NEW TOYO
International Holdings Ltd

UNVEILING GREATER POTENTIAL

ANNUAL REPORT 2017

COVER RATIONALE

Concept aims to highlight New Toyo's growth strategy of enhancing its position by realigning its footprint and consolidating its core operations. This theme is translated into the cover design, with three horizontal ribbons unfurled to reveal inner layers in vibrant colours. The visual represents the idea of the Group uncovering and unveiling greater potential with its new operations in strategic geographic locations, particularly in Indonesia, Vietnam, and Dubai. The visual is also representative of the Group's speciality packaging material products.

INTRODUCTION

Founded in 1975, New Toyo is one of the largest producers of specialty packaging materials in the Asia Pacific Region today. Our operations are strategically located in Singapore, Malaysia, Vietnam, Dubai and China 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.

MISSION

To grow shareholder value through quality packaging solutions and services

VISION

To be the preferred supplier of consistently high quality packaging materials

VALUES

Teamwork/Excellence/
Innovation/Creativity/
Honesty + Integrity

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CHAIRMAN'S MESSAGE

"IT IS IMPORTANT TO NOTE THAT THESE STRATEGIC MOVES HAVE STRENGTHENED OUR MARKET POSITION AS WE NOW HAVE TWO LOWER-COST BASED PRODUCTION CENTERS IN ASEAN'S FASTEST GROWING ECONOMIES."

"...WE WILL FOCUS ON OPTIMISING OUR ENTIRE VALUE CHAIN TO ACHIEVE NOT ONLY COST, BUT PRODUCTION EFFICIENCIES SO AS TO CONTINUE OUR LEAD AS A KEY STRATEGIC SUPPLIER WITH OUR DIVERSE CAPABILITIES TO SERVE OUR CUSTOMERS' NEEDS."

Yen Wen Hwa
Non-Executive Chairman

Dear Shareholders

On behalf of the Board of Directors of New Toyo International Holdings Limited ("New Toyo" or the "Group"), I am pleased to present our performance for the financial year ended 31 December 2017.

To begin with, our business and operating environment are constantly changing with greater speed than ever before.

The economic growth in Asia, fueled by the opening up of emerging markets, have spurred the rise of a large growing middle class. Coupled with the advent of new technologies such as digital media and the Internet of Things, these have created new opportunities while at the same time presented new challenges for us and our customers.

It is imperative that New Toyo responds and adapts to market changes which have impacted us, especially in the print business. As a result, we had to make some hard and painful decisions.

In August 2017, we had to close our operations in Australia which resulted in retrenchment and PPE impairment expenses of S$8.5 million. Towards the end of 2016, the Group was presented with an opportunity to acquire PT Bintang Pesona Jagat in Indonesia from our customer with a supply contract as they moved their operations out of Malaysia. With this move, our Malaysian operations became redundant and we took another difficult decision to cease operations and incurred retrenchment and PPE impairment expenses of S$3.8 million consequently.

The consolidation of our two operations affected our bottom line by as much as S$12.3 million. The majority of these and other operating expenses attributed by our new operations (explained in the Group CEO's Business Review), had impacted our performance, resulting in a loss before tax of S$0.2 million from a profit before tax of S$27.9 million in FY2016, despite having achieved revenue growth of 6.7% for the year. However, our cash generation is positive with S$17.6 million generated from operations with cash and cash equivalents of S$48.6 million.

It is important to note that these strategic moves have strengthened our market position as we now have two lower-cost based production centers in ASEAN's fastest growing economies.

Notwithstanding the consolidation exercise, we continued our expansion efforts with the entry into the Middle East, a new large market. We have commenced our printing operations in Dubai and have acquired a new customer. We will continue to pursue additional customers in this new market.

Our product portfolio for the cigarette industry is comprehensive and this provides us with better risk management and business sustainability as our different business segments are able to complement and mitigate each other's performance in the event of a business downturn. For this year, our Specialty Papers segment did well to offset the poorer performance of the Printed Cartons and Labels segment due to the change in our operations.

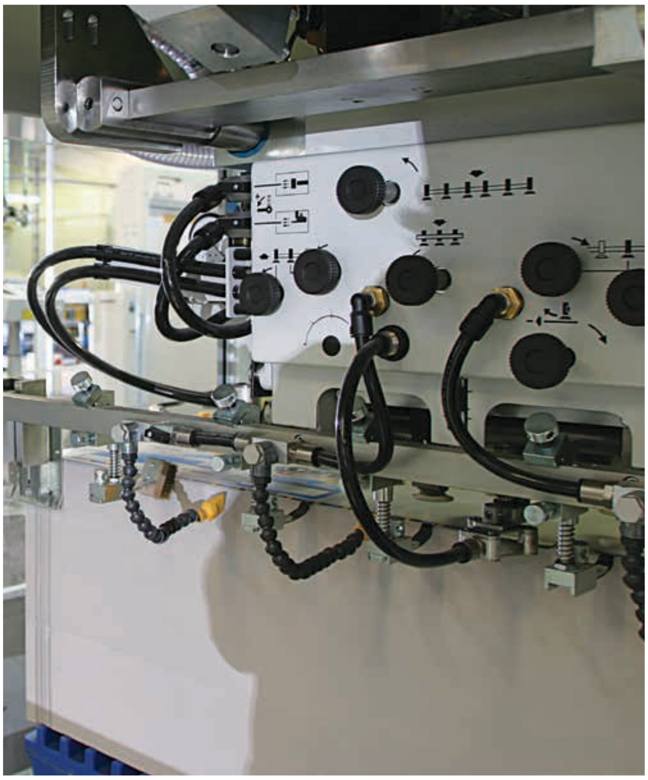
CHAIRMAN'S MESSAGE

To reduce our reliance on a single industry, our Malaysian joint venture for a mixed commercial development is progressing, which will serve to expand our capabilities in a new but important industry.

Over the medium term, we will continue to seek new areas to diversify our earning streams and in this respect, we have entered into the manufacture of tissue paper via a leasing agreement to produce semi-finished tissue products for paper converters as well as provide manufacturing services for finished goods.

With these in place, we will focus on optimising our entire value chain to achieve not only cost, but production efficiencies so as to continue our lead as a key strategic supplier with our diverse capabilities to serve our customers' needs.

On the Corporate Governance front, we have established a sustainability governance structure and prepared a summary report outlining our initiatives which is included in this Annual Report. The full report will be made available on our website by the end of 2018. The Group is committed to managing our Environmental, Social & Governance ("ESG") impacts, risks and opportunities. We will integrate these into our business processes to ensure long-term value creation for all stakeholders.



At this juncture, I wish to express our deepest gratitude to our shareholders for their continued belief and trust despite the weaker performance for the year. In appreciation of your support, the Board has recommended a final dividend of 1.0 cents per share. This is on top of an interim dividend of 0.6 cents per share, which brings total dividend for the year to 1.6 cents per share, representing a dividend yield of 6.3%[1].

In closing, I would like to put on record my utmost gratitude to our management and staff, especially those who have been affected by the consolidation exercise, for their hard work and immense contribution through the years. I would also like to thank our customers and business associates for their continued strong support. Last but not least, I like to extend my appreciation to the Board of Directors for their strategic counsel and business insights towards the overall stewardship of the Group.

Yen Wen Hwa
Non-Executive Chairman

[1] Based on closing share price of S$0.255 as at 31 December 2017

GROUP CEO'S BUSINESS REVIEW

"THE GROUP'S OVERARCHING STRATEGY HAS ALWAYS BEEN TO DELIVER SUSTAINABLE GROWTH AND RETURNS IN THE LONG RUN. TO THIS END, WE ACTIVELY SEEK TO DIVERSIFY OUR REVENUE STREAMS THROUGH FORAYING INTO NEW MARKETS AND BUSINESSES."

Angela Heng
Group Chief Executive Officer

GROUP CEO'S BUSINESS REVIEW

Dear Shareholders

The year ended 31 December 2017 ("FY2017") was a challenging one for the Group as we further consolidated our operations by repositioning our production footprint to match those of our customers. Higher operating expenses incurred from the rationalization exercise, coupled with a US dollar-driven forex loss and lower other income, significantly affected our profitability. On the other hand, rapid realignment of existing businesses and effective integration of new acquisitions yielded positive initial results and provided the Group a clear path going forward.

RESULTS REVIEW – GROUP PERFORMANCE IMPACTED BY NON-RECURRING EXPENSES

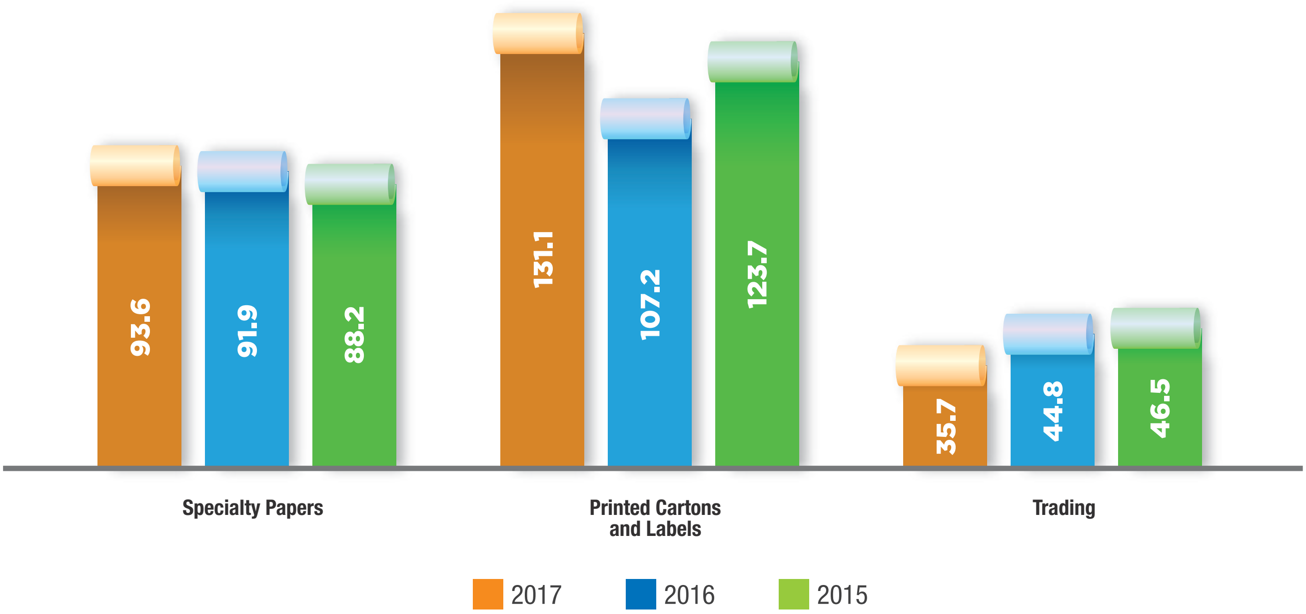
The Group registered a 6.7% increase in revenue to S$265.8 million in FY2017 from S$249.2 million in the financial year ended 31 December 2016 ("FY2016"). The higher revenue was attributed to revenue consolidation of a newly acquired subsidiary in the Printed Cartons and Labels division as well as higher sales from the Specialty Papers division, offset by lower sales prices from the Trading division. Other Income decreased to S$8.4 million in FY2017 compared to S$19.6 million due to one-off gain made in FY2016 from the disposal of leasehold land and building.

One of the significant highlights of the year was the cessation of our Australian and Malaysian production plants with the relocation of their operations to Vietnam and Indonesia. Following the transfer of a key customer's print volume from our Australian operations, the Group attempted to turnaround its remaining printing business but regrettably, had to discontinue our operations there. Last year, we acquired our Indonesian plant with the award of a multi-year contract from a key customer. Due to the proximity of the Indonesian plant, the Group decided to terminate our Malaysian operations in order to streamline our production sites to gain greater economies of scale.

Consequently, we incurred a significant increase of 148.4% in Other Operating Expenses from S$5.7 million in FY2016 to S$14.1 million in FY2017, attributed to the net loss on disposal of plant and equipment and employee termination benefits from the cessation of the two plants, as well as higher amortisation of intangible assets. In addition, Administrative Expenses were also higher by 18.2% to S$22.6 million due to our newly set up operations in Indonesia and Dubai, as well as an exchange loss of S$2.4 million compared to a gain of S$0.7 million previously.

Owing to the increases in operating expenses, the Group posted a loss before tax of S$0.2 million and a net loss of S$1.3 million. However, excluding the non-recurring expenses from the

Revenue - Line of Business (S$ millions)



Profit before tax (S$ millions)	Specialty Papers	Printed Cartons and Labels	Trading
2017	12.3	(11.8)	0.5
2016	11.9	17.8	0.5
2015	7.4	10.5	0.7

cessation of our Australian and Malaysian operations and one-off gains on discontinuing equity accounting of an associate as well as from a subsidiary, the Group would have registered a profit before tax of S$9.2 million and net profit of S$6.5 million.

Our balance sheet continued to remain strong with net asset position of S$217.4 million and net asset value of 38.36 cents per share as at 31 December 2017. The Group generated cash flow from operations of S$17.6 million and maintained a healthy cash position with cash and cash equivalents of S$48.6 million.

Segmental Review

Specialty Papers ("SP") Business

The SP Business produces mainly coated and laminated papers and board for packaging industries using foil and metallised-polyester film. SP business' key lamination sites are in Singapore, Malaysia, Vietnam and Dubai, with a diversified product range which includes paper cones, paper plates and paper cups.

SP Business contributed revenue of S$93.6 million and profit before tax of S$12.3 million. The segment registered a 1.9% increase in revenue mainly attributed to higher contribution from Philippines and Vietnam markets. Profit before tax rose by 4.1% mainly due to a one-off sum received by a subsidiary from a contractor pursuant to a settlement, offset by costs incurred for Dubai operations which will be commencing production by Q1 2018.

Printed Cartons and Labels ("PCL") Business

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. The PCL Business has also successfully expanded its customer base to other major tobacco customers supported by plants located in Vietnam, Dubai and Indonesia.

PCL Business recorded a loss before tax of S$11.8 million mainly attributed to costs incurred in relation to the cessation of the Australian and Malaysian operations, and costs incurred for Dubai operations which has commenced production. This segment contributed revenue of S$131.1 million which increased by 22.3% due primarily to revenue consolidation from a newly acquired subsidiary in Indonesia, offset by loss of sales from the cessation of Australian operations.

Trading Business

The Trading Business which involved the supply of raw materials and equipment, accounted for S$35.7 million of the Group's total revenue and S$0.5 million for profit before tax. Revenue for this segment declined by 20.4% due to lower sales prices for certain raw material.

GROUP CEO'S BUSINESS REVIEW

STABILISING OPERATIONS IN NEW MARKETS

Our performance is highly correlated to our customers and it is imperative that we align our assets to market demand. Having solidified our market presence through the consolidation of our operations, the Group focused on stabilising our production facilities in Vietnam, Dubai and Indonesia so as to better serve our customers and to maintain our competitiveness in terms of proximity and cost-effectiveness.

In Vietnam, we have been increasing our production output to meet rising customer demand. During the course of the year, we made capex investment to upgrade our machines and acquire additional gravure printers and a new lithography printer as we expand our production volume.

In Indonesia, with the successful acquisition of our subsidiary, we have started supplying to a key customer from January 2017 under a six-year exclusive contract. Our Indonesia operations brought in revenue contribution of S$32.6 million in FY2017.

Further ashore, following the establishment of our subsidiary in Dubai last year, the Group made headway in the Middle East market with the securing of a new customer. In 2017, we commenced gravure printing operations and we plan to increase our capacity with an additional gravure printer and two lithography printers to expand our customer base and accelerate growth in this underserved market.

DIVERSIFYING REVENUE STREAMS

The Group's overarching strategy has always been to deliver sustainable growth and returns in the long run. To this end, we actively seek to diversify our revenue streams through foraying into new markets and businesses.

In 2016, we entered into a joint venture for the development of a mixed-use commercial development in Petaling Jaya, Malaysia, in order to maximise the land usage and to generate additional income. The project is in progress with plans being finalised for the mixed-use development.

The Group entered into a leasing arrangement with Xiamen Sinyang Paper Co., Ltd, a tissue paper mill company located in China to broaden its product portfolio outside of tobacco packaging. According to leading pulp and paper intelligence agency RISI, global tissue demand is forecasted to grow by an average of 3.5% annually between 2015 and 2025, and production volume is expected to reach more than 14.2 million

tonnes with emerging markets such as China to account for 40% of the growth[1].

The two-year lease arrangement covered the land lease as well as the property, plant and equipment for the production of tissue paper such as jumbo rolls and to offer manufacturing services to converters for the personal care industry. This new business is complementary to our Specialty Papers division and will not result in a material change in our core business and to the Group's risk profile.

BRIGHTER OUTLOOK DESPITE MARKET CHALLENGES

While the economy is set to continue on its growth trajectory, uncertainties still abound, including the interest rate outlook, protectionism, tariff hikes and trade wars, which would pose an inevitable threat to global economic growth, hitting Asia in particular.

For the Group, our operating environment will remain competitive and challenging. However, having realigned and stabilised our production footprint to grow in tandem with our customers, we are confident we are on the right track in the eventual return to sustainable earnings growth. Going forward, we will focus on augmenting our performance and optimising our resources to manage costs and improve productivity. At the same time, as part of our new strategic positioning, we will continue to explore diversification and participation in new businesses and markets that will add value to our operations and generate attractive returns.

