] %	Variable or performance-related income/ bonuses[(a)] %	Total %
Below $250,000			
Lu Le Nhi*	76%	24%	100%

* *Lu Le Nhi is the mother of Gary Yen, the Non-Executive Chairman.*

(a) *Includes contributions to the applicable provident funds.*

The remuneration packages of the Chief Executive Officer, the Chief Financial Officer and other key executives for the financial year include performance bonuses tied to the achievement of their respective key performance indicators (e.g. revenue, profit, cashflow and/or return on equity) and personal management objectives (e.g. completion of a project, setting up of a system or program and/or attainment of a target or rating). The foregoing performance conditions were chosen having regard to the nature of the business, structure and requirement of the Group. The key executives achieved most of their respective key performance indicators and personal management objectives for the financial year.

Principle 10: Accountability and Audit

The Company announces its financial results for the first three quarters and the full financial year and other material information via SGXNET in accordance with the requirements of the SGX-ST. Management provides the Board with management accounts, operational review and such explanations and other information together with the financial results and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and effectiveness of the Group's system of internal controls, including financial, operational, compliance and IT controls, and risk management policies and systems. The board of the Group's separately listed subsidiary is responsible for the oversight of its group's internal controls and risk management systems and the Directors rely on the Company's nominees to the board of the listed subsidiary to provide oversight together with the other board members of the listed subsidiary on the adoption and implementation of appropriate corporate governance practices, internal controls and risk management systems.

In 2012, the Group developed the risk identification and management framework with the assistance of PwC Business Advisory Services Pte Ltd. From 2013, a Group Risk Committee ("GRC"), comprising key management personnel, reviews the consolidated risk registers quarterly. The GRC is responsible for directing and monitoring the development, implementation as well as the practice of Enterprise Risk Management ("ERM") across the Group. The GRC reports through the Group Chief Executive Officer and the Group Chief Financial Officer to the Audit Committee ("AC") every half-yearly.

The internal controls structure of the Group has been designed and put in place to ensure the Group's business units provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgment in decision making, losses, fraud or other irregularities.

The internal and external auditors conduct audits that involve verifying the effectiveness of the material internal controls system in the Group. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to the AC. The effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors is also reviewed by the AC.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer:

(a) 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

(b) regarding the effectiveness of the Company's risk management and internal control systems.

Based on the work performed by internal auditor during the financial year, as well as the statutory audit by the external auditors, and the written assurance from Management, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls in place as at 31 December 2013 is adequate to address in all material respects the financial, operational, compliance and IT risks within the current scope of the Group's business operations.

Principle 12: Audit Committee

As at the date of this Annual Report, the Audit Committee ("AC") comprises three Non-Executive Directors, a majority of whom, including the Chairman, are independent. They are:

Ronnie Teo Heng Hock (Chairman of the AC, Non-Executive and Lead Independent Director)
Prof. Brian Lee Chang Leng (Non-Executive and Independent Director)
Gary Yen (Non-Executive Director)

The AC has specific terms of reference and its duties, roles and authority include:

a. reviewing the audit plans of the external auditors, their evaluation of the system of internal accounting controls and their audit report;

b. reviewing the quarterly and annual financial statements before submission to the Board;

c. reviewing the assistance given by the Company's officers to the external auditors;

d. reviewing the scope and results of internal audit procedures;

e. ensuring that a review of the effectiveness of the Company's internal controls is conducted annually by the internal and/or external auditors;

f. reviewing with the internal and external auditors their findings on their evaluation of the Company's system of internal controls;

g. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position;

h. reviewing the cost effectiveness, independence and objectivity of the external auditors, taking into consideration any non-audit services provided to the Company;

i. nominating the appointment or re-appointment of the external auditors; and

j. reviewing interested person transactions falling within the scope of the Listing Manual.

The AC has authority to investigate any matter within its scope of duties and functions, full access to and co-operation by the management of the Company and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its duties and functions properly.

The activities carried out by the AC during the financial year include reviewing quarterly and full year financial statements, reviewing interested and related party transactions, reviewing internal audit plan and reports, reviewing the re-appointment of the external auditors and their fees and meeting with the external auditors and the internal auditors without the presence of management.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements by receiving updates from the external auditors and seeking advice and clarifications from them during quarterly meetings and when necessary.

The aggregate amount of fees paid or payable to KPMG, the external auditors, for services provided to the Group for the financial year was S$286,000 comprising S$250,000 for audit services and S$36,000 for non-audit services. The AC has reviewed the nature and extent of non-audit services provided by KPMG to the Group during the financial year and is satisfied that the nature and extent of such services are not likely to prejudice the independence of KPMG as external auditors of the Company.

