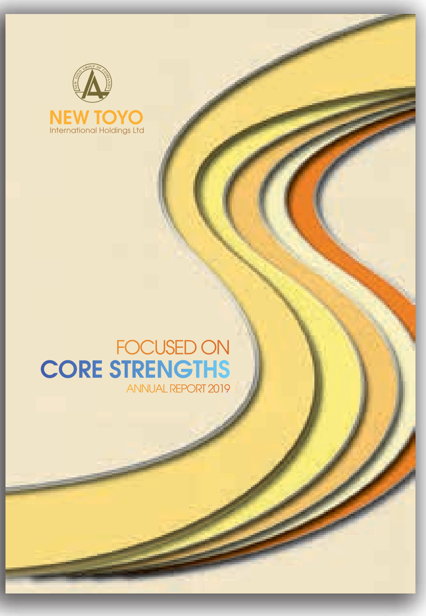
NEW TOYO

International Holdings Ltd

FOCUSED ON CORE STRENGTHS

ANNUAL REPORT 2019

COVER RATIONALE



Focused on Core Strengths

The concept highlights New Toyo's ongoing efforts to enhance its delivery of value. The curved pathway represents the Group's multi-pronged and flexible approach in overcoming a challenging environment as it pursues new opportunities.

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 40 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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FINANCIAL CONTENTS

CHAIRMAN'S MESSAGE

"The Board is highly appreciative of our shareholders who have remained with us with their strong support despite difficult times. We are recommending a final, one tier tax exempt dividend of 0.90 Singapore cents per share...which would bring about a total dividend yield of 5.77%."

YEN WEN HWA
Non-Executive Chairman

Dear Shareholders

On behalf of the Board of Directors of New Toyo Holdings Limited ("New Toyo" or the "Group"), I am pleased to present our annual report for the financial year ended 31 December 2019 ("FY2019").

In a year that witnessed vast uncertainties and economic shifts arising from trade differences, we persisted in our drive for greater business diversification and market expansion. We also pushed harder to strengthen and secure our core position as a leading packaging expert for the tobacco industry, while remaining cognizant of the challenges that lie before us.

In FY2019, with the inclusion of the tissue paper division in China, the Group revenue rose by 11% to S$301.1 million. However due to the ongoing trade conflict, and beset with mounting pressures during most parts of 2019 for our China based tissue mill, the Group recorded a net loss of S$18.1 million as compared to a profit of S$4.2 million in the financial year ended 31 December 2018 ("FY2018").

Under these adverse and uncertain conditions and the inability for the mill to be cost competitive for the U.S. export market, the Board after careful deliberation, decided to cease our tissue manufacturing operations in September 2019 in order to stem further losses.

In a strategic review of the Group's core operations, a lower-cost approach business model was outlined to be adopted for our Dubai-based startups. This would help to ensure competitiveness via cost reductions in overheads and manpower, and boosts to production efficiencies, thereby contributing to future profitability. The Group entered into an agreement with a third party effective 1 October 2019 to jointly manage the operations in Dubai. As part of this measure, the Group prudently decided to record a one-off impairment of property, plant and equipment of S$5.7 million to reflect the market valuation in Dubai, which was adversely affected by a depressed oil market. Going forward, however, a lower depreciation amount will be incurred due to the lower carrying amounts.

The Group's financial position remains strong to move forward in spite of these uncertain times. The Group's assets in FY2019 stands at S$304.7 million. This is at book value and not re-valued. Its liabilities stand at S$117.4 million. The Group has a cash position of S$34.7 million and borrowings of S$71.3 million.

Given the foregoing, the Board is highly appreciative of our shareholders who have remained with us with their strong support despite difficult times. We are recommending a final, one tier tax exempt dividend of 0.90 Singapore cents per share, subject to shareholders' approval at the coming Annual General Meeting, which would bring about a total dividend yield of 5.77%[1].

We foresee that uncertainties will continue to surface in the coming year, and I wish to reassure shareholders that we shall be prepared to face them as they come — through focused growth in our core businesses, as well as cost reductions and gains in efficiency.

In closing, I wish to thank our shareholders, as well as our staff, suppliers and customers, who have continued to stand firm with us in these times.

Thank you and best wishes.

Yen Wen Hwa
Non–Executive Chairman

[1] *Based on closing share price of S$0.156 as at 31 December 2019*

GROUP CEO'S BUSINESS REVIEW

"In the face of challenging conditions, the Group was able to hold firm, keeping up the performance within its core operations."

ANGELA HENG
Group Chief Executive Officer

Dear Shareholders

The gruelling rigours wrought by the US-China trade war in FY2018 continued to deepen as the trade conflict intensified in FY2019, casting a pall on global economic sentiment. In the face of these challenging conditions, the Group was able to hold firm, keeping up the performance within its core operations while curbing the extent of losses incurred across the group.

Results Review

Revenue for the Group rose by 11.0% to S$301.1 million in FY2019. This year-on-year (yoy) increase of S$29.8 million followed the inclusion of revenue from the Tissue Paper division and higher sales derived from the Specialty Papers division, partially offset by lower revenue from the Trading division.

Gross profit margin softened from 9.2% in FY2018 to 5.7% in FY2019, impacted by weak contribution from the Tissue Paper division. Excluding the Tissue Paper division, the gross profit margin would be 9.3% in FY2019.

The Group incurred an operating loss of S$11.5 million in FY2019, as compared to an operating profit of S$8.3 million in FY2018, after factoring in the following:

- Other income lowered 50.0%, from S$16.1 million in FY2018 to S$8.0 million in FY2019, mainly due to the absence of a gain on disposal of freehold land and building recognised by Australian operation in 4Q2018.
- A decrease in distribution expenses, from S$7.7 million in FY2018 to S$6.4 million in FY2019, due to the absence of a one-off provision for doubtful debts in Australian operations and the absence of expenses from a Malaysian operation following its closure, partially offset by distribution costs incurred by the Tissue Paper division.
- One-off impairment of property, plant and equipment of S$5.7 million in our Dubai operations and redundancy costs of S$0.5 million for our Dubai and Tissue Paper operations, mitigated by the absence of relocation costs in our Indonesia operations translated to a S$5.1 million yoy surge in operating expenses.

Consequently, the Group recorded a loss after tax attributable to owners of the Company of S$15.2 million for FY2019 (FY2018: profit of S$4.2 million).

The Group's balance sheet remains stable, with a positive net working capital of S$67.4 million and a cash position at S$34.7 million as at 31 December 2019. Our current assets decreased 14.1% to S$153.1 million in FY2019, largely owing to the sale of balance tissue paper products in 4Q2019 following the cessation of the Tissue Paper division. Current liabilities were also reduced by 10.3% to S$85.7 million, mainly due to lower purchases by the Specialty Paper division and lower bank borrowings. As at 31 December 2019, our net asset value per share stood at 32.82 Singapore cents as at 31 December 2019.

Segmental Review

The segmented breakdown of the Group's revenue is detailed below. The bulk of the Group's income streams were derived relatively evenly between its two core segments — the Specialty Papers Business and the Printed Cartons and Labels Business.

Specialty Papers ("SP") Business

The SP Business produces mainly coated and laminated papers and board for packaging industries using foil and metallised-polyester film. The 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.

The SP Business displayed a moderately robust showing in FY2019, registering a 6.4% yoy upswing in sales to S$115.6 million, whilst posting a profit before tax ("PBT") of S$2.1 million, down from S$3.8 million in FY2018. The increase in sales was mainly attributed to higher demands in Indonesia and Mexico markets and new volume in Australia. PBT was impacted by one-off impairment of property, plant and equipment and redundancy cost in Dubai of S$2.8 million. Excluding the one-off items, PBT would have attained a 28.2% yoy rise, boosted by higher sales, lower raw material prices in 2nd half of 2019 and absence of gratuity and donation.

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 PCL Business recently reached an agreement for a 5-year extension to an existing supply agreement with a major tobacco customer in the Asia Pacific region. Through this

GROUP CEO'S BUSINESS REVIEW

extension, the PCL Business has secured orders for this major customer's printed carton requirements in Malaysia, Singapore and Vietnam until the end of 2024. The PCL Business has also successfully increased its customer base to other major tobacco customers supported by production plants located in Vietnam, Indonesia and Dubai.

Revenue in the PCL segment remained relatively level for FY2019, with a marginal yoy increase of 0.2% to S$113.0 million. However, profitability for this segment was impeded by our operations in Dubai and Vietnam, which saw a one-off write down of toolings and impairment of property, plant and equipment, and diminished tobacco brand-related printing sales. Consequently, the segment incurred a S$4.3 million loss before tax, as opposed to a S$5.5 million profit before tax.

Trading Business

The Trading Business engages in the sale of raw materials, paper products and equipment. Revenue from this segment dipped 26.7% to S$28.0 million, due to lower sales for certain raw materials. The segment also incurred a loss of S$0.6 million in FY2019, in contrast with a S$0.2 million profit before tax in FY2018.

Tissue Paper Business

The Tissue Paper Business includes the production of tissue paper products such as jumbo rolls. Following the ramping up of operations in this relatively new start up based on its leased plant in Xiamen, China, sales from this segment rose S$31.9 million to S$36.3 million. Profitability in this segment, however, was also hampered due to volatile pulp prices and stiff competition from other producers in China following the introduction of US-imposed tariffs stemming from the US-China trade war. Another additional hurdle in the Tissue Paper Business also came in the form of delays in our Forestry Stewardship certification, an internationally-recognised certification that paves the way for our tissue products to export sales. As a result, this business incurred a loss before tax of S$11.2 million in FY2019. After factoring in these conditions and developments, the Board made the decision to forego a renewal of the lease agreement in favour of minimizing further losses. The Group's move to exit the lease agreement has also proved serendipitous, as it has since reduced the Group's exposure to the Chinese economy, which is now projected to face a slowdown in the upcoming period.

During the period of the lease agreement, the Group also garnered a stronger regional business network, which It intends to further develop and utilise within its Trading Business segment.

Excluding the Tissue Paper Business and the one-off impairment of property, plant and equipment, the Group would have registered a profit attributable to owners of the Company of S$0.3 million, and a gross profit margin of 9.3%.

Outlook

The spectre of the COVID-19 global pandemic now looms forebodingly across global markets, exacerbating existing market tensions from the trade conflict. In light of this, the Group has formulated a host of

GROUP CEO'S BUSINESS REVIEW

business continuity contingency plans to tackle and mitigate a range of potential scenarios, and has also developed a well-diversified supply chain to alleviate any inadvertent supply disruptions, should they occur. Given the prevailing circumstances, we will continue with cost management and improving our productivity by enhancing our processes and retraining and upskilling our manpower.

Despite having exited the production of tissue paper in FY2019, the Board still recognises the value in the diversification of the Group's business to buffer against market shocks.

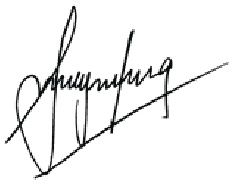
In 2018, our subsidiary jointly established a joint venture company with Lum Chang Holdings Limited on a 50:50 basis between both parties. This joint venture company, Lum Chang Tien Wah Property Sdn Bhd ("LCTWP"), has since reached a tenancy agreement with a tenant for the lease of two pieces of leasehold land located in Petaling Jaya, Selangor. The tenant will be developing a commercial hub within the approximately 140,000 square feet of combined land area. Owing to recent shifts in market conditions, the timeline for this project has since been deferred. However, the tenancy agreement will still provide a timely income to the Group in the form of recurrent rental income for a period of six years. This may then be utilised to fund pre-operational and administrative expenses and generate earnings. While this joint venture stake serves to diversify the Group's income streams through the property investment and property development sectors, the Group will continue to sustain its focus on its core businesses of Specialty Papers and Printed Cartons and Labels.

We believe that the Group still retains its solid market position and operational expertise, placing it on a strong footing to tackle the challenges ahead and continue delivering robust value to our shareholders.

In Appreciation

As part of its ongoing efforts to maintain a well-rounded leadership team, the Board appointed Mr Wan Tai Foong and Mr Phua Tin How as the Group's Independent Directors, with the appointments taking place in August 2019 and February 2020 respectively. Mr Wan has a career spanning over 20 years in investment banking, with varied, in-depth exposure and experience in all aspects of mergers and acquisitions, restructuring and fund-raising transactions in different sectors. Mr Phua held several senior appointments in the public service prior to 1994 and had also served on the boards of several other companies listed on the Mainboard of SGX-ST. We are grateful to Mr Wan and Mr Phua for accepting the appointment. Mr David Lim Teck Leong will also be retiring as a Director of the Company and will not be seeking re-election at the forthcoming Annual General Meeting of the Company in June 2020. We would like to extend our gratitude and appreciation to Mr Lim for his contributions during his term and wish him well in his future endeavours.

I would like to take this time to express my thanks to my fellow directors on the board for their guidance, as well as our shareholders, customers and business partners, who have continued to lend their stalwart support to us. I would also like to thank our management and staff for working tirelessly to build up New Toyo's capabilities even as we tackle various challenges. I look forward towards working again with you in the next leg of our New Toyo journey.



Angela Heng
Group Chief Executive Officer

BOARD OF DIRECTORS

YEN WEN HWA
Non-Executive Chairman

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 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.

ANGELA HENG CHOR KIANG
Group Chief Executive Officer

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, and was re-appointed as its Director in 2002. 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 the Deputy Chairman of the Group from 1997 to 1999 and was President for Asia-Pacific from 2002 to 2006. She served as the Group Executive Chairman from 2014 before assuming her current appointment as Group Chief Executive Officer in 2016.

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

She has been appointed to a board member of Trinity Christian Centre since 2015 and also served on the Management Committee of Care Community Services Society, Singapore, from 2000 to 2003.

Ms Heng holds a Master of Social Science from Swinburne University of Technology in Australia.

BOARD OF DIRECTORS

DAVID LIM TECK LEONG
Non-Executive and Lead Independent Director

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 director of G.K. Goh Holdings Limited. He is the Chairman of Elite Commercial REIT Management Pte Ltd, the Manager of Elite Commercial REIT which is a Singapore real estate investment trust. 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.

VICTORIA TAY SEOK KIAN
Non-Executive and Independent Director

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, Australia and London. She is currently Vice President, Human Resources at GSK Consumer Health Asia Pacific.

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.

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

Tengku Mahaleel has a diverse career, having started his career in Nestle Malaysia Berhad, then joining Shell Malaysia for 20 years and then Proton Holdings Berhad as the Group Chief Executive Officer. He left Proton Board and retired from Nestle Board. Tengku Mahaleel 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 is Honorary President of Badminton Association Malaysia, a member of the Board of Governors of University Sains Malaysia and a Board member of Usains Sdn Bhd.

BOARD OF DIRECTORS

WAN TAI FOONG
Non-Executive and Independent Director

Mr Wan was appointed to the Board as a Non-Executive and Independent Director on 1 August 2019.

He is currently the Chief Executive Officer of Qi Capital Pte Ltd, a boutique advisory firm that advises private corporates on M&A and fund raising transactions. Mr Wan has a career spanning over 20 years in investment banking, with varied, in-depth exposure and experience in all aspects of mergers and acquisitions, restructuring and fund-raising transactions in different sectors. He is the Chairman of the Audit Committee of OneApex Limited.

Mr Wan holds a Bachelor of Commerce from Murdoch University, Western Australia and is a member of CPA Australia.

PHUA TIN HOW
Non-Executive and Independent Director

Mr Phua was appointed to the Board as a Non-Executive and Independent Director on 27 February 2020.

Mr Phua held several senior appointments in the public service prior to 1994, the last being the Principal Private Secretary to the Deputy Prime Minister and later, the Principal Private Secretary to the President of Singapore. From 1994 to 2003, Mr Phua was concurrently the Group President of DelGro Corporation Ltd and President and CEO of SBS Transit Ltd. Mr Phua had also served on the boards of several other companies listed on the Mainboard of SGX-ST, and is currently the Non-Executive Chairman of ValueMax Group Limited and an independent director of YHI International Ltd.

Mr Phua holds a Master in Business Administration degree from INSEAD, France, and a Bachelor of Science (Hons) degree from the University of Singapore.

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, a position he holds to date. 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.

JOSHUA LAM CHIN CHONG
Chief Financial Officer

Mr Joshua Lam joined the Group in November 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 Lam has more than 20 years of experience in accounting, corporate finance, financial and general management in various industries particularly in retail, hospitality, tourism and entertainment with vast working exposure in United Kingdom, Hong Kong, Malaysia, Vietnam and Singapore. He has held senior financial positions and has served as Finance Director of Popular Holdings Limited, a formerly SGX-ST Mainboard listed company, from December 2013 to February 2018. Prior to that, he was with Resorts World at Sentosa Pte Ltd as the Assistant Director – Finance.

He holds a Bachelor Degree (Hons) in Sustainable Performance Management from Manchester Metropolitan University in Manchester, England.

KEY FIGURES

REVENUE
S$301.1M

TOTAL ASSETS
S$304.7M

EBITDA
S$9.5M

NEW TOYO
International Holdings Ltd

DIVIDEND PER SHARE
0.9 cents

OPERATING CASHFLOW
S$28.9M

NET ASSET VALUE PER SHARE
32.82 cents

Three-Year Financial Summary

	2019	2018	2017
Condensed Consolidated Profit & Loss Information (S$'000)			
Revenue	301,102	271,321	265,056
Earnings before interest, tax, depreciation and amortisation (EBITDA)	9,471	25,565	16,215
Profit before interest and tax	(11,905)	7,770	946
Profit before tax	(15,823)	5,992	655
Net profit/(loss) for the year	(18,077)	4,197	(302)
Attributed to :			
Owners of the Company	(15,231)	4,220	2,732
Non-controlling interests	(2,846)	(23)	(3,034)
Condensed Consolidated Balance Sheet Information (S$'000)			
Total assets	304,666	330,510	316,094
Cash and cash equivalents	34,688	42,575	48,575
Total liabilities	117,394	118,162	98,298
Financial liabilities	71,305	67,193	49,595
Equity attributable to owners of the Company	144,228	164,430	168,590
Per Share Data (S$ cents)			
Earnings per share - basic	(3.47)	0.96	0.62
- fully diluted	(3.47)	0.96	0.62
Net asset value per share	32.82	37.42	38.37
Dividend per share	0.90	1.50	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 DIVISON

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.

