NEW TOYO
International Holdings Ltd

Exponential Advancement

Annual Report 2016

Exponential Advancement

40 progressive years. 14,600 purposeful days. 350,400 productive hours. As the years add up, we continuously rise above challenges and towards our goals with passion and persistence.

On our 40th anniversary, we at New Toyo International Holdings Ltd celebrate our foundation, journey, and future direction as a dynamic company that has evolved with the changing times.

The years saw us proactively creating opportunities for growth and we are well-positioned to take our place in the future through our strategic pursuits.

As we look forward to more years, we take forward steps with our partners and stakeholders through our expertise and unwavering commitment to bring about new levels of achievements. This is the key to our exponential advancement where limits are defied and the future is defined.

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, Australia and China to serve both multinational corporations and local customers. For over 30 years, we have built and continue to build a business which is focused on improving and perfecting the quality of our products and meeting our customers' needs. Today with numerous applications for packaging materials, we are constantly upgrading our capabilities to stay abreast of the latest changes and improving productivity to stay competitive.

Mission

To grow shareholder value through quality packaging solutions and services

Vision

To be the preferred supplier of consistently high quality packaging materials

Values

Teamwork/Excellence/
Innovation/Creativity/
Honesty + Integrity

Contents

Corporate Milestones

40th
anniversary

A milestone goes beyond lustre and distinction. It is a testament to a life well-lived, dreams pursued, and passion exemplified. It is a tale of ardently dedicating oneself to a purpose that results in a flourishing and rewarding journey. Our 40 years of existence and growth as one of the leading packaging experts in the industry is a product of our paramount commitment to service excellence and integrity. It is this tradition we uphold that makes us reign. It is our timeless legacy.

1975

Incorporated New Toyo Aluminium Paper Product Co (Pte) Ltd ("NTA") in Singapore.

1976

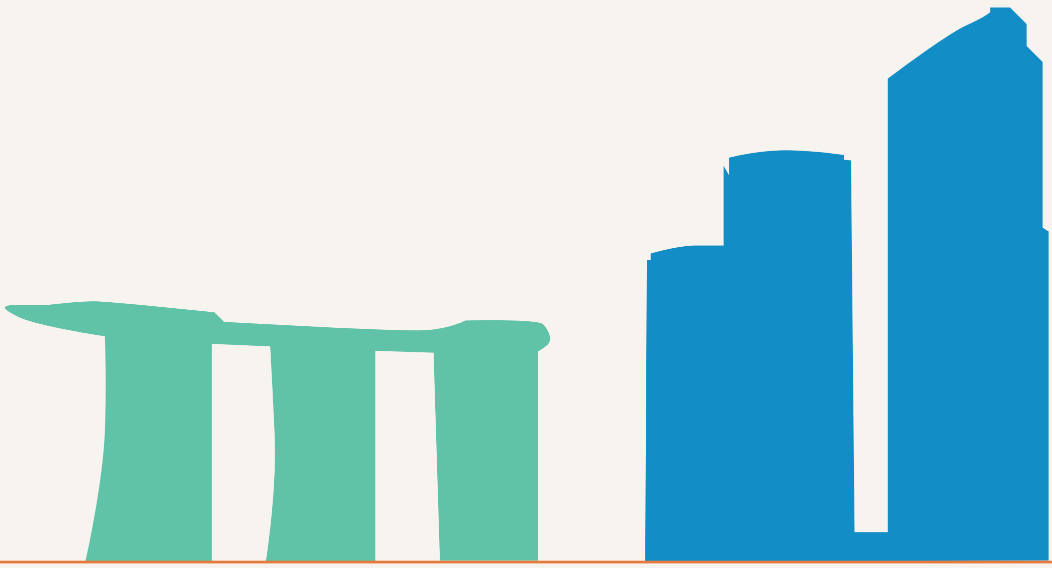
Production commenced in 1976 at NTA plant in Jurong, Singapore, using one laminator to laminate foil paper for the packaging of cigarettes and tea that were sold widely in Indonesia and local markets.