APPRECIATION TO ALL

On behalf of the Board of Directors and management, I would like to express my appreciation to our customers and business partners for their continued support. I am especially grateful to our staff who rose to the occasion to meet the challenges in a trying year. We also extend a warm welcome to Mr Leslie Wong, our Chief Financial Officer, who joined us this year. To our shareholders, thank you for standing by us. We will work steadfastly towards realising our goal of delivering sustainable long-term growth and returns.

Angela Heng
Group Chief Executive Officer

[1] https://www.papnews.com/insight/global-tissue-outlook-strong-demand-growth-led-emerging-markets/

BOARD OF DIRECTORS

1. YEN WEN HWA
Non-Executive Chairman

2. ANGELA HENG CHOR KIANG
Group Chief Executive Officer

1. Mr. Yen was appointed a Director and Non-Executive Chairman of the Company on 1 September 2016. He is the founder of New Toyo International Holdings Ltd ("NTIH") Group and served as Managing Director and Chairman of the Board of NTIH until 30 September 2011.

He was appointed as the Executive Chairman of Tien Wah Press Holdings Berhad ("TWPH") on 16 February 2015. He had earlier served as the Chief Executive Officer of TWPH from 1 September 2010 to 31 December 2011. He also served as a Non-Independent and Non-Executive Director of Shanghai Asia Holdings Ltd from 10 February 2004 up to 1 May 2012.

Mr. Yen has over 40 years of experience in the paper conversion and packaging industry

2. Ms. Heng was appointed Group Chief Executive Officer on 1 September 2016.

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

Ms. Heng has more than 30 years of experience serving in various senior management and operational positions within the Group. In 1990, she assumed the position of General Manager of New Toyo Aluminium Paper Product Co. (Pte) Ltd and led the unit to achieve its ISO 9002 certification in 1996, paving the way for other New Toyo units' certifications. She started New Toyo International Co (Pte) Ltd in 1992 and served as its Director until 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 Deputy Chairman of the Group from 1997 to 1999 and was President for Asia-Pacific from 2002 to 2006. From 25 April 2014 to 31 August 2016, she served as Group Executive Chairman.

Ms. Heng has more than 25 years of experience in the lamination industry and more than 10 years of experience in the printing business.

3. Mr. Lim was appointed to the Board as a Non-Executive and Independent Director on 27 March 2014 and is the Chairman of the Audit Committee and the Lead Independent Director. He was a Non-Executive Director of Tien Wah Press Holdings Berhad till 8 November 2017.

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 clients from a myriad of sectors including finance and banking, fund management, private equity, oil and gas, healthcare, construction, information technology and communications, among others. Over a span of 24 years, Mr. Lim has served as an independent director of numerous publicly listed companies, as well as on a Business Trust. He is an independent

3. **DAVID LIM TECK LEONG**
Non-Executive and
Lead Independent Director

4. **VICTORIA TAY SEOK KIAN**
Non-Executive and
Independent Director

5. **TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF**
Non-Executive and Independent Director

director of G.K. Goh Holdings Limited. He has extensive commercial and cross border experience, through his stakes in private companies in Singapore, Indonesia and Thailand.

Mr. Lim is a Council Member of the Corporate Governance Council 2017, 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.

4. **Ms. Tay** was appointed to the Board as a Non-Executive and Independent Director on 31 July 2012. She is the Chairman of the Nominating and Remuneration Committees.

She has more than 20 years of experience in the field of Human Resources working with multi-national companies in diverse industries such as fast moving consumer goods (Sara Lee), financial services (Citibank) and healthcare (Edwards Lifesciences, Novartis) in Asia-Pacific and global. She has worked and lived in Singapore, Hong Kong and Australia, and currently, she is Vice President, Executive Compensation Strategy and Governance at GSK Global Headquarters, London.

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, the CPA Australia and Singapore Human Resources Institute. She started her career as a Certified Practising Accountant.

5. **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 was the Executive Chairman of Tien Wah Press Holdings Berhad ("TWPH") from 20 November 2006 to 31 August 2010. He was re-designated as Non-Executive Chairman on 1 September 2010, a position he assumed until he retired on 16 February 2015. 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. He is also President of Badminton Association Malaysia and a Member of the Board of Governors of University Sains Malaysia.

KEY MANAGEMENT

GEORGE LEE CHEE WHYE
Chief Executive Officer
(Tien Wah Press Holdings Berhad)

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 became the Chief Executive Officer of the Company in July 2012. In November 2014, Mr. Lee was seconded to the Company's listed subsidiary in Malaysia, Tien Wah Press Holdings Berhad ("TWPH") as its Chief Executive Officer for 2 years and the secondment was extended for a further period of 2 years effective 1 September 2016. He also sits on the Board of TWPH as an Executive Director effective 1 September 2016.

He holds a Bachelor in Computer Science with Business degree and has more than 20 years of senior management, operations and marketing experience.

LIONEL YAP CHEE CHEONG
Chief Executive Officer
(Specialty Papers)

Mr. Yap joined the Group as Finance and Operations Assistant Manager in April 2007 and was promoted to General Manager of New Toyo Aluminium Paper Product Co. (Pte) Ltd, a subsidiary of New Toyo International Holdings Ltd. He was subsequently promoted to Business Head of Specialty Papers Division in July 2012 and was renamed as the Chief Executive Officer (Specialty Papers) in September 2016. Mr. Yap is responsible for the revenue growth, profitability and long term sustainability of the Specialty Papers business in the Group. 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.

LESLIE WONG SOON ONN
Chief Financial Officer

Mr. Leslie Wong joined the Group in February 2018. He is responsible for overseeing the Group's corporate finance activities, investor relations and all aspects of the treasury, financial and accounting functions.

Mr. Wong has more than 20 years of experience in accounting, auditing, taxation and financial management in diverse sectors including contract manufacturing, public transportation, manufacturing and financial consulting services. He has held senior financial positions, including Chief Financial Officer of PCA Technology Limited, a SGX-ST Mainboard listed company since 2001 until being privatized in 2013, and Group Finance and Accounts Manager of ATA Industrial (M) Sdn Bhd, a distinguished precision plastic injection moulding company for the Electronics Industry.

He holds an Accountancy Degree from La Trobe University, Australia and is a member of the Institute of Singapore Chartered Accountants and Malaysian Institute of Accountants. He is also a Certified Public Accountant of CPA Australia.

KEY FIGURES

Revenue
S$265.8 million

Profit Attributable to
Owners of the Company
S$1.8 million

Total
Assets
S$315.5 million

Operating
Cashflow
S$17.6 million

Net Asset Value
Per Share
38.36 cents

Dividend
Per Share
1.60 cents

Earnings
Per Share
0.40 cents

FINANCIAL HIGHLIGHTS

Three-Year Financial Summary

	2017	2016	2015
Condensed Consolidated Profit & Loss Information (S$'000)			
Revenue	265,835	249,158	264,144
Earnings before interest, tax, depreciation and amortisation (EBITDA)	15,377	38,793	37,824
Profit before interest and tax	107	27,491	23,401
(Loss)/Profit from ordinary activities before taxation	(184)	27,909	23,289
Net (loss)/profit for the year	(1,299)	25,612	20,616
Attributed to			
Owners of the Company	1,751	15,899	14,673
Non-controlling interests	(3,050)	9,713	5,943
Condensed Consolidated Balance Sheet Information (S$'000)			
Total assets	315,477	333,798	275,948
Cash and cash equivalents	48,575	68,479	78,965
Total liabilities	98,083	100,033	64,394
Bank borrowings	49,595	49,404	27,523
Shareholders' equity	168,545	178,793	169,651
Cashflow Information (S$'000)			
Operating cashflow	17,569	19,818	27,482
Per Share Data (S$ cents)			
Earnings per share - basic	0.40	3.62	3.34
- fully diluted	0.40	3.62	3.34
Net asset value per share	38.36	40.69	38.61
Dividend per share	1.60	1.70	1.60
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

NEW TOYO'S BUSINESS DIVISIONS

SPECIALTY PAPERS

The Specialty Papers product range includes laminated aluminium foil paper, coated paper and metallised paper and metallised 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 Aluminium Gulf Paper Packaging FZE • New Toyo Paper Products (Shanghai) Co., Ltd

PRINTED CARTONS & LABELS

The Printed Cartons and Labels Business 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 used for the supply of folded cartons and labels for fast moving consumer goods.

Tien Wah Press (Malaya) Sdn Bhd • Alliance Print Technologies Co., Ltd • Alliance Print Technologies FZE • Anzpac Services (Australia) Pty Ltd • Max Ease International Limited • PT Bintang Pesona Jagat

TRADING

The Trading Business engages in the sale of raw materials, paper products and equipment.

New Toyo International Co (Pte) Ltd • Fast Win Enterprise Limited

OTHERS

Others include the Corrugated Containers, Trading, Tissue Paper Businesses and the investment holding companies.

New Toyo International Holdings Ltd • Vina Toyo Company Ltd • Sen Yang Enterprise Co., Ltd • Tien Wah Press Holdings Berhad

CORPORATE INFORMATION

Board of Directors
YEN WEN HWA
Non-Executive Chairman

ANGELA HENG CHOR KIANG
Group Chief Executive Officer

DAVID LIM TECK LEONG
Non-Executive and Lead Independent Director

VICTORIA TAY SEOK KIAN
Non-Executive and Independent Director

TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF
Non-Executive and Independent Director

Audit Committee
DAVID LIM TECK LEONG, Chairman
TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF
VICTORIA TAY SEOK KIAN

Nominating Committee
VICTORIA TAY SEOK KIAN, Chairman
DAVID LIM TECK LEONG
ANGELA HENG CHOR KIANG

Remuneration Committee
VICTORIA TAY SEOK KIAN, Chairman
TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF
DAVID LIM TECK LEONG

Company Secretary
LEE WEI HSIUNG, ACIS

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

Company Registration Number
199601387D

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

Auditors
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Ong Chai Yan
(Appointed since the financial year ended 31 December 2015)

Principal Bankers
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Stock Data
Counter name: New Toyo
SGX Code: N08
Listed on 4 April 1997
ISIN code: SG1E32850828
Bloomberg code: Toyo SP
Reuters code: NTYO.SI

Investor Relations
Head Office – Singapore
Leslie Wong
Email: leslie.wong@newtoyo.com
Tel: (65) 6238 2173
Company website: www.newtoyo.com

Our Sustainability Ethos

At New Toyo Group, we see sustainability as active investment and involvement in safeguarding our environment and bettering the lives of our people and the communities where we work and live. Our commitment to sustainability begins at the early stages of production and is well integrated throughout our supply chain, from minimising environmental impact to improving the well-being of our employees globally. Beyond that, we advocate the importance of engaging and positively impacting our local communities through a two-pronged approach of corporate giving and empowerment.

Environmental Preservation

Our sustainability philosophy is deeply embedded throughout our business activities, with particular focus on effective planning. By leveraging our expertise and working closely with our business partners, we are able to optimally plan for raw materials deployment that would result in the least production wastage. This in turn translates to reduced consumption of natural resources used to produce paper, paper board and aluminum foil. Further, we actively promote the use of water base lacquers which is safer and more environmentally friendly for our employees.

Machineries often utilise higher electrical consumption from an offline to running mode. We actively plan our manufacturing cycles to reduce unnecessary starts and stops. By performing regular machine maintenance, it would help reduce machine downtime and cut our carbon footprint.

Since our business activities involves conversion of raw materials, we do not incur high energy as compared to suppliers and manufacturers of raw materials.

Our People

Respecting basic human rights, providing a safe work environment, inculcating strong bonds with our employees globally and being an organisation where employees can look to a better future is part of our sustainability approach.

Where possible, we encourage internal promotions of employees who have demonstrated potential and relevant skills to fill vacant positions instead of recruiting externally. This is exemplified by ongoing identification of talents for future leadership roles through the appraisal and profiling process. Our Group places a significant focus on human capital development as we recognise that it is crucial to charting and implementing our growth strategies.

SUSTAINABILITY MANAGEMENT

We will continue our efforts in providing skills upgrading and training opportunities so that our staff will be equipped with relevant skills and knowledge in tandem with the future direction of the Group.

Health and safety in the work environment rank as also one of our key priorities. By ensuring compliance with all industry regulations and a systematic approach to prevent safety breaches, we are able to foster a culture of safety awareness.

On Non-discrimination, we observe zero tolerance towards all forms of discrimination and are committed to creating a workplace that respects individual differences. This is advocated through our Code of Conduct which is readily accessible by all employees. Where there are grievances, employees can seek advice from their local human resource department and/or escalate such matter to our Group Human Resource department. In 2017, there was no reported incidence.

Community Engagement

In 2017, to celebrate New Toyo's 20th anniversary as a public listed conglomerate, we pledged a S$1 million cash donation to the National Heart Centre Singapore ("NHCS") over a period of two years. This donation will be used for medical research funding advancements in cardiovascular medicine, enhanced patient care, education and clinical research that will continue to benefit the community.

While Vietnam is progressively becoming a developed nation, poverty related issues still persist. As we deepen our presence in Vietnam, we aim to help combat this by providing housing for the poor in the local provinces of Ben Tre, Can Tho and Long An. To that end, we contributed VND150 million in the form of cash donation to Vietnam Red Cross Society. We believe that by providing proper housing and better living conditions, it will enable our beneficiaries to focus on seeking employment so as to improve their lives and their families.

On the home front, the theme of our 2016 team-building event was centered on giving back to the elderly community who has contributed much during Singapore's nation building years. We partnered with Committee of Care Community Services Society of Singapore ("CCSS"), a non-profit organisation that provides assistance, counseling, therapy to the needy and also runs a family programme centre amongst other philanthropic activities. We organised a series of activities such as interactive games, karaoke and bingo-lottery and encouraged beneficiaries' participation to inculcate a sense of belonging to the greater community.

Customer Satisfaction

We have built our reputation as one of the leaders in the packaging industry with continuous focus on quality improvement and meeting the needs of our customers. Our attention to detail in every aspect of our production, from input materials to the final product, is carefully controlled to ensure quality assurance and customer satisfaction. Our ability to meet our customers' expectations is supported by our thorough quality management system which is ISO9001 certified.

For more information on New Toyo Group's sustainability efforts, a detailed report will be made available on our website, www.newtoyo.com by 31 December 2018.

CORPORATE GOVERNANCE STATEMENT

This Statement outlines the corporate governance practices of the Company in relation to the Code of Corporate Governance 2012 ("Code"). The Company adheres to the principles and guidelines of the Code subject to such disclosure and explanation of deviations from guidelines 8.2, 8.3, 8.4 and 9.5 of 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 constitution of the Company provides 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 2017:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	2	2
Directors	**No. of meetings attended**			
Yen Wen Hwa	4	n.a.	n.a.	n.a.
Angela Heng Chor Kiang	4	n.a.	2	n.a.
David Lim Teck Leong	4	4	2	2
Victoria Tay Seok Kian	3	3	1	1
James Anthony Campbell*	1	1	n.a.	1
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff**	4	2	n.a.	1

n.a. – not a member
** retired from the Board on 28 April 2017*
*** appointed to the Audit Committee and the Remuneration Committee on 7 June 2017*

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

The principal functions of the Board, in addition to carrying out its statutory responsibilities, are as follows:

a. overseeing the formulation of and approving the Group's overall long-term strategic objectives and directions, taking into consideration sustainability issues (eg. environmental and social factors);

b. overseeing and reviewing the management of the Group's business affairs, financial controls, performance and resource allocation;

c. establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;

d. identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and

e. setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

Further, the Directors discharge their fiduciary duties in the interests of the Company.

The Group has adopted internal guidelines governing matters that require the Board's approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Board committees and the management via a structured delegation of authority matrix, which is reviewed on a regular basis and accordingly revised when necessary. Matters requiring Board approval include annual budgets, investments, divestments, major contracts, financial reporting, borrowings and the appointments of Directors and the Chief Executive Officer.

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, new and existing Directors receive training, briefing and/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. The Company arranged for and funded the training of the Directors.

Principle 2: Board Composition and Guidance
The Board comprises five Directors, three of whom (constituting more than half of the Board) are non-executive and independent. They are:

Yen Wen Hwa	(Non-Executive Chairman)
Angela Heng Chor Kiang	(Group Chief Executive Officer)
David Lim Teck Leong	(Non-Executive and Lead Independent Director)
Victoria Tay Seok Kian	(Non-Executive and Independent Director)
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	(Non-Executive and Independent Director)

The criterion of independence is based on the definition set out in the Code. As of the date of this Statement, there is no relationship or circumstance which is likely to affect, or could appear to affect, a Director's judgement. A Director is required to disclose to the Board any such relationship or circumstance as and when it arises. The Board is required to give reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which may deem the Director to be not independent. The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and its committees. The Board's policy is to take into account diversity when identifying persons for appointment to the Board. The Board embraces gender diversity and currently has two female members out of five Directors.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise, experience, balance, diversity and knowledge of the Group and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, human resource, business and management, law and strategic planning as well as industry and customer-based experience and knowledge.

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 without the presence of management as and when necessary or appropriate including before or after each quarterly meeting of the Board.

Principle 3: Chairman and Group Chief Executive Officer
The positions of Non-Executive Chairman and Group Chief Executive Officer are held by separate individuals who are not related.

The Group Chief Executive Officer's functions include implementing the Board's decisions, administering the Group and developing and managing businesses.

The Non-Executive Chairman's duties include leading the Board, setting its agenda and ensuring that adequate time is available for discussion of all agenda items, promoting a culture of openness and debate at the Board, 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 the Non-Executive Directors and promoting high standards of corporate governance.

With regard to Board proceedings, the Non-Executive 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.

Given that the Non-Executive Chairman is not an Independent Director, David Lim Teck Leong has been appointed the Lead Independent Director with effect from 7 July 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 Non-Executive Chairman, the Group Chief Executive Officer or the Chief Financial Officer has failed to resolve or is inappropriate. The Lead Independent Director also provides feedback to the Non-Executive Chairman after meetings of Independent Directors.