- Alliance Print Technologies Co., Ltd
- Alliance Print Technologies FZE
- 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, 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

COROPORATE 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

WAN TAI FOONG
Non-Executive and Independent Director

PHUA TIN HOW
Non-Executive and Independent Director

Audit Committee

DAVID LIM TECK LEONG, *Chairman*
TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF
VICTORIA TAY SEOK KIAN
WAN TAI FOONG

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
PHUA TIN HOW

Company Secretary
LEE WEI HSIUNG, ACIS

Share Registrar
Tricor Barbinder Share Registration Services
80 Robinson Road #11-02
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
Joshua Lam
Email: joshua.lam@newtoyo.com
Tel: (65) 6238 2173
Company website: www.newtoyo.com

SUSTAINABILITY MANAGEMENT

OUR SUSTAINABILITY ETHOS

"To do our Part to Safeguard our Environment and better the lives of Our People and the Communities where we Work and Live"

Working together, individuals can build a society that guarantees the needs of future generations. In line with this goal, our business is guided by forward looking parameters that uphold the mutually beneficial contract between our stakeholders and us. This requires engaging targeted milestones into the future while building on past successes.

Guided by these needs, our sustainability initiative rests on the core principles of Stability, Strategy and Sustainability. These are the foundations of our growth engine and drivers of our pledge to offer sustainable value creation for our industry contacts and the societies where we do business.

Stability, Strategy and Sustainability

As reviewed in our 2019 annual report, our operational target is to "Focus on Core Strengths". This involves enhancing our delivery of value, securing our operations in our current markets, expanding our customer base and continuously reviewing and ramping up process optimisation protocols in our value chain. Increasing the productivity of our facilities and practices, including materials management, task organisation and waste reduction, establishes the development of our business and growth of our market share going forward. Important in this is a commitment to sustainability by adopting best practices. We thereby enhance our standing in the communities where we operate, engage local regulators and promote efficiency in our business and ease of operations.

Environmental Preservation

Our sustainability approach permeates throughout our business processes, with a renewed focus on efficient and effective planning. We are dedicated to ensuring that surplus and waste are minimized through our proactive approaches and enhanced capabilities. We consequently reduce the use of natural resources in our operations. Following this, we are progressively adopting water based lacquers, which are less hazardous and more environmentally friendly for our employees.

Regularly scheduled machine maintenance helps decrease machine downtime and, in turn, reduces our carbon footprint. As our machineries consume more electricity when switching from a disconnected to running mode, relative to running at a constant rate, low machine downtime means we minimise our carbon footprint.

Our People

Upholding basic human rights, maintaining a safe work environment, engaging globally with our employees and facilitating operational environments that offer employees a progressively better future are keys to our sustainable approach.

We yearly encourage and promote members that demonstrate ability and the requisite skills to fill vacancies, instead of recruiting externally. We also locate candidates from among our workers for future leadership positions by rigorous appraisals and profilings. Promoting human capital development is a cornerstone of our growth strategy and propels us forward. Efforts to provide training opportunities and skills upgrading allow our employees to encounter the relevant skills and knowledge that align with the future direction of New Toyo.

Workplace health and safety are prioritized ensuring the safety and well-being of the workforce at all times. We maintain compliance with applicable industry standards and adopt a rigorous system to minimize safety breaches, enabling a strong culture of safety awareness.

SUSTAINABILITY MANAGEMENT

Our non-discrimination policy aims for a workplace environment that encompasses differences. No form of discrimination or harassment is tolerated and all claims are taken seriously with strict disciplinary actions applied. We are guided by our Code of Conduct, which is readily available to all employees. Should concerns arise, employees may contact their local human resource department and/or bring the case to our Group Human Resource department. In 2019, there were no reported incidences.

Community Engagement

Giving back in recognition of our success as an organisation includes sponsoring charitable activities and aiding non-profit organisations which promote community enhancement. Our Sponsorship and Corporate Donation Policy offers guidelines in identifying priorities for sponsorships and corporate donations. Non-profits devoted to education, community development, environmental improvement, humanitarian and social projects and economic development are selectively chosen. Since 2017, donations have been made to numerous non-profit organisations and local communities, such as National Heart Centre Singapore, Vietnam Red Cross Society and Xiamen Haicang District Education Foundation for the promotion of society.

Customer Satisfaction

Being a reputable leader in the packaging industry, we promote continuous quality improvement and timely fulfillment of our customers' needs. To maintain the highest quality of our products and customer satisfaction, we ensure that all phases of production, from input materials to the final product, comply with our ISO9001 certification using a rigorous quality management system that enhances our ability to meet and exceed our customers' expectations.

For more information on New Toyo Group's sustainability efforts, please refer to our sustainability report available on our website, http://www.newtoyo.com/investannualreport.htm.

CORPORATE GOVERNANCE

New Toyo International Holdings Ltd (the "Company", and together with its subsidiaries, the "Group") is committed to maintaining a high standard of corporate governance.

The Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires all listed companies to describe in their Annual Reports their corporate governance practices with specific reference to the principles and the provisions of the Code of Corporate Governance 2018 (the "Code").

For the financial year ended 31 December 2019 ("FY2019"), the Company has adhered to the principles and provisions as set out in the Code, save as otherwise highlighted in this report in relation to certain provisions of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1 (Conduct, ethics and culture)

The directors of the Company ("Directors") are fiduciaries who act objectively in the best interests of the Group and hold Management accountable for performance. The Board of Directors ("Board") has put in place a code of conduct and ethics. It also sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group. Any Director who faces a conflict of interest or a possible conflict of interest, in relation to a matter, must promptly declare his interest at a meeting of Directors or send a written notice to the Company containing details of his interest and the conflict and recuses himself from discussions and decisions on the matter.

Provision 1.2 (Duties, induction, training and development)

The Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). New and existing Directors are provided with induction, training and the opportunities to develop and maintain their skills and knowledge at the Company's expense.

The Company conducts orientation programs for new Directors so that they are familiar with their duties and its business activities, strategic directions, policies and risks as well as governance practices. Such programs include briefings by Management and visits to principal subsidiaries.

Furthermore, the 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.

Provision 1.3 (Board approval)

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

- 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);
- overseeing and reviewing the management of the Group's business affairs, financial controls, performance and resource allocation;
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;

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

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

The Board has adopted internal guidelines governing matters that require the Board's approval and given clear directions to Management on matters that must be approved by the Board. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Board Committees (as defined below) and 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 Group Chief Executive Officer.

Provision 1.4 (Board committees)

The Board has established an Audit Committee ("AC"), a Nominating Committee ("NC") and a Remuneration Committee ("RC") (collectively, the "Board Committees"). The Board Committees function within clearly defined written terms of reference setting out their compositions, authorities and duties. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of each committee's activities, are disclosed in this Annual Report.

Provision 1.5 (Board and committee meetings)

The Board and the Board 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 the Board Committees may also decide on matters by way of circular resolutions. The Directors attend and actively participate in Board and Board Committee meetings. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company.

The number of Board, Board Committee and general meetings held in FY2019 and each Director's attendances at such meetings are set out below:

	Board	AC	NC	RC	GM
Number of meetings held	4	4	2	2	1
			Number of meetings attended		
Yen Wen Hwa	4	N/A	N/A	N/A	1
Angela Heng Chor Kiang	4	N/A	2	N/A	1
David Lim Teck Leong	4	4	2	2	1
Victoria Tay Seok Kian	2	3	2	2	1
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	4	4	N/A	2	1
Wan Tai Foong(1)	2	2	N/A	N/A	–
Phua Tin How(2)	–	N/A	N/A	–	–

Notes:

GM – general meetings of shareholders including the annual general meeting for the year

N/A – not a member

(1) appointed on 1 August 2019

(2) appointed on 27 February 2020

Provision 1.6 (Access to information)

Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

Directors are from time to time furnished with detailed information concerning the Group to support their decision-making process. The Board has separate and independent access to senior management and the company secretary and is informed of material events and transactions as and when they occur.

Prior to each Board meeting, members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. Such information includes budgets, forecasts, quarterly unaudited financial statements, related materials, facts, operational review, risk analysis, financial impact, expected outcomes, conclusions and recommendations.

As a general rule, notices are sent to the Directors at least one week in advance of Board meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

Provision 1.7 (Access to management, company secretary and advisers)

The Board (whether individually or as a whole) has separate and independent access to the Management and the company secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The appointment and removal of the company secretary is subject to the approval of the Board. The company secretary attends all Board meetings and ensures that all Board procedures are followed. Where the company secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1 ("independent" director)

The Board considers an "independent" Director to be one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

Provision 2.2 (Independent directors make up a majority of the Board)

As the Chairman of the Board is not independent, independent Directors make up a majority of the Board. The Board exercises independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

Provision 2.3 (Non-executive directors make up a majority of the Board)

Non-executive Directors make up a majority of the Board. They constructively challenge and assist in the development of business strategies and assist the Board in reviewing the performance of the Management in meeting goals and objectives and monitoring the reporting of performance.

Provision 2.4 (Board size and diversity)

The Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Yen Wen Hwa	Non-Executive Chairman
Angela Heng Chor Kiang	Group Chief Executive Officer & Executive Director
David Lim Teck Leong	Lead Independent Director
Victoria Tay Seok Kian	Independent Director
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	Independent Director
Wan Tai Foong	Independent Director
Phua Tin How	Independent Director

The profiles of the Directors are set out in the "Board of Directors" section of this Annual Report.

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 Company 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 and strategic planning as well as industry and customer-based experience and knowledge.

The Board has examined its and its Board Committees' size and is of the view that they are of an appropriate size, taking into account the scope and nature of the operations of the Company and the requirements of the business.

The Board and the Board Committees comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and gender so as to avoid groupthink and foster constructive debate for effective decision-making. There is no individual or small group of individuals who dominates the Board's decision-making.

The Board adopted a board diversity policy which recognises the importance of having an effective and diverse Board. The main objective of the policy is to have the appropriate balance of skills, experience, knowledge and other aspects of diversity (eg. gender, age and nationality) on the Board to support the long-term success of the Group. Under the policy, the NC is responsible for recommending to the Board the relevant practices to promote and achieve diversity on the Board. The Board is making progress on the implementation of the board diversity policy. For instance, the Board embraces gender diversity and currently has two female members out of seven Directors.

Provision 2.5 (Non-executive directors meet regularly without the presence of Management)

Where necessary or appropriate including before or after each quarterly meeting of the Board, the independent non-executive Directors meet without the presence of Management. The chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 (The Chairman and the Chief Executive Officer are separate persons)

The positions of Non-Executive Chairman and Group Chief Executive Officer are held by separate individuals to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Provision 3.2 (Division of responsibilities)

There is a division of responsibilities between the Non-Executive Chairman and the Group Chief Executive Officer.

Mr Yen Wen Hwa is the Non-Executive Chairman. His responsibilities include leading the Board, promoting a culture of openness and debate at the Board, ensuring effective communication with shareholders, encouraging constructive relations between the Board and the Management, facilitating the effective contribution of the non-executive Directors and promoting high standards of corporate governance. With the assistance of the company secretary, he also ensures that Board meetings are held as and when required, sets the agenda for the Board meetings and ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the shareholders.

Ms Angela Heng Chor Kiang is the Group Chief Executive Officer who implements the Board's decisions and oversees the overall strategic directions and expansion plans for the growth and development of the Group as well as the general management of the Group.

Provision 3.3 (Lead independent director)

The Board has a lead independent Director to provide leadership in situations where the Non-Executive Chairman is conflicted. The lead independent Director also provides feedback to the Non-Executive Chairman after meetings of independent Directors. Mr David Lim Teck Leong is the lead independent Director. He is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Non-Executive Chairman, Group Chief Executive Officer or Chief Financial Officer is inappropriate or inadequate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 (Terms of reference of the Nominating Committee)

The written terms of reference of the NC include the following:

(a) making recommendations to the Board on relevant matters relating to:

 (i) the review of succession plans for Directors, in particular, the appointment and/or replacement of the Non-Executive Chairman, the Group Chief Executive Officer and key management personnel;

 (ii) the process and criteria for evaluation of the performance of the Board, the Board Committees and the Directors;

 (iii) the review of training and professional development programmes for the Board and the Directors; and

 (iv) the appointment and re-appointment of Directors (including alternate Directors, if any);

(b) considering important issues as part of the process for the selection, appointment and re-appointment of Directors including the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (eg. attendance, preparedness, participation and candour) including, if applicable, as an independent Director. All Directors will be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;

(c) determining annually, and as and when circumstances require, whether a Director (including an alternate Director) is independent, bearing in mind the circumstances set forth under the Code and any other salient factors;

(d) assessing whether a Director is able to perform and has been adequately carrying out his duties as a director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments and where necessary recommending to the Board guidelines to address the competing time commitments that are faced when Directors serve on multiple boards;

(e) assessing and determining the independence status of the independent Directors;

(f) reviewing vigorously the independence status of any independent Director serving the Board beyond nine years from the date of his first appointment;

(g) working with the Board to assess the effectiveness of the Board as a whole and the Board Committees and the contribution by each Director to the effectiveness of the Board; and

(h) recommending to the Board how the Board's performance may be evaluated and proposing objective performance criteria.

Provision 4.2 (Composition of the NC)

The NC comprises Ms Victoria Tay Seok Kian, Mr David Lim Teck Leong and Ms Angela Heng Chor Kiang, the majority of whom, including the NC chairperson, are independent. The NC chairperson is Ms Victoria Tay Seok Kian. The lead independent Director, Mr David Lim Teck Leong, is a member of the NC.

Provision 4.3 (Process for the selection, appointment and re-appointment of Directors)

With respect to the selection and appointment of new Directors to the Board, the Company procures search services, contacts and recommendations for the purposes of identifying suitably qualified and experienced candidates. The NC reviews the resume of the candidates and considers their skills, knowledge and experience, interviews the short-listed candidates and recommends the most suitable candidate(s) to the Board for approval.

Board appointments are made by way of a board resolution after the NC has, upon reviewing the resume of the proposed Director(s), conducting appropriate interviews and having regard to the Board diversity policy, recommended the proposed appointment(s) to the Board. Pursuant to the Constitution of the Company, each Director is required to retire at least once every three years by rotation, and all newly appointed Directors who are appointed by the Board are required to retire at the next annual general meeting of the Company following their appointment. The retiring Directors are eligible to offer themselves for re-election.

The dates of initial appointment and last re-election of the Directors, together with their directorships in other listed companies and their principal commitments, are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other listed companies	Other Principal Commitments
Yen Wen Hwa	Non-Executive Chairman	1 September 2016	28 April 2017	Tien Wah Press Holdings Berhad	Director of New Toyo Pulppy (Vietnam) Co. Ltd
Angela Heng Chor Kiang	Group Chief Executive Officer	27 March 2014	30 April 2019	Tien Wah Press Holdings Berhad	Board member of Trinity Christian Centre
David Lim Teck Leong	Lead Independent Director	27 March 2014	30 April 2019	G.K. Goh Holdings Limited Elite Commercial REIT Management Pte Ltd, the Manager of Elite Commercial REIT	Managing Partner of David Lim & Partners LLP

CORPORATE GOVERNANCE

Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other listed companies	Other Principal Commitments
Victoria Tay Seok Kian	Independent Director	31 July 2012	27 April 2018	Nil	Vice President, Human Resources at GSK Consumer Health Asia Pacific
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	Independent Director	1 March 2007	27 April 2018	Nil	Member of the Board of Governors of University Sains Malaysia
Wan Tai Foong	Independent Director	1 August 2019	–	OneApex Limited	Chief Executive Officer of Qi Capital Pte. Ltd.
Phua Tin How	Independent Director	27 February 2020	–	YHI International Limited ValueMax Group Limited	Director of Beijing Yinjian Industry Co. Ltd Director of Hao Hua Holdings Pte. Ltd. Director of TranSil Corporation Pte. Ltd.

Key information regarding the Directors, including their shareholdings in the Company, is set out in the "Board of Directors" section and "Directors' Statement" section of this Annual Report.

The NC, in determining whether to recommend a Director for re-appointment, would have regard to the Director's performance and contribution to the Group and whether the Director has adequately carried out his or her duties as a director.

The NC has nominated Mr Yen Wen Hwa and Tengku Tan Sri Dr Mahaleel bin Tengku Ariff, who will retire by rotation, as well as newly appointed Directors, Mr Wan Tai Foong and Mr Phua Tin How, who are required to retire, at the forthcoming Annual General Meeting, for re-election by the Company's shareholders.

Provision 4.4 (Determining the independence of a Director)

The Board comprises seven Directors, of whom five are independent, namely, Mr David Lim Teck Leong, Ms Victoria Tay Seok Kian, Tengku Tan Sri Dr Mahaleel bin Tengku Ariff ("Tengku Mahaleel"), Mr Wan Tai Foong and Mr Phua Tin How.

The Directors are required to disclose to the Board their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence. If the Board, having taken into account the views of the NC, determines that such Directors are independent notwithstanding the existence of such relationships, the Company will disclose the relationships and its reasons in the Annual Report.

The independence of each Director is reviewed annually by the NC. Each independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. 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.

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. The NC and the Board performed a rigorous review of his independence in connection with the financial year ended 2019. 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.

Having carried out its review, the NC is of the view that Mr David Lim Teck Leong, Ms Victoria Tay Seok Kian, Tengku Tan Sri Dr Mahaleel bin Tengku Ariff, Mr Wan Tai Foong and Mr Phua Tin How have satisfied the criteria for independence.

Provision 4.5 (Duties and obligations of the Directors)

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying 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. Such other listed company directorships and principal commitments of each Director are disclosed in the table under Provision 4.3 above.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding other listed company directorships and/or principal commitments of some Directors.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 (Performance criteria)

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Board Chairman and each individual Director to the Board.

Provision 5.2 (Assessment process)

A formal assessment process is in place to assess the effectiveness of the Board, the Board Committees and each Director annually. To-date, the Board does not require the assistance of an external facilitator in relation to the assessment process.