1992

Formed New Toyo International Co (Pte) Ltd, a centralised purchasing and export function, and to provide services to customers in the region.

1997

New Toyo International Holdings Ltd was listed on the Stock Exchange of Singapore on 4 April 1997.



Singapore

Vietnam

2003

Set up New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd and started operations in 2004.

2004

Entry into Malaysia market by acquiring 24.44% equity stake in Tien Wah Press Holdings Berhad which is listed on the Malaysian Bursa, and became a major shareholder in 2006.

2005

Set up printing plant, Alliance Print Technologies Co., Ltd in Vietnam.

Acquired 49% equity stake in Paper Base Converting Sdn Bhd in Malaysia and the remaining 51% in 2008.

2008

Acquired printing plant, Anzpac Services (Australia) Pty Ltd in Australia. The acquisition comes with a 7+ 3 years exclusive supply contracts with a major tobacco customer, namely for the Singapore, Malaysia and Australasia regions.

2015

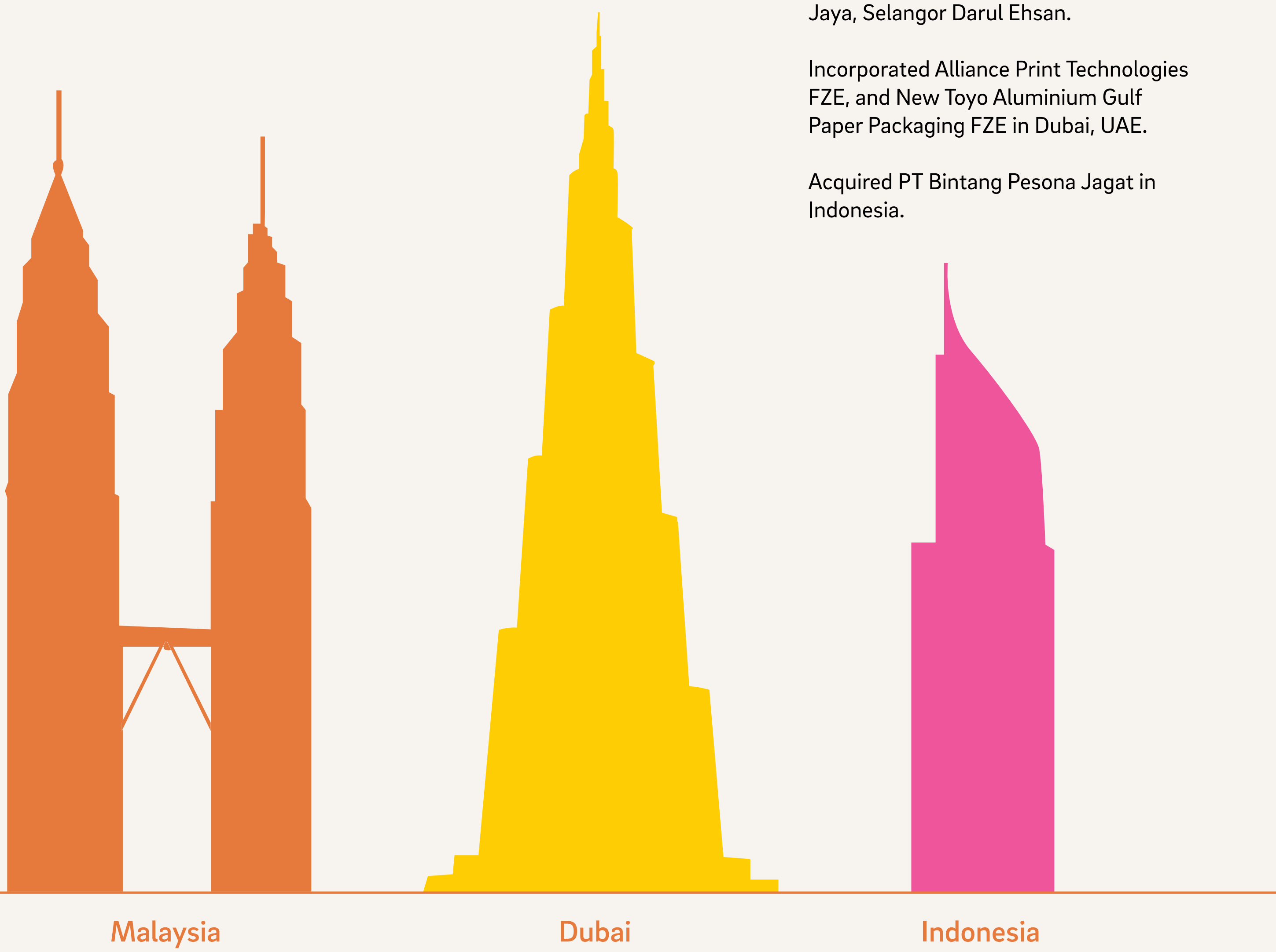
TWPH entered into a strategic joint venture agreement with Toyo (Viet) Paper Product Co., Ltd ("TVP") and Dong Nai Food Industrial Corporation, Vietnam ("DOFICO") vide sale of 50% of TVP to DOFICO to secure DOFICO print packaging volume.