Principle 4: Board Membership
The Nominating Committee ("NC") comprises three Directors, a majority of whom, including the Chairman of the NC, are non-executive and independent. They are:

Victoria Tay Seok Kian	(Chairperson of the NC – Non-Executive and Independent Director)
David Lim Teck Leong	(Non-Executive and Lead Independent Director)
Angela Heng Chor Kiang	(Group Chief Executive Officer)

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-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 taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and its committees;

g. developing a process for the 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.

When a Director has multiple board representations, the NC considers whether or not the Director is able to and has adequately carried out his or her duties as a director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. In support of their candidature for directorship or re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved. In addition, Directors should consult the NC before accepting any new appointments as directors. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. The Board is therefore of the view that there is no necessity at this point in time to determine the maximum number of listed company board representations which a Director may hold.

The Company has no alternate directors on its Board.

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 regard to Directors who retire at an annual general meeting of the Company ("AGM") and who offer themselves for re-election, the NC reviews the performance and contributions of the relevant Directors before deciding whether to recommend their re-elections to the Board.

Pursuant to the constitution of the Company, one-third of the Directors will retire from office at each AGM and be eligible for re-election. The Directors will submit themselves for re-election at regular intervals and at least every three years.

The NC reviews the independence of the Directors annually. The NC and the Board consider David Lim Teck Leong, Victoria Tay Seok Kian and Tengku Tan Sri Dr Mahaleel bin Tengku Ariff ("Tengku Mahaleel") to be independent Directors.

The Code requires the independence of a director who has served on the board of directors beyond nine years from the date of his first appointment to be subject to rigorous review and the board to explain why such director is considered independent.

Tengku Mahaleel has served on the Board for more than nine years. He was appointed a non-executive and non-independent Director on 1 March 2007 and re-designated a non-executive and independent Director on 7 June 2017. Like the process performed for the re-designation of Tengku Mahaleel as a non-executive and independent Director in June 2017, the NC and the Board performed a rigorous review of his independence in connection with the financial year ended 2017. Pursuant to the review and NC's recommendation, the Board is of the view that Tengku Mahaleel has engaged the Board in constructive discussions, his contributions are relevant and reasoned and he has exercised independent judgement. In coming to this view, the Board takes into account the criteria of independence as set out in the Code and Tengku Mahaleel's demonstration of independence in character and judgement through the many discussions the Board had over matters and issues concerning the Group in both formal and informal settings. He expresses constructive viewpoints, objectively raises issues and demonstrates independent mindedness in conduct at Board and committee meetings. The Board also recognises that Tengku Mahaleel over time developed significant insights in the Group's businesses and operations and can continue to provide significant and valuable contributions objectively to the Board as a whole. The Board considers Tengku Mahaleel independent even though he has served on the Board for more than nine years from the date of his first appointment.

Victoria Tay Seok Kian and Tengku Tan Sri Dr Mahaleel bin Tengku Ariff are retiring as Directors at the forthcoming AGM pursuant to the constitution of the Company. The NC and the Board nominated Victoria Tay Seok Kian and Tengku Tan Sri Dr Mahaleel bin Tengku Ariff for re-election as Directors at the forthcoming AGM.

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

Director	Date of appointment	Date of last re-election
Yen Wen Hwa	1 September 2016	28 April 2017
Angela Heng Chor Kiang	27 March 2014	28 April 2017
David Lim Teck Leong	27 March 2014	28 April 2016
Victoria Tay Seok Kian	31 July 2012	24 April 2015
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	1 March 2007	28 April 2016

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 12 and 13 of this Annual Report.

Information regarding the Directors' shareholdings in the Company and related corporations is set out on pages 32 and 33 of this Annual Report.

Principle 5: Board Performance

The NC is responsible for assessing the effectiveness of the Board and its committees. The NC has established a review process and the Directors complete an annual evaluation form which takes into consideration factors such as the Board's structure, conduct of meetings, corporate strategy and planning, risk management, succession planning, financial reporting and communication with shareholders. The Board seeks to adopt performance objectives and criteria which align with shareholder interest such as return on investment and total shareholder return as well as the Company's share price performance over a period of time.

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 as well as past years' trend and ascertains key areas for improvement. The findings are reported to the Board. The Chairman may, in consultation with the NC and the Board, act on the results of the evaluation and, where appropriate, propose new members for appointment to the Board and/or seek the resignation of the relevant Director(s).

Principle 6: Access to Information

The Board has separate and independent access to senior management and the company secretary and is informed of all material events and transactions as and when they occur. Management provides the Board with board papers and related materials, copies of disclosure documents, management accounts, operational review and such explanations and other information together with the financial statements of the Group every quarter as well as budgets and forecasts (including any material variance between projections and actual results) annually and as the Board may require from time to time to make a balanced and informed assessment of the Group's performance, position and prospects.

The appointment of company secretary is subject to the approval of the Board. The company secretary coordinates and attends all Board meetings, ensures that proper minutes of the same are taken and kept and advises on board procedures, rules, regulations and corporate governance practices. Where the company secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance.

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.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises three Directors, all of whom, including the Chairman of the RC, are non-executive and independent. They are:

Victoria Tay Seok Kian	(Chairperson of the RC – Non-Executive and Independent Director)
David Lim Teck Leong	(Non-Executive and Lead Independent Director)
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	(Non-Executive and Independent Director)

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 Director's 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.

Members of the RC are familiar with executive compensation matters and therefore do not currently need the assistance of an external expert. Nonetheless, the RC has access to the Company's resources and/or external professional advice.

Principle 8: Level and Mix of Remuneration
Non-Executive Directors are paid directors' fees subject to the approval of the shareholders of the Company at the AGM. Given the size and operations of the Group, the RC considers that the current fees adequately compensate the Non-Executive Directors, without over-compensating them as to compromise their independence.

The Company does not currently have long-term incentive schemes as the existing compensation structure with variable component paid out in cash continues to be effective in incentivising performances of key executives.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial statements or of misconduct resulting in financial loss to the Company, as the realisation of potential legal action by the Company would deter them from committing such wrongdoing. In addition, the executive directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the executive directors in the event of such breach of fiduciary duties.

Principle 9: Disclosure on Remuneration (Annual Remuneration Report)
The Code recommends full disclosure of the remuneration of 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 was felt that the disadvantages of disclosure would outweigh the benefits.

The remuneration of the Directors for 2017 is as follows:

	Fees %	Base/Fixed Salary [a] %	Variable or performance-related income/ bonuses [a] %	Benefits in kind %	Total %
Executive Director					
$250,000 to $500,000					
Angela Heng Chor Kiang	1%[b]	85%	11%	3%	100%
Non-Executive Directors					
Below $250,000					
Yen Wen Hwa	56%[c]	42%[d]	Nil	2%[d]	100%
David Lim Teck Leong	100%[e]	Nil	Nil	Nil	100%
James Anthony Campbell[f]	100%	Nil	Nil	Nil	100%
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	100%	Nil	Nil	Nil	100%
Victoria Tay Seok Kian	100%	Nil	Nil	Nil	100%

(a) Included contributions to the Central Provident Fund.
(b) Received from a subsidiary.
(c) Received from both the Company and a subsidiary.
(d) Received from Tien Wah Press Holdings Berhad ("TWPH"), a listed subsidiary of the Company
(e) Received from both the Company and TWPH.
(f) Ceased as Director on 28 April 2017.

The remuneration of the top five key executives (who are not Directors or the Chief Executive Officer) for 2017 is as follows:

Key Executives	Base/Fixed Salary[(a)] %	Variable or performance-related income/bonuses[(a)] %	Benefits in kind %	Total %
$500,001 to $750,000				
George Lee Chee Whye	81%	18%	1%	100%
$250,000 to $500,000				
Lionel Yap Chee Cheong	83%	17%	Nil	100%
Below $250,000				
Andrew Yeo Peng Khoon	78%	22%	Nil	100%
Kuek Tee Meng	100%	Nil	Nil	100%
Lam Hoi Khong	100%	Nil	Nil	100%

(a) Included contributions to applicable provident funds.

The total remuneration paid to the above five key executives for 2017 was S$1,302,000.

The remuneration of employees who are immediate family members of a Director or the Chief Executive Officer, and whose remuneration exceeded $50,000 in 2017 is as follows:

	Base/Fixed Salary[(a)] %	Variable or performance-related income/bonuses[(a)] %	Benefits in kind %	Total %
Lu Le Nhi*	76%	24%	Nil	100%

** Lu Le Nhi is the wife of the Non-Executive Chairman.*
(a) Included contributions to the Central Provident Fund.

The remuneration packages of the Chief Executive Officer and other key executives for the financial year included performance bonuses tied to the achievement of their respective key performance indicators and personal management objectives. The foregoing performance conditions were chosen having regard to the nature of the business, structure and requirement of the Group. Most of the performance conditions were met during the financial year.

Principle 10: Accountability and Audit
The Board recognises its responsibility to provide a balanced and understandable assessment of the Company's performance, position and prospects and this responsibility extends to interim and other price sensitive public reports. 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 on a quarterly basis 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.

The Company engages a legal counsel to whom its Directors and executives have access anytime in relation to compliance with legal, legislative and regulatory requirements including listing rules.

Principle 11: Risk Management and Internal Controls

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology ("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 a reputable business advisory firm. 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 across the Group. The GRC reports through the Group Chief Executive Officer and the 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 losses and for the safeguarding of assets, the maintenance of proper accounting records, the provision of financial and other information with integrity, reliability and relevance, and the 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 assessing the adequacy and 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 Group 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 the internal auditors 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 risk management and internal controls systems in place as at 31 December 2017 are adequate and effective to address in all material respects the financial, operational, compliance and IT risks within the current scope of the Group's business operations.

The Board will continue its risk assessment process, which is an on-going process, with a view to improving the Group's internal controls system.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises three Non-Executive Directors, all of whom, including the Chairman of the AC, are independent. They are:

David Lim Teck Leong	(Chairman of the AC, Non-Executive and Lead Independent Director)
Victoria Tay Seok Kian	(Non-Executive and Independent Director)
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	(Non-Executive and Independent Director)

The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

No former partner or director of the Company's existing auditing firm is or can be a member of the AC.

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 significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance including 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 and the effectiveness of the Company's internal audit function;

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 reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

h. reviewing the effectiveness of the Group's risk management framework and systems including its overall risk strategy and risk identification, assessment and management processes;

i. 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;

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

k. nominating the appointment or re-appointment of the external auditors and approving the remuneration and terms of engagement of the external auditors;

l. reviewing interested person transactions falling within the scope of the SGX-ST Listing Manual; and

m. meeting with external auditors and internal auditors, in each case without the presence of management, at least annually.

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, 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 reports of the Group Risk Committee and reviewing the re-appointment of the external auditors and their fees. The AC also meets with the external and internal auditors without the presence of management on an annual basis.

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 fees payable to the external auditors are set out on page 98 of this Annual Report. The AC has reviewed the nature and extent of non-audit services provided by external auditors 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 the external auditors and has recommended their re-appointment at the forthcoming AGM.

Principle 13: Internal Audit
The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Group's businesses and assets, while the management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal audit is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

The internal audit function is outsourced to an external professional firm, Moore Stephens LLP, who is a member of the Institute of Internal Auditors Singapore and staffed with persons with the relevant qualifications and experience, to perform the review and testing of controls of the Group's processes consistent with the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The internal auditors report directly to the AC Chairman. The AC reviews and approves the annual internal audit plans, and reviews the scope and results of the internal audit performed by the internal auditors. The AC reviews the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the internal audit function is adequately resourced and that the internal auditors are independent and have the appropriate standing to perform their functions effectively. Based on its latest review, the AC is satisfied that the internal audit function then in place is adequate and effective bearing in mind that improvement to such function is an on-going process taking into account the prevailing scope of the Group's operations and business environment.

For the Printed Cartons & Labels Business, the board of the listed subsidiary, Tien Wah Press Holdings Berhad, has established an internal audit function within the company, which is led by both the in-house internal audit department and a reputable business advisory firm (co-sourced internal audit with effect from 21 September 2015), who report directly to the audit committee 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
As part of its investor-relation policy, the Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company discloses material information on the performance and development of the Group and of the Company in a timely, accurate and comprehensive manner to its shareholders via SGXNET announcements and the Company's website. The Company does not practice selective disclosure of material information. Where there is inadvertent disclosure made to a select group, the Company would make the same disclosure publicly to all others as promptly as possible

The views of shareholders are gathered at shareholder meetings where shareholders are invited to attend and put forth questions they may have and seek a better understanding of the Group. In addition, the Company seeks to maintain regular dialogue with its shareholders by allowing them to share with Directors or senior management from time to time their views and concerns.

The Board has proposed a dividend for declaration by the shareholders at the forthcoming AGM. The Company does not have a formal dividend policy as the form, frequency and amount of dividends proposed by the Board each year will depend upon the Group's cash flow position, results of operations, business prospects, projected capital requirements for business growth and other relevant factors as the Board may deem appropriate.

Principle 16: Conduct of Shareholder Meetings
The constitution of the Company allows shareholders to vote at general meetings in person or by proxy and equal effect is given to such votes. A shareholder may appoint up to two proxies to attend and vote at general meetings. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Company will propose amendment to its constitution to provide for absentia voting at general meetings when it is ready to implement such form of voting. Prior to such implementation, the Company will need to address issues concerning authentication of shareholder identity and other related security as well as integrity of the information provided.

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

Management, Directors (including chairpersons of the Board, AC, NC and RC) and, where necessary, the external auditors and legal advisors are present and available to address questions at general meetings.

Minutes of general meetings of the Company which include comments or queries from shareholders relating to the agenda of the meeting as well as responses from the Board and management are prepared and made available to shareholders upon request.

The Company conducts electronic poll voting for all its resolutions. Through the service provider's poll voting system, the number of votes cast for and against each resolution and the respective percentages are tallied and displayed on the screen during the general meetings.

An independent scrutineer firm would be present to validate the votes at the general meetings. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution, would be announced after the general meetings via SGXNET.

Code of Conduct
The Group has a code of conduct that sets the principles of the code of conduct and business ethics which applies to all employees of the Group. The Group's employees are expected to observe and uphold 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. Details of the whistle blowing policies and arrangements have been made available to all employees. It has a well defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up actions, and provides assurance that employees will be protected from reprisal within the limits of the law. The procedures for raising such concerns include accepting anonymous disclosures. The contact details of the AC Chairman are made available to employees. The outcome of each investigation (with proposed follow-up actions) is reported to the AC.

Dealings in Securities
In line with Rule 1207(19) of the SGX-ST Listing Manual 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.

DIRECTORS' STATEMENT

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 2017.

In our opinion:

(a) the financial statements set out on pages 40 to 120 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

Directors

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

Yen Wen Hwa
Angela Heng Chor Kiang
David Lim Teck Leong
Victoria 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 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 beginning of the year	Holdings at end of the year
Angela Heng Chor Kiang		
The Company		
- ordinary shares		
- interests held	500,000	500,000
Victoria Tay Seok Kian		
The Company		
- ordinary shares		
- interests held	30,000	30,000
Yen Wen Hwa		
The Company		
- ordinary shares		
- interests held	139,959,164	139,959,164
- deemed interests	87,910,517	87,910,517

Directors' interests (continued)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year 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 2018.

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.

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 options granted by the Company or its subsidiaries.

Audit Committee

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

● David Lim Teck Leong (Chairman)	Lead independent non-executive director
● Victoria Tay Seok Kian	Independent non-executive director
● Tengku Tan Sri Dr Mahaleel bin Tengku Ariff (appointed on 7 June 2017)	Independent non-executive director
● James Anthony Campbell (retired on 28 April 2017)	Independent 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' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

Audit Committee (continued)

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.

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

Angela Heng Chor Kiang
Director

David Lim Teck Leong
Director

27 March 2018

Members of the Company
New Toyo International Holdings Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of New Toyo International Holdings Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated income statement and other comprehensive income, changes in equity and cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 120.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Impairment assessment of goodwill and contract value

Refer to Note 10 – Intangible assets and goodwill to the financial statements

The key audit matter	*How the matter was addressed in our audit*
The Group has $22.1 million of goodwill and $4.3 million of contract value as at 31 December 2017. The goodwill and contract value are mainly allocated to the printed cartons and labels ("PCL") cash-generating unit ("CGU"). The goodwill is tested for impairment annually by estimating the recoverable amount of the CGU. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGU. The CGU's recoverable amount is determined based on estimates of forecast revenue, profit margins, long-term growth rates and discount rates. This is a complex exercise as the projection involves multiple foreign operations and requires significant level of judgement.	We evaluated management's determination of CGU with goodwill and contract value based on our knowledge of the business acquisitions giving rise to the goodwill and contract value; and our understanding of the current business of the Group. We evaluated the reliability of management's budgeting process (upon which forecasts are based) by comparing historical forecasts against historical performance. We assessed the key forecast assumptions by comparing them with historical performance, future business plans and external market reports. We independently derived applicable discount rates from available industry data and compared these with those used by management. We performed stress tests using plausible range of key assumptions and discount rates, and analysed the impact to the carrying amount. We considered the adequacy of the Group's disclosures in respect of impairment testing, and whether disclosures in relation to the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflect the risks inherent in the valuations.

Our findings

We concur with management that no impairment is required on goodwill and contract value.

We found the disclosures to be compliant with the financial reporting standards.