In carrying out the assessment, each Director completes assessment checklists which contain objective performance criteria and factors such as the compositions and effectiveness of the Board and the Board Committees, conduct of meetings, corporate strategy and planning, risk management and internal control, recruitment and evaluation, compensation, financial reporting, communication with shareholders and a Director's skills, knowledge, experience and contributions. Assessment results are analysed and key areas for improvement and follow-up actions are highlighted and discussed at the Board meeting.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1 (Terms of reference of the Remuneration Committee)

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

(a) reviewing and recommending to the Board a framework of remuneration for the Board and key management personnel;

(b) reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the 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.

Proivision 6.2 (Composition of the RC)

The RC comprises Ms Victoria Tay Seok Kian, Mr David Lim Teck Leong, Tengku Tan Sri Dr Mahaleel bin Tengku Ariff and Mr Phua Tin How, all of whom are non-executive and independent Directors. The chairperson of the RC is Ms Victoria Tay Seok Kian.

Provision 6.3 (Remuneration terms)

The RC considers all aspects of remuneration including but not limited to director fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination terms to ensure they are fair.

Provision 6.4 (Remuneration consultants)

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships, and therefore do not currently need the assistance of an external expert. Nonetheless, the RC has access to appropriate external expert advice in the field of executive compensation, if required. The RC's recommendations are submitted to the Board for endorsement. No Director is involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1 (Performance-related remuneration)

A significant and appropriate proportion of the Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

Remuneration for the Executive Directors and key management personnel includes a basic salary component, allowances together with other benefits in kind and a variable component based on the performance of the Group as a whole.

Provision 7.2 (Non-executive Directors)

Non-executive Directors receive director fees for their effort and time spent, responsibilities and contributions to the Board, subject to shareholders' approval at annual general meetings. Given the size and operations of the Group, the RC considers the current fees adequately compensate the non-executive Directors, without over-compensating them as to compromise their independence.

Provision 7.3 (Attract, retain and motivate)

The Company has remuneration plans to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 (Policy, criteria and breakdown)

Having regard to the nature of the business, structure and requirement of the Group, the Company has established a performance-based remuneration system for Executive Directors and key management personnel that is flexible and responsive to the market, comprising a base salary, other fixed allowances, together with benefits in kind, as well as a performance bonus which is based on the Group's performance and the individual's performance.

The level and mix of remuneration paid or payable to the Directors and key management personnel for FY2019 are set out below:

Directors	Salary[a] S$	Bonus[a] S$	Director Fee S$	Other Benefits S$	Total S$
Group Chief Executive Officer and Executive Director					
Angela Heng Chor Kiang	266,480	35,200	Nil	38,591	340,271
Non-Executive Chairman					
Yen Wen Hwa	82,393[b]	Nil	105,725[c]	Nil	188,118
Lead Independent Director					
David Lim Teck Leong	Nil	Nil	80,000	Nil	80,000
Independent Director					
Victoria Tay Seok Kian	Nil	Nil	80,000	Nil	80,000
Independent Director					
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	Nil	Nil	70,000	Nil	70,000
Independent Director					
Wan Tai Foong[d]	Nil	Nil	29,167	Nil	29,167
Independent Director					
Phua Tin How[e]	Nil	Nil	Nil	Nil	Nil

Notes:

(a) Inclusive of contributions to the Central Provident Fund.

(b) Received from Tien Wah Press Holdings Berhad ("TWPH"), a listed subsidiary of the Company.

(c) Received from both the Company and a subsidiary.

(d) Appointed on 1 August 2019.

(e) Appointed on 27 February 2020.

Key Management Personnel (in remuneration bands)	Salary[a] %	Bonus[a] %	Director Fee %	Other Benefits %	Total %
S$500,001 to S$750,000					
George Lee Chee Whye	88%	12%	Nil	Nil	100%
S$250,001 to S$500,000					
Lionel Yap Chee Cheong	75%	14%	2%[b]	9%	100%
Gavin Ong Yew Dee	88%	12%	Nil	Nil	100%
S$0 to S$250,000					
Joshua Lam Chin Chong	91%	6%	Nil	3%	100%
Leong Wai Ming	89%	11%	Nil	Nil	100%

Notes:

(a) Inclusive of contributions to applicable provident funds.

(b) Received from a subsidiary.

The aggregate total remuneration (including CPF contributions and bonuses) paid to the top five key management personnel of the Group (who are not Directors or the Chief Executive Officer) for FY2019 amounted to approximately S$1,601,000.

The Board is of the view that full disclosure of the specific remuneration of key management personnel (who are not Directors or the Group Chief Executive Officer) is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

Provision 8.2 (Related employees)

There was no employee in the Group who was a substantial shareholder of the Company or an immediate family member of a Director, the Chief Executive Officer or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2019.

Provision 8.3 (Forms of remuneration)

During FY2019, the Group paid basic salaries, allowances, CPF contributions and performance/variable bonuses to the Group Chief Executive Officer and key management personnel. The remuneration packages of the Group Chief Executive Officer and the Heads of Business Divisions 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 requirements of the Group.

Notwithstanding Provision 8.3 of the Code, the Company does not currently have any employee share scheme as the existing compensation structure with variable components paid out in cash continues to be effective in incentivising performances of key executives. The Company is of the view that the existing compensation structure is consistent with the intent of Principle 8 of the Code which includes linking key management personnel's remuneration to corporate and individual performance.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 (Risk Committee)

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board has delegated such tasks to the AC.

The Board and the AC 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 controls, and risk management policies and systems. The board of directors of Tien Wah Press Holdings Berhad ("TWPH"), the Company's listed subsidiary in Malaysia, is responsible for the oversight of TWPH group's internal controls and risk management systems and the Board relies on the Company's nominees to the board of directors of TWPH to provide oversight together with the other board members of TWPH 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 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.

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 internal controls (including financial, operational, compliance and information technology controls) and risk management systems which the Company considers relevant and material within the current scope of the Group's business operations were adequate and effective as at 31 December 2019.

The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improving the Group's internal controls and risk management systems.

Provision 9.2 (Assurance)

The Board has received assurance from:

(a) the Group Chief Executive Officer and the Chief Financial Officer 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) the Group Chief Executive Officer and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1 (Duties)

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 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.

In addition, 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.

During the financial year, the AC reviewed the financial statements of the Group before the announcement of the Group's quarterly and full-year results. In the process, the AC reviewed the key areas of Management's estimates and judgement applied for key financial issues including revenue recognition, impairment testing, provisioning policies, critical accounting policies and any other significant matters that might affect the integrity of the financial statements. The AC also considered the report from the external auditors, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with Management and the external auditors have been included as Key Audit Matters ("KAMs") in the audit report for the financial year ended 31 December 2019. Please refer to pages 40 to 42 of the Annual Report.

In assessing each of the KAMs, the AC took into consideration the approach and methodology applied in the valuation of assets, as well as the reasonableness of the estimates and key assumptions used. In addition to the views from the external auditors, subject matter experts, such as independent valuers, were consulted where necessary. The AC concluded that Management's accounting treatment and estimates in each of the KAMs were appropriate.

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 112 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. The Company will be appointing new external auditors in place of the existing external auditors who will not be seeking re-appointment and will be retiring at the forthcoming Annual General Meeting ("Proposed Change of Auditors"). The AC has reviewed and deliberated the Proposed Change of Auditors and recommended the Proposed Change of Auditors for approval by the Board of Directors. Details of the Proposed Change of Auditors are set out in the Letter to Shareholders dated 9 June 2020 accompanying this Annual Report.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its external auditors.

Provision 10.2 (Composition of the AC)

The AC comprises Mr David Lim Teck Leong, as Chairman, and Ms Victoria Tay Seok Kian, Tengku Tan Sri Dr Mahaleel bin Tengku Ariff and Mr Wan Tai Foong, as members, all of whom are non-executive and independent Directors. The members, including the Chairman of the AC, have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3 (No interest in auditing firm)

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

Provision 10.4 (Internal audit)

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 audit function has appropriate standing within the Company.

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.

With regard to the Printed Cartons & Labels Business, the board of directors of TWPH (the Company's listed subsidiary in Malaysia) 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), who report directly to the audit committee of TWPH.

Provision 10.5 (Meeting without presence of Management)

On an annual basis, the AC meets with the external auditors and the internal auditors without the presence of Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 (Shareholder participation)

Shareholders are informed of general meetings through notices published in the newspapers, through reports or circulars sent to all shareholders and via SGXNET.

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

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 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 general meetings, including the total number of votes cast for or against each resolution, would be announced after the general meetings via SGXNET.

Provision 11.2 (Separate resolutions)

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

Provision 11.3 (Director attendance)

All Directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed on page 21 of this Annual Report.

Provision 11.4 (Absentia voting)

The Company will propose amendment to its Constitution to provide for absentia voting at general meetings at the next round of amendment of its Constitution or when it is ready to implement such form of voting. Merely amending the Constitution to provide for absentia voting will not cause the Company to be 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. The Company is of the view that such approach is consistent with the intent of Principle 11 of the Code which is to treat all shareholders fairly and equitably in order to enable them to inter alia exercise shareholders' rights.

Provision 11.5 (Minutes)

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

Provision 11.6 (Dividend Policy)

The Board has adopted a dividend policy that aims to provide shareholders with an aggregate annual dividend of up to 50% of the Group's net profit attributable to shareholders of the Company excluding non-controlling interests and non-recurring, one-off and exceptional items, with effect from the financial year ended 31 December 2019. In recommending any amount of dividends, the Board may take into account the Group's cash flow position and financial condition, current and projected financial performance, capital expenditure and other investment plans, business prospects, projected working capital requirements for business growth and other relevant factors as the Board may deem appropriate.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1 (Communication)

The Company provides avenues for communication between the Board and all shareholders. To solicit and understand the views of shareholders, 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.

Provision 12.2 (Investor relations policy)

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that are likely to have a material impact on the price or value of the Company's securities, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

Provision 12.3 (Mechanism)

The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. As part of the policy, the Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information, including disclosure on corporate developments, to its shareholders via SGXNET announcements and its website and ensures that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practise selective disclosure. The views of shareholders are gathered at shareholder meetings where shareholders are permitted to ask questions and seek a better understanding of the Group.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1 (Engagement with stakeholders)

The Company identifies its investors, customers, suppliers, employees and regulators as material stakeholders who may materially impact or be directly impacted by the Group's activities. Therefore, the Company has arrangements in place to engage with these material stakeholders and manage its relationships with them.

Stakeholder relations are managed by various departments at the corporate level. Engagement includes regular meetings with and feedback from customers and suppliers as well as regular management meetings and employee feedback.

Provision 13.2 (Strategy and key areas of focus)

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019 were as follows:

- providing investors with relevant information about the Company and its activities and seeking their views on the Company's financial performance and activities;
- interacting with customers and suppliers regularly to better understand each other's concerns and needs and working with them to address these concerns and needs;
- communicating with the Group's employees in various ways to ensure that the Company knows their concerns and that they are aligned with the Company's strategies; and
- providing feedback to and complying with the regulations and policies of regulators.

Provision 13.3 (Website)

The Company currently maintains a corporate website at www.newtoyo.com to communicate and engage with stakeholders.

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 2019.

In our opinion:

(a) the financial statements set out on pages 45 to 130 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 2019 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 (International); 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	
Wan Tai Foong	(Appointed on 1 August 2019)
Phua Tin How	(Appointed on 27 February 2020)

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' STATEMENT

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 date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2020.

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	Independent non-executive director
● Wan Tai Foong	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.

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.

Auditors

KPMG LLP have indicated that they will not seek re-appointment and will retire at the upcoming 24th annual general meeting of the Company.

The Company proposed the appointment of Ernst & Young LLP as the auditors of the Company in place of the retiring auditors, KPMG LLP, at a remuneration to be determined by the Directors.

The Directors wish to express their appreciation for the past services rendered by KPMG LLP.

On behalf of the Board of Directors

Angela Heng Chor Kiang
Director

David Lim Teck Leong
Director

8 June 2020

INDEPENDENT AUDITORS' REPORT

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 2019, and the consolidated income statement, 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 45 to 130.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2019 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, intangible assets and property, plant and equipment
Refer to Note 4 – Property, plant and equipment
Refer to Note 10 – Intangible assets and goodwill

The key audit matter	***How the matter was addressed in our audit***
The Group has $22.1 million of goodwill, $1.7 million of contract value and $106.6 million of property, plant and equipment ("PPE") as at 31 December 2019. The assets are allocated to the respective cash-generating unit ("CGU"). Goodwill is tested for impairment annually by estimating the recoverable amounts of the CGU. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amounts of the CGU. Forecasting future cash flow is a highly judgemental process which involves making assumptions on revenue growth rates, margins, operating expense and discount rates. Dubai operations for printed cartons and labels ("PCL") and specialty papers ("SP") are separate individual CGUs as these entities generate independent cash inflows on its own. Management engaged external valuers to perform valuations on the PPE of these entities to determine the recoverable amount of the PPE. A total impairment loss of $5.7 million is recorded in the income statement arising from the exercise. The valuation involved critical assumptions and judgement in determining the recoverable amounts.	We evaluated the appropriateness of CGU identified by management based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group. For the impairment assessment using value-in-use, we performed the following: - We assessed management's process of setting budgets on which the cash flow forecasts are based. - We assessed the reasonableness of key assumptions used in the cash flow projections by comparing them against historical performance, future business plans and external market reports. - We independently derived applicable discount rates from comparable companies and compared these with those used by management. - We performed sensitivity analyses, focusing on plausible changes in the key assumptions or discount rates, and analysed the impact to the carrying amount. For impairment assessments using valuation performed by external valuers, we performed the following: - We considered the objectivity, independence and competency of external valuers, and the scope of their engagement. - We assessed the appropriateness of methodology applied by the external valuers. - We assessed the reasonableness of the assumptions and information used in the valuation performed on the PPE of Dubai operations by comparing the key assumptions and information used, including comparison of market rates to external sources.

Our findings

We found the identification of CGUs to be based on reasonable basis.

We found that the assumptions and resulting estimates used in the determining recoverable amounts to be within acceptable range.

We found that the external valuers are members of recognised professional valuers and have considered their own independence in carrying out their work. We found that the methodology used to be in line with generally accepted market practices and management's key assumptions and estimates applied to be supportable.

Accounting for inventories, trade receivables, trade payables, revenue, cost of sales and operating expenses under Operating and Management Rights Agreements
Refer to Note 19 – Revenue

The key audit matter	***How the matter was addressed in our audit***
During the year, two subsidiaries of the Group - New Toyo Aluminium Gulf Paper Packaging FZE ("NTG") and Alliance Print Technologies FZE ("APTF"), each entered into an Operating and Management Rights Agreement ("Agreement") with an external party (the "Party") to give the Party the operating and management rights for a period of one year commencing from 1 October 2019. The Agreement sets out that the Party is to operate and manage the production of products which are to be sold to the customers of NTG and APTF. In the Agreement, NTG and APTF are to earn a fixed return on the margin. Under the Agreement, the Party uses the resources of NTG and APTF (such as labour, property and equipment) to manufacture the products. Per the Agreement, NTG and APTF charge the Party for the use of these resources at cost price. See note 19 for details. Assessment is required on the substance of the arrangement the Group has with the Party, whether the Group is an agent or principal in both the sales and the manufacturing activities of NTG and APTF. The outcome of the analysis has impact on the revenue and cost accounting.	We obtained the Agreement that the Group entered with the Party to understand the terms and conditions of the arrangements that the parties have agreed on. We enquired management on the substance and intent of the arrangement. We reviewed management's assessment of the Group's role on both the sales and manufacturing activities with respect to the customers and the Party, respectively, to determine if the Group is an agent or a principal in these activities/transactions. We assessed the appropriateness of management's assessment by inspecting factual arrangement and taking reference to the requirement of financial reporting standards. We assessed the appropriateness of the resultant accounting for the related sales and costs following the assessment of the roles and responsibilities of the parties in the arrangements. We obtained confirmation from the Party on the balances owing to and from the Party at balance sheet date. We obtained confirmation from management that the Party is an unrelated party to the Group. We reviewed the adequacy of the disclosure in the financial statements.

Our findings

The transactions with the Party have been appropriately accounted and disclosed in the financial statements.