2016

Formed a joint venture company, Lum Chang Tien Wah Property Sdn Bhd, for the proposed development of a mixed-use commercial development at No 9 & 11, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan.

Incorporated Alliance Print Technologies FZE, and New Toyo Aluminium Gulf Paper Packaging FZE in Dubai, UAE.

Acquired PT Bintang Pesona Jagat in Indonesia.



Chairman's Message

"

In the year, the Group also focused on seeking new growth and expansion avenues. To this end, we have been exploring the Middle East as another potential market and we expanded into Dubai with the establishment of new operations in Dubai, United Arab Emirates. This would contribute to our earnings over time and act as a spring board for us to enter Eastern Europe and other parts of Europe in the future.

"

Yen Wen Hwa
Non-Executive Chairman

Dear Shareholders

The year 2016 was indeed a watershed year, marked by risks yet abound with opportunities.

One of our key priorities of the year was to renew a major customer's contract. The contract renewal was of utmost importance to the Group as it would have a major impact on our operations. It was under such circumstances that the Board elected me to be the Non-Executive Chairman, so as to augment the Group's positioning and to provide strategic inputs in steering the management team to execute our plans and map out the Group's strategic directions going forward.

I am pleased to inform you that with our collective efforts and hard work, we were not only successfully awarded the contract extension, but we also expanded our footprint in another market, Indonesia, with the purchase of PT Bintang Pesona Jagat. With the new production facility, we are better positioned to serve our customers in ASEAN and strengthen our competitive edge.

In the year, the Group also focused on seeking new growth and expansion avenues. To this end, we have been exploring the Middle East as another potential market and we expanded into Dubai with the establishment of

Chairman's Message

new operations in Dubai, United Arab Emirates. This would contribute to our earnings over time and act as a spring board for us to enter Eastern Europe and other parts of Europe in the future. For the Specialty Paper Business, our market reach has extended outside of Asia to South America.

To ensure future sustainability of our business, we have utilised our land asset through the setting up of a joint venture to develop a property in Malaysia. By doing so, we are able to tap into growth in a different industry and benefit from another income generating stream. Whilst executing this strategic plan, we are mindful to keep our cash position strong, which has always been a priority for our Group and all our business ventures.

In the last 40 years, the Group has established a stable business and has put in place a strong foundation as we continue to grow. The Board is pleased to recommend a final dividend of 1.1 cents, which equates to a dividend yield of 5.9%*.