Valuation of property, plant and equipment

Refer to Note 4 – Property, plant and equipment ("PPE") to the financial statements

The key audit matter	***How the matter was addressed in our audit***
The Group has $96.3 million of property, plant and equipment as at 31 December 2017. The PPEs are allocated to the different CGUs. Management assessed if there were any impairment indicators for the CGUs. Where there were impairment indicators, the PPE will be tested for impairment by estimating the recoverable amounts of the respective CGUs. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amounts of the CGUs. Management performed impairment testing for the PPE, together with the goodwill's impairment testing described in Note 10 to the financial statements. These CGUs' recoverable amounts are determined based on estimates of forecast revenue, profit margins, long-term growth rates and discount rates. This is a complex exercise as the projection involves multiple foreign operations and requires significant level of judgement.	We evaluated management's determination of CGUs based on our knowledge of the business of the Group. We evaluated management's determination of whether there are impairment indicators for each of the CGUs. Where there were impairment indicators and impairment test required, we performed the following: - Evaluated the reliability of management's budgeting process (upon which forecasts are based) by comparing historical forecasts against historical performance; - Assessed the key assumptions by comparing them with historical performance, future business plans and external market reports; - Independently derived applicable discount rates from available industry data and compared these with those used by management; - Performed stress tests using plausible range of key assumptions and discount rates, and analysed the impact to the carrying amount and; - Considered the adequacy of the Group's disclosures in respect of impairment testing, and whether disclosures in relation to the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflect the risks inherent in the valuations.

Our findings

We concur with management that no impairment is required on PPE.

We found the disclosures to be compliant with the financial reporting standards.

Members of the Company
New Toyo International Holdings Ltd

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Ong Chai Yan.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	96,284	98,292	228	313
Investment properties	5	20,344	6,813	–	–
Subsidiaries	6	–	–	131,367	121,173
Associates and joint ventures	8	1,952	1,687	–	1,246
Other investments	9	2,680	2,099	1,744	685
Intangible assets and goodwill	10	26,451	28,245	–	–
Deferred tax assets	18	673	653	–	–
Trade and other receivables	12	1,186	2,794	–	–
		149,570	140,583	133,339	123,417
Current assets					
Other investments	9	589	–	–	–
Inventories	11	45,436	47,005	–	–
Trade and other receivables	12	71,307	77,731	8,968	9,751
Cash and cash equivalents	13	48,575	68,479	11,973	22,972
		165,907	193,215	20,941	32,723
Total assets		315,477	333,798	154,280	156,140
Equity					
Share capital	14	132,102	132,102	132,102	132,102
Reserves	14	(15,744)	(11,276)	77	77
Retained earnings		52,187	57,967	(11,213)	(12,214)
Equity attributable to owners of the Company		168,545	178,793	120,966	119,965
Non-controlling interests	7	48,849	54,972	–	–
Total equity		217,394	233,765	120,966	119,965
Non-current liabilities					
Trade and other payables	15	396	452	–	–
Financial liabilities	17	22,374	28,147	–	19
Deferred tax liabilities	18	1,029	2,912	11	11
		23,799	31,511	11	30
Current liabilities					
Trade and other payables	15	46,005	46,050	30,854	33,466
Financial liabilities	17	27,221	21,257	2,425	2,649
Current tax liabilities		1,058	1,215	24	30
		74,284	68,522	33,303	36,145
Total liabilities		98,083	100,033	33,314	36,175
Total equity and liabilities		315,477	333,798	154,280	156,140

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue	19	265,835	249,158
Cost of sales		(231,754)	(212,052)
Gross profit		34,081	37,106
Other income	20	8,394	19,590
Distribution expenses		(5,624)	(5,880)
Administrative expenses		(22,582)	(19,099)
Other operating expenses	21	(14,054)	(5,657)
Results from operating activities		215	26,060
Finance income		1,595	1,059
Finance costs		(1,886)	(641)
Net finance (costs)/income	22	(291)	418
Share of (loss)/profit of equity-accounted investees (net of tax)		(108)	1,431
(Loss)/Profit before tax	23	(184)	27,909
Tax expense	24	(1,115)	(2,297)
(Loss)/Profit for the year		(1,299)	25,612
(Loss)/Profit attributable to:			
Owners of the Company		1,751	15,899
Non-controlling interests		(3,050)	9,713
(Loss)/Profit for the year		(1,299)	25,612
Earnings per share			
Basic earnings per share (cents)	25	0.40	3.62
Diluted earnings per share (cents)	25	0.40	3.62

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 $'000	2016 $'000
(Loss)/Profit for the year	(1,299)	25,612
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	(5,299)	(246)
Net change in fair value of available-for-sale financial assets	(3)	(98)
Other comprehensive income for the year, net of tax	(5,302)	(344)
Total comprehensive income for the year	(6,601)	25,268
Total comprehensive income attributable to:		
Owners of the Company	(2,778)	15,645
Non-controlling interests	(3,823)	9,623
Total comprehensive income for the year	(6,601)	25,268

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

2016	Note	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016		132,102	564	77	(12,074)	239	48,743	169,651	41,903	211,554
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	15,899	15,899	9,713	25,612
Other comprehensive income										
Foreign currency translation differences		–	–	–	(156)	–	–	(156)	(90)	(246)
Net change in fair value of available-for-sale financial assets		–	–	–	–	(98)	–	(98)	–	(98)
Total other comprehensive income		–	–	–	(156)	(98)	–	(254)	(90)	(344)
Total comprehensive income for the year		–	–	–	(156)	(98)	15,899	15,645	9,623	25,268
Transactions with owners, recognised directly in equity										
Distributions to owners										
Dividends										
- Tax-exempt (one-tier) final dividend of 1.00 cents per ordinary share for the financial year 2015	14	–	–	–	–	–	(4,395)	(4,395)	–	(4,395)
- Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the financial year 2016	14	–	–	–	–	–	(2,636)	(2,636)	–	(2,636)
Dividends paid to non-controlling interests	14	–	–	–	–	–	–	–	(4,115)	(4,115)
Total distributions to owners		–	–	–	–	–	(7,031)	(7,031)	(4,115)	(11,146)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control		–	–	–	–	–	528	528	(528)	–
Capital contribution by non-controlling interests of a subsidiary		–	–	–	–	–	–	–	850	850
Capital contribution by non-controlling interests pursuant to a rights issue of a subsidiary		–	–	–	–	–	–	–	7,239	7,239
Total changes in ownership interests in subsidiaries		–	–	–	–	–	528	528	7,561	8,089
Transfer between reserves										
Appropriation of retained earnings to statutory reserve		–	172	–	–	–	(172)	–	–	–
At 31 December 2016		132,102	736	77	(12,230)	141	57,967	178,793	54,972	233,765

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

2017	Note	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017		132,102	736	77	(12,230)	141	57,967	178,793	54,972	233,765
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	1,751	1,751	(3,050)	(1,299)
Other comprehensive income										
Foreign currency translation differences		–	–	–	(4,526)	–	–	(4,526)	(773)	(5,299)
Net change in fair value of available-for-sale financial assets		–	–	–	–	(3)	–	(3)	–	(3)
Total other comprehensive income		–	–	–	(4,526)	(3)	–	(4,529)	(773)	(5,302)
Total comprehensive income for the year		–	–	–	(4,526)	(3)	1,751	(2,778)	(3,823)	(6,601)
Transactions with owners, recognised directly in equity										
Distributions to owners										
Dividends										
- Tax-exempt (one-tier) final dividend of 1.10 cents per ordinary share for the financial year 2016	14	–	–	–	–	–	(4,834)	(4,834)	–	(4,834)
- Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the financial year 2017	14	–	–	–	–	–	(2,636)	(2,636)	–	(2,636)
Dividends paid to non-controlling interests	14	–	–	–	–	–	–	–	(2,300)	(2,300)
Total distributions to owners		–	–	–	–	–	(7,470)	(7,470)	(2,300)	(9,770)
Transfer between reserves										
Appropriation of retained earnings to statutory reserve		–	61	–	–	–	(61)	–	–	–
At 31 December 2017		132,102	797	77	(16,756)	138	52,187	168,545	48,849	217,394

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
(Loss)/Profit for the year		(1,299)	25,612
Adjustments for:			
Amortisation of other investments	9	5	6
Depreciation and amortisation		15,264	11,302
Impairment loss on club membership	9	–	1
Impairment loss on property, plant and equipment	4	177	–
Dividend income from quoted investments	20	(17)	(17)
Gain on deemed disposal/disposal of an associate	20	(603)	(312)
Loss on disposal of other investment		51	–
Loss/(Gain) on disposal of property, plant and equipment		1,354	(12,898)
Net finance costs/(income)	22	291	(418)
Property, plant and equipment written off		45	151
Provision for termination benefits	16	10,197	179
Share of profit of equity-accounted investees, net of tax		108	(1,431)
Tax expense		1,115	2,297
		26,688	24,472
Changes in:			
- Inventories		1,297	344
- Trade and other receivables		3,559	(9,369)
- Trade and other payables		(1,584)	8,690
- Employee benefits		(9,272)	(935)
Cash generated from operations		20,688	23,202
Tax paid		(3,119)	(3,384)
Net cash from operating activities		17,569	19,818
Cash flows from investing activities			
Dividends received from an associate	8	–	1,875
Dividends received from quoted investments	20	17	17
Capital contribution to an equity-accounted investee	8	(321)	(1,673)
Interest received	22	1,595	1,059
Proceeds from disposal of other investment		363	–
Proceeds from disposal of property, plant and equipment		1,459	1,091
Proceeds from disposal of an associate	8	4,924	3,397
Acquisition of investment properties	5	(97)	–
Acquisition of property, plant and equipment		(36,324)	(17,517)
Acquisition of a subsidiary, inclusive of acquisition-related costs		–	(33,814)
Net cash used in investing activities		(28,384)	(45,565)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from financing activities			
Capital contribution from non-controlling shareholders pursuant to a rights issue of a subsidiary		–	7,239
Dividends paid to owners of the Company	14	(7,470)	(7,031)
Dividends paid to non-controlling interests	14	(2,300)	(4,115)
Interest paid	22	(1,886)	(641)
Payment of finance lease liabilities		(63)	(46)
Proceeds from bank borrowings and trust receipts		32,173	36,773
Repayments of bank borrowings and trust receipts		(28,480)	(16,343)
Net cash (used in)/from financing activities		(8,026)	15,836
Net decrease in cash and cash equivalents		(18,841)	(9,911)
Cash and cash equivalents at 1 January		68,479	78,965
Effect of exchange rate fluctuations on cash held		(1,063)	(575)
Cash and cash equivalents at 31 December	13	48,575	68,479

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2018.

1 Domicile and activities

New Toyo International Holdings Ltd ("the Company") is incorporated in 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 Group as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars ("SGD"), 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 4 – assessment of impairment of property, plant and equipment; and
- Note 10 – assumptions of recoverable amounts relating to goodwill impairment.

Information about other judgements made and estimates applied are included in the following notes:

- Note 6 – assumptions of recoverable amounts relating to investments in subsidiaries;
- Note 11 – assessment of allowance for inventory obsolescence; and
- Note 12 – assessment of the recoverability of trade receivables.

2 Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

Measurement of fair values

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

The Group has an established approach with respect to the measurement of fair values. If third party information, such as broker quotes or pricing services, is used to measure fair values, the Group assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

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

- Note 5 – Investment properties; and
- Note 28 – Financial risk management.

2.5 Changes in accounting policies

The Group adopted new/revised standards and interpretations that came into effect from 1 January 2017. The initial application of those standards and interpretations does not have any material impact on the financial statements.

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 Significant accounting policies (continued)

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

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

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

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 Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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 Basis of consolidation (continued)

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

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

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of 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.

Acquisition of non-controlling interests

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

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.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date 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.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

Foreign currency transactions (continued)

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 reporting date. 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 reporting date. 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 or joint control 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 or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

3 Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

Recognition and measurement (continued)

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.

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 63 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 and goodwill

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.

Any goodwill that arises is tested annually for impairment. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

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 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 the supply periods of six to eleven years from the date that the contract value is available for use.

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

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 accumulated 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.

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

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 at the reporting date range from 25 to 67 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 Significant accounting policies (continued)

3.6 Club membership

Club memberships are stated at cost less accumulated amortisation and accumulated 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. 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.

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 and bank balances, and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and used by the Group in the management of its short-term commitments. 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 initially measured 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.

3 Significant accounting policies (continued)

3.7 Financial instruments (continued)

Non-derivative financial assets (continued)

Available-for-sale financial assets (continued)

Available-for-sale financial assets comprise equity and debt securities, which are quoted or unquoted in an active market.

Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured, are measured at cost.

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.

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

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

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

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

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 initially measured 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.

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, 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.

3 Significant accounting policies (continued)

3.8 Impairment (continued)

Non-derivative financial assets (continued)

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 the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

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

If there is objective evidence that an impairment loss has been incurred on an equity instrument that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

3 Significant accounting policies (continued)

3.8 Impairment (continued)

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 cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment 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.

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 Significant accounting policies (continued)

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.

3.12 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. The cost of inventories is calculated using the weighted average cost principle, 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 services 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 of the net defined benefit liability 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 services 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.

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.

3 Significant accounting policies (continued)

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. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave 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

Sale of goods

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.

Rental income

Rental income from investment properties 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 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.

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

3 Significant accounting policies (continued)

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements 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 difference arising on initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to 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 CEO (the chief operating decision maker) 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 Group's CEO and senior management 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.

4 Property, plant and equipment

Group	Freehold land $'000	Buildings on freehold land $'000	Leasehold properties $'000	Leasehold improvements $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost										
At 1 January 2016	10,466	6,866	19,176	3,006	131,875	3,780	4,056	1,586	937	181,748
Additions	–	31	9,951	95	5,922	71	199	88	1,160	17,517
Assets acquired through business combination	–	–	–	–	10,803	–	159	87	–	11,049
Disposals/Write-off	–	–	(7,832)	–	(297)	(3)	(193)	–	–	(8,325)
Effect of movements in exchange rates	184	68	735	68	740	1	2	6	188	1,992
Transfer/Reclassification	–	34	782	–	230	2	36	–	(1,084)	–
At 31 December 2016	10,650	6,999	22,812	3,169	149,273	3,851	4,259	1,767	1,201	203,981
Additions	–	–	610	253	21,233	94	353	925	13,104	36,572
Disposals/Write-off	–	–	–	(1,761)	(14,952)	(4)	(76)	(171)	–	(16,964)
Reclassification to investment properties*	(10,148)	(6,977)	–	–	–	–	–	–	(10)	(17,135)
Effect of movements in exchange rates	(502)	(22)	(1,409)	(187)	(6,256)	(95)	(88)	(79)	(767)	(9,405)
Transfer/Reclassification	–	–	20	–	728	–	–	44	(792)	–
At 31 December 2017	–	–	22,033	1,474	150,026	3,846	4,448	2,486	12,736	197,049

4 Property, plant and equipment (continued)

Group	Freehold land $'000	Buildings on freehold land $'000	Leasehold properties $'000	Leasehold improvements $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation and impairment losses										
At 1 January 2016	90	2,484	6,480	2,356	78,370	3,066	2,457	946	–	96,249
Depreciation	–	263	623	135	8,562	158	325	168	–	10,234
Disposals/Write-off	–	–	(1,121)	–	(274)	(1)	(51)	–	–	(1,447)
Effect of movements in exchange rates	2	34	31	54	535	(8)	(2)	7	–	653
At 31 December 2016	92	2,781	6,013	2,545	87,193	3,215	2,729	1,121	–	105,689
Depreciation	–	272	645	126	11,604	142	332	235	–	13,356
Disposals/Write-off	–	–	–	(1,730)	(9,997)	(2)	(63)	(149)	–	(11,941)
Impairment for the year	–	–	–	–	58	37	82	–	–	177
Reclassification to investment properties*	(85)	(3,008)	–	–	–	–	–	–	–	(3,093)
Effect of movements in exchange rates	(7)	(45)	(208)	(136)	(2,879)	(56)	(42)	(50)	–	(3,423)
At 31 December 2017	–	–	6,450	805	85,979	3,336	3,038	1,157	–	100,765
Carrying amounts										
At 1 January 2016	10,376	4,382	12,696	650	53,505	714	1,599	640	937	85,499
At 31 December 2016	10,558	4,218	16,799	624	62,080	636	1,530	646	1,201	98,292
At 31 December 2017	–	–	15,583	669	64,047	510	1,410	1,329	12,736	96,284

* During the year, freehold land and buildings were transferred to investment properties, because they were no longer used by the Group in the production of goods or services or for administrative purpose. The freehold land and buildings have been leased to a third party.

4 Property, plant and equipment (continued)

Company	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 January 2016	90	22	48	578	738
Additions	–	–	7	–	7
At 31 December 2016	90	22	55	578	745
Additions	–	–	13	–	13
Write-off	–	–	(8)	–	(8)
At 31 December 2017	90	22	60	578	750
Accumulated depreciation					
At 1 January 2016	90	22	40	182	334
Depreciation	–	–	6	92	98
At 31 December 2016	90	22	46	274	432
Depreciation	–	–	7	91	98
Write-off	–	–	(8)	–	(8)
At 31 December 2017	90	22	45	365	522
Carrying amounts					
At 1 January 2016	–	–	8	396	404
At 31 December 2016	–	–	9	304	313
At 31 December 2017	–	–	15	213	228

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

	Group 2017 $'000	Group 2016 $'000
Office equipment	–	3
Motor vehicles	494	304
	494	307

During the year, the Group acquired motor vehicles of $292,000 (2016: $457,000) under finance lease, of which $44,000 (2016: $327,000) was settled in cash.

Impairment test

In 2016 and 2017, the Group carried out impairment assessment of its property, plant and equipment, intangible assets and goodwill by comparing the carrying values and recoverable amounts. A summary of the key assumptions used in the discounted cash flow projections is detailed in Note 10.