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 and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 SFRS(I)s, 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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
8 June 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	106,615	104,364	530	201
Investment properties	5	5,629	6,036	–	–
Subsidiaries	6	–	–	132,443	132,028
Joint ventures	8	11,117	11,225	–	–
Other investments	9	2,328	2,542	1,607	1,651
Intangible assets and goodwill	10	23,867	25,161	–	–
Deferred tax assets	18	658	561	–	–
Trade and other receivables	12	1,386	2,462	–	–
		151,600	152,351	134,580	133,880
Current assets					
Inventories	11	48,238	70,164	–	–
Contract assets	19	2,952	4,666	–	–
Trade and other receivables	12	67,188	60,754	23,881	16,927
Cash and cash equivalents	13	34,688	42,575	8,765	11,269
		153,066	178,159	32,646	28,196
Total assets		304,666	330,510	167,226	162,076
Equity					
Share capital	14	132,102	132,102	132,102	132,102
Reserves	14	(7,497)	(6,481)	77	77
Retained earnings		19,623	38,809	(11,000)	(11,271)
Equity attributable to owners of the Company		144,228	164,430	121,179	120,908
Non-controlling interests	7	43,044	47,918	–	–
Total equity		187,272	212,348	121,179	120,908
Non-current liabilities					
Contract liabilities	19	606	–	–	–
Trade and other payables	15	791	558	–	–
Financial liabilities	17	29,043	20,630	85	–
Deferred tax liabilities	18	1,251	1,409	11	11
		31,691	22,597	96	11
Current liabilities					
Contract liabilities	19	743	300	–	–
Trade and other payables	15	41,821	48,577	32,464	32,423
Financial liabilities	17	42,262	46,563	13,454	8,709
Current tax liabilities		877	125	33	25
		85,703	95,565	45,951	41,157
Total liabilities		117,394	118,162	46,047	41,168
Total equity and liabilities		304,666	330,510	167,226	162,076

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2019

		Group	
	Note	**2019**	**2018**
		$'000	**$'000**
Revenue	19	301,102	271,321
Cost of sales		(284,074)	(246,357)
Gross profit		17,028	24,964
Other income	20	8,038	16,092
Distribution expenses		(6,442)	(7,714)
Administrative expenses		(22,212)	(22,173)
Other operating expenses	21	(7,906)	(2,834)
Results from operating activities		(11,494)	8,335
Finance income		379	1,318
Finance costs		(4,297)	(3,096)
Net finance costs	22	(3,918)	(1,778)
Share of loss of equity-accounted investees (net of tax)		(411)	(565)
(Loss)/Profit before tax	23	(15,823)	5,992
Tax expense	24	(2,254)	(1,795)
(Loss)/Profit for the year		(18,077)	4,197
(Loss)/Profit attributable to:			
Owners of the Company		(15,231)	4,220
Non-controlling interests		(2,846)	(23)
(Loss)/Profit for the year		(18,077)	4,197
Earnings per share			
Basic earnings per share (cents)	25	(3.47)	0.96
Diluted earnings per share (cents)	25	(3.47)	0.96

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	Group	
	2019	**2018**
	$'000	**$'000**
(Loss)/Profit for the year	(18,077)	4,197
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	(1,324)	(1,499)
Effect of striking off a subsidiary	–	(227)
Other comprehensive income for the year, net of tax	(1,324)	(1,726)
Total comprehensive income for the year	(19,401)	2,471
Total comprehensive income attributable to:		
Owners of the Company	(16,247)	2,871
Non-controlling interests	(3,154)	(400)
Total comprehensive income for the year	(19,401)	2,471

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	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
2018										
At 1 January 2018		132,102	797	77	(6,031)	–	41,645	168,590	49,206	217,796
Total comprehensive income for the year										
Profit/(Loss) for the year		–	–	–	–	–	4,220	4,220	(23)	4,197
Other comprehensive income										
Foreign currency translation differences		–	–	–	(1,321)	–	–	(1,321)	(178)	(1,499)
Effect of striking off a subsidiary		–	–	–	(28)	–	–	(28)	(199)	(227)
Total other comprehensive income		–	–	–	(1,349)	–	–	(1,349)	(377)	(1,726)
Total comprehensive income for the year		–	–	–	(1,349)	–	4,220	2,871	(400)	2,471
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 2017	14	–	–	–	–	–	(4,395)	(4,395)	–	(4,395)
- Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the financial year 2018	14	–	–	–	–	–	(2,636)	(2,636)	–	(2,636)
Dividends paid to non-controlling interests	14	–	–	–	–	–	–	–	(888)	(888)
Total distributions to owners		–	–	–	–	–	(7,031)	(7,031)	(888)	(7,919)
Transfer between reserves										
Appropriation of retained earnings to statutory reserve		–	25	–	–	–	(25)	–	–	–
At 31 December 2018		132,102	822	77	(7,380)	–	38,809	164,430	47,918	212,348

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	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
2019										
At 1 January 2019		132,102	822	77	(7,380)	–	38,809	164,430	47,918	212,348
Total comprehensive income for the year										
Loss for the year		–	–	–	–	–	(15,231)	(15,231)	(2,846)	(18,077)
Other comprehensive income										
Foreign currency translation differences		–	–	–	(1,016)	–	–	(1,016)	(308)	(1,324)
Total other comprehensive income		–	–	–	(1,016)	–	–	(1,016)	(308)	(1,324)
Total comprehensive income for the year		–	–	–	(1,016)	–	(15,231)	(16,247)	(3,154)	(19,401)
Transactions with owners, recognised directly in equity										
Distributions to owners										
Dividends										
- Tax-exempt (one-tier) final dividend of 0.90 cents per ordinary share for the financial year 2018	14	–	–	–	–	–	(3,955)	(3,955)	–	(3,955)
Dividends paid to non-controlling interests	14	–	–	–	–	–	–	–	(1,720)	(1,720)
Total distributions to owners		–	–	–	–	–	(3,955)	(3,955)	(1,720)	(5,675)
At 31 December 2019		132,102	822	77	(8,396)	–	19,623	144,228	43,044	187,272

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities			
(Loss)/Profit for the year		(18,077)	4,197
Adjustments for:			
Amortisation of other investments	9	5	5
Depreciation and amortisation		21,371	17,790
Impairment loss on property, plant and equipment	4	5,728	–
Dividend income from quoted investments	20	(12)	(8)
Gain on disposal of an investment property	5	–	(7,911)
Gain on striking off a subsidiary	6	–	(14)
Gain on disposal of other investment		–	(10)
(Gain)/Loss on disposals of property, plant and equipment		(23)	19
Net change in fair value of equity securities		195	127
Net finance costs	22	3,918	1,778
Property, plant and equipment written off		5	4
Provision for termination benefits	16	408	–
Share of profit of equity-accounted investees (net of tax)		411	565
Tax expense		2,254	1,795
		16,183	18,337
Changes in:			
- Inventories		21,330	(27,764)
- Contract assets		1,697	(1,709)
- Trade and other receivables		(2,790)	(12,889)
- Trade and other payables		(5,580)	5,122
- Employee benefits		(222)	(2,168)
Cash generated from/(used in) operations		30,618	(21,071)
Tax paid		(1,726)	(2,578)
Net cash from/(used in) operating activities		28,892	(23,649)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(12,625)	(23,619)
Deposit paid for the acquisition of shares in a company	12	(2,692)	–
Dividends received from quoted investments	20	12	8
Capital contribution to an equity-accounted investees	8	(327)	–
Interest received	22	379	1,318
Proceeds from disposal of an investment property		–	21,492
Proceeds from disposal of other investment		–	575
Proceeds from disposals of property, plant and equipment		113	12,398
Purchases of investment properties	5	(148)	(54)
Net cash paid to NCI from striking off a subsidiary	6	–	(213)
Net cash (used in)/from investing activities		(15,288)	11,905

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from financing activities			
Dividends paid to owners of the Company	14	(3,955)	(7,031)
Dividends paid to non-controlling interests	14	(1,720)	(888)
Interest paid	22	(4,297)	(3,096)
Payment of lease liabilities (2018: payment of finance lease liabilities)		(1,810)	(67)
Proceeds from bank borrowings and trust receipts		22,378	42,451
Repayments of bank borrowings and trust receipts		(31,822)	(25,439)
Net cash (used in)/from financing activities		(21,226)	5,930
Net decrease in cash and cash equivalents		(7,622)	(5,814)
Cash and cash equivalents at 1 January		42,575	48,575
Effect of exchange rate fluctuations on cash held		(265)	(186)
Cash and cash equivalents at 31 December	13	34,688	42,575

Significant non-cash transactions:

	Note	2019 $'000	2018 $'000
Consideration receivables	12	–	9,830
Capital contribution to an equity-accounted investees	8	–	(9,830)
		–	–

In September 2016, the Group disposed certain leasehold land and building to one of its joint ventures. The consideration receivable from the disposal of $19,845,000 was collected in full in December 2018 by offsetting against the total consideration for the Group's capital contribution to the joint venture, through an additional subscription to 30,000,000 new shares amounting to $9,830,000. The remaining amount of $10,015,000 was collected in cash.

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 8 June 2020.

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 place of business is located at 47 Scotts Road, Goldbell Towers #05-03, Singapore 228233.

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 2019 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 Singapore Financial Reporting Standards (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 Leases has been applied. The related changes to significant accounting policies are described in note 2.5.

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 SFRS(I)s 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 – useful life and impairment of property, plant and equipment; and
- Note 10 – assumptions of recoverable amounts relating to goodwill impairment.

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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;
- Note 12 – assessment of the recoverability of trade receivables; and
- Note 19 – assessment of the revenue recognition policies by major business segments.

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 SFRS(I), 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 New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

2. Basis of preparation (cont'd)

2.5 New standards and amendments (cont'd)

- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 Leases

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

- Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all leases.

2. Basis of preparation (cont'd)

2.5 New standards and amendments (cont'd)

As a lessee (cont'd)

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases a number of items of motor vehicles. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

As a lessor

The Group leases out its investment property and has classified this lease as an operating lease.

The Group is not required to make any adjustments on the transition to SFRS(I) 16 for leases in which it acts as a lessor, except for a sub-lease.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and lease liabilities. The impact on transition is summarised below.

	1 January 2019 $'000
Right-of-use assets – property, plant and equipment	14,093
Prepayments	(12)
Lease liabilities	(14,081)

* For the impact of SFRS(I) 16 on profit or loss for the period, see note 30. For the impact of SFRS(1) 16 on segment information, see note 27. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.10.

2. Basis of preparation (cont'd)

2.5 New standards and amendments (cont'd)

Impact on financial statements (cont'd)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average rate applied is 5.86%.

	1 January 2019 **$'000**
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's financial statements	20,107
Discounted using the incremental borrowing rate at 1 January 2019	15,675
Finance lease liabilities recognised as at 31 December 2018	195
- Recognition exemption for leases with less than 12 months of lease term at transition	(3,657)
- Extension options reasonably certain to be exercised	2,063
Lease liabilities recognised at 1 January 2019	14,276

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") 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.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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.

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

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

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

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 (cont'd)

3.1 Basis of consolidation (cont'd)

Investments in joint ventures (equity-accounted investees)

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 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 in the separate financial statements

Investments in subsidiaries 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 translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

3. Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

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. Since 1 January 2017, such differences have been reset and derecognised from the foreign currency translation reserve (translation reserve) and reclassified to retained earnings 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 NCI. 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 NCI. When the Group disposes of only part of its investment in 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.

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

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

3. Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

Subsequent costs

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

Depreciation

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

Depreciation is recognised 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:

Leasehold properties	Over the remaining lease terms
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.

Construction-in-progress are stated at cost. Expenditure relating to construction-in-progress are capitalised when incurred. No depreciation is charged on construction-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.

3.4 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.

3. Significant accounting policies (cont'd)

3.4 Intangible assets and goodwill (cont'd)

Goodwill (cont'd)

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 3.13.

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

3.6 Club membership

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

3. Significant accounting policies (cont'd)

3.7 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

3. Significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment (cont'd)

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. Significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, trust receipts and trade and other payables.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3. Significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Offsetting

Financial assets and financial 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 set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits. For the purpose of the statement of cash flows, pledged deposits and restricted cash are excluded whilst 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.

Share capital

Ordinary shares

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

3.8 Impairment

Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised costs;
- contract assets (as defined in SFRS(I) 15); and
- intra-group financial guarantee contracts ("FGC").

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-derivative financial assets and contract assets (cont'd)

Simplified approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates or credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties.

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-derivative financial assets and contract assets (cont'd)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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.

3. Significant accounting policies (cont'd)

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.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'financial liabilities'.

3.10 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. Significant accounting policies (cont'd)

3.10 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

3. Significant accounting policies (cont'd)

3.10 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessor (cont'd)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see note 3.8). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'other income'. Rental income from sub-leased property is also recognised as 'other income'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered during current reporting period that resulted in a finance lease classification.

Leases - Policy applicable before 1 January 2019

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.

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.

3. Significant accounting policies (cont'd)

3.10 Leases (cont'd)

Leases - Policy applicable before 1 January 2019 (cont'd)

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.

3.11 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.

3.12 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.

3. Significant accounting policies (cont'd)

3.12 Employee benefits (cont;d)

Defined benefit plans (cont'd)

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.

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. Significant accounting policies (cont'd)

3.13 Revenue

Sale of goods

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods. The individual standalone selling price of a good that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

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.

3.14 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 (cont'd)

3.15 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.

3.16 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets.

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 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.

3. Significant accounting policies (cont'd)

3.16 Tax (cont'd)

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.

3.17 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.

3.18 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.

3.19 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

4. Property, plant and equipment

	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
Group								
Cost								
At 1 January 2018	22,185	1,474	150,026	3,846	4,448	2,486	12,736	197,201
Additions	–	674	9,081	57	82	68	13,657	23,619
Disposals/Write-off	–	–	(1,341)	(89)	(91)	(100)	–	(1,621)
Disposed through striking off	–	–	–	–	(2)	–	–	(2)
Reclassification to investment property*	(147)	–	–	–	–	–	–	(147)
Effect of movements in exchange rates	302	32	1,616	35	(83)	4	(248)	1,658
Transfers/Reclassifications	420	3,662	15,153	31	713	70	(20,049)	–
At 31 December 2018	22,760	5,842	174,535	3,880	5,067	2,528	6,096	220,708
At 1 January 2019	22,760	5,842	174,535	3,880	5,067	2,528	6,096	220,708
Recognition of right-of-use asset on initial application of SFRS(I) 16	14,024	–	18	–	51	–	–	14,093
Adjusted balance at 1 January 2019	36,784	5,842	174,553	3,880	5,118	2,528	6,096	234,801
Additions	1,447	422	9,563	44	415	264	2,184	14,339
Disposals/Write-off	(204)	–	(2,819)	(1,163)	(1,250)	(143)	–	(5,579)
Effect of movements in exchange rates	(408)	39	(1,090)	(26)	(9)	(24)	(51)	(1,569)
Transfers/Reclassifications	351	319	2,354	3	446	(62)	(3,411)	–
At 31 December 2019	37,970	6,622	182,561	2,738	4,720	2,563	4,818	241,992

4. Property, plant and equipment (cont'd)

	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
Group								
Accumulated depreciation and impairment losses								
At 1 January 2018	6,488	805	85,979	3,336	3,038	1,157	–	100,803
Depreciation	909	303	13,904	128	351	359	–	15,954
Disposals/Write-off	–	–	(1,110)	(79)	(92)	(100)	–	(1,381)
Disposed through striking off	–	–	–	–	(2)	–	–	(2)
Reclassification to investment property*	(20)	–	–	–	–	–	–	(20)
Effect of movements in exchange rates	62	16	920	27	(39)	4	–	990
Transfers/Reclassifications	–	–	(1)	3	(2)	–	–	–
At 31 December 2018	7,439	1,124	99,692	3,415	3,254	1,420	–	116,344
At 1 January 2019	7,439	1,124	99,692	3,415	3,254	1,420	–	116,344
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	–	–	–	–
Adjusted balance at 1 January 2019	7,439	1,124	99,692	3,415	3,254	1,420	–	116,344
Depreciation	2,826	367	15,429	128	493	405	–	19,648
Impairment	4,209	–	1,032	–	–	–	487	5,728
Disposals/Write-off	(15)	–	(2,729)	(1,162)	(1,243)	(143)	–	(5,292)
Effect of movements in exchange rates	(128)	(10)	(856)	(22)	(22)	(13)	–	(1,051)
Transfers/Reclassifications	–	–	67	–	(2)	(65)	–	–
At 31 December 2019	14,331	1,481	112,635	2,359	2,480	1,604	487	135,377
Carrying amounts								
As restated at 1 January 2018	15,697	669	64,047	510	1,410	1,329	12,736	96,398
At 31 December 2018	15,321	4,718	74,843	465	1,813	1,108	6,096	104,364
At 31 December 2019	23,639	5,141	69,926	379	2,240	959	4,331	106,615

* A property was transferred to investment property, because they were no longer used by the Group in the production of goods or services or for administrative purposes. The property was sold to a third party in 2018.

4. Property, plant and equipment (cont'd)

	Land and buildings $'000	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Company							
Cost							
At 1 January 2018	–	90	22	60	578	–	750
Additions	–	–	–	12	–	60	72
At 31 December 2018	–	90	22	72	578	60	822
At 1 January 2019	–	90	22	72	578	60	822
Recognition of right-of-use asset on initial application of SFRS(I) 16	364	–	–	45	–	–	409
Adjusted balance at 1 January 2019	364	90	22	117	578	60	1,231
Additions	–	–	2	9	186	45	242
Disposal	–	–	–	–	(121)	–	(121)
At 31 December 2019	364	90	24	126	643	105	1,352
Accumulated depreciation							
At 1 January 2018	–	90	22	45	365	–	522
Depreciation	–	–	–	8	91	–	99
At 31 December 2018	–	90	22	53	456	–	621
At 1 January 2019	–	90	22	53	456	–	621
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	–	–	–
Adjusted balance at 1 January 2019	–	90	22	53	456	–	621
Depreciation	182	–	–	27	113	–	322
Disposal	–	–	–	–	(121)	–	(121)
At 31 December 2019	182	90	22	80	448	–	822
Carrying amounts							
At 1 January 2018	–	–	–	15	213	–	228
At 31 December 2018	–	–	–	19	122	60	201
At 31 December 2019	182	–	2	46	195	105	530

4. Property, plant and equipment (cont'd)

Property, plant and equipment includes right-of-use assets of $13,568,000 related to leased properties.

At 31 December 2018, the carrying amounts of motor vehicles acquired under finance leases was $130,000.

Impairment test

Management allocated the assets to the respective cash-generating unit ("CGU"). Impairment assessment of the property, plant and equipment, intangible assets and goodwill for the respective CGU is performed by comparing the carrying values and recoverable amounts. For the printed cartons and labels ("PCL") CGU which includes Alliance Print Technologies Co., Ltd ("APT"), Max Ease International Limited ("MEIL") and PT Bintang Pesona Jagat ("BPJ"), where goodwill is allocated to, a summary of the key assumptions used in the discounted cash flow projections is detailed in Note 10.

The Group's Dubai operations are assessed to be separate individual CGUs. For these CGUs, due to the existence of impairment indicators, management engaged independent valuers to perform valuation on the property, plant and equipment ("PPE").

The fair values of properties in the Dubai CGUs are derived using income capitalisation approach and the fair value of plant and equipment are derived using market approach and replacement cost approach.

- The capitalisation approach capitalise the net rental income that reflects the present and potential income growth over the remaining lease term.

- Market approach considers the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- Replacement cost approach considers the estimated cost of acquiring a new or substitute asset having the same productive capacity as that existing, together with the associated expenses directly related to the installation of the asset.

The resultant fair value of the PPE of the Dubai CGUs is assessed to lower than the carrying amount of the PPE as at 31 December 2019. Accordingly, an impairment loss of $5,728,000 has been recognised for the financial year ended 31 December 2019.