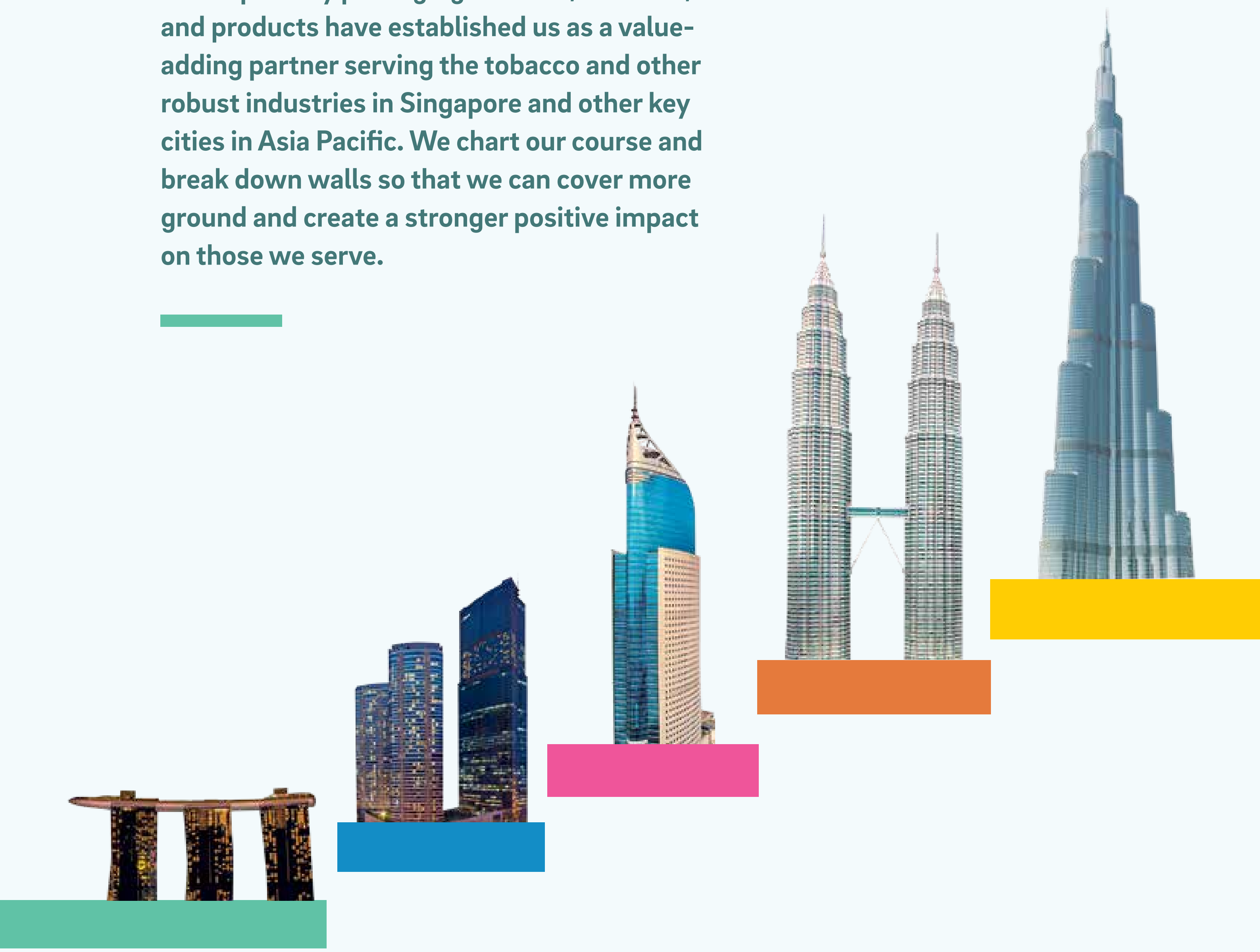
To end off, I wish to thank everyone who has supported us in good and bad times, and I look forward to your continued support.