5 Investment properties

	Group 2017 $'000	Group 2016 $'000
Cost		
At 1 January	18,695	19,202
Additions	97	–
Disposals/Transfer	(56)	–
Reclassification from property, plant and equipment	14,042	–
Effect of movements in exchange rates	(197)	(507)
At 31 December	32,581	18,695
Accumulated depreciation		
At 1 January	11,882	11,534
Depreciation	549	634
Disposals/Transfer	(56)	–
Effect of movements in exchange rates	(138)	(286)
At 31 December	12,237	11,882
Carrying amount	20,344	6,813

Investment properties comprise a number of commercial properties, residential apartments, factories, industrial and warehouse buildings that 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. 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 $54,074,000 at 31 December 2017, (2016: $32,458,000) based on independent valuations obtained from 2016 to 2017 by property valuers on an open market value basis.

The valuations were performed by external, independent valuers who are certified real estate appraisers. The valuers used the direct comparison, capitalisation, discounted cash flow and replacement cost methods. The market value has been categorised as a 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 to be generated from the investment properties, at an appropriate discount rate.

- The replacement cost method is based on what it would cost to replace the improvements on property using similar construction materials and construction methods.

Gross rental income of $2,281,000 (2016: $1,767,000) was derived from the investment properties during the year.

6 Subsidiaries

	Note	Company 2017 $'000	Company 2016 $'000
Equity investments, at cost		77,693	77,693
Impairment losses		(5,831)	(5,831)
		71,862	71,862
Discount implicit in interest-free loans to subsidiaries		1,041	1,041
		72,903	72,903
Loans to subsidiaries	(i)	64,539	54,345
Impairment losses		(6,075)	(6,075)
		58,464	48,270
		131,367	121,173

(i) Included in the loans to subsidiaries is an amount of $10,902,000 which is unsecured and bears fixed interest rate of 2.75% per annum. The remaining amounts of $53,049,000 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, part of the Company's net investments in the subsidiaries.

During the year, the Group had engaged in the following activity in relation to subsidiaries:

Incorporation of subsidiary – Sen Yang Enterprise Co., Ltd

On 29 June 2017, New Toyo Paper Products (Shanghai) Co., Ltd ("NTPS"), an indirect wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary, Sen Yang Enterprise Co., Ltd ("SYE"), in the People's Republic of China, with a share capital of $2,053,200, representing the entire share capital of SYE.

At the reporting date, SYE has yet to commence operations.

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
	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, machinery, spares and equipment	Singapore	100	100
#	New Toyo Ventures Pte Ltd	Investment holding	Singapore	100	100

6 Subsidiaries (continued)

	Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
	Held by the Company (continued)				
#	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 raw materials and equipment	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	55	55
+	Tien Wah Press (Malaya) Sdn Bhd	Manufacturing of printed cartons and labels	Malaysia	55	55
+	Tien Wah Properties Sdn Bhd	Investment holding	Malaysia	55	55
+	Paper Base Converting Sdn Bhd	Manufacturing of specialty papers	Malaysia	100	100
&	New Toyo Aluminium Gulf Paper Packaging FZE	Manufacturing of specialty papers	Dubai	100	100
∞	New Toyo Paper Products (Shanghai) Co., Ltd	Manufacturing of specialty papers	China	100	100
^	Sen Yang Enterprise Co., Ltd	Manufacturing and sales of paper products	China	100	–
∞	Wuhu New Asia Paper Products Co., Ltd	Investment holding	China	100	100

6 Subsidiaries (continued)

	Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
	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	55	55
+	Alliance Print Technologies Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	55	55
+	Alliance Print Technologies FZE	Manufacturing of printed cartons and labels	Dubai	55	55
∞	Max Ease International Limited	Trading of printed cartons and labels	Hong Kong	77	77
∞	Max View Holdings Limited	Investment holding	Hong Kong	77	77
+	Anzpac Services (Australia) Pty Ltd	Manufacturing of printed cartons and labels	Australia	77	77
@	PT Bintang Pesona Jagat	Manufacturing of printed cartons and labels	Indonesia	77	77
∞	Alliance Innovative Solutions Pte Ltd	Supplies of printing ink	Singapore	50*	50*

* Deemed to be a subsidiary as the Company has the current ability to direct these entities' activities that most significantly affect their returns.

As at 6 October 2017, application for striking off Alliance Innovative Solutions Pte Ltd ("AIS") was approved by the Accounting and Corporate Regulatory Authority. AIS has subsequently been removed from the Register of Companies on 5 February 2018.

\# Audited by KPMG LLP, Singapore

\+ Audited by other member firms of KPMG International

∞ Audited by other accounting firms

& Incorporated on 22 November 2016, with results for the year ended 31 December 2016 and 31 December 2017 being unaudited as it has yet to commence operations as at reporting date

^ Incorporated on 29 June 2017 and yet to commence operations as at reporting date

@ Auditor changed from other accounting firm to other member firm of KPMG International for the year ended 31 December 2017

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.

6 Subsidiaries (continued)

Impairment

The Company recognises impairment losses at a level considered adequate to provide for the potential non-recoverability of investments in subsidiaries. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Company reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgement or utilised different estimates, and an increase in impairment losses would decrease the carrying value of investments in subsidiaries.

When there are indicators of impairment, management carried out an impairment assessment on the recoverable amounts of the cost of investments. The recoverable amounts were based on the value-in-use, determined by discounting the future cash flows to be generated from the continuing operations of these entities, and based on the financial budget approved by management.

Based on the assessment, recoverable amount is higher than the cost of investments. Accordingly, management concluded that no impairment loss is required.

7 Non-controlling interests

	Group	
	2017	2016
	$'000	$'000
Non-controlling interests	48,849	54,972

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group.

Name of subsidiaries	Principal place of business/Country of incorporation	Operating segment	Ownership interests held by NCI	
			2017	2016
			%	%
Max Ease International Limited ("MEIL")	Hong Kong	Printed cartons and labels	23	23
Tien Wah Press Holdings Berhad ("TWPH")	Malaysia	Printed cartons and labels	45	45

7 Non-controlling interests (continued)

The following summarised financial information for the above subsidiaries are prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	MEIL $'000	TWPH* $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2017					
Revenue	103,776	82,481	7,335		
Loss	(8,984)	(2,686)	(270)		
Other comprehensive income	487	(1,598)	(323)		
Total comprehensive income	(8,497)	(4,284)	(593)		
Attributable to NCI:					
- (Loss)/Profit	(2,078)	(1,219)	(135)	382	(3,050)
- Other comprehensive income	113	(724)	(162)	–	(773)
- **Total comprehensive income**	(1,965)	(1,943)	(297)	382	(3,823)
Non-current assets	53,974	82,542	872		
Current assets	25,281	69,611	4,633		
Non-current liabilities	(12,059)	(11,209)	(76)		
Current liabilities	(42,567)	(34,579)	(1,558)		
Net assets	24,629	106,365	3,871		
Net assets attributable to NCI	5,697	48,247	1,935	(7,030)	48,849
Cash flows from/(used in) operating activities	8,901	8,503	(650)		
Cash flows (used in)/from investing activities	(5,008)	(20,422)	17		
Cash flows (used in)/from financing activities	(10,827)	6,579	79		
Net decrease in cash and cash equivalents	(6,934)	(5,340)	(554)		
Dividends paid to NCI	–	2,120	180		

7 Non-controlling interests (continued)

	MEIL $'000	TWPH* $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2016					
Revenue	85,530	82,419	8,657		
(Loss)/Profit	(8,475)	23,615	218		
Other comprehensive income	1,067	(834)	(41)		
Total comprehensive income	(7,408)	22,781	177		
Attributable to NCI:					
- (Loss)/Profit	(1,960)	10,712	109	852	9,713
- Other comprehensive income	247	(379)	(20)	–	(152)
- **Total comprehensive income**	(1,713)	10,333	89	852	9,561
Non-current assets	55,997	71,752	1,405		
Current assets	38,894	75,474	4,798		
Non-current liabilities	(26,604)	(4,524)	(77)		
Current liabilities	(35,162)	(27,380)	(1,301)		
Net assets	33,125	115,322	4,825		
Net assets attributable to NCI	7,662	52,310	2,412	(7,412)	54,972
Cash flows from operating activities	1,591	7,541	1,214		
Cash flows used in investing activities	(30,714)	(2,891)	(357)		
Cash flows from/(used in) financing activities	21,325	3,213	(739)		
Net (decrease)/increase in cash and cash equivalents	(7,798)	7,863	118		
Dividends paid to NCI	–	2,949	1,166		

* *Excludes the interest in MEIL*

8 Associates and joint ventures

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Interests in associates	(i)	–	–	–	1,866
Interests in joint ventures	(ii)	1,952	1,687	–	–
Impairment losses		–	–	–	(620)
At 31 December		1,952	1,687	–	1,246

8 Associates and joint ventures (continued)

(i) Associates

In 2016 and 2017, the Group had engaged in the following activities in relation to associates:

Change of status of associate to other investment – Toyoma Aluminium Foil Packaging Sdn Bhd

During 2017, Toyoma Aluminium Foil Packaging Sdn Bhd ("TAF") has ceased to be an associated company as a result of a reduction in the Company's shareholding in TAF from 30% to 14.61% following an increase in the paid-up and issued share capital of TAF from $1,846,000 to $3,789,000 through an issuance of 6,131,000 new ordinary shares of RM1.00 each (representing 51.29% of the enlarged share capital of TAF) to Mr. Yen Wen Hwa, the Non-Executive Chairman and controlling shareholder of the Company, for an aggregate cash consideration of approximately $1,943,000.

A gain on deemed disposal of the associate of $603,000 was recognised in profit or loss during the year.

Disposal of associate – Benkert (Malaysia) Sdn Bhd

On 23 December 2016, TWPH had accepted the offer from Benkert UK Ltd to purchase TWPH's 30% equity interest in Benkert (Malaysia) Sdn Bhd ("Benkert").

The consideration was set at $8,321,000, which was based on TWPH's 30% share of Benkert's net tangible assets as at 31 December 2016. Proceeds from the disposal amounting to $3,397,000 was received in 2016, and the balance consideration of $4,924,000 was received in 2017.

A gain on disposal of $312,000 was recognised in profit or loss in 2016.

Details of the associates are as follows:

	Name of associates	Principal activities	Principal place of business/Country of incorporation	Ownership interest	
				2017	2016
				%	%
	Held by the Company				
∞	Toyoma Aluminium Foil Packaging Sdn Bhd	Investment holding	Malaysia	–*	30
	Held by subsidiaries				
∞	Benkert (Malaysia) Sdn Bhd	Manufacturing and sale of standard and perforated tipping papers	Malaysia	–	–^^

* TAF has ceased to be an associated company as a result of a reduction in the Company's shareholding in TAF from 30% to 14.61%. Details of the transaction is set out in note (i) above.

^^ The disposal of Benkert was completed as at 31 December 2016 and Benkert ceased to be an associated company. Details of the transaction is set out in note (i) above.

∞ Audited by other accounting firms

8 Associates and joint ventures (continued)

(i) Associates (continued)

The Group's share of the capital commitments of an associate is $Nil (2016: $5,806,000).

The following summarises the financial information of Benkert in 2016, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in an immaterial associate, based on the amounts reported in the Group's consolidated financial statements.

	Benkert $'000	Immaterial associate $'000	Intra-group elimination $'000	Total $'000
2016				
Revenue	38,084			
Profit	5,673			
Other comprehensive income	(632)			
Total comprehensive income	5,041			
Carrying amount of interest in investee at beginning of the year	8,372	–	–	8,372
Group's share of:				
- Profit	925			
- Other comprehensive income	(104)			
NCI's share of:				
- Profit	777			
- Other comprehensive income	(86)			
- Total comprehensive income	1,512	–	–	1,512
Group's share of dividend received	(1,026)	–	–	(1,026)
NCI's share of dividend received	(849)	–	–	(849)
Consideration from disposal	(8,321)	–	–	(8,321)
Gain on disposal	312	–	–	312
Carrying amount of interest in investee at end of the year	–	–	–	–

8 Associates and joint ventures (continued)

(ii) Joint ventures

Details of the joint ventures are as follows:

	Name of joint ventures	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
	Held by subsidiaries				
^	Lum Chang Tien Wah Property Sdn Bhd ("LCTW")	Investment holding	Malaysia	27*	27*
^	Toyo (Viet)–Dofico Print Packaging Company Ltd ("TVDP")	Manufacturing of printed cartons and labels	Vietnam	27*	27*

* The Group is considered to have joint control over these entities as it is able to exercise joint control over the financial and operating policies of the entities via shareholders' agreements

^ Audited by other accounting firm

8 Associates and joint ventures (continued)

(ii) Joint ventures (continued)

The following summarises the financial information of TVDP and LCTW, based on their financial statements prepared in accordance with FRS.

	TVDP $'000	LCTW $'000	Intra-group elimination $'000	Total $'000
2017				
Revenue	6,599	–		
Profit / (Loss)	332	(520)		
Other comprehensive income	84	(12)		
Total comprehensive income	416	(532)		
Non-current assets	3,861	21,070		
Current assets	2,250	2,145		
Current liabilities	(2,068)	(19,980)		
Net assets	4,043	3,235		
Carrying amount of interest in investee at beginning of the year	1,915	–	(228)	1,687
Group's share of:				
- Profit	91	(173)		
- Other comprehensive income	23	(2)		
NCI's share of:				
- Profit	75	(144)		
- Other comprehensive income	19	(2)		
- Total comprehensive income	208	(321)	57	(56)
Cost of investment	–	321	–	321
Carrying amount of interest in investee at end of the year	2,123	–	(171)	1,952

8 Associates and joint ventures (continued)

(ii) Joint ventures (continued)

	TVDP $'000	LCTW $'000	Intra-group elimination $'000	Total $'000
2016				
Revenue	5,448	–		
Loss	(350)	(182)		
Other comprehensive income	(70)	6		
Total comprehensive income	(420)	(176)		
Non-current assets	4,720	21,093		
Current assets	4,390	1,535		
Current liabilities	(5,082)	(19,579)		
Net assets	4,028	3,049		
Carrying amount of interest in investee at beginning of the year	2,125	–	(94)	2,031
Group's share of:				
- Loss	(96)	–		
- Other comprehensive income	(19)	–		
NCI's share of:				
- Loss	(79)	–		
- Other comprehensive income	(16)	–		
- Total comprehensive income	(210)	–	(134)	(344)
Cost of investment	–	1,673	–	1,673
Elimination of unrealised profit	–	(1,673)	–	(1,673)
Carrying amount of interest in investee at end of the year	1,915	–	(228)	1,687

On 16 May 2016, Tien Wah Properties Sdn Bhd ("TWP"), a wholly-owned subsidiary of a 55% owned subsidiary of the Group, had entered into a Shareholders' Agreement with Kemensah Holdings Pte Ltd ("KHPL"), a wholly-owned subsidiary of Lum Chang Holdings Limited, to form and operate a joint venture company known as Lum Chang Tien Wah Property Sdn Bhd ("LCTW"), in Malaysia, with a total issued and paid-up share capital of $3,346,000 ($1,673,000 each held by TWP and KHPL in equal proportion).

During the financial year ended 31 December 2016, TWP sold its leasehold land with a carrying amount of $6,708,000 to LCTW for a sale consideration of $21,264,000. The unrealised profit recognised by the Group of $7,278,000 was only eliminated up to the extent of the Group's cost of investment of $1,673,000 in LCTW.

As at 31 December 2016, $19,533,000 of the sale consideration was deferred and expected to be collected within 12 months from the reporting date. The repayment date was revised in 2017 and expected to be repaid within 12 months from 31 December 2017. The deferred consideration of $19,921,000 (2016: $19,533,000) bears a fixed interest rate of 4.5% per annum.

During the year, TWP and KHPL subscribed for additional Redeemable Non-Convertible Non-Cumulative Preference Shares ("RNCPS") of $642,000 ($321,000 each held by TWP and KHPL in equal proportion).

9 Other investments

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current				
Available-for-sale financial assets:				
- Quoted equity securities, at fair value	290	317	–	–
- Unquoted equity securities, at cost	1,051	427	1,051	–
	1,341	744	1,051	–
Club memberships, at cost	1,395	1,408	693	685
	2,736	2,152	1,744	685
Accumulated amortisation and impairment losses				
At 1 January	53	47	–	–
Amortisation	5	6	–	–
Impairment for the year	–	1	–	–
Effect of movements in exchange rates	(2)	(1)	–	–
At 31 December	56	53	–	–
	2,680	2,099	1,744	685
Current				
Available-for-sale financial assets:				
- Debt securities	589	–	–	–
Total other investments, at carrying amount	3,269	2,099	1,744	685

Debt securities of the Group represents 100,000 bonds issued by the Joint Stock Commercial Bank for Foreign Trade of Vietnam at face value of VND100,000 each bond and has maturity date of 25 November 2026.

On 12 December 2017, the Group registered with the Joint Stock Commercial Bank for Foreign Trade of Vietnam to sell the bonds.

The debt securities classified as available-for-sale investments of the Group has an interest rate of 7.6% (2016: 7.9%).

The fair value information related to available-for-sale financial assets is disclosed in Note 28.