5. Investment properties

	Group	
	2019	2018
	$'000	$'000
Cost		
At 1 January	18,188	32,581
Acquisitions	148	54
Disposal/Transfer	–	(13,770)
Reclassification from property, plant and equipment	–	127
Effect of movements in exchange rates	(325)	(804)
At 31 December	18,011	18,188
Accumulated depreciation		
At 1 January	12,152	12,237
Depreciation	452	473
Disposal/Transfer	–	(189)
Effect of movements in exchange rates	(222)	(369)
At 31 December	12,382	12,152
Carrying amounts	5,629	6,036

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. 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 $31,613,000 at 31 December 2019 (2018: $33,531,000) based on independent valuations obtained from 2018 to 2020 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 direct comparison and capitalisation 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.

Gross rental income of $1,945,000 (2018: $2,369,000) was derived from the investment properties during the year.

In 2018, a subsidiary of the Group, Anzpac Services (Australia) Pty Limited ("Anzpac"), entered into a contract with CEA Property Pty Ltd, a third party, to dispose of its investment property. The disposal was completed on 19 November 2018, with the receipt of the sales consideration of $21,492,000. Subsequent to the disposal of the investment property, Anzpac became a dormant company.

6. Subsidiaries

	Note	Company 2019 $'000	Company 2018 $'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)	65,615	65,200
Impairment losses		(6,075)	(6,075)
		59,540	59,125
		132,443	132,028

(i) Included in the loans to subsidiaries is an amount of $10,977,000 (2018: $11,120,000) which is unsecured and bears fixed interest rate of 2.75% (2018: 2.75%) per annum. The remaining amounts of $54,638,000 (2018: $54,080,000) 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 – E Moto Sdn. Bhd.

On 13 March 2019, New Toyo Lamination (M) Pte. Ltd., a wholly-owned subsidiary of the Group, had incorporated a wholly-owned subsidiary, E Moto Sdn. Bhd. ("E Moto"), in Malaysia, with a share capital of RM2.

The principal activity of the E Moto is to produce and sell electric motorcycles, electric scooters and electric bicycles.

In 2018, the Group had engaged in the following activities in relation to subsidiaries:

Strike off of a subsidiary - Alliance Innovative Solutions Pte Ltd

On 5 February 2018, Alliance Innovative Solutions Pte Ltd ("AIS") was struck off from the Register of Companies pursuant to Section 344A of the Companies Act, Chapter 50, and was no longer a subsidiary of the Company.

Upon striking off, the transactions were summarised as follows:

	Group 2018 $'000
Cash and cash equivalents of AIS, representing net identifiable asset	426
Group's 50% share over net identifiable asset of AIS	(213)
Net cash paid to NCI	213
Group's 50% share over net identifiable asset of AIS	213
Less:	
Cost of investment in subsidiary	(194)
Translation reserve reclassified to profit or loss	(5)
Gain on striking off	14

6. Subsidiaries (cont'd)

Incorporation of subsidiary – New Toyo Food Packaging Company Limited

On 20 March 2018, New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd ("NTVN"), a wholly-owned subsidiary of the Company, had incorporated a wholly-owned subsidiary, New Toyo (Vietnam) Food Packaging Co., Ltd ("NTFP"), in Vietnam, with a share capital of VND30,000,000,000 (approximately S$1,730,000), representing the entire share capital of NTFP.

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

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest	
				2019	2018
				%	%
	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
#	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

6. Subsidiaries (cont'd)

	Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
	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
∞	Wuhu New Asia Paper Products Co., Ltd	Investment holding	China	100	100
+	New Toyo Food Packaging Company Limited	Manufacturing and sales of paper products	Vietnam	100	100
@	Sen Yang Enterprise Co., Ltd	Manufacturing and sales of paper products. Ceased production of tissue paper during the year.	China	100	100
+	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

6. Subsidiaries (cont'd)

	Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest	
				2019	2018
				%	%
	Held by subsidiaries (cont'd)				
∞	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	–	–
∞	E Moto Sdn Bhd	Produce and sell electric motorcycles, electric scooters and electric bicycles	Malaysia	100	–

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

Audited by KPMG LLP, Singapore.

\+ Audited by other member firms of KPMG International.

∞ Audited by other accounting firms.

@ Auditor changed from other member firm of KPMG International to other accounting firm for the year ended 31 December 2019.

& On 5 February 2018, AIS had been struck off from the Register of Companies pursuant to Section 344A of the Companies Act, Chapter 50, and was no longer a subsidiary of the Group.

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 (cont'd)

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 additional impairment loss is required.

7. Non-controlling interests

	Group	
	2019	**2018**
	$'000	**$'000**
Non-controlling interests	43,044	47,918

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	
			2019	**2018**
			%	**%**
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 (cont'd)

The following summarised financial information for the above subsidiaries are prepared in accordance with SFRS(I), 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
31 December 2019					
Revenue	89,032	73,717	10,075		
Profit/(Loss)	2,615	(7,419)	379		
Other comprehensive loss	(66)	(595)	(45)		
Total comprehensive income/(loss)	2,549	(8,014)	334		
Attributable to NCI:					
- Profit/(Loss)	605	(3,365)	190	(276)	(2,846)
- Other comprehensive loss	(16)	(270)	(22)	–	(308)
- Total comprehensive income/(loss)	589	(3,635)	168	(276)	(3,154)
Non-current assets	43,287	88,735	543		
Current assets	30,751	40,751	4,509		
Non-current liabilities	(13,532)	(9,251)	(39)		
Current liabilities	(29,593)	(29,775)	(1,052)		
Net assets	30,913	90,460	3,961		
Net assets attributable to NCI	7,150	41,033	1,981	(7,120)	43,044
Cash flows from operating activities	14,769	9,970	831		
Cash flows used in investing activities	(1,013)	(8,638)	(560)		
Cash flows used in financing activities	(8,682)	(10,732)	(170)		
Net increase/(decrease) in cash and cash equivalents	5,074	(9,400)	101		
Dividends paid to NCI	–	1,720	–		

7. Non-controlling interests (cont'd)

	MEIL $'000	TWPH* $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2018					
Revenue	90,691	72,785	9,786		
Profit/(Loss)	8,828	(3,430)	192		
Other comprehensive (loss)/income	(2,494)	918	(38)		
Total comprehensive income/(loss)	6,334	(2,512)	187		
Attributable to NCI:					
- Profit/(Loss)	2,042	(1,556)	97	(606)	(23)
- Other comprehensive (loss)/income	(577)	417	(18)	–	(178)
- Total comprehensive income/(loss)	1,465	(1,139)	79	(606)	(201)
Non-current assets	44,406	92,156	688		
Current assets	24,282	47,798	4,735		
Non-current liabilities	(13,453)	(8,419)	(56)		
Current liabilities	(25,845)	(29,270)	(1,740)		
Net assets	29,390	102,265	3,627		
Net assets attributable to NCI	6,798	46,387	1,813	(7,080)	47,918
Cash flows from/(used in) operating activities	(19,287)	32,375	(193)		
Cash flows from/(used in) investing activities	16,566	(18,110)	354		
Cash flows from/(used in) financing activities	3,216	(9,291)	(138)		
Net increase in cash and cash equivalents	495	4,974	23		
Dividends paid to NCI	–	888	–		

* *Excludes the interest in MEIL*

8. Joint ventures

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Interests in joint ventures	11,117	11,225	–	–

Details of the joint ventures are as follows:

	Name of joint ventures	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
	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 the entities as it is able to exercise joint contract over the financial and operating policies of the entities via shareholders' agreement.

\+ Audited by other member firms of KPMG International.

^ Audited by other accounting firm.

The Group engaged in the following activities in relation to joint ventures:

Disposal of property and capital contribution to LCTW

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 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. At 31 December 2019, the uneliminated unrealised profits amounted to $5,605,000 (31 December 2018: $5,605,000).

During the financial year ended 31 December 2019, TWP and KHPL subscribed for additional ordinary shares for a total consideration of $654,000 at $327,000 each, held by TWP and KHPL in equal proportion.

On-going termination of Joint Venture Agreement ("JVA") in relation to TVDP

On 24 May 2015, TWPH entered into a strategic Joint Venture Agreement ("JVA") with Toyo (Viet) Paper Product Co., Ltd ("TVP") and Dong Nai Food Industrial Corporation Vietnam ("DOFICO") for sale of 50% of TVP to DOFICO. TVP was reclassified from a subsidiary to a joint venture as at 31 December 2015. TVP also changed its name to "Toyo (Viet)–Dofico Print Packaging Company Ltd" ("TVDP").

8. Joint ventures (cont'd)

On 21 March 2018, the Company 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 JVA dated 24 May 2015 with effect from the date of the execution of the Termination Agreement and Transfer Contract. As part of the Termination Agreement, DOFICO shall transfer its 50% of the total charter capital of TVDP ("Capital Contribution") and all rights and interests thereof to TWPH; TWPH also agreed to acquire the 50% of the total charter capital of TVDP from DOFICO at a cash consideration of $2,179,000 (equivalent to MYR6,372,000) ("Termination and Acquisition of Capital Contribution").

As at 31 December 2019, the completion of the termination of JVA with DOFICO and acquisition of the remaining 50% shares held by DOFICO in TVDP is pending the issuance of an investment certificate by the State Authority of Vietnam.

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

	TVDP $'000	LCTW $'000	Intra-group elimination $'000	Total $'000
31 December 2019				
Revenue	4,023	–		
Loss	(296)	(531)		
Other comprehensive income	(4)	(14)		
Total comprehensive income	(300)	(545)		
Non-current assets	6,068	20,242		
Current assets	1,754	2,567		
Non-current liabilities	–	(20)		
Current liabilities	(4,575)	(179)		
Net assets	3,247	22,610		
Carrying amount of interest in investee at beginning of the year	1,804	9,604	(183)	11,225
Group's share of:				
- Loss	(81)	(145)		
- Other comprehensive income	(11)	(4)		
NCI's share of:				
- Loss	(67)	(121)		
- Other comprehensive income	(10)	(3)		
- Total comprehensive income	(169)	(273)	7	(435)
Cost of investment	–	327	–	327
Carrying amount of interest in investee at end of the year	1,635	9,658	(176)	11,117

8. Joint ventures (cont'd)

	TVDP $'000	LCTW $'000	Intra-group elimination $'000	Total $'000
31 December 2018				
Revenue	2,984	–		
Loss	(533)	(524)		
Other comprehensive income	18	126		
Total comprehensive income	(515)	(398)		
Non-current assets	3,204	20,673		
Current assets	1,984	1,875		
Current liabilities	(1,602)	(44)		
Net assets	3,586	22,504		
Carrying amount of interest in investee at beginning of the year	2,123	–	(171)	1,952
Group's share of:				
- Loss	(145)	(158)		
- Other comprehensive income	(29)	34		
NCI's share of:				
- Loss	(121)	(131)		
- Other comprehensive income	(24)	29		
- Total comprehensive income	(319)	(226)	(12)	(557)
Cost of investment	–	9,830	–	9,830
Carrying amount of interest in investee at end of the year	1,804	9,604	(183)	11,225

9. Other investments

At 1 January 2018, the Group designated the investments shown below as equity investments as at FVTPL because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes.

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current				
Quoted equity securities, at fair value	109	261	–	–
Unquoted equity securities, at fair value	914	958	914	958
	1,023	1,219	914	958
Club memberships, at cost	1,369	1,384	693	693
	2,392	2,603	1,607	1,651
Accumulated amortisation and impairment losses				
At 1 January	61	56	–	–
Amortisation	5	5	–	–
Effect of movements in exchange rates	(2)	–	–	–
At 31 December	64	61	–	–
Total other investments, at carrying amount	2,328	2,542	1,607	1,651

The fair value information related to FVTPL – equity instrument is disclosed in Note 28.

10. Intangible assets and goodwill

	Goodwill on consolidation $'000	Contract value $'000	Total $'000
Group			
Cost			
At 1 January 2018	22,120	17,388	39,508
Effect of movements in exchange rates	–	374	374
At 31 December 2018	22,120	17,762	39,882
Effect of movements in exchange rates	–	(246)	(246)
At 31 December 2019	22,120	17,516	39,636
Accumulated amortisation			
At 1 January 2018	–	13,057	13,057
Amortisation	–	1,363	1,363
Effect of movements in exchange rates	–	301	301
At 31 December 2018	–	14,721	14,721
Amortisation	–	1,271	1,271
Effect of movements in exchange rates	–	(223)	(223)
At 31 December 2019	–	15,769	15,769
Carrying amounts			
At 1 January 2018	22,120	4,331	26,451
At 31 December 2018	22,120	3,041	25,161
At 31 December 2019	22,120	1,747	23,867

10. Intangible assets and goodwill (cont'd)

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:

	2019 $'000	2018 $'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 APT, 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 as below:

(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 proposed 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 six 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 three 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 be extended for 1 year to 31 October 2020.

(iii) On 17 March 2020, Max Ease International Ltd and British American Tobacco Group agreed to extend its current Supply Agreement for printed carton requirements in Malaysia, Singapore and Vietnam for additional five years from 1 January 2020 and expiring on 31 December 2024 for the domestic and/or export markets, subject to execution of a formal contract which is expected to be in the second quarter ending 30 June 2020.

Management has been liaising closely with a major customer, British American Tobacco Group ("BAT") on the forecast for 2020 particularly for the Group to cater for its production planning. To date, there has been no indication from BAT of changes in planned orders that may arise as a result of the Covid-19 pandemic.

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

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 (2018: 5 years), based on the 2020 financial budget approved by management.

10. Intangible assets and goodwill (cont'd)

Key assumptions used in the estimation of the recoverable amount of the PCL CGU (cont'd)

- Management has considered and determined the factors applied in the financial budget. The budgeted gross margin is based on past experience. Anticipated revenue growth rates for the CGU ranges are 18% for 2020 and 3% for each year from 2021 to 2023 and thereafter growth based on inflation rate ranged from 2% to 3% (2018: 0% to 34% from 2019 to 2023 and 0% thereafter) were used in the cash flow projections.
- The pre-tax discount rates for the operating companies within CGU ranging from 7.4% to 15.2 % (2018: 7.5% to 13.3%) were applied in determining the recoverable amounts of the CGU. The discount rates were estimated based on the respective country risks, and the weighted average cost of capital of comparable companies.
- Terminal value with a growth rate at the respective country inflation rate (2018: 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 losses that would reduce the carrying amounts involved.

As the carrying amounts 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	
	2019	**2018**
	$'000	**$'000**
Raw materials	38,419	52,386
Consumables	1,977	2,425
Work-in-progress	3,230	2,470
Finished goods	7,260	14,981
	50,886	72,262
Allowance for inventory obsolescence:		
At 1 January	2,098	2,185
Allowance made during the year	1,675	553
Utilisation of allowance	(1,101)	(600)
Effect of movements in exchange rates	(24)	(40)
At 31 December	2,648	2,098
Carrying amount of inventories	48,238	70,164

11. Inventories (cont'd)

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 a 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 $200,124,000 (2018: $192,852,000).

12. Trade and other receivables

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Non-current					
Amount due from joint venture					
- non-trade	(i)	–	356	–	–
Other receivables	(ii)	1,386	2,106	–	–
		1,386	2,462	–	–
Current					
Trade receivables		52,075	42,120	–	–
Impairment losses		(2,486)	(2,201)	–	–
		49,589	39,919	–	–
Deposits	(iii)	3,397	5,915	2,692	–
Tax recoverable		563	587	–	–
Consideration receivables	(iv)	2,152	2,180	–	–
Dividend receivable		–	–	–	205
Other receivables	(v)	3,695	7,141	1	11
Amounts due from subsidiaries					
- trade		–	–	2,231	1,784
- non-trade	(vi)	–	–	781	177
Amounts due from joint venture					
- trade		101	298	45	46
- non-trade	(vi)	3,707	487	121	123
Current					
Amounts due from other related corporations*					
- trade		1,877	1,914	–	–
- non-trade	(vi)	352	355	–	–
Loans to subsidiaries	(vii)	–	–	17,965	14,552
		65,433	58,796	23,836	16,898
Prepayments		1,755	1,958	45	29
		67,188	60,754	23,881	16,927
		68,574	63,216	23,881	16,927

12. Trade and other receivables (cont'd)

* The amounts due from other related corporations also include amounts receivable from entities which are partially-owned by a substantial shareholder.

(i) 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.

(ii) 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.

(iii) These amounts include a deposit of S$2,692,000 paid to the seller for the purchase of all the shares in Benline Investment Holdings Pte. Ltd ("Benline") for an aggregate consideration of US$5,000,000 in accordance with a share purchase agreement entered on 2 October 2019.

The purchase is subject to several conditions precedent including but not limited to (i) a due diligence on Benline and its subsidiary and their businesses, assets and liabilities, the property held by its subsidiary and the Sale Shares conducted by the Company and/or its advisors and the results thereof being satisfactory to the Company and (ii) the approval of the shareholders of the Company being obtained for the purchase of the Sale Shares if such approval is required by The Singapore Exchange Securities Trading Limited ("SGX-ST"). As at 31 December 2019, the purchase of shares has not been completed.

(iv) Current consideration receivables is deferred payment of $2,152,000 (2018: $2,180,000) due from the Group's joint venture partner, DOFICO. This is a result of the disposal of 50% of TVDP to DOFICO by TWPH in 2015, which is payable within the next 12 months.

(v) Other receivables comprise claimable value added-tax, import duty, and sundry receivables.

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

(vii) Loans to subsidiaries are unsecured, repayable on demand, and bear fixed interest rates ranging from 3.44% to 4.65% (2018: 3.99% to 4.65%) per annum. The remaining amount of $1,407,000 (2018: $1,589,000) is unsecured, interest-free and repayable on demand.

Subsequent to year end, management planned to capitalise a loan to a subsidiary of $7,220,000, to fund the expansion of businesses and trades of the subsidiary. Management performed a review of the recoverability of the debt due to the subsidiary and noted no allowance loss is required to be recognised. The assessment is based on business factors and conditions currently available and should the assumptions on these factors and conditions change, the impairment conclusion may be different.