Yen Wen Hwa
Non-Executive Chairman

* based on closing share price of $0.29 as at 31 December 2016

Transcending Boundaries

We continuously develop our capabilities to reach and serve a wider market. Our world-class specialty packaging services, facilities, and products have established us as a value-adding partner serving the tobacco and other robust industries in Singapore and other key cities in Asia Pacific. We chart our course and break down walls so that we can cover more ground and create a stronger positive impact on those we serve.



Group CEO's Business Review

"

In the last few years, we have been streamlining our operations and investing for long-term growth and we are now reaping the rewards of achieving steady performance.

"

	Revenue		Profit Before Tax
2016	$249.2m	2016	$27.9m
2015	$264.1m	2015	$23.3m

Angela Heng
Group Chief Executive Officer

Dear Shareholders

On behalf of the Board of Directors, it gives me great pleasure to present to you our Annual Report 2016 and the financial results for the year ended 31 December 2016 ("FY2016").

We again delivered commendable operational and financial growth in the face of a weakening macroeconomic environment and increasing headwinds from costs and manpower pressures.

Steady Results – Harvesting the Fruits of Strategic Seeds Sowed

In the last few years, we have been streamlining our operations and investing for long-term growth and we are now reaping the rewards of achieving steady performance.

Our Group recorded revenue of $249.2 million in FY2016 from $264.1 million for the year ended 31 December 2015 ("FY2015"), due to lower contribution from the Printed Cartons and Labels Business. Our gross margin declined marginally by 1.3% to 14.9% attributed to lower demand and lower pricing to a major customer from the Printed Cartons and Labels Business. Our profit before tax grew 19.7% to $27.9 million from $23.3 million in FY2015, largely due to a one-time $12.9 million gain on disposal of a subsidiary's leasehold land and building. Flowing from this, our net profit increased by 24.3% to $25.6 million from $20.6 million in FY2015. Earnings per share stood at 3.62 cents per share compared to 3.34 cents per share previously.

In the year, we continued to maintain a strong balance sheet with current assets and current liabilities of $193.2 million and $68.5 million respectively. Net asset value per share was up 2.08 cents to 40.69 cents.

Cash position wise, we generated positive operating cashflow of $19.8 million, attributed to higher profits. Our capex increased to $17.5 million mainly due to the setting up of our Dubai operations. After accounting for interim dividend payment of $2.6 million, we ended the year with a robust cash and cash equivalents position of $68.5 million.

Segmental Review

Specialty Papers ("SP") Business

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

SP Business contributed revenue of $91.9 million and profit before tax of $11.9 million, which accounted for 36.9% and 42.7% of Group's total revenue and profit before tax respectively. The 4.2% increase in revenue from $88.2 million in FY2015, was mainly attributed to higher contribution from the Singapore and Vietnam plants and new volume from Indonesia and Latin America markets. Profit before tax rose by 60.8% from $7.4 million, mainly due to higher margin product

Group CEO's Business Review

mix, lower material costs and efficient overheads management.

Printed Cartons and Labels ("PCL") Business

The PCL Business produces mainly gravure and offset printed materials for fast moving consumer goods such as cigarette cartons, cereal boxes and beer labels. The Group is the main supplier to a major tobacco customer in the Asia-Pacific region. The PCL Business has also successfully increased its customer base to other major tobacco customers in the region supported by plants located in Australia, Malaysia, Vietnam, Dubai and Indonesia.

PCL Business' FY2016 profit before tax increased 70.5% to $17.9 million compared to $10.5 million, mainly attributed to a one-time gain on disposal of leasehold land and building by a subsidiary. This segment contributed revenue of $107.2 million compared to $123.7 million in FY2015 primarily due to lower pricing of one of the supply agreements with a major customer. Contribution from the PCL Business accounted for 43.0% of the Group's total revenue and 64.2% of Group's profit before tax.