10 Intangible assets and goodwill

Group	Note	Goodwill on consolidation $'000	Contract value $'000	Total $'000
Cost				
At 1 January 2016		3,663	13,387	17,050
Acquisition through business combination	(i)	18,457	3,183	21,640
Additions	(ii)	–	2,026	2,026
Effect of movements in exchange rates		–	333	333
At 31 December 2016		22,120	18,929	41,049
Effect of movements in exchange rates		–	(1,541)	(1,541)
At 31 December 2017		22,120	17,388	39,508
Accumulated amortisation				
At 1 January 2016		–	12,049	12,049
Amortisation		–	434	434
Effect of movements in exchange rates		–	321	321
At 31 December 2016		–	12,804	12,804
Amortisation		–	1,359	1,359
Effect of movements in exchange rates		–	(1,106)	(1,106)
At 31 December 2017		–	13,057	13,057
Carrying amounts				
At 1 January 2016		3,663	1,338	5,001
At 31 December 2016		22,120	6,125	28,245
At 31 December 2017		22,120	4,331	26,451

(i) On 3 November 2016, MEIL and Max View Holdings Limited ("MVHL") entered into a Conditional Sale and Purchase Agreement to acquire PT Bintang Pesona Jagat ("BPJ"). The acquisition included a Manufacturing and Supply of Packaging Materials Agreement to supply printed carton requirements for British American Tobacco Group of Companies in Indonesia for a period of 6 years, commencing 1 January 2017 until 31 December 2022.

(ii) On 28 October 2016, British American Tobacco (Singapore) Pte Ltd, a company incorporated in Singapore under the laws of Singapore and a subsidiary of British American Tobacco International (Holdings) B.V., had vide a letter agreed to extend its current Supply Agreement for printed carton requirements in Singapore and Vietnam for an additional 3 years from 1 November 2016 and expiring on 31 October 2019 for the domestic and/or export markets, based on mutually agreed commercial terms. The Supply Agreement with Tobacco Importers and Manufacturers Sdn Bhd for Malaysia was also extended for 1 year.

The amortisation of intangible assets was recognised in other operating expenses.

10 Intangible assets and goodwill (continued)

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

For the purpose of impairment testing, goodwill has been principally allocated to the following cash-generating units ("CGUs") as follows:

	2017 $'000	2016 $'000
Specialty papers	22	22
Printed cartons and labels	22,098	22,098
	22,120	22,120

The goodwill on consolidation and contract value are allocated to the printed cartons and labels ("PCL") CGU, which includes MEIL and BPJ.

Contract value is in relation to the exclusive rights to supply British American Tobacco's printed carton requirements in several locations in the Asia Pacific region, with the details set out in notes (i) and (ii) above.

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

Key assumptions used in the estimation of the recoverable amount of the PCL CGU

- Cash flow projections were over a period of 5 years (2016: 5 years), based on the 2018 financial budget approved by management.

- Management has considered and determined the factors applied in the financial budget. The budgeted gross margins are based on past experience. Anticipated annual revenue growth rates for the CGU ranges from 4% to 11% from 2018 to 2022, and 0% thereafter was used in the cash flow projections (2016: 3% to 23% from 2017 to 2021, and 0% thereafter).

- The pre-tax discount rates for the operating companies within the CGU ranging from 7.0% to 15.4% (2016: ranging from 9.0% to 17.5%) were applied in determining the recoverable amount of the CGU. The discount rates were estimated based on the respective country risks, and weighted average cost of capital of comparable companies.

- Terminal value with zero growth (2016: Terminal value with zero growth) was assumed.

- The Group is expected to successfully renew its rights to supply major customers' printed carton requirements upon expiry of the agreements, and to continue to supply over the projected period.

The values assigned to the key assumptions represent management's assessment of future trends of the industry in which the CGU operates, and are based on both external and internal sources (historical data). The computation of recoverable amount using discounted cash flow forecasts also requires management to make judgements over key inputs, for example, revenue growth, gross margins and discount rates as described above. In general, this assessment requires significant judgement, such that a change to key assumptions used could possibly lead to the recognition of impairment loss that would reduce the carrying amount involved.

As the carrying amount of the PCL CGU was determined to be lower than its recoverable amount, no impairment loss was recognised. Should the assumptions not be met, impairment loss may be required in the future.

11 Inventories

	Group 2017 $'000	Group 2016 $'000
Raw materials	33,744	34,471
Consumables	1,558	1,288
Work-in-progress	2,373	3,762
Finished goods	9,946	8,720
	47,621	48,241
Allowance for inventory obsolescence:		
At 1 January	1,236	1,329
Allowance made during the year	1,150	88
Utilisation of allowance	(168)	(185)
Effect of movements in exchange rates	(33)	4
At 31 December	2,185	1,236
Carrying amount of inventories	45,436	47,005

Allowance for inventory obsolescence is made taking into account market trends, inventory ageing and conditions, as well as historical experience. A review is made periodically for excess or obsolete inventory, and decline in net realisable value below cost will result in an allowance recorded against the inventory balance. This review requires management to estimate future demand for products and inherently involves estimates regarding the expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory.

During the year, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to $166,839,000 (2016: $179,848,000).

12 Trade and other receivables

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current					
Consideration receivable	(i)	–	1,670	–	–
Amount due from joint venture					
- non-trade	(ii)	353	1,124	–	–
Other receivables	(iii)	833	–	–	–
		1,186	2,794	–	–

12 Trade and other receivables (continued)

		Group		Company	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current					
Trade receivables		31,029	39,187	–	–
Impairment losses		(279)	(282)	–	–
		30,750	38,905	–	–
Deposits		4,816	7,747	–	–
Tax recoverable		486	421	–	–
Consideration receivables	(iv)	24,186	25,023	–	–
Dividend receivable		–	–	201	246
Other receivables		6,537	941	25	18
Amounts due from subsidiaries					
- trade		–	–	627	386
- non-trade	(v)	–	–	61	311
Amounts due from associates					
- trade		–	306	–	–
- non-trade	(v)	–	344	–	–
Amounts due from joint venture					
- trade		45	1,749	45	50
- non-trade	(v)	719	527	120	130
Amounts due from other related corporations*					
- trade		635	56	–	–
- non-trade	(v)	314	26	–	–
Loans to subsidiaries	(vi)	–	–	7,854	8,574
		68,488	76,045	8,933	9,715
Prepayments		2,819	1,686	35	36
		71,307	77,731	8,968	9,751
		72,493	80,525	8,968	9,751

* The amounts due from other related corporations also include amounts receivable from entities which are partially-owned by a substantial shareholder and a subsidiary's key management personnel.

(i) Consideration receivable in 2016 relates to the deferred payment due from the Group's joint venture partner, DOFICO. This is a result of the disposal of 50% of TVP to DOFICO by TWPH in 2015. The amount is interest-free and will be settled from the pay-outs of future dividends from the joint venture, TVDP. In 2017, the deferred payment was reclassified to current receivables and will be settled within 12 months from the reporting date.

(ii) The non-trade amount due from joint venture is interest-free and relates to the outstanding dividend due from TVDP, which was declared prior to the disposal of 50% of TVP, and payable after 12 months from the reporting date.

(iii) This amount relates to a tax recoverable amount pertaining to a subsidiary in Indonesia and will be recovered after 12 months from the reporting date.

12 Trade and other receivables (continued)

(iv) Current consideration receivables include the:

- outstanding proceeds on the disposal of leasehold land and building to the Group's joint venture entity, LCTW by TWP. An amount of $19,921,000 (2016: $19,533,000) bearing a fixed interest rate of 4.5% per annum will be settled within 12 months from the reporting date.

- deferred payment of $2,178,000 (2016: $566,000) due from DOFICO as mentioned in (i) which is payable within 12 months from the reporting date.

- outstanding proceeds of $2,087,000 from the disposal of plant and equipment to a third party following the cessation of Australian operations.

- outstanding proceeds from the disposal of an associated company, Benkert as at 31 December 2016. The amount of $4,924,000 was settled on 7 March 2017.

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

(vi) The amount is unsecured, repayable on demand, and bear fixed interest rates ranging from 2.00% to 2.75% per annum (2016: 2.00% to 3.16% per annum). The remaining amount of S$401,000 (2016: $Nil) is unsecured, interest-free and repayable on demand.

The Group's customers are internationally dispersed and mainly engage in similar manufacturing and distribution activities. The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date by geographical region was as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore	8,497	15,978	437	262
Malaysia	26,994	34,940	1,437	1,538
Vietnam	7,377	10,408	391	960
Indonesia	6,587	3,253	63	–
Australia	5,324	2,245	12	63
Korea	4,534	2,746	–	–
United Arab Emirates	3,935	2,672	331	–
China	1,663	111	–	61
Hong Kong	1,423	2,857	6,262	6,831
Papua New Guinea	588	245	–	–
The Philippines	539	41	–	–
Latin America	472	1,235	–	–
India	76	572	–	–
Others	1,665	1,536	–	–
	69,674	78,839	8,933	9,715

The top 5 customers of the Group account for 45% (2016: 37%) of the trade and other receivables (excluding prepayments) carrying amount at 31 December 2017.

12 Trade and other receivables (continued)

Impairment

The ageing of trade and other receivables (excluding prepayments) at the reporting date was:

	2017		2016	
	Gross	Impairment losses	Gross	Impairment losses
	$'000	$'000	$'000	$'000
Group				
Not past due	64,325	–	72,467	–
Past due 0 – 30 days	3,214	–	5,188	–
Past due 31 – 180 days	2,040	–	1,184	–
More than 180 days	374	279	282	282
	69,953	279	79,121	282
Company				
Not past due	8,107	–	8,918	–
Past due 0 – 30 days	92	–	281	–
Past due 31 – 180 days	293	–	150	–
More than 180 days	441	–	366	–
	8,933	–	9,715	–

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 written off against the financial asset. At the reporting date, the Group and the Company do not have any collective impairment on their loans and receivables (2016: $Nil).

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group estimates the impairment loss based on the ageing of the trade receivables balance, credit-worthiness of debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs could be higher than estimated.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
At 1 January		282	300	–	–
Reversal of allowance for impairment losses	23	(2)	(10)	–	–
Effect of movements in exchange rates		(1)	(8)	–	–
At 31 December		279	282	–	–

The Group's historical experience in the collection of trade receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk is inherent in the Group's trade and other receivables (excluding prepayments). These receivables are mainly arising from customers that have a good payment record with the Group.

The Group and the Company's exposures to credit and currency risks related to trade and other receivables are disclosed in Note 28.

13 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash and bank balances	13,915	49,537	7,635	14,499
Short-term deposits	34,660	18,942	4,338	8,473
Cash and cash equivalents in the statement of cash flows	48,575	68,479	11,973	22,972

Repricing of interest rates with the financial institutions is disclosed in Note 28.

14 Share capital and reserves

	Company No. of shares	
	2017	2016
	('000)	('000)
Fully paid ordinary shares, with no par value		
In issue at 1 January and 31 December	439,425	439,425

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's policy is to maintain a strong 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. Capital consists of ordinary shares and retained earnings of the Group.

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.

14 Share capital and reserves (continued)

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	797	736	–	–
Fair value reserve	138	141	–	–
Translation reserve	(16,756)	(12,230)	–	–
Others	77	77	77	77
	(15,744)	(11,276)	77	77

Capital reserve

The capital reserve of the Group comprises statutory reserves transferred from retained earnings by certain foreign subsidiaries as required by statutory legislations in their countries of incorporation. The percentage of transfer of retained earnings 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 comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

Translation reserve

The translation reserve comprises all 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.

Others

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

14 Share capital and reserves (continued)

Dividends

The following tax-exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Paid by the Company to owners of the Company		
Tax-exempt (one-tier) final dividend of 1.10 cents per ordinary share for the year 2016 (2015: 1.00 cents)	4,834	4,395
Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the year 2017 (2016: 0.60 cents)	2,636	2,636
	7,470	7,031
Paid by a subsidiary to NCI	2,300	4,115

After the reporting date, the following tax-exempt (one-tier) dividend was proposed by the directors. This tax-exempt (one-tier) dividend has not been provided for.

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Tax-exempt (one-tier) final dividend of 1.00 cents (2016: 1.10 cents) per ordinary share in respect of the year	4,395	4,834

15 Trade and other payables

		Group		Company	
	Note	**2017**	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
Non-current					
Employee benefits	16	213	259	–	–
Other payables		183	193	–	–
		396	452	–	–

15 Trade and other payables (continued)

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Current					
Trade payables		29,306	33,861	–	–
Loans from subsidiaries	(i)	–	–	27,449	27,562
Amounts due to subsidiaries					
- trade		–	–	118	150
- non-trade	(i)	–	–	2,523	5,003
Amounts due to joint venture					
- trade		807	812	–	–
- non-trade	(i)	3	4	–	–
Amounts due to other related corporations					
- trade		151	344	–	–
- non-trade	(i)	1	1	1	1
Accrued operating expenses		5,586	4,841	626	657
Amount payable for customer contract extension	10	1,871	2,026	–	–
Employee benefits	16	2,710	1,739	29	29
Other payables		5,570	2,422	108	64
		46,005	46,050	30,854	33,466
		46,401	46,502	30,854	33,466

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

The Group and the Company's exposures to liquidity and currency risk related to trade and other payables are disclosed in Notes 17 and 28 respectively.

16 Employee benefits

	Note	Group 2017 $'000	Group 2016 $'000
Defined benefit obligations	(i)	397	171
Liability for long-service leave	(ii)	–	938
Provision for termination benefits	(iii)	2,400	–
Accrual for annual leave		126	889
		2,923	1,998
Analysed as:			
- Non-current		213	259
- Current		2,710	1,739
		2,923	1,998

A subsidiary, TWPH, makes contributions to a non-contributory defined benefit plan that provides pension for eligible employees upon retirement. The plan entitles employees to receive payment for their years of service the employee provided up to the date of their retirement.

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

	Note	Group 2017 $'000	Group 2016 $'000
At 1 January		171	162
Benefits paid		(39)	(7)
Expense recognised in profit or loss	23	270	20
Effect of movements in exchange rates		(5)	(4)
At 31 December		397	171

(ii) Movement in liability for long-service leave

Liability 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 2017 $'000	Group 2016 $'000
At 1 January		938	1,476
Reversal	23	(952)	(543)
Effect of movements in exchange rates		14	5
At 31 December		–	938

16 Employee benefits (continued)

(iii) Movement in provision for termination benefits

During the year, a subsidiary incurred an additional $9,969,000 (2016: $4,145,000) for termination benefits following the Group's decision for business restructuring, and this amount was recognised in profit or loss.

	Group	
	2017	2016
	$'000	$'000
At 1 January	–	–
Provision during the year	10,197	179
Utilisation of provision	(7,659)	(179)
Reversal	(228)	–
Effect of movements in exchange rates	90	–
At 31 December	2,400	–

(iv) Employee benefits expenses recognised in profit or loss

	Group	
	2017	2016
	$'000	$'000
Defined benefit obligations	270	20
Reversal of liability for long-service leave	(952)	(543)
Net provision for termination benefits	9,969	179
Reversal of accrual for annual leave	(771)	(226)
Termination benefits directly recognised in profit or loss	–	3,966
	8,516	3,396

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

	Group	
	2017	2016
	$'000	$'000
Cost of sales	(781)	(523)
Administrative expenses	(672)	(226)
Other operating expenses	9,969	4,145
	8,516	3,396

17 Financial liabilities

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current				
Non-current portion of long-term bank loans				
- secured	11,847	26,044	–	–
- unsecured	10,330	2,084	–	–
Finance lease liabilities	197	19	–	19
	22,374	28,147	–	19
Current				
Bank loans				
- secured	1,595	–	–	–
- unsecured	19,428	18,966	2,406	2,604
Current portion of long-term bank loans				
- secured	1,364	–	–	–
- unsecured	4,646	1,791	–	–
Trust receipts (unsecured)	123	453	–	–
Finance lease liabilities	65	47	19	45
	27,221	21,257	2,425	2,649
	49,595	49,404	2,425	2,668

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

	Group	
	2017	2016
	$'000	$'000
Plant and equipment	3,877	–
Inventories	6,683	–
Shares of subsidiary	9,357	26,044
	19,917	26,044

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

The bank loans are repayable between 2018 to 2022 (2016: 2017 to 2022), details of which are provided in the following tables.

17 Financial liabilities (continued)

Finance lease liabilities

At the reporting date, the Group and Company have obligations under finance leases that are payable as follows:

	Principal 2017 $'000	Interest 2017 $'000	Future minimum lease payments 2017 $'000	Principal 2016 $'000	Interest 2016 $'000	Future minimum lease payments 2016 $'000
Group						
Within 1 year	65	7	72	47	2	49
Between 1 and 5 years	197	20	217	19	–	19
	262	27	289	66	2	68
Company						
Within 1 year	19	–	19	45	2	47
Between 1 and 5 years	–	–	–	19	–	19
	19	–	19	64	2	66

The Group and Company lease certain office equipment and motor vehicles from financial institutions under finance leases as disclosed in Note 4.

Liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

			Cash flows		
	Note	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 to 5 years $'000
Group					
2017					
Non-derivative financial liabilities					
Secured bank loans		14,806	(17,421)	(3,817)	(13,604)
Unsecured bank loans		34,404	(35,533)	(24,662)	(10,871)
Finance lease liabilities		262	(289)	(72)	(217)
Trade and other payables*	15	43,478	(43,478)	(43,478)	–
Trust receipts		123	(124)	(124)	–
Total		93,073	(96,845)	(72,153)	(24,692)

17 Financial liabilities (continued)

Liquidity risk (continued)

	Note	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within 1 year $'000	1 to 5 years $'000
Group					
2016					
Non-derivative financial liabilities					
Secured bank loans		26,044	(29,783)	(883)	(28,900)
Unsecured bank loans		22,841	(23,221)	(20,985)	(2,236)
Finance lease liabilities		66	(68)	(49)	(19)
Trade and other payables*	15	44,504	(44,504)	(44,504)	–
Trust receipts		453	(455)	(455)	–
Total		93,908	(98,031)	(66,876)	(31,155)

* *Excludes employee benefits*

Cash flows due within 1 year include secured and unsecured revolving credit facilities amounting to $21,350,000 (2016: $19,569,000).