12. Trade and other receivables (cont'd)

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 and contract assets (excluding prepayments) at the reporting date by geographical region was as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade and other receivables:				
Vietnam	17,805	10,626	1,112	878
Singapore	15,353	9,321	21,440	10,928
Indonesia	11,527	15,163	443	290
United Arab Emirates	4,516	3,257	15	825
Malaysia	6,504	7,816	476	3,916
Korea	3,671	3,021	–	–
Latin America	2,209	2,332	–	–
Philippines	1,821	209	–	–
Papua New Guinea	489	269	–	–
India	360	410	–	–
China	278	2,473	14	5
Hong Kong	41	3,239	309	46
Australia	4	500	27	10
Others	2,241	2,622	–	–
	66,819	61,258	23,836	16,898
Contract assets:				
Singapore	1,188	1,632	–	–
Indonesia	1,395	2,719	–	–
Malaysia	93	11	–	–
United Arab Emirates	–	164	–	–
Korea	276	140	–	–
	2,952	4,666	–	–
	69,771	65,924	23,836	16,898

The top five customers of the Group account for 59% (31 Dec 2018: 52%) of the trade and other receivables (excluding prepayments) carrying amount at 31 December 2019.

12. Trade and other receivables (cont'd)

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

	Group $'000	Company $'000
At 1 January 2018	279	–
Impairment losses recognised	2,274	–
Utilised during the year	(255)	–
Effect of movements in exchange rates	(97)	–
At 31 December 2018	2,201	–
At 1 January 2019	2,201	–
Impairment losses recognised	329	620
Effect of movements in exchange rates	(44)	–
At 31 December 2019	2,486	620

A summary of the Group's exposures to credit risk for trade and other receivables and contract assets (excluding prepayments) was as follows:

	2019		2018	
	Not credit impaired $'000	Credit impaired $'000	Not credit impaired $'000	Credit impaired $'000
Group				
External credit ratings at least Baa3 from Moody's or BBB from Standard & Poor's	29,974	–	25,360	–
Other customers:				
- Four or more years' trading history with the Group*	11,363	–	14,191	–
- Less than four years' trading history with the Group*	10,694	–	2,534	–
- Higher risk	–	43	–	36
Other receivables – Low risk	17,231	–	21,338	–
Contract assets:				
- External credit ratings at least Baa3 from Moody's or BBB from Standard & Poor's	2,859	–	4,491	–
- Four or more years' trading history with the Group*	93	–	175	–
Total gross carrying amount	72,214	43	68,089	36
Loss allowance	(2,443)	(43)	(2,165)	(36)
	69,771	–	65,924	–
Company				
Other receivables	23,836	620	16,898	–
Total gross carrying amount	23,836	620	16,898	–
Loss allowance	–	(620)	–	–
	23,836	–	16,898	–

* Exclude higher risk

12. Trade and other receivables (cont'd)

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from corporate customers. The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets:

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
2019				
Current (not past due)	0.00	41,648	–	No
Past due 0 – 30 days	0.00	7,805	–	No
Past due 31 – 180 days	0.00	2,534	–	No
More than 180 days	81.78	3,040	(2,486)	Yes
		55,027	(2,486)	
2018				
Current (not past due)	0.00	37,526	–	No
Past due 0 – 30 days	0.00	5,140	–	No
Past due 31 – 180 days	0.00	1,829	–	No
More than 180 days	96.03	2,292	(2,201)	Yes
		46,787	(2,201)	

The Company does not have any trade receivables and contract assets as at 31 December 2018 and 31 December 2019.

Other receivables (excluding prepayments)

The Group's other receivables (excluding prepayments) as at 31 December 2019 includes amounts due from related parties, consideration receivables from related parties, tax recoverables and deposits. The Group uses a similar approach for assessment of ECLs for other receivables to those used for trade receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant to the Group and Company.

13. Cash and cash equivalents

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash and bank balances	26,908	27,791	8,765	10,800
Short-term deposits	7,780	14,784	–	469
Cash and cash equivalents in the statement of cash flows	34,688	42,575	8,765	11,269

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

14. Share capital and reserves

Share capital

	Company No. of shares 2019 ('000)	Company No. of shares 2018 ('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.

Reserves

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

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Capital reserve	822	822	–	–
Translation reserve	(8,396)	(7,380)	–	–
Others	77	77	77	77
	(7,497)	(6,481)	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.

14. Share capital and reserves (cont'd)

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.

Following the adoption of SFRS(I) in 2018, the Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to $Nil at the date of transition or at 1 January 2017.

Others

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

Dividends

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

For the year ended 31 December

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Paid by the Company to owners of the Company		
Tax-exempt (one-tier) final dividend of 0.90 cents per ordinary share for the year 2018 (2017: 1.00 cents)	3,955	4,395
Tax-exempt (one-tier) interim dividend of nil cents per ordinary share for the year 2019 (2018: 0.60 cents)	–	2,636
	3,955	7,031
Paid by a subsidiary to NCI	1,720	888

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	
	2019	**2018**
	$'000	**$'000**
Tax-exempt (one-tier) final dividend of 0.90 cents (2018: 0.90 cents) per ordinary share in respect of the year	3,955	3,955

15. Trade and other payables

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current					
Employee benefits	16	654	395	–	–
Other payables		137	163	–	–
		791	558	–	–
Current					
Trade payables		32,236	37,777	–	–
Loans from subsidiaries	(i)	–	–	27,459	27,476
Amounts due to subsidiaries					
- trade		–	–	16	23
- non-trade	(i)	–	–	4,139	4,158
Amounts due to joint venture					
- non-trade	(i)	136	112	–	–
Amounts due to other related corporations					
- trade		6	77	–	–
- non-trade	(i)	1	17	1	1
Accrued operating expenses		6,435	8,276	796	700
Employee benefits	16	286	359	29	29
Other payables		2,721	1,959	24	36
		41,821	48,577	32,464	32,423
		42,612	49,135	32,464	32,423

(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 2019 $'000	Group 2018 $'000
Defined benefit obligations	(i)	810	577
Provision for termination benefits	(ii)	46	–
Accrual for annual leave		84	177
		940	754
Analysed as:			
- Non-current		654	395
- Current		286	359
		940	754

16. Employee benefits (cont'd)

Three of the Group's subsidiaries, TWPH, BPJ and NTG make contributions to non-contributory defined benefit plans that provides pension for eligible employees upon retirement. The plans entitle employees to receive payment for their years of services the employee provided up to the date of their retirement.

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

	Note	2019 $'000	2018 $'000
At 1 January		577	397
Benefits paid		(57)	(80)
Expense recognised in profit or loss	23	279	269
Effect of movements in exchange rates		11	(9)
At 31 December		810	577

(ii) Movement in provision for termination benefits

During the year, a subsidiary incurred an additional $164,000 (2018: $50,000) for termination benefits following the Group's decision for business restructuring, and this amount was directly recognised in profit or loss.

	2019 $'000	2018 $'000
At 1 January	–	2,400
Provision	408	–
Utilisation of provision	(334)	(2,400)
Reversal	(26)	–
Effect of movements in exchange rates	(2)	–
At 31 December	46	–

(iii) Employee benefits expenses recognised in profit or loss

	2019 $'000	2018 $'000
Defined benefit obligations	279	269
Net provision for termination benefits	382	–
(Reversal)/Provision of accrual for annual leave	(93)	72
Termination benefits directly recognised in profit or loss	164	50
	732	391

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

	2019 $'000	2018 $'000
Cost of sales	157	172
Administrative expenses	29	169
Other operating expenses	546	50
	732	391

17. Financial liabilities (cont'd)

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current				
Non-current portion of long-term bank loans				
- secured	11,804	13,487	–	–
- unsecured	4,912	6,997	–	–
Lease liabilities (2018: Finance lease liabilities)	12,327	146	85	–
	29,043	20,630	85	–
Current				
Bank loans				
- secured	–	2,469	–	–
- unsecured	28,814	31,471	13,237	8,709
Current portion of long-term bank loans				
- secured	3,693	3,046	–	–
- unsecured	3,678	3,539	–	–
Trust receipts				
- secured	4,101	3,712	–	–
- unsecured	206	2,277	–	–
Lease liabilities (2018: Finance lease liabilities)	1,770	49	217	–
	42,262	46,563	13,454	8,709
	71,305	67,193	13,539	8,709

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

	Group	
	2019	2018
	$'000	$'000
Plant and equipment	13,258	11,475
Inventories	6,729	6,817
Investment in subsidiary – at cost	7,483	8,562
	27,470	26,854

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

The bank loans are repayable between 2020 to 2023 (2018: 2019 to 2023), details of which are provided in the following tables.

17. Financial liabilities (cont'd)

Finance lease liabilities

Finance leases liabilities are payable as follows:

	Principal 2018 $'000	Interest 2018 $'000	Future minimum lease payments 2018 $'000
Group			
Within 1 year	49	7	56
Between 1 and 5 years	146	13	159
	195	20	215

The Group leases certain 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 one year $'000	One to five years $'000
Group					
31 December 2019					
Non-derivative financial liabilities					
Secured bank loans		15,497	(19,058)	(4,785)	(14,273)
Unsecured bank loans		37,404	(38,042)	(33,139)	(4,903)
Lease liabilities		14,097	(18,503)	(2,556)	(15,947)
Trade and other payables*	15	41,672	(41,672)	(41,535)	(137)
Secured trust receipts		4,101	(4,217)	(4,217)	–
Unsecured trust receipts		206	(208)	(208)	–
Total		112,977	(121,700)	(86,440)	(35,260)
31 December 2018					
Non-derivative financial liabilities					
Secured bank loans		19,002	(22,113)	(6,832)	(15,281)
Unsecured bank loans		42,007	(42,987)	(35,681)	(7,306)
Finance lease liabilities		195	(215)	(56)	(159)
Trade and other payables*	15	48,381	(48,381)	(48,381)	–
Secured trust receipts		3,712	(3,797)	(3,797)	–
Unsecured trust receipts		2,277	(2,294)	(2,294)	–
Total		115,574	(119,787)	(97,041)	(22,746)

* Excludes employee benefits

17. Financial liabilities (cont'd)

Cash flows due within one year include secured and unsecured revolving credit facilities amounting to $33,640,000 (2018: $40,471,000).

	Note	Carrying amount	Cash flows: Contractual cash flows	Cash flows: Within one year	Cash flows: One to five years
		$'000	$'000	$'000	$'000
Company					
31 December 2019					
Non-derivative financial liabilities					
Unsecured bank loans		13,237	(13,320)	(13,320)	–
Trade and other payables*	15	32,435	(32,435)	(32,435)	–
Financial guarantees		–	(67,070)	(57,034)	(10,036)
		45,672	(112,825)	(102,789)	(10,036)
31 December 2018					
Non-derivative financial liabilities					
Unsecured bank loans		8,709	(8,747)	(8,747)	–
Trade and other payables*	15	32,394	(32,394)	(32,394)	–
Financial guarantees		–	(66,667)	(53,860)	(12,807)
		41,103	(107,808)	(95,001)	(12,807)

* *Excludes employee benefits*

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 $59,907,000 (2018: $59,433,000) in respect of banking facilities extended to subsidiaries.

(ii) An unsecured guarantee of $7,163,000 (2018: $7,233,000) was issued to suppliers by the Company for credit terms granted to its subsidiaries.

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

NOTES TO THE FINANCIAL STATEMENTS

17. Financial liabilities (cont'd)

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

	Bank loans $'000	Trust receipts $'000	Finance lease liabilities $'000	Total $'000
At 1 January 2018	49,210	123	262	49,595
Changes from financing cash flows				
Interest paid	(3,088)	–	(8)	(3,096)
Payment of finance lease liabilities	–	–	(67)	(67)
Proceeds from bank borrowings and trust receipts	28,251	14,200	–	42,451
Repayments of bank borrowings and trust receipts	(17,059)	(8,380)	–	(25,439)
Total changes from financing cash flows	8,104	5,820	(75)	13,849
The effect of changes in foreign exchange rates	3,695	46	8	3,749
At 31 December 2018	61,009	5,989	195	67,193

	Bank loans $'000	Trust receipts $'000	Lease liabilities $'000 Restated*	Total $'000
Restated balance at 1 January 2019	61,009	5,989	14,276	81,274
Changes from financing cash flows				
Interest paid	(3,023)	(426)	(848)	(4,297)
Payment of lease liabilities	–	–	(1,810)	(1,810)
Proceeds from bank borrowings and trust receipts	17,533	4,845	–	22,378
Repayments of bank borrowings and trust receipts	(25,831)	(5,991)	–	(31,822)
Total changes from financing cash flows	(11,321)	(1,572)	(2,658)	(15,551)
The effect of changes in foreign exchange rates	190	(536)	110	(236)
New leases	–	–	1,713	1,713
Interest expense	3,023	426	848	4,297
Derecognition of lease liabilities**	–	–	(192)	(192)
At 31 December 2019	52,901	4,307	14,097	71,305

* See Note 2.5

** Derecognition of the right-of-use assets during 2019 is as a result of early termination of certain leases.

18. Deferred tax assets and liabilities

Unrecognised deferred tax liabilities

At 31 December 2019, deferred tax liabilities of $1,033,000 (2018: $969,000) for temporary differences of $8,218,000 (2018: $7,425,000) 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.

Unrecognised deferred tax assets

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

	Group	
	2019	**2018**
	$'000	**$'000**
Deductible temporary differences	3,646	2,907
Tax losses	35,354	14,585
	39,000	17,492

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 January 2018	**Recognised in profit or loss (Note 24)**	**Exchange differences**	**At 31 December 2018**	**Recognised in profit or loss (Note 24)**	**Exchange differences**	**At 31 December 2019**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group							
Deferred tax assets							
Property, plant and equipment	530	(113)	1	418	(28)	48	438
Inventories	104	(8)	1	97	(1)	(1)	95
Trade and other payables	25	53	50	128	32	3	163
Others	333	(161)	(62)	110	4	2	116
	992	(229)	(10)	753	7	52	812
Deferred tax liabilities							
Property, plant and equipment	(1,420)	(11)	(2)	(1,433)	143	(51)	(1,341)
Others	(143)	(23)	(2)	(168)	106	(2)	(64)
	(1,563)	(34)	(4)	(1,601)	249	(53)	(1,405)
Company							
Deferred tax asset							
Trade and other payables	3	–	–	3	–	–	3
Deferred tax liability							
Property, plant and equipment	(14)	–	–	(14)	–	–	(14)

18. Deferred tax assets and liabilities (cont'd)

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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	658	561	–	–
Deferred tax liabilities	1,251	1,409	11	11

19. Revenue

	Group	
	2019	**2018**
	$'000	**$'000**
Sale of manufactured packaging products	273,128	233,171
Trading of packaging products	27,974	38,150
	301,102	271,321

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of manufactured packaging products

Specialty paper segment

Nature of goods sold	Manufacture and sale of laminated aluminium paper products and other packaging products
When revenue is recognised	Point of sale
Significant payment terms	Payment is due 30-60 days from invoice date
Obligations for returns and refunds, and warranties, if any	Certain customers are given "assurance-type" warranties which assure the customer that the product meets the agreed-upon specifications, and includes the right to return and replace defective products. This is not accounted for as a separate PO.

Printed cartons and labels segment

Nature of goods sold	Printing and sale of paper packaging materials
When revenue is recognised	Over time
Significant payment terms	Payment is due 30-60 days from invoice date
Obligations for returns and refunds, and warranties, if any	Certain customers are given "assurance-type" warranties which assure the customer that the product meets the agreed-upon specifications, and includes the right to return and replace defective products. This is not accounted for as a separate PO.

19. Revenue (cont'd)

Trading segment

Nature of goods sold	Sale of raw materials, paper products and equipment
When revenue is recognised	Point of sale
Significant payment terms	Payment is due 30-60 days from invoice date
Obligations for returns and refunds, and warranties, if any	Not applicable

Tissue paper segment

Nature of goods sold	Manufacture and sale of tissue paper products
When revenue is recognised	Point of sale
Significant payment terms	Payment is due 30-60 days from invoice date
Obligations for returns and refunds, and warranties, if any	Not applicable

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical location of business operations. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 27).

	Specialty papers		Printed cartons and labels		Trading		Tissue paper		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical location of business operation										
Hong Kong	–	–	54,647	56,103	25,674	35,026	–	–	80,321	91,129
Vietnam	42,842	41,586	19,023	16,811	–	–	–	–	61,865	58,397
Malaysia	39,130	35,584	–	3,241	–	–	–	–	39,130	38,825
Indonesia	–	–	34,385	34,461	–	–	–	–	34,385	34,461
Singapore	29,559	29,067	–	–	2,300	3,124	12,387	2,209	44,246	34,400
Dubai	4,056	2,417	4,936	2,139	–	–	–	–	8,992	4,556
China	–	–	–	–	–	–	23,870	2,163	23,870	2,163
Australia	–	–	–	8	–	–	–	–	–	8
External revenues	115,587	108,654	112,991	112,763	27,974	38,150	36,257	4,372	292,809	263,939
Timing of revenue recognition										
At a point in time	115,494	108,643	–	–	27,974	38,150	36,257	4,372	179,725	151,165
Overtime	93	11	112,991	112,763	–	–	–	–	113,084	112,774
External revenues	115,587	108,654	112,991	112,763	27,974	38,150	36,257	4,372	292,809	263,939

19. Revenue (cont'd)

Contract balances

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	Group	
	2019	2018
	$'000	$'000
Trade receivables	49,589	39,919
Contract assets	2,952	4,666
Contract liabilities	1,349	300

The contract assets primarily relate to the Group's rights to consideration for goods produced but not billed at the reporting date on manufacturing of printed packaging materials. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to the advance consideration received from a customer which revenue is recognised over time during the term of the supply agreement. The contract liabilities are expected to be recognised as revenue over the period of 3 years.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	Contract assets		Contract liabilities	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Group				
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	–	–	(300)	–
Increase due to cash received, excluding amounts recognised as revenue during the year	–	–	1,349	300
Contract assets reclassified to trade receivables	(4,726)	(3,014)	–	–
Changes in measurement of progress	3,012	4,666	–	–

The entity has elected to use an output method based on units-of-delivery/units-produced method to measure progress. The entity does not hold material levels of work-in-progress, because the manufacturing process is short and/or the cost of the work-in-progress is not material.