Principle 13: Internal Audit

The Company engaged PwC Management Consultants Pte Ltd to conduct internal audits, on a project basis, on its subsidiaries in the Specialty Papers Division, the scope of which was approved by the AC.

The AC reviews and approves the annual internal audit plans and the scope and results performed by the internal auditors to ensure the adequacy of the internal audit function. The AC is satisfied that the internal auditors are independent and have the appropriate standing to perform the functions effectively.

For the Printed Cartons & Labels Division, the board of the listed subsidiary established an in-house internal audit function, which is led by the Head of Internal Audit, who reports directly to the AC of the listed subsidiary.

Principle 14: Shareholder Rights

The Company is committed to fair and equitable treatment of all its shareholders including their rights to be notified of material information concerning the Company or its businesses.

Shareholders can participate and vote at general meetings of the Company and, where necessary, would be informed of the relevant rules and procedures governing the meetings.

Principle 15: Communication with Shareholders

The Company discloses pertinent information to its shareholders through the SGXNET, annual reports and/or the press.

Shareholders may from time to time share with senior management their views and concerns and where necessary, such inputs would be communicated to the Board.

At the general meetings of the Company, shareholders are given the opportunity to air their views and ask the Directors and management questions regarding the Group.

Principle 16: Conduct of Shareholder Meetings

Shareholders are allowed to vote at general meetings in person or by proxy and equal effect is given to such votes.

Separate resolutions are tabled at general meetings on each distinct issue.

Management, Directors and, where necessary, the external auditors and legal advisors are present and available to address questions at general meetings.

Code of Ethics

The Group has a code of ethics that sets the standards and ethical conduct expected of its employees. The Group's employees are required to observe and maintain high standards of integrity and comply with applicable laws and regulations as well as the Group's policies.

Whistle-blowing Policy

The Company has put in place a whistle-blowing policy for employees to raise, in confidence, concerns about possible improprieties in financial reporting or other matters and for the independent investigation of such matters and appropriate follow-up actions.

Dealings in Securities

In line with Rule 1207(19) of the Listing Manual of the SGX-ST on dealings in securities, the Company provides guidance to its officers with regard to dealings by the Company and its officers in its securities including reminding its officers to observe the laws on insider dealing at all times. In addition, the Company advises its officers not to deal in its securities on short-term considerations and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's financial statements for the full financial year, and ending on the date of the announcement of the relevant results.

Corporate and Investor Information

Registered Address

80 Robinson Road #02-00
Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 4399

Business Address

47 Scotts Road #05-03
Goldbell Towers
Singapore 228233
Tel: +65 6238 2188
Fax: +65 6238 1082

Share Registrar

Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 4399

Company Secretary

Mr Lee Wei Hsiung, ACIS

Auditors

The Company, subsidiaries and significant associated companies in Singapore

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Lee Sze Yeng since FY2010

Significant subsidiaries and associated companies outside Singapore

KPMG Limited
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, District 1
Ho Chi Minh City
Vietnam
Partner-in-charge: Nguyen Thanh Nghi since FY2010

KPMG
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Malaysia
Partner-in-charge: Lee Yee Keng since FY2012

Company's Solicitors

David Lim & Partners, Singapore

Principal Bankers

DBS Bank Ltd
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Stock Exchange Listing

Mainboard, The Singapore Exchange Securities Trading Limited (SGX-ST)
Listed on 4 April 1997
ISIN code: SG1E32850828

Investor Relations

Head Office – Singapore
Lucy Cher
Email: lucy.cher@newtoyo.com
Tel: +65 6238 2173

Stock Codes

(SGX-ST) – ISIN code: SG1E32850828
Bloomberg – Toyo SP
Reuters – NTYO.SI

Sources of Information about New Toyo

Annual reports
Quarterly reports
Results presentations
SGX-ST website: http://www.sgx.com (SGXNET)
Company website: www.newtoyo.com

Other Information Required Under The SGX-ST Listing Manual

Non-audit Fees

The amount of fees paid or payable in relation to non-audit services provided to the Group by KPMG LLP Singapore and other member firms of KPMG International for the year ended 31 December 2013 is S$36,000.

Material Contracts Involving the Interests of the Chief Executive Officer, Director or Controlling Shareholder

Save as disclosed below under the heading "Interested Person Transactions" and on page 103 under Principle 8, the Company and its subsidiaries do not have any material contract involving the interest of the Chief Executive Officer, Director or controlling shareholder that was still subsisting as at 31 December 2013 or entered into since 31 December 2012.