	Note	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within 1 year $'000	1 to 5 years $'000
Company					
2017					
Non-derivative financial liabilities					
Unsecured bank loans		2,406	(2,421)	(2,421)	–
Finance lease liabilities		19	(19)	(19)	–
Trade and other payables*	15	30,825	(30,825)	(30,825)	–
Financial guarantees		–	(42,309)	(30,520)	(11,789)
		33,250	(75,574)	(63,785)	(11,789)
2016					
Non-derivative financial liabilities					
Unsecured bank loans		2,604	(2,619)	(2,619)	–
Finance lease liabilities		64	(66)	(47)	(19)
Trade and other payables*	15	33,437	(33,437)	(33,437)	–
Financial guarantees		–	(19,969)	(19,969)	–
		36,105	(56,091)	(56,072)	(19)

* *Excludes employee benefits*

17 Financial liabilities (continued)

Liquidity risk (continued)

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

Except for the cash flow arising from the intra-group financial guarantees, it is not expected that the cash flows included in the maturity analyses of the Group and the Company could occur significantly earlier, or at significantly different amounts.

Financial guarantees

(i) Intra-group financial guarantees comprise guarantees granted by the Company to banks of $35,809,000 (2016: $15,626,000) in respect of banking facilities extended to subsidiaries.

(ii) An unsecured guarantee of $6,500,000 (2016: $4,343,000) was issued to a supplier by the Company for credit terms granted to a subsidiary.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the above guarantees.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Bank loans $'000	Trust receipts $'000	Finance lease liabilities $'000	Total $'000
Balance at 1 January 2017	48,885	453	66	49,404
Changes from financing cash flows				
Interest paid	(1,882)	–	(4)	(1,886)
Payment of finance lease liabilities	–	–	(63)	(63)
Proceeds from bank borrowings and trust receipts	31,669	504	–	32,173
Repayments of bank borrowings and trust receipts	(27,545)	(935)	–	(28,480)
Total changes from financing cash flows	2,242	(431)	(67)	1,744
The effect of changes in foreign exchange rates	(1,917)	101	(29)	(1,845)
Other changes				
Liability-related				
New finance leases	–	–	292	292
Total liability-related other changes	–	–	292	292
Balance at 31 December 2017	49,210	123	262	49,595

18 Deferred tax assets and liabilities

Unrecognised deferred tax liabilities

At 31 December 2017, deferred tax liabilities of $740,000 (2016: $1,328,000) for temporary differences of $5,039,000 (2016: $12,080,000) related to investments in subsidiaries were not recognised because the Group is able to control the timing of reversal of the related taxable temporary differences and is satisfied that they will not be incurred in the foreseeable future.

18 Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

	Group 2017 $'000	Group 2016 $'000
Deductible temporary differences	6,931	4,964
Tax losses	23,011	13,545
	29,942	18,509

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

Recognised deferred tax assets and liabilities

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

	At 1/1/2016 $'000	Recognised in profit or loss (Note 24) $'000	Acquired in business combination $'000	Exchange differences $'000	At 31/12/2016 $'000	Recognised in profit or loss (Note 24) $'000	Exchange differences $'000	At 31/12/2017 $'000
Group								
Deferred tax assets								
Property, plant and equipment	604	(41)	–	6	569	(26)	(13)	530
Inventories	88	(4)	–	1	85	26	(7)	104
Trade and other payables	46	(12)	–	(13)	21	5	(1)	25
Others	(7)	61	–	11	65	281	(13)	333
	731	4	–	5	740	286	(34)	992
Deferred tax liabilities								
Property, plant and equipment	(3,198)	732	(421)	15	(2,872)	1,445	153	(1,274)
Others	(2)	(128)	–	3	(127)	159	(106)	(74)
	(3,200)	604	(421)	18	(2,999)	1,604	47	(1,348)
Company								
Deferred tax assets								
Trade and other payables	3	–	–	–	3	–	–	3
Deferred tax liabilities								
Property, plant and equipment	(14)	–	–	–	(14)	–	–	(14)

18 Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets (continued)

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. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax assets	673	653	–	–
Deferred tax liabilities	1,029	2,912	11	11

19 Revenue

	Group	
	2017	2016
	$'000	$'000
Sale of manufactured packaging products	230,157	204,309
Trading of packaging products	35,678	44,849
	265,835	249,158

20 Other income

		Group	
		2017	2016
		$'000	$'000
Dividend income from quoted investments		17	17
Gain on deemed disposal/disposal of an associate		603	312
Gain on disposal of property, plant and equipment	(i)	–	12,898
Insurance claim recovery		18	16
Net foreign exchange gain		–	674
Rental income		2,281	1,769
Scrap sales		2,253	1,448
Others		3,222	2,456
		8,394	19,590

(i) In 2016, the gain on disposal of property, plant and equipment mainly related to a gain on disposal of $12,883,000 arising from TWP's disposal of its leasehold land to LCTW. Details of the transaction is set out in Note 8.

21 Other operating expenses

	Note	Group 2017 $'000	Group 2016 $'000
Amortisation of intangible assets	10	1,359	434
Amortisation of other investments	9	5	6
Capital gain tax on disposal of a leasehold land and building		–	596
Termination benefits	16	9,969	4,145
Loss on disposal of other investment		51	–
Loss on disposal of property, plant and equipment		1,354	–
Property, plant and equipment written off		45	12
Rights issue expenses		–	364
Others		1,271	100
		14,054	5,657

22 Finance income and finance costs

	Group 2017 $'000	Group 2016 $'000
Interest income from bank deposits	670	808
Interest income from a joint venture	925	251
Finance income	1,595	1,059
Interest paid and payable to banks	(1,886)	(641)
Finance costs	(1,886)	(641)
Net finance (costs)/income recognised in profit or loss	(291)	418

23 (Loss)/Profit before tax

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

		Group	
	Note	2017 $'000	2016 $'000
Audit fees paid to			
- auditors of the Company		273	245
- other auditors		271	253
Non-audit fees paid to			
- auditors of the Company		–	1
- other auditors		115	87
Allowance for inventory obsolescence	11	1,150	88
Depreciation of property, plant and equipment	4	13,356	10,234
Depreciation of investment properties	5	549	634
Directors' fees		344	313
Impairment losses on other investments	9	–	1
Impairment losses on property, plant and equipment	4	177	–
Inventories written off		10	215
Operating expenses arising from rental of investment properties		477	369
Operating lease expenses		2,888	2,540
Reversal of allowance for impairment of receivables	12	(2)	(10)
Staff costs			
- salaries, bonuses and other costs		39,537	35,697
- contributions to defined contribution plans		2,290	2,674
- defined benefit obligations	16	270	20
- expenses related to termination benefits	16	9,969	4,145

24 Tax expense

	Group 2017 $'000	Group 2016 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	3,103	2,953
Over provision in prior years	(98)	(48)
	3,005	2,905
Deferred tax expense		
Origination and reversal of temporary differences	(1,977)	(561)
Recognition of tax effect of previously unrecognised tax losses	87	(47)
	(1,890)	(608)
Total tax expense	1,115	2,297
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(184)	27,909
Tax using the Singapore tax rate of 17% (2016: 17%)	(31)	4,745
Effect of tax rates in foreign jurisdictions	(302)	590
Non-deductible expenses	1,214	2,125
Tax exempt income	(2,267)	(7,218)
Reinvestment allowances and other tax incentives	(254)	(150)
Current year losses for which no deferred tax asset was recognised	2,890	2,300
Recognition of tax effect of previously unrecognised tax losses	(37)	(47)
Over provision in prior years	(98)	(48)
	1,115	2,297

25 Earnings per share

The calculation of basic and diluted earnings per share at 31 December 2017 was based on the profit attributable to ordinary shareholders of $1,751,000 (2016: $15,899,000), and a weighted-average number of ordinary shares outstanding of 439,425,000 (2016: 439,425,000), calculated as follows:

	Group 2017 $'000	Group 2016 $'000
Basic and diluted earnings per share is based on:		
Profit attributable to ordinary shareholders	1,751	15,899

25 Earnings per share (continued)

	Group 2017 '000	Group 2016 '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

For the purpose 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.

Transactions with directors and other key management personnel

Key management personnel compensation

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 personnel of the Group.

In addition to their salaries, the Group also contributes to post-employment defined benefit plans on their behalf.

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

	Group 2017 $'000	Group 2016 $'000
Short-term employment benefits		
- directors	708	776
- key executives	3,794	3,898
Post-employment benefits (including contribution to Central Provident Fund)	185	201
	4,687	4,875

26 Related parties (continued)

Transactions with directors and other key management personnel *(continued)*

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group during the year.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have significant influence were as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Transactions with companies in which certain directors and substantial shareholders have significant influence		
- sale of finished goods	395	375
- purchase of finished goods	(16)	(20)
- sale of scrap	757	–
- service fees paid/payable	(1)	(1)
- rental received/receivable	86	77
Transactions with companies in which certain directors have significant influence		
- professional fees paid/payable	(6)	(14)
Transactions with companies in which certain directors of subsidiaries have significant influence		
- sale of finished goods	958	694
- purchase of raw materials	(1,275)	(900)
- purchase of plant and equipment (net)	(125)	(306)
- transportation fees	(603)	(650)
- leasing of motor vehicle	(39)	(66)
Transaction with director and substantial shareholder of the Company		
- interest-free loan payable to director and substantial shareholder	–	442

26 Related parties (continued)

Other related party transactions

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

	Group	
	2017	**2016**
	$'000	**$'000**
Transactions with joint ventures		
- sale of raw materials	50	2,471
- purchase of raw materials/finished goods	(1,149)	(4,486)
- rental paid/payables	(920)	(219)
- management fee received/receivables	25	25
- interest received/receivables	875	215
- transportation fees	(7)	(4)

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 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 reviewed by the Group's 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.
Trading	:	The sale of raw materials, paper products and equipment.
Investment holding	:	Investing activities, including investment in associates and investment properties.

Other segments include the corrugated containers, tissue paper and printing ink businesses. These are not included within the reportable operating segments. The results of these operations are included in "other segments".

Inter-segment pricing is determined on a commercial basis. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

27 Operating segments (continued)

Information about reportable segments

	Specialty papers		Printed cartons and labels		Trading		Investment holding		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
External revenues	93,646	91,879	131,127	107,210	35,678	44,849	–	–	260,451	243,938
Inter-segment revenue	1,982	1,790	55,131	60,740	1,350	–	–	–	58,463	62,530
Interest income	218	147	1,179	673	–	–	568	414	1,965	1,234
Interest expense	(140)	(102)	(2,095)	(747)	(4)	(2)	(63)	(12)	(2,302)	(863)
Reportable segment profit before tax	12,346	11,853	(11,810)	17,850	463	472	691	164	1,690	30,339
Segment results	12,346	11,853	(11,810)	17,850	463	472	691	164	1,690	30,339
Share of profit of equity-accounted investees	–	–	–	–	–	–	(108)	1,431	(108)	1,431
Other material non-cash items:										
- Amortisation	5	6	1,359	434	–	–	–	–	1,364	440
- Depreciation	1,553	1,489	11,693	8,635	–	2	562	644	13,808	10,770
- Impairment loss on property, plant and equipment	–	–	177	–	–	–	–	–	177	–
Capital expenditure	3,974	5,773	32,585	11,666	–	–	–	71	36,559	17,510
Investments in equity-accounted investees	–	–	–	–	–	–	1,952	1,687	1,952	1,687
Reportable segment assets	62,928	63,365	209,337	215,321	6,673	13,783	10,302	10,083	289,240	302,552
Reportable segment liabilities	15,635	14,949	72,082	66,562	3,742	10,185	185	178	91,644	91,874

27 Operating segments (continued)

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

	2017 $'000	2016 $'000
Revenues		
Total revenue for reportable segments	318,914	306,468
Revenue for other segments	5,384	5,220
Elimination of inter-segment revenue	(58,463)	(62,530)
Consolidated revenue	265,835	249,158
Profit or loss		
Total profit or loss for reportable segments	1,690	30,339
Profit or loss for other segments	(281)	(144)
	1,409	30,195
Elimination of inter-segment results	1,876	(337)
Share of profit of equity-accounted investees	(108)	1,431
Unallocated amounts:		
- other corporate expenses	(3,361)	(3,380)
Consolidated (loss)/profit before tax	(184)	27,909
Assets		
Total assets for reportable segments	289,240	302,552
Assets for other segments	8,621	4,035
Investments in equity-accounted investees	1,952	1,687
Unallocated amounts:		
- other corporate assets	14,505	24,450
- income tax assets	1,159	1,074
Consolidated total assets	315,477	333,798
Liabilities		
Total liabilities for reportable segments	91,644	91,874
Liabilities for other segments	1,162	613
Unallocated amounts:		
- other corporate liabilities	3,190	3,419
- income tax liabilities	2,087	4,127
Consolidated total liabilities	98,083	100,033
Depreciation		
Total depreciation for reportable segments	13,808	10,770
Others	97	98
Consolidated depreciation	13,905	10,868
Capital expenditure		
Total capital expenditure for reportable segments	36,559	17,510
Others	13	7
Consolidated capital expenditure	36,572	17,517

27 Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items (continued)

	2017			2016		
	Reportable Segments Total $'000	Adjustments $'000	Consolidated Total $'000	Reportable Segments Total $'000	Adjustments $'000	Consolidated Total $'000
Interest income and expense						
Interest income	1,965	(370)	1,595	1,234	(175)	1,059
Interest expense	(2,302)	416	(1,886)	(863)	222	(641)
Consolidated net interest (expense) / income	(337)	46	(291)	371	47	418

Geographical information

The specialty papers, printed cartons and labels, trading and investment holding segments operate in a number of principal countries. For specialty papers, the Group has plants in Singapore, Vietnam, Malaysia, China and Dubai, while for printed cartons and labels, the Group has plants in Vietnam, Malaysia, Indonesia and Dubai. 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 and segment non-current assets are based on the geographical location of the assets.

	2017		2016	
	External revenues $'000	Non-current assets* $'000	External revenues $'000	Non-current assets* $'000
Hong Kong	83,789	21,981	100,221	25,167
Vietnam	55,395	45,046	46,885	32,661
Singapore	39,072	9,865	41,445	9,205
Indonesia	32,615	18,320	–	10,447
Malaysia	42,139	16,946	40,372	25,654
Australia	12,717	15,624	20,192	21,060
Dubai	106	17,715	–	12,238
China	2	3,400	43	3,498
Total	265,835	148,897	249,158	139,930

* *Excludes deferred tax assets*

Major customer

Revenue of approximately $136.1 million (2016: $114.3 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 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 Group 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 Group 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 groups 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 region, can be found in Note 12.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing 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, 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.

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.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Cash and short-term deposits are placed with regulated financial institutions.

28 Financial risk management (continued)

***Credit risk** (continued)*

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.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

The maximum exposure to credit risk in respect of these intra-group financial guarantees at the reporting date is disclosed in Note 17.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. Details of liquidity risk are disclosed in Note 17.

Working capital management

The Group manages its working capital requirements with the view to ensure smooth operations and minimise 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.

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 ongoing basis and the Group endeavours to keep the net exposures at an acceptable level.

At the reporting date, the Group and Company do not have any outstanding forward exchange contracts (2016: Nil).

28 Financial risk management (continued)

***Currency risk** (continued)*

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	SGD $'000	USD $'000	VND $'000	AUD $'000	MYR $'000
Group					
2017					
Trade and other receivables	315	4,628	1,771	194	785
Cash and cash equivalents	5,961	7,274	57	63	882
Financial liabilities	–	(4,133)	–	–	(140)
Trade and other payables	(310)	(1,687)	(4,063)	(81)	(969)
Net exposure	5,966	6,082	(2,235)	176	558
2016					
Trade and other receivables	444	7,584	669	155	1,625
Cash and cash equivalents	3,593	12,757	88	125	1,506
Financial liabilities	–	(3,397)	–	–	–
Trade and other payables	(326)	(1,479)	(2,524)	(20)	(499)
Net exposure	3,711	15,465	(1,767)	260	2,632

	USD $'000
Company	
2017	
Loans to subsidiaries	19,860
Trade and other receivables	433
Cash and cash equivalents	5,047
Financial liabilities	(2,406)
Trade and other payables	(3,689)
Net exposure	19,245
2016	
Loans to subsidiaries	13,771
Trade and other receivables	694
Cash and cash equivalents	8,790
Financial liabilities	(2,604)
Trade and other payables	(5,836)
Net exposure	14,815

28 Financial risk management (continued)

Currency risk *(continued)*

Sensitivity analysis

A 2% strengthening of SGD against the USD, VND, AUD and MYR at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2016.