Operating and management rights agreement with a third party (the "Party")

During the year, two subsidiaries of the Group, New Toyo Aluminium Gulf Paper Packaging FZE ("NTG") and Alliance Print Technologies FZE ("APTF"), each entered into an Operating and Management Rights Agreement with the Party for the Party to operate and manage the manufacturing of products for a period of one year commencing from 1 October 2019. The Party is a non-related party to the Group.

Responsibilities of the Party under the agreement included, amongst others, to administer and supervise all finances of the business, select and employ all necessary staff to service the business, supervise and control the purchase of all materials and supplies, and acquire, lease, dispose of and repair equipment and facilities to provide safe and adequate service to the business, manage all costs and all pricing and maintain the assets of the business in good order.

19. Revenue (cont'd)

Operating and management rights agreement with a third party (the "Party") (cont'd)

Under the Agreement, NTG and APTF are entitled to a fixed nominal margin from the sales to the customers and the Party takes the remaining of the sales consideration. The Agreement sets out the arrangement of having costs borne by the Party for the use of the resources supplied by the Group.

Given that the Group is still a principal in its arrangement with the end customers, sales to the customers are recognised on a gross basis. As the Group is the employer to the staff and owner of the assets, the Group is also the principal in the manufacturing activities. The third party is functioning as a manager in the manufacturing process. Accordingly, both the revenue and costs are recognised on a gross basis by the Group. The inventories produced by the Party belongs to the Group and are recognised by the Group at 31 December 2019. The net fees due to the Party under the Agreements amounted to $14,000 at year end.

20. Other income

	Group	
	2019	**2018**
	$'000	**$'000**
Dividend income from quoted investments	12	8
Gain on disposal of an investment property	–	7,911
Gain on disposal of other investments	–	10
Gain on disposal of property, plant and equipment	23	–
Insurance claim recovery	31	12
Net foreign exchange gain	–	1,969
Rental income	1,945	2,369
Scrap sales	3,492	2,655
Others	2,535	1,158
	8,038	16,092

21. Other operating expenses

		Group	
	Note	**2019**	**2018**
		$'000	**$'000**
Amortisation of intangible assets	10	1,271	1,363
Amortisation of other investments	9	5	5
Termination benefits	16	546	50
Loss on disposal of property, plant and equipment		–	19
Impairment on property, plant and equipment		5,728	–
Property, plant and equipment written off		5	4
Relocation costs		–	1,173
Others		351	220
		7,906	2,834

22. Finance income and finance costs

	Group 2019 $'000	Group 2018 $'000
Interest income from bank deposits	362	460
Interest income from a joint venture	17	858
Finance income	379	1,318
Interest paid and payable to banks	(3,449)	(3,096)
Financial liabilities measured at amortised cost – interest expense	(848)	–
Finance costs	(4,297)	(3,096)
Net finance costs recognised in profit or loss	(3,918)	(1,778)

23. Profit before tax

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

	Note	Group 2019 $'000	Group 2018 $'000
Audit fees paid to			
- auditors of the Company		404	274
- other auditors		225	276
Non-audit fees paid to other auditors		39	65
Allowance for inventory obsolescence	11	1,675	553
Depreciation of property, plant and equipment	4	19,648	15,954
Depreciation of investment properties	5	452	473
Directors' fees		359	330
Impairment of property, plant and equipment		5,728	–
Inventories written off		391	7
Operating expenses arising from rental of investment properties		395	626
Employee benefits expense			
- salaries, bonuses and other costs		29,425	26,312
- contributions to defined contribution plans		1,681	1,732
- expenses related to defined benefit plan	16	279	269
- expenses related to termination benefits	16	546	50

24. Tax expense

	Group 2019 $'000	Group 2018 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	2,210	1,605
Under/(Over) provision in prior years	300	(73)
	2,510	1,532
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(291)	3,474
Recognition of tax effect of previously unrecognised tax losses	35	(3,211)
	(256)	263
Total tax expense	2,254	1,795
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(15,823)	5,992
Tax using the Singapore tax rate of 17% (2018: 17%)	(2,690)	1,019
Effect of tax rates in foreign jurisdictions	931	2,485
Non-deductible expenses	1,754	2,336
Tax exempt income	(378)	(868)
Reinvestment allowances and other tax incentives	(74)	(235)
Current year losses for which no deferred tax asset was recognised	2,778	342
Recognition of tax effect of previously unrecognised tax losses	(367)	(3,211)
Under/(Over) provision in prior years	300	(73)
	2,254	1,795

25. Earnings per share

The calculation of basic and diluted earnings per share at 31 December 2019 was based on the loss attributable to ordinary shareholders of $15,231,000 (2018: profit of $4,220,000), and a weighted-average number of ordinary shares outstanding of 439,425,000 (2018: 439,425,000), calculated as follows:

	Group 2019 $'000	Group 2018 $'000
Basic and diluted earnings per share is based on:		
(Loss)/Profit attributable to ordinary shareholders	(15,231)	4,220

25. Earnings per share (cont'd)

	Group	
	2019	2018
	'000	'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

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	
	2019	2018
	$'000	$'000
Short-term employment benefits		
- directors	696	704
- key executives	2,929	3,941
Post-employment benefits (including contribution to Central Provident Fund)	190	215
	3,815	4,860

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.

26. Related parties (cont'd)

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	
	2019	2018
	$'000	$'000
Transactions with companies in which certain directors and substantial shareholders have significant influence		
- sale of raw materials/finished goods	6,914	2,644
- purchase of finished goods	(15)	(11)
- sale of scrap	2,037	1,706
- service fees paid/payable	(1)	(1)
- rental received/receivable	92	89
- purchase of tissue papers	(5)	(4)
Transactions with companies in which certain directors have significant influence		
- professional fees paid/payable	(8)	(6)
Transactions with companies in which certain directors of subsidiaries have significant influence		
- sale of finished goods	14	282
- purchase of raw materials	–	(406)
- purchase of plant and equipment (net)	–	(3)
- transportation fees	(679)	(659)
- leasing of motor vehicle	(52)	(38)
- advertisement costs paid/payable	(2)	(1)
Transactions with a director of a subsidiary		
- gratuity paid/payable	–	(504)
Transaction with sibling of a director of the Company		
- professional fees paid/payable	(2)	(4)

26. Related parties (cont'd)

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	
	2019	**2018**
	$'000	**$'000**
Transactions with joint ventures		
- sale of raw material	79	–
- purchase of raw material	(1)	–
- purchase of plant and equipment (net)	(615)	–
- rental paid/payable	(59)	(867)
- management fee received/receivables	–	10
- interest received/receivables	1	834

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.
Tissue paper	:	The manufacture and sale of paper products.
Investment holding	:	Investing activities, including investment in investment properties.

Other segments include corrugated containers 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 (cont'd)

Information about reportable segments

Group*	Specialty papers		Printed cartons and labels		Trading		Tissue paper		Investment holding		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	115,587	108,654	112,991	112,763	27,974	38,150	36,257	4,372	–	–	292,809	263,939
Inter-segment revenue	2,379	3,062	49,759	50,713	4,109	4,441	15,400	3,317	–	–	71,647	61,533
Interest income	37	115	217	1,012	–	–	2	1	1,097	765	1,353	1,893
Interest expense	(811)	(287)	(3,098)	(3,103)	(127)	(51)	(671)	(71)	(531)	(222)	(5,238)	(3,734)
Reportable segment profit before tax	2,101	3,847	(4,330)	5,547	(601)	186	(11,159)	(1,848)	395	599	(13,594)	8,331
Segment results	2,101	3,847	(4,330)	5,547	(601)	186	(11,159)	(1,848)	395	599	(13,594)	8,331
Share of profit of equity-accounted investees	–	–	–	–	–	–	–	–	(411)	(565)	(411)	(565)
Other material non-cash items:												
- Amortisation	5	5	1,271	1,363	–	–	–	–	–	–	1,276	1,368
- Depreciation	3,080	2,139	15,987	13,900	273	–	7	–	461	289	19,808	16,328
-Impairment loss on property, plant and equipment	2,711	–	3,017	–	–	–	–	–	–	–	5,728	–
- Change in fair value of equity share	152	33	–	–	–	–	–	–	43	94	195	127
Capital expenditure	1,722	5,117	10,687	18,423	–	–	68	6	–	–	12,477	23,546
Investments in equity-accounted investees	–	–	–	–	–	–	–	–	11,117	11,224	11,117	11,224
Reportable segment assets	73,573	72,159	179,734	189,626	3,927	7,436	9,045	20,763	8,296	8,476	274,575	298,460
Reportable segment liabilities	30,190	23,686	67,347	66,771	2,029	5,202	406	9,992	135	128	100,107	105,779

* The Group initially applied SFRS(I) 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see note 2.5). As a result, the Group recognised $14,093,000 of right-of-use assets and $14,081,000 of liabilities from those lease contracts. The assets and liabilities are included in the Specialty paper and Printed and carton labels segments as at 31 December 2019. The Group has applied SFRS(I) 16 using the modified retrospective approach, under which comparative information is not restated (see note 2.5).

27. Operating segments (cont'd)

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

	2019 $'000	2018 $'000
Revenues		
Total revenue for reportable segments	364,456	325,472
Revenue for other segments	8,293	7,382
Elimination of inter-segment revenue	(71,647)	(61,533)
Consolidated revenue	301,102	271,321
Profit or loss		
Total profit or loss for reportable segments	(13,594)	8,331
Profit or loss for other segments	289	(85)
	(13,305)	8,246
Elimination of inter-segment profits	2,007	1,998
Share of profit of equity-accounted investees	(411)	(565)
Unallocated amounts:		
- other corporate expenses	(4,114)	(3,687)
Consolidated (loss)/profit before tax	(15,823)	5,992
Assets		
Total assets for reportable segments	274,575	298,460
Assets for other segments	3,795	6,014
Investments in equity-accounted investees	11,117	11,224
Unallocated amounts:		
- other corporate assets	13,958	13,664
- income tax assets	1,221	1,148
Consolidated total assets	304,666	330,510
Liabilities		
Total liabilities for reportable segments	100,107	105,779
Liabilities for other segments	955	1,373
Unallocated amounts:		
- other corporate liabilities	14,204	9,476
- income tax liabilities	2,128	1,534
Consolidated total liabilities	117,394	118,162
Depreciation		
Total depreciation for reportable segments	19,808	16,328
Others	292	99
Consolidated depreciation	20,100	16,427
Capital expenditure		
Total capital expenditure for reportable segments	12,477	23,546
Others	242	73
Consolidated capital expenditure	12,719	23,619

27. Operating segments (cont'd)

Group	2019 Reportable Segments Total $'000	2019 Adjustments $'000	2019 Consolidated Total $'000	2018 Reportable Segments Total $'000	2018 Adjustments $'000	2018 Consolidated Total $'000
Interest income and expense						
Interest income	1,353	(974)	379	1,892	(574)	1,318
Interest expense	(5,238)	941	(4,297)	(3,663)	567	(3,096)
Consolidated net interest expense	(3,885)	(33)	(3,918)	(1,771)	(7)	(1,778)

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, Australia, 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 the geographical location of business operations and segment non-current assets are based on the geographical location of the assets.

	2019 External revenues $'000	2019 Non-current assets* $'000	2018 External revenues $'000	2018 Non-current assets* $'000
Hong Kong	80,322	22,762	91,129	21,358
Vietnam	70,368	43,245	65,780	44,622
Malaysia	38,920	23,939	38,825	26,284
Indonesia	34,385	21,286	34,461	23,591
Singapore	44,246	11,185	34,400	10,231
Dubai	8,992	24,832	4,556	21,486
China	23,869	2,588	2,162	2,929
Australia	–	1,105	8	1,289
Total	301,102	150,942	271,321	151,790

* *Excludes deferred tax assets*

Major customer

Revenue of $124.8 million (2018: $135.8 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 receivables from customers.

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.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

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

28. Financial risk management (cont'd)

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $26,908,000 and $7,780,000 as 31 December 2019 (2018: $27,791,000 and $14,784,000). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated B2 to Aa1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

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 costs. 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 Arab Emirates dirham ("AED"), 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 (2018: $Nil).

28. Financial risk management (cont'd)

Currency risk (cont'd)

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	AED $'000	USD $'000	VND $'000	AUD $'000	MYR $'000
Group						
2019						
Trade and other receivables	255	2,226	5,528	1,721	168	1,249
Cash and cash equivalents	4,618	445	10,124	33	1	1,251
Financial liabilities	(1,154)	(4,246)	(13,237)	(3,156)	–	(2,047)
Trade and other payables	(372)	(172)	(493)	(6,054)	(6)	(1,813)
Net exposure	3,347	(1,747)	1,922	(7,456)	163	(1,360)
2018						
Trade and other receivables	280	1,691	3,692	1,723	237	1,318
Cash and cash equivalents	4,829	480	10,470	187	489	284
Financial liabilities	–	–	(11,989)	(504)	–	(112)
Trade and other payables	(462)	–	(1,747)	(4,983)	(7)	(1,464)
Net exposure	4,647	2,171	426	(3,577)	719	26

	USD $'000
Company	
2019	
Loans to subsidiaries	29,406
Trade and other receivables	3,614
Cash and cash equivalents	8,473
Financial liabilities	(13,237)
Trade and other payables	(5,326)
Net exposure	22,930
2018	
Loans to subsidiaries	26,175
Trade and other receivables	528
Cash and cash equivalents	9,746
Financial liabilities	(8,709)
Trade and other payables	(5,345)
Net exposure	22,395

28. Financial risk management (cont'd)

Sensitivity analysis

A 2% strengthening of SGD against the AED, 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 2018.

	Group		Company	
	Profit or loss		Profit or loss	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
SGD	(67)	(93)	–	–
AED	35	(43)	–	–
USD	(38)	(9)	(459)	(448)
VND	149	72	–	–
AUD	(3)	(14)	–	–
MYR	27	(1)	–	–

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

28. Financial risk management (cont'd)

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:

	Average interest rate	Floating interest	Fixed interest rate maturing Within 1 year	Fixed interest rate maturing 1 to 5 years	Total
	%	$'000	$'000	$'000	$'000
Group					
2019					
Assets					
Cash at bank	0.8	2,732	–	–	2,732
Short-term deposits	0.4 – 7.0	–	7,780	–	7,780
		2,732	7,780	–	10,512
Liabilities					
Bank loans	3.7 – 11.8	(47,244)	(2,135)	(3,522)	(52,901)
Trust receipts	3.4 – 11.5	(206)	(4,101)	–	(4,307)
Lease liabilities	3.8 - 11.5	–	(1,770)	(12,327)	(14,097)
		(47,450)	(8,006)	(15,849)	(71,305)
2018					
Assets					
Cash at bank	0.1 – 1.5	3,048	–	–	3,048
Short-term deposits	0.4 – 3.7	–	14,784	–	14,784
		3,048	14,784	–	17,832
Liabilities					
Bank loans	4.3 – 11.8	(51,293)	(4,491)	(5,226)	(61,010)
Trust receipts	4.2 – 11.5	(2,277)	(3,712)	–	(5,989)
Finance lease liabilities	2.3 – 4.6	–	(49)	(146)	(195)
		(53,570)	(8,252)	(5,372)	(67,194)
Company					
2019					
Assets					
Loans to subsidiaries	2.8 – 4.7	–	27,533	–	27,533
Liabilities					
Bank loans	3.4 – 4.7	(13,237)	–	–	(13,237)
2018					
Assets					
Loans to subsidiaries	2.8 – 4.7	–	24,083	–	24,083
Short-term deposits	1.3	–	469	–	469
		–	24,552	–	24,552
Liabilities					
Bank loans	4.1 – 4.7	(8,709)	–	–	(8,709)

28. Financial risk management (cont'd)

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.

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
2019				
Variable rate instruments	(224)	224	(66)	66
2018				
Variable rate instruments	(253)	253	(44)	44

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.

		Fair value			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
2019					
Assets					
Equity investments – mandatorily at FVTPL					
- Quoted equity securities	9	109	–	–	109
- Unquoted equity securities	9	–	–	914	914
		109	–	914	1,023
2018					
Assets					
Equity investments – mandatorily at FVTPL					
- Quoted equity securities	9	261	–	–	261
- Unquoted equity securities	9	–	–	958	958
		261	–	958	1,219

28. Financial risk management (cont'd)

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.

Equity investments – mandatorily at FVTPL (2018: Equity investments – mandatorily at FVTPL)

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

Debt investments – mandatorily at FVTPL (2018: Debt investments – mandatorily at FVTPL)

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

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	Mandatorily at FVTPL - Others $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Group					
2019					
Equity investments at FVTPL	9	1,023	–	–	1,023
Trade and other receivables*	12	–	66,819	–	66,819
Cash and cash equivalents	13	–	34,688	–	34,688
		1,023	101,507	–	102,530
Trade and other payables**	15	–	–	(41,672)	(41,672)
Financial liabilities	17	–	–	(71,305)	(71,305)
		–	–	(112,977)	(112,977)
2018					
Equity investments at FVTPL	9	1,219	–	–	1,219
Trade and other receivables*	12	–	61,258	–	61,258
Cash and cash equivalents	13	–	42,575	–	42,575
		1,219	103,833	–	105,052
Trade and other payables**	15	–	–	(48,381)	(48,381)
Financial liabilities	17	–	–	(67,193)	(67,193)
		–	–	(115,574)	(115,574)

28. Financial risk management (cont'd)

	Note	Mandatorily at FVTPL - Others $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Company					
2019					
Equity investments at FVTPL	9	914	–	–	914
Trade and other receivables*	12	–	23,836	–	23,836
Cash and cash equivalents	13	–	8,765	–	8,765
		914	32,601	–	33,515
Trade and other payables**	15	–	–	(32,435)	(32,435)
Financial liabilities	17	–	–	(13,539)	(13,539)
		–	–	(45,974)	(45,974)
2018					
Equity investments at FVTPL					
Trade and other receivables*	12	–	16,898	–	16,898
Cash and cash equivalents	13	–	11,269	–	11,269
		–	28,167	–	28,167
Trade and other payables**	15	–	–	(32,394)	(32,394)
Financial liabilities	17	–	–	(8,709)	(8,709)
		–	–	(41,103)	(41,103)

* Excludes prepayments

** Excludes employee benefits

29. Contingent liabilities

The Company has given an undertaking to provide continuing financial support to certain subsidiaries (2018: a subsidiary), to enable the subsidiaries to continue its operations for at least the next twelve months. At the reporting date, the subsidiary was in a net liabilities position of $8,846,000 (2018: $192,000).