Employee Share Option Scheme

The Group currently does not have any employee share option scheme.

Interested Person Transactions

The aggregate value of transactions entered into by the Group with interested persons, as defined in the SGX-ST Listing Manual, is as follow:

Interested person	Aggregate value of all transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) S$'000
New Toyo Pulppy (Vietnam) Co. Ltd		
– Sales of chipboard and duplex	332	–
New Toyo Pulppy (Hong Kong) Ltd		
– Purchase of services on administrative and accounting works	111	–

Risk Management

The Group's risk management controls are outlined on pages 86 to 94 and page 106 of this Annual Report.

Statistics of Shareholdings

As at 18 March 2014

Class of share : Ordinary share
Voting rights : One vote per ordinary share

Distribution of Shareholders by Size of Shareholdings as at 18 March 2014

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	21	0.38	4,761	–
1,000 – 10,000	3,965	71.77	13,521,413	3.08
10,001 – 1,000,000	1,503	27.20	99,562,299	22.66
1,000,001 AND ABOVE	36	0.65	326,336,130	74.26
TOTAL	**5,525**	**100.00**	**439,424,603**	**100.00**

As at 18 March 2014, approximately 47.3% of the shareholdings is held by the public and thus Rule 723 of the SGX-ST Listing Manual is complied with.

Twenty Largest Shareholders

	Shareholder's Name	No. of Shares	%
1	YEN WEN HWA @ NGAN TZEE MANH	106,959,164	24.34
2	YEN & SON HOLDINGS PTE LTD	58,817,940	13.39
3	HONG LEONG FINANCE NOMINEES PTE LTD	33,012,000	7.51
4	LU LE NHI	29,092,577	6.62
5	CHIA KEE KOON	21,847,000	4.97
6	CITIBANK NOMINEES SINGAPORE PTE LTD	7,385,600	1.68
7	WUTHELAM HOLDINGS LTD	7,000,000	1.59
8	MAYBANK KIM ENG SECURITIES PTE LTD	5,292,800	1.20
9	CHUA KUAN LIM CHARLES	4,538,000	1.03
10	CHIANG KOK MENG	3,700,000	0.84
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,498,280	0.80
12	DBS NOMINEES PTE LTD	3,362,629	0.77
13	UOB KAY HIAN PTE LTD	3,333,604	0.76
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,189,200	0.73
15	GOH LEH HONG	3,109,400	0.71
16	YEO KHEE CHYE	2,860,000	0.65
17	TAN CHONG YAN	2,345,000	0.53
18	LEE WOON KIAT	2,278,736	0.52
19	CHUA ZI EN ALEXANDRA JANE (CAI ZI'EN)	2,156,000	0.49
20	WEE HIAN KOK	2,097,000	0.48
	TOTAL	305,874,930	69.61

Statistics of Shareholdings

As at 18 March 2014

Substantial Shareholders as at 18 March 2014

(as shown in the Register of Substantial Shareholders)

	Name	Direct Interest	Deemed Interest
1	Yen Wen Hwa @ Ngan Tzee Manh	139,959,164[a]	87,910,517[b]
2	Lu Le Nhi	29,092,577	198,777,104[c]
3	Yen & Son Holdings Pte Ltd	58,817,940	–

Note

(a) Inclusive of 33,000,000 shares which are held through Hong Leong Finance Nominees Pte Ltd.

(b) Inclusive of interests of:

Lu Le Nhi		29,092,577
Yen & Son Holdings Pte Ltd		58,817,940
	Total:	87,910,517

(c) Inclusive of interests of:

Yen Wen Hwa		139,959,164
Yen & Son Holdings Pte Ltd		58,817,940
	Total:	198,777,104

Notice of 18th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of the Company will be held at 39 Scotts Road, Ballroom TopazALL, Sheraton Towers, Singapore 228230 on 25 April 2014 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 0.90 Singapore cents per ordinary share for the financial year ended 31 December 2013. **(Resolution 2)**

3. To approve the Directors' fees of S$350,000 for the financial year ending 31 December 2014, to be paid quarterly in arrears. (2013: S$350,000) **(Resolution 3)**

4. To note the retirement of the following Directors of the Company, who have decided not to seek re-election/re-appointment:

   (i) Mr Gary Yen (Article 91)
   (ii) Mr Ronnie Teo Heng Hock (Article 97)
   (iii) Prof. Lee Chang Leng Brian (Section 153(6) of the Companies Act, Chapter 50)