	Group Profit or loss		Company Profit or loss	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
SGD	(119)	(74)	–	–
USD	(122)	(309)	(385)	(296)
VND	45	35	–	–
AUD	(4)	(5)	–	–
MYR	(11)	(53)	–	–

A 2% weakening of SGD against the USD, VND, AUD and MYR at the reporting date would have the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

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 ongoing 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

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

			Fixed interest rate maturing		
	Average interest rate %	**Floating interest $'000**	**Within 1 year $'000**	**1 to 5 years $'000**	**Total $'000**
Group					
2017					
Assets					
Cash at bank	0.1 – 2.0	3,299	–	–	3,299
Short-term deposits	0.4 – 3.0	–	13,915	–	13,915
		3,299	13,915	–	17,214
Liabilities					
Bank loans	2.7 – 11.2	43,761	1,997	3,452	49,210
Trust receipts	4.8	–	123	–	123
Finance lease liabilities	2.3 – 4.6	–	65	197	262
		43,761	2,185	3,649	49,595

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	1 to 5 years $'000	Total $'000
Group					
2016					
Assets					
Cash at bank	0.1 – 1.9	13,878	–	–	13,878
Short-term deposits	0.1 – 3.3	–	18,942	–	18,942
		13,878	18,942	–	32,820
Liabilities					
Bank loans	2.6 – 4.5	48,885	–	–	48,885
Trust receipts	3.0	453	–	–	453
Finance lease liabilities	2.3 – 9.0	–	47	19	66
		49,338	47	19	49,404
Company					
2017					
Assets					
Loans to subsidiaries	2.0 – 2.8	–	18,355	–	18,355
Short-term deposits	1.2	–	7,635	–	7,635
		–	25,990	–	25,990
Liabilities					
Bank loans	2.5	2,406	–	–	2,406
Finance lease liability	2.3	–	19	–	19
		2,406	19	–	2,425
2016					
Assets					
Loans to subsidiaries	2.0 – 3.2	–	8,574	–	8,574
Cash at bank	0.6	7,305	–	–	7,305
Short-term deposits	1.0	–	8,473	–	8,473
		7,305	17,047	–	24,352
Liabilities					
Bank loans	2.3	2,604	–	–	2,604
Finance lease liability	2.3	–	45	19	64
		2,604	45	19	2,668

Fair value sensitivity analysis for fixed rate instruments

The Group and Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

28 Financial risk management (continued)

Effective interest rates and repricing/maturity analysis *(continued)*

Cash flow sensitivity analysis for variable rate instruments

For variable rate financial assets and liabilities, a change of 50 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss			
	Group		Company	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
31 December 2017				
Variable rate instruments	(202)	202	(12)	12
31 December 2016				
Variable rate instruments	(177)	177	24	(24)

Financial assets and liabilities measured at fair value

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
31 December 2017					
Assets					
Available-for-sale quoted equity securities	9	290	–	–	290
Debt Securities	9	–	589	–	589
		290	589	–	879
31 December 2016					
Assets					
Available-for-sale quoted equity securities	9	317	–	–	317

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.

Investment in available-for-sale quoted equity securities

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

28 Financial risk management (continued)

Estimation of fair values *(continued)*

Investment in available-for-sale debt securities

The fair value of debt securities (Level 2 fair value) is based on the repurchase terms as determined by the issuing financial institution.

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 or repricing.

The fair value of loan to subsidiaries is not materially different from its carrying values.

Accounting classifications

	Note	Available-for-sale $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Group					
31 December 2017					
Available-for-sale investments ^^	9	1,930	–	–	1,930
Trade and other receivables*	12	–	69,674	–	69,674
Cash and cash equivalents	13	–	48,575	–	48,575
		1,930	118,249	–	120,179
Trade and other payables**	15	–	–	(43,478)	(43,478)
Financial liabilities	17	–	–	(49,595)	(49,595)
		–	–	(93,073)	(93,073)
31 December 2016					
Available-for-sale investments ^^	9	744	–	–	744
Trade and other receivables*	12	–	78,839	–	78,839
Cash and cash equivalents	13	–	68,479	–	68,479
		744	147,318	–	148,062
Trade and other payables**	15	–	–	(44,504)	(44,504)
Financial liabilities	17	–	–	(49,404)	(49,404)
		–	–	(93,908)	(93,908)

* *Excludes prepayments*
** *Excludes employee benefits*

^^ *Comprises quoted equity securities and unquoted debt securities measured at fair value, and unquoted equity securities measured at amortised cost*

28 Financial risk management (continued)

***Accounting classifications** (continued)*

	Note	Available-for-sale $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Company					
31 December 2017					
Trade and other receivables*	12	–	8,933	–	8,933
Cash and cash equivalents	13	–	11,973	–	11,973
		–	20,906	–	20,906
Trade and other payables**	15	–	–	(30,825)	(30,825)
Financial liabilities	17	–	–	(2,425)	(2,425)
		–	–	(33,250)	(33,250)
31 December 2016					
Trade and other receivables*	12	–	9,715	–	9,715
Cash and cash equivalents	13	–	22,972	–	22,972
		–	32,687	–	32,687
Trade and other payables**	15	–	–	(33,437)	(33,437)
Financial liabilities	17	–	–	(2,668)	(2,668)
		–	–	(36,105)	(36,105)

* *Excludes prepayments*
** *Excludes employee benefits*

29 Contingent liabilities

The Company has given an undertaking to provide continuing financial support to a subsidiary (2016: certain subsidiaries), to enable the subsidiary to continue its operations for at least the next twelve months. At the reporting date, the subsidiary was in a net liabilities position of $139,000 (2016: $473,000).

30 Commitments

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

Capital commitments

	Group 2017 $'000	Group 2016 $'000
Contracted but not provided for	6,883	14,002

30 Commitments (continued)

Operating lease commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Within one year	2,118	1,304	6	235
Between one and five years	5,332	2,418	26	6
More than five years	9,058	6,655	–	–
	16,508	10,377	32	241

Operating lease commitments of the Group include the commitment by subsidiaries for lands with lease expiring in year 2029 and 2036 (2016: year 2029 and 2036).

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

Leases as lessor

The Group leases out its investment properties (see Note 5). Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2017	2016
	$'000	$'000
Within one year	2,278	1,499
Between one and five years	2,030	2,028
	4,308	3,527

During the year, $2,281,000 (2016: $1,767,000) was recognised as rental income in profit or loss. Operating and maintenance expenses, included in administrative expenses, amounted to $477,000 (2016: $369,000) in the year.

31 Subsequent events

(i) On 5 February 2018, AIS has been struck off from the Register of Companies pursuant to Section 344A of the Companies Act, Chapter 50, and is no longer a subsidiary of the Company.

(ii) On 21 March 2018, the Company had announced that the Parties (TWPH, DOFICO and TVDP are collectively referred to as "the Parties") entered into a termination agreement ("Termination Agreement") to mutually agree to terminate the joint venture agreement ("JVA") dated 24 May 2015 with effect from the date of the execution of the Termination Agreement and Transfer Contract whereby DOFICO shall transfer the 50% of the total charter capital of TVDP ("Capital Contribution") and all rights and interests thereof to TWPH, and TWPH agreed to acquire the 50% of the total charter capital of TVDP from DOFICO at the cash consideration of USD1,629,762 (equivalent to RM6,372,369 based on exchange rate of USD1.00 to RM3.91 as at 20 March 2018) ("Termination and Acquisition of Capital Contribution"). This is approximately $2,179,000.

The joint venture relationship was terminated due to the fact that DOFICO had failed to comply with the agreed minimum printed carton volumes of tobacco packaging as set out in the JVA, hence, the aforesaid challenge had affected the operations of TVDP, which had led to continuous losses for TVDP for the financial year ended 31 December 2016. In order to protect the shareholders' interest and to ensure risk management, the Parties had mutually agreed to terminate the JVA. As at 31 December 2016, TVDP has recorded an accumulated net loss of USD253,014 (equivalent to RM1,050,730), approximately $348,000.

Pursuant to the JVA, DOFICO at its own discretion, has the right to sell to TWPH its entire Share Capital Contribution at the re-selling price being the remaining amount after the Initial Purchase Price minus outstanding payments for the Initial Purchase Price that have not been paid by DOFICO to TWPH at the time of actual payment of re-selling price (the "Re-selling Price"). In this case, TWPH is obligated to re-purchase the Capital Contribution of DOFICO in whole.

Accordingly, TWPH had on 20 March 2018 offered to purchase the equity interest held by DOFICO at a purchase consideration of USD1,629,762 (or equivalent to RM6,372,369 based on exchange rate of USD1.00 to RM3.91 as at 20 March 2018), approximately $2,179,000. Upon the execution of the Termination Agreement and Transfer Contract, the JVA shall be officially terminated and TVDP shall become a wholly-owned subsidiary of TWPH.

(iii) On 26 March 2018, the Company announced that its wholly-owned subsidiary, New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd, had incorporated a wholly-owned subsidiary, New Toyo (Vietnam) Food Packaging Co., Ltd (the "New Subsidiary"), in Vietnam, with a share capital of VND30,000,000,000 (approximately S$1,730,000).

The principal activity of the New Subsidiary is the manufacturing and sale of paper products.

32 Full convergence with Singapore Financial Reporting Standards International adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading on the Singapore Exchange, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) and IFRS issued by the International Accounting Standards Board. As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

32 Full convergence with Singapore Financial Reporting Standards International adoption of new standards (continued)

Applicable to 2018 financial statements (continued)

In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and interpretations of SFRS(I) are effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*;
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to IAS 40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to IAS 28);
- *Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts* (Amendments to SFRS(I) 4); and
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

(i) Foreign currency translation reserve ("FCTR")

The Group considers that restating FCTR to comply with current IAS 21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to zero at the date of transition, and reclassify the cumulative FCTR as at 1 January 2017 determined in accordance with FRS at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group expects retained earnings as at 31 December 2017 to decrease with the reclassification of the foreign exchange reserve translation losses.

32 Full convergence with Singapore Financial Reporting Standards International adoption of new standards (continued))

SFRS(I) 1 (continued)

(ii) Business combinations

A first-time adopter may choose not to apply SFRS(I) 3 *Business Combinations* retrospectively to business combinations occurring before the date of transition to SFRS(I).

The Group plans to elect the optional exemption in SFRS(I) 1 and not to apply SFRS(I) 3 retrospectively to business combinations that occurred before 1 January 2010.

(iii) Fair value as deemed cost for certain property, plant and equipment

The Group plans to elect the optional exemption in SFRS(I) to measure certain property, plant and equipment at the date of transition to SFRS(I) at fair value and use that fair value as deemed cost in its SFRS(I) financial statements.

The Group expects the carrying amount of property, plant and equipment and retained earnings of the Group to increase as at 1 January 2017.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, except as described below, and the comparative period presented in the 2018 financial statements will be restated.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The expected impact upon the adoption of SFRS(I) 15 is described below.

The Group's printed cartons and labels operating segment manufactures and sells certain printing products for a customer under a non-cancellable exclusive rights to supply contract. The Group currently recognises revenue from such sales after the significant risks and rewards of ownership are transferred to customers. Under SFRS(I) 15, the Group will recognise revenue from contracts with customers when the performance obligations are satisfied over time.

The Group expects the transition to SFRS(I) 15 for revenue recognition to result in a decrease in the carrying amount of inventories, and an increase in contract assets and retained earnings as at 31 December 2017.

32 Full convergence with Singapore Financial Reporting Standards International adoption of new standards (continued)

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.

    - The determination of the business model within which a financial asset is held.

    - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

    - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income ("FVOCI").

    - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL").

The expected impact on adoption of SFRS(I) 9 are described below.

(i) Classification and measurement: financial assets

For Available-for-sale ("AFS") quoted equity securities currently held at FVOCI, the Group expects to measure them at FVTPL under SFRS(I) 9. The AFS unquoted equity securities, currently measured at amortised cost, are expected to be reclassified as financial assets measured at FVTPL. As at 1 January 2018, the Group and Company do not expect a significant change in the carrying amount of other investments and retained earnings from the re-measurement of the AFS unquoted equity securities from amortised cost to FVTPL.

For the AFS unquoted debt securities which are currently measured at FVOCI, the Group expects to continue measuring them at FVOCI under SFRS(I) 9 as they are managed for both collection of contractual cash flows and sale.

(ii) Impairment

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

32 Full convergence with Singapore Financial Reporting Standards International adoption of new standards (continued)

SFRS(I) 9 (continued)

(ii) Impairment (continued)

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. The Group and the Company do not expect a significant increase in impairment of trade and other receivables as at 1 January 2018.

The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16.

The Group is assessing its portfolio of leases to calculate the impending impact of transition to the new standard. Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

32 Full convergence with Singapore Financial Reporting Standards (International) adoption of new standards (continued)

SFRS(I) 16 (continued)

(ii) The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and IAS 28)

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group also preliminarily assessed that SFRS(I) 17 is not relevant to the Group as the Group does not issue insurance contracts nor account for financial guarantee contracts as insurance contracts.

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
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. 79 Section 14/20 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of a 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 a 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
Plot No. S30605, PO Box 263919 Jebel Ali, Dubai United Arab Emirates	Office and factory used by a subsidiary for its operations	Leasehold 20 years expiring 5 August 2036
Plot No. S40404, PO Box 263505 Jebel Ali, Dubai United Arab Emirates	Office and factory used by a subsidiary for its operations	Leasehold 20 years expiring on 9 October 2036

GROUP PROPERTIES

List of Investment Properties

Location	Description	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 48 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
32 Britton Street, Smithfield NSW 2164 Australia	Office, factory and warehouse	Freehold

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

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

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 2017 or entered into since 31 December 2016.

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	395	–

Risk Management

The Group's risk management controls are outlined on page 28 and pages 106 to 113 of this Annual Report.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2018

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

Distribution of Shareholders by Size of Shareholdings as at 15 March 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	10	0.20	99	–
100 - 1,000	1,261	24.85	1,251,752	0.29
1,001 - 10,000	2,323	45.78	10,940,713	2.49
10,001 - 1,000,000	1,445	28.48	100,460,099	22.86
1,000,001 AND ABOVE	35	0.69	326,771,940	74.36
TOTAL	5,074	100.00	439,424,603	100.00

As at 15 March 2018, approximately 47.23% 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	33,932,900	7.72
4	LU LE NHI	29,092,577	6.62
5	CHIA KEE KOON	21,696,000	4.94
6	DBS NOMINEES PTE LTD	7,767,929	1.77
7	WUTHELAM HOLDINGS LTD	7,000,000	1.59
8	CHUA KUAN LIM CHARLES	6,123,500	1.39
9	MAYBANK KIM ENG SECURITIES PTE LTD	5,009,100	1.14
10	CHIANG KOK MENG	3,900,000	0.89
11	GOH LEH HONG	3,109,400	0.71
12	YEO KHEE CHYE	3,040,000	0.69
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,960,280	0.67
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,600,200	0.59
15	NG KEE SENG	2,588,000	0.59
16	PHILLIP SECURITIES PTE LTD	2,449,500	0.56
17	CITIBANK NOMINEES SINGAPORE PTE LTD	2,395,600	0.55
18	KUAN BON HENG	2,215,800	0.50
19	UOB KAY HIAN PTE LTD	2,093,604	0.48
20	WEE HIAN KOK	2,017,600	0.46
	TOTAL	305,769,094	69.59

Substantial Shareholders as at 15 March 2018

(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 22ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of the Company will be held at 39 Scotts Road, Ballroom 3 & 4, Sheraton Towers, Singapore 228230 on 27 April 2018 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Auditors thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 1.0 Singapore cents per ordinary share for the financial year ended 31 December 2017. **(Resolution 2)**

3. To approve the Directors' fees of S$330,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears. (2017: S$380,000) **(Resolution 3)**

4. To re-elect Ms Victoria Tay Seok Kian who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution. *(See Explanatory Note 1)* **(Resolution 4)**

5. To re-elect Tengku Tan Sri Dr Mahaleel bin Tengku Ariff who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution. *(See Explanatory Note 2)* **(Resolution 5)**

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

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 7)**

   "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 3)

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 10 May 2018 after 5.00 p.m. to 11 May 2018 (both dates inclusive) for the purpose of determining Members' entitlements to the final dividend to be proposed at the 22nd Annual General Meeting of the Company to be held on 27 April 2018.

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 10 May 2018 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, 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 10 May 2018 will be entitled to such proposed dividend.

The proposed final dividend, if approved at the 22nd Annual General Meeting, will be paid on 18 May 2018.

By Order of the Board

Lee Wei Hsiung
Company Secretary
11 April 2018

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting ("AGM"). Where such member's form of proxy appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

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

3. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than seventy-two (72) hours before the time appointed for the AGM.

4. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

Explanatory Notes:

1. Ms Victoria Tay Seok Kian will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. She will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

2. Tengku Tan Sri Dr Mahaleel bin Tengku Ariff will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

3. Ordinary Resolution 7, 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.

NOTICE OF 22ND ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

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

NEW TOYO INTERNATIONAL HOLDINGS LTD
Registration No.: 199601387D
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

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

*I/We ______________________ (Name) ______________ (*NRIC/Passport No.)

of ____ (Address)

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

Name	Address	*NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

*and/or

Name	Address	*NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing which, the Chairman of the Annual General Meeting of the Company (the "AGM"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at 39 Scotts Road, Ballroom 3 & 4, Sheraton Towers, Singapore 228230 on 27 April 2018 at 10.30 a.m. and at any adjournment thereof.

All resolutions put to the vote at the AGM shall be decided by way of poll.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM.

No.	Resolution	For**	Against**
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Auditors thereon.		
2	To approve a final dividend of 1.0 Singapore cents per share for the financial year ended 31 December 2017.		
3	To approve the Directors' fees of S$330,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears.		
4	To re-elect Ms Victoria Tay Seok Kian who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution.		
5	To re-elect Tengku Tan Sri Dr Mahaleel bin Tengku Ariff who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution.		
6	To re-appoint KPMG LLP as auditors and authorise the Directors to fix their remuneration.		
7	To authorise Directors to issue shares and convertible securities.		

Note:
* Please delete accordingly
** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of __________________ 2018

Total number of Shares held in:	
CDP Register	
Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Act").

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than seventy-two (72) hours before the time appointed for the AGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

8. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.

9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

10. The Company shall be entitled to reject the instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy or if the member, being the appointor, is not shown to have shares against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2018.

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Affix
Postage
Stamp

The Share Registrar
New Toyo International Holdings Ltd
80 Robinson Road
#11-02
Singapore 068898

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