30. Leases

Leases as lessee (SFRS(I) 16)

The Group leases offices, warehouses, factories, office equipment and motor vehicles. The leases typically run for a period of three to five years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouse and factory leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases motor vehicles under a number of leases, which were classified as finance leases under SFRS(I) 1-17.

30. Leases (cont'd)

Leases as lessee (SFRS(I) 16) (cont'd)

The Group leases premises, motor vehicles, factory equipment and office with contract terms of one year or less. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Land and buildings 2019 $'000	Plant and machinery 2019 $'000	Office equipment and computers 2019 $'000	Motor vehicles 2019 $'000	Total 2019 $'000
Group					
2019					
Initial adoption of SFRS(I) 16 as at 1 January 2019	14,024	18	51	–	14,093
Depreciation charge for the year	(1,869)	(30)	(18)	(11)	(1,928)
Additions to right-of-use assets	1,427	138	–	55	1,620
Derecognition of right-of-use assets*	(189)	–	–	–	(189)
Transfer from PPE	304	–	–	–	304
Translation difference	(129)	–	–	(1)	(130)
Balance at 31 December	13,568	126	33	43	13,770
Company					
2019					
Initial adoption of SFRS(I) 16 as at 1 January 2019	364	–	45	–	409
Depreciation charge for the year	(182)	–	(16)	–	(198)
Balance at 31 December	182	–	29	–	211

* Derecognition of the right-of-use assets during 2019 is as a result of early termination of certain leases.

Amounts recognised in profit or loss

	$'000
2019 - Lease under SFRS(I) 16	
Interest on lease liabilities	848
Expenses relating to short-term leases	938
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	5
2018 - Operating lease under SFRS(I) 1-17	
Lease expense	5,010

30. Leases (cont'd)

Amounts recognised in statement of cash flows

	2019 $'000
Total cash outflow for leases	(1,810)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as lessor

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 5 sets out information about the operating leases of investment property.

Rental income from investment property recognised by the Group during 2019 was $1,945,000 (2018: $2,369,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	$'000
2019 - Operating leases under SFRS(I) 16	
Less than one year	532
Between one year to five years	114
Total	646
2018 - Operating lease under SFRS(I) 1-17	
Less than one year	1,322
Between one year to five years	181
Total	1,503

31. Commitments

At the reporting date, the Group has the following commitments:

Capital commitments

	2019 $'000	2018 $'000
Group		
Contracted but not provided for	361	1,245

32. Subsequent events

(i) Lum Chang Tien Wah Property Sdn Bhd had on 1 January 2020 entered into a tenancy agreement with PJBOX Sdn Bhd for two (2) pieces of leasehold land, together with factories and offices erected thereon.

(ii) The outbreak of COVID-19 since early 2020 has brought about uncertainties in the global economic outlook, which will affect the Group's operating environment and will have an impact on its financial position subsequent to the financial year end. The Group is closely monitoring the development of the COVID-19 outbreak and its related potential impact on the Group's businesses. Due to the evolving situation, the effect of the outbreak is subject to uncertainty and hence, the Group is unable to quantify the magnitude and duration of such impact to the Group's results for the year ending 31 December 2020.

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
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 Oct 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, Section 14/28 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential premises	Leasehold 99 years expiring on 10 January 2063
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

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

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.

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.

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 2019 or entered into since 31 December 2018.

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	502	–
- Sales of jumbo reels	4,810	–
- Provision of contract manufacturing services to produce jumbo reels	1,226	–
- Sale of corrugated boxes	379	–
Lu Le Nhi		
- Consultancy fee paid	163	

Risk Management

The Group's risk management controls are outlined on pages 31 to 32 and pages 120 to 127 of this Annual Report.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Yen Wen Hwa, Tengku Tan Sri Dr Mahaleel Bin Tengku Ariff, Mr Wan Tai Foong and Mr Phua Tin How are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 24 June 2020 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	**MR YEN WEN HWA**	**TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF**	**MR WAN TAI FOONG**	**MR PHUA TIN HOW**
Date of Appointment	1 September 2016	1 March 2007	1 August 2019	27 February 2020
Date of last re-appointment	28 April 2017	27 April 2018	N.A.	N.A.
Age	71	73	51	69
Country of principal residence	Singapore	Malaysia	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the past contribution and suitability of Mr Yen Wen Hwa ("Mr Yen") for re-appointment as Director and Non-Executive Chairman of the Company. The Board has reviewed and concluded that Mr Yen possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the past contribution and suitability of Tengku Tan Sri Dr Mahaleel Bin Tengku Ariff ("Tengku Mahaleel") for re-appointment as Non-Executive and Independent Director of the Company. The Board has reviewed and concluded that Tengku Mahaleel possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the past contribution and suitability of Mr Wan Tai Foong ("Mr Wan") for re-appointment as Non-Executive and Independent Director of the Company. The Board has reviewed and concluded that Mr Wan possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the past contribution and suitability of Mr Phua Tin How ("Mr Phua") for re-appointment as Non-Executive and Independent Director of the Company. The Board has reviewed and concluded that Mr Phua possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive

Name of Director	**MR YEN WEN HWA**	**TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF**	**MR WAN TAI FOONG**	**MR PHUA TIN HOW**
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Director and Non-Executive Chairman	Non-Executive and Independent Director, a member of the Audit Committee and Remuneration Committee	Non-Executive and Independent Director, a member of the Audit Committee	Non-Executive and Independent Director, a member of the Remuneration Committee
Professional qualifications	High School	Bachelor of Arts (Honours), University of Malaya	Certified Public Accountant, Certified Public Accountant (Australia) Bachelor of Commerce, Murdoch University	Master in Business Administration Degree from INSEAD France Bachelor of Science (Hons) Degree from University of Singapore
Working experience and occupation(s) during the past 10 years	Mr Yen 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 is the founder of New Toyo Group and served as the Managing Director and Chairman of the Board of the Company until 30 September 2011. He also served as a Non-Independent 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.	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.	**2010 to Present** Qi Capital Pte. Ltd. - Chief Executive Officer **2009 to 2009** Rabobank Singapore Branch - Director **2004 to 2009** Kim Eng Corporate Finance Pte. Ltd. - Director, Co-head	Executive Director of TranSil Corporation Pte. Ltd.

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Name of Director	MR YEN WEN HWA	TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF	MR WAN TAI FOONG	MR PHUA TIN HOW
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest -139,959,164 ordinary shares Deemed Interest -87,910,517 ordinary shares	None	None	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Yen is the controlling shareholder with his 51.86% equity interest in the Company.	None	None	None
Conflict of interest (including any competing business)	Deemed interested by virtue of his shareholdings in Yen & Son Holdings Pte Ltd, a major shareholder of the Company.	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments including Directorships				
Past (for the last 5 years)	1. Asia Regal Enterprise Ltd 2. Benline Investment Holdings Pte. Ltd. 3. Grace Win International Limited 4. Full Chain Limited	1. Majlis Amanah Rakyat (MARA)	1. Accrelist Ltd. 2. Ace Frontier Investments Ltd.	Nil

Name of Director	MR YEN WEN HWA	TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF	MR WAN TAI FOONG	MR PHUA TIN HOW
Present	1. New Toyo International Holdings Ltd 2. Yen & Son Holdings Pte Ltd 3. Tien Wah Press Holdings Berhad 4. Toyoma Aluminium Foil Packaging Sdn Bhd 5. Wan Bao Sdn Bhd 6. Penthouse Club & Karaoke Sdn Bhd 7. Benline Enterprise Sdn Bhd 8. Lum Chang Tien Wah Property Sdn Bhd 9. New Ocean World Fine Food City Sdn Bhd 10. Tien Wah Properties Sdn Bhd 11. E Moto Sdn Bhd 12. New Ocean Beijing Duck Restaurant Sdn Bhd 13. New Toyo Adelaide Pty Ltd 14. Anzpac Services (Australia) Pty Limited 15. Vina Toyo Co., Ltd 16. New Toyo Pulppy (Vietnam) Co. Ltd 17, Greeting Tomt Limited 18. New Toyo Pulppy (Hong Kong) Ltd 19. Pulppy International (Hong Kong) Ltd 20. Pulppy Professional (Macau) Co Limited	1. New Toyo International Holdings Ltd 2. Toyoma Aluminium Foil Packaging Sdn Bhd 3. Standard Businesslink Sdn Bhd 4. Y M Enterprises (M) Sdn. Bhd. 5. E Moto Sdn Bhd 6. University Sains Malaysia 7. Usains Sdn Bhd	1. Qi Capital Pte. Ltd. 2. OneApex Limited (formerly known as Chew's Group Limited) 3. New Toyo International Holdings Ltd	1. YHI International Limited 2. ValueMax Group Limited 3. Beijing Yinjian Industry Co. Ltd 4. Hao Hua Holdings Pte. Ltd. 5. TranSil Corporation Pte. Ltd. 6. New Toyo International Holdings Ltd

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Name of Director	**MR YEN WEN HWA**	**TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF**	**MR WAN TAI FOONG**	**MR PHUA TIN HOW**
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No

Name of Director	MR YEN WEN HWA	TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF	MR WAN TAI FOONG	MR PHUA TIN HOW
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Name of Director	MR YEN WEN HWA	TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF	MR WAN TAI FOONG	MR PHUA TIN HOW
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	 No No	 No No	 No No	 No No

Name of Director	MR YEN WEN HWA	TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF	MR WAN TAI FOONG	MR PHUA TIN HOW
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
(vi) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Name of Director	**MR YEN WEN HWA**	**TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF**	**MR WAN TAI FOONG**	**MR PHUA TIN HOW**
Disclosure applicable to the appointment of Director only.				
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes He was a Managing Director and Chairman of the Company until 30 September 2011 and Non-Independent and Non-Executive Director of Shanghai Asia Holdings Ltd. from 10 February 2004 up to 1 May 2012.	Yes He is currently an Independent Director of New Toyo International Holdings Ltd.	Yes He was an Independent Director of Accrelist Ltd. from February 2015 to July 2017. He is also currently an Independent Director of OneApex Limited (formerly known as Chew's Group Limited).	Yes He is currently an Independent Director of YHI International Limited and ValueMax Group Limited.

STATISTICS OF SHAREHOLDINGS

As at 19 May 2020

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

Distribution of Shareholders by Size of Shareholdings as at 19 May 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	10	0.21	99	–
100 - 1,000	1,229	25.33	1,215,952	0.28
1,001 - 10,000	2,228	45.93	10,371,613	2.36
10,001 - 1,000,000	1,352	27.87	99,868,039	22.73
1,000,001 AND ABOVE	32	0.66	327,968,900	74.63
TOTAL	4,851	100.00	439,424,603	100.00

As at 19 May 2020, approximately 47.57% 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	33,000,000	7.51
4	LU LE NHI	29,092,577	6.62
5	CITIBANK NOMINEES SINGAPORE PTE LTD	27,916,200	6.35
6	DBS NOMINEES PTE LTD	10,522,529	2.39
7	WUTHELAM HOLDINGS LTD	7,000,000	1.59
8	CHUA KUAN LIM CHARLES	6,153,500	1.40
9	MAYBANK KIM ENG SECURITIES PTE. LTD	4,878,500	1.11
10	GOH LEH HONG	3,109,400	0.71
11	YEO KHEE CHYE	3,074,000	0.70
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,996,400	0.68
13	KUAN BON HENG	2,619,200	0.60
14	WEE HIAN KOK	2,614,100	0.59
15	NG KEE SENG	2,608,000	0.59
16	FUNG KOON YAU	2,321,280	0.53
17	PHILLIP SECURITIES PTE LTD	2,149,600	0.49
18	OCBC SECURITIES PRIVATE LTD	2,140,200	0.49
19	LEE WOON KIAT	2,070,036	0.47
20	CHUA ZI EN ALEXANDRA JANE (CAI ZI'EN)	1,997,200	0.45
	TOTAL	**312,039,826**	**71.00**

STATISTICS OF SHAREHOLDINGS

As at 19 May 2020

Substantial Shareholders as at 19 May 2020
(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 24TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of the Company will be held by way of electronic means on 24 June 2020 at 3.00 p.m. (Singapore Time) 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 2019 and the Reports of the Auditors thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 0.9 Singapore cents per ordinary share for the financial year ended 31 December 2019. **(Resolution 2)**

3. To approve the additional Directors' fees of S$30,000 for the financial year ended 31 December 2019. *(See Explanatory Note 1)* **(Resolution 3)**

4. To approve the Directors' fees of S$420,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears. **(Resolution 4)**

5. To re-elect Mr Yen Wen Hwa who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution. *(See Explanatory Note 2)* **(Resolution 5)**

6. 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 3)* **(Resolution 6)**

7. To re-elect Mr Wan Tai Foong who is retiring by rotation pursuant to Regulation 119 of the Company's Constitution. *(See Explanatory Note 4)* **(Resolution 7)**

8. To re-elect Mr Phua Tin How who is retiring by rotation pursuant to Regulation 119 of the Company's Constitution. *(See Explanatory Note 5)* **(Resolution 8)**

9. To note the retirement of Mr Lim Teck Leong David who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution and has decided not to seek re-election.

10. To appoint Ernst & Young LLP as Auditors of the Company in place of the retiring Auditors, KPMG LLP, and to authorise the Directors to fix their remuneration. *(See Explanatory Note 6)* **(Resolution 9)**

AS SPECIAL BUSINESS

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

11. Authority to issue shares and convertible securities **(Resolution 10)**

"(A) That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

at any time to such persons and upon such terms and for such purposes as the Directors of the Company may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while the authority was in force,

provided always that

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

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company at the time this resolution is passed, after adjusting for:

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

   (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed; and

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

(c) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; 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 6)*

12. 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 2 July 2020 after 5.00 p.m. to 3 July 2020 (both dates inclusive) for the purpose of determining Members' entitlements to the final dividend to be proposed at the 24th Annual General Meeting of the Company to be held on 24 June 2020.

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 2 July 2020 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 2 July 2020 will be entitled to such proposed dividend.

The proposed final dividend, if approved at the 24th Annual General Meeting, will be paid on 10 July 2020.

By Order of the Board

Lee Wei Hsiung
Company Secretary
9 June 2020

Explanatory Notes:

1. Shareholders had on 30 April 2019 approved the Directors' fees of S$330,000 for the financial year ended 31 December 2019. Ordinary Resolution 3 is to approve the additional Directors' fees of S$30,000 payable to Mr Wan Tai Foong who was appointed as Non-Executive and Independent Director of the Company on 1 August 2019.

2. Mr Yen Wen Hwa will, upon re-election as a Director of the Company, remain as Non-Executive Chairman of the Board.

3. 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.

4. Mr Wan Tai Foong will, upon re-election as a Director of the Company, remain as a member of the Audit Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

5. Mr Phua Tin How will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

6. KPMG LLP will not be seeking re-appointment as Auditors of the Company at the AGM. The Company will be seeking shareholders' approval on the proposed change of auditors of the Company from KPMG LLP to Ernst & Young LLP. Please refer to the Company's Letter to Shareholders dated 9 June 2020 for more details.

7. Ordinary Resolution 10, if passed, will authorise and empower the Directors from the date of this Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, or when revoked or varied by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum as set out in the resolution.

IMPORTANT NOTES:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this Notice will not be sent to members**. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at http://newtoyo.com/stockrelease.htm. This Notice will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 9 June 2020. This announcement may be accessed at the Company's website at http://newtoyo.com/stockrelease.htm, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at http://newtoyo.com/stockrelease.htm, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

4. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 12 June 2020.

6. The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.NEWTOYOproxy@sg.tricorglobal.com.

   in either case not less than 72 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8. The Annual Report 2019 and the Letter to Shareholders dated 9 June 2020 (in relation to the proposed change of auditors) may be accessed at the Company's website at http://newtoyo.com/stockrelease.htm, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

IMPORTANT REMINDER

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Annual General Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy 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 or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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

ANNUAL GENERAL MEETING

PROXY FORM

This proxy form has been made available on SGXNet and the Company's website at http://newtoyo.com/stockrelease.htm. A printed copy of this proxy form will NOT be despatched to members.

IMPORTANT:

1. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person**. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment for that resolution will be treated as invalid.
2. This Proxy Form is not valid for use by CPF/ SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/ SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 5.00 p.m. on 12 June 2020 to submit their votes.
3. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 June 2020.

*I/We (Name) ____________________

(*NRIC/Passport No.) ____________________ of (Address) ____________________

____

being a member/members of NEW TOYO INTERNATIONAL HOLDINGS LTD (the "**Company**"), hereby appoint the **Chairman of the Meeting** as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on 24 June 2020 at 3.00 p.m. (Singapore time) and at any adjournment thereof in the following manner:

No.	Ordinary Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the Reports of the Auditors thereon.			
2.	To approve a final dividend of 0.9 Singapore cents per share for the financial year ended 31 December 2019.			
3.	To approve the additional Directors' fees of S$30,000 for the financial year ended 31 December 2019.			
4.	To approve the Directors' fees of S$420,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears.			
5.	To re-elect Mr Yen Wen Hwa who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution.			
6.	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.			
7.	To re-elect Mr Wan Tai Foong who is retiring by rotation pursuant to Regulation 119 of the Company's Constitution.			
8.	To re-elect Mr Phua Tin How who is retiring by rotation pursuant to Regulation 119 of the Company's Constitution.			
9.	To appoint Ernst & Young LLP as Auditors of the Company in place of the retiring Auditors, KPMG LLP, and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
10.	To authorise Directors to issue shares and convertible securities.			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of ordinary shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this __________ day of ____________________ 2020

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

____
Signature of member(s) or
Common Seal of Corporate Member

Important: Please read notes overleaf.

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 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the shares held by you.

2. **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at http://newtoyo.com/stockrelease.htm, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

3. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 12 June 2020.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.NEWTOYOproxy@sg.tricorglobal.com,

   in either case not less than 72 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

NEW TOYO
International Holdings Ltd

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Singapore 228233