5. To re-elect the following Directors of the Company retiring pursuant to Articles 91 and 97 of the Articles of Association of the Company:

   (i) Tengku Tan Sri Dr Mahaleel bin Tengku Ariff (Article 91) **(Resolution 4)**

   (ii) Ms Angela Heng Chor Kiang (Article 97) **(Resolution 5)**

   (iii) Mr Lim Teck Leong David (Article 97) **(Resolution 6)**

   (See Explanatory Note 1)

6. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

Notice of 18th Annual General Meeting

AS SPECIAL BUSINESS

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

7. Authority to issue shares and convertible securities. **(Resolution 8)**

   "That, pursuant to Section 161 of the Companies Act, Cap. 50 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 to issue shares and convertible securities in the Company at any time to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority 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."

   (See Explanatory Note 2)

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

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed from 6 May 2014 after 5.00 p.m. to 7 May 2014 (both dates inclusive) for the purpose of determining Members' entitlements to the final dividend to be proposed at the 18th Annual General Meeting of the Company to be held on 25 April 2014.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 6 May 2014 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares in the Company as at 5.00 p.m. on 6 May 2014 will be entitled to such proposed dividend.

The proposed final dividend, if approved at the 18th Annual General Meeting, will be paid on 16 May 2014.

By Order of the Board

Lee Wei Hsiung
Company Secretary
10 April 2014

Notice of 18th Annual General Meeting

Notes:

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. A proxy need not be a Member of the Company.

3. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

1. Ordinary Resolution 4 is for the re-election of Tengku Tan Sri Dr Mahaleel bin Tengku Ariff as a Director of the Company who retires by rotation at the Annual General Meeting.

   Ordinary Resolution 5 is for the re-election of Ms Angela Heng Chor Kiang as a Director of the Company who joined the Board of Directors of the Company on 27 March 2014. Ms Angela Heng Chor Kiang will, upon re-election as a Director of the Company, be the Executive Chairman of the Company at the conclusion of the Annual General Meeting.

   Ordinary Resolution 6 is for the re-election of Mr Lim Teck Leong David as a Director of the Company who joined the Board of Directors of the Company on 27 March 2014.

   The Directors who have offered themselves for re-election have each confirmed that, they do not have any relationships (including immediate family relationships) with the other Directors, the Company or its 10% shareholders. The current directorships in other listed companies and details of other principal commitments held by each of these Directors are set out on pages 7 to 9 of this Annual Report.

2. Ordinary Resolution 8, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company provided that the aggregate number of shares and convertible securities to be issued does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities on issue at the time the resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares. This authority will, unless revoked or varied at a general meeting, expire at 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.

NEW TOYO INTERNATIONAL HOLDINGS LTD

Registration No.: 199601387D
(Incorporated in the Republic of Singapore)

Important:

1. For investors who have used their CPF monies to buy the Company's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ______________________________ (Name)

of ______________________________ (Address)

being a *member/members of NEW TOYO INTERNATIONAL HOLDINGS LTD ("the Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 39 Scotts Road, Ballroom TopazALL, Sheraton Towers, Singapore 228230 on 25 April 2014 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Resolution	For	Against
1	To receive and adopt the Audited Financial Statements and Reports for the financial year ended 31 December 2013.		
2	To approve a final dividend of 0.90 Singapore cents per share for the financial year ended 31 December 2013.		
3	To approve the Directors' fees of S$350,000 for the financial year ending 31 December 2014, to be paid quarterly in arrears.		
4	To re-elect Tengku Tan Sri Dr Mahaleel bin Tengku Ariff who is retiring pursuant to Article 91 of the Company's Articles of Association.		
5	To re-elect Ms Angela Heng Chor Kiang who is retiring pursuant to Article 97 of the Company's Articles of Association.		
6	To re-elect Mr Lim Teck Leong David who is retiring pursuant to Article 97 of the Company's Articles of Association.		
7	To re-appoint KPMG LLP as auditors and authorise the Directors to fix their remuneration.		
8	To authorise Directors to issue shares and convertible securities.		

Dated this ____________ day of ____________ 2014

Total number of Shares held

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

* *Delete accordingly*

IMPORTANT: PLEASE READ NOTES BELOW

Notes:–

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. 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 or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company 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 its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

AFFIX
STAMP

The Company Secretary
New Toyo International Holdings Ltd
80 Robinson Road
#02-00
Singapore 068898

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International Holdings Ltd

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