Trading Business

The Trading Business which involved the sale of raw materials, paper products and equipment, accounted for 18.0% of the Group's total revenue and 1.7% for profit before tax in FY2016. Revenue for this segment declined 3.7% to $44.8 million from $46.5 million in FY2015, due to softening of sales price of certain raw materials.

Strong Core – Fortifying & Optimising

The Group's goal has always been to add value to our customers' business and we relentlessly pursue quality excellence and service improvements in order to enhance our competitiveness. Our efforts bore fruit with yet another extension of our current Supply Agreement with a major tobacco customer in the Asia-Pacific region. Under the extended Supply Agreement, we supply their printed carton requirements in Singapore and Vietnam for an additional three years, starting from 1 November 2016 to 31 October 2019. Our Supply Agreement for Malaysia was also extended for one year from 1 November 2016 to 31 October 2017.

We also completed the joint venture we started in 2015 with Dong Nai Food Industrial Corporation, Vietnam ("DOFICO"), a conglomerate with a variety of businesses, including the manufacturing of industrial products and supplying of consumer goods. The joint venture company, Toyo (Viet) – DOFICO Print Packaging Company Limited, will enable us to secure DOFICO's print packaging volume in Vietnam.

We further strengthen our existing Vietnam operations, Alliance Print Technologies Co., Ltd, with the completion of the sale and transfer of the entire production volume of Gravure Printing from our Australian subsidiary, Anzpac Services (Australia) Pty Limited ("Anzpac"). We initiated this exercise in 2014 as part of the Group's on-going strategy of re-organisation of our production footprint to reduce costs and to improve our strategic positioning to better support our customers over the longer term. Following the rationalisation, Anzpac will continue to undertake cost-cutting programmes and focus on growing its remaining lithography printing business for non-tobacco customers.

Transcending Boundaries – Investing in Future Growth

In addition to fortifying our existing businesses and markets, we believe internationalisation is a key engine of sustainable growth for our Group going forward. International Enterprise (IE) Singapore, in their annual survey last year, reported that overseas market has become increasingly more important for local companies whose growth in overseas revenue outpaced total revenue growth[1] .

For New Toyo, we forayed overseas with operations in Malaysia in as early as 1979. We further expanded our operations in Hong Kong, Australia, China and Vietnam over the years. Today, overseas revenue accounts for 83.4% of our total revenue.

In FY2016, we continued to expand our geographical footprint. Our 55%-owned subsidiary, Tien Wah Press Holdings Berhad ("TWPH"), successfully carried out a rights issue exercise to fund our expansion into the Middle East region and Indonesia. Through TWPH, we incorporated a wholly-owned subsidiary, Alliance Print Technologies FZE ("APTF"), in Jebel Ali Free Zone, Dubai, United Arab Emirates. We are in the midst of setting up APTF operations which is expected to be operational by 3Q2017. APTF will undertake packing and packaging material manufacturing, with the aim to penetrate the Middle East market. In addition, we incorporated another company, New Toyo Aluminium Gulf Paper Packaging FZE, as part of our Specialty Papers Business' overseas expansion.

We also made headway into Indonesia with TWPH's acquisition of PT Bintang Pesona Jagat ("BPJ") from PT Bentoel International Investama Tbk, a listed company on Indonesian Stock Exchange. The acquisition of BPJ comes with a six-year exclusive Manufacturing and Supply of Packaging Materials Agreement which commenced from 1 January 2017 until 31 December 2022. The Group will benefit from a steady income stream and access to new markets as well as lower production costs.

In line with the Group's strategy to achieve sustainable growth and additional income stream, TWPH entered into a joint venture with Lum Chang Holdings Limited for the proposed development of a mixed-use commercial development in Petaling Jaya, Malaysia. Spanning approximately 13,040 square metres, the proposed development will enable the Group to maximise usage of the land and deliver greater value to shareholders. The joint venture development will contribute an additional income stream for the Group in the medium term.

[1] "Overseas markets increasingly important for local companies: IE Singapore survey"
http://www.channelnewsasia.com/news/business/overseas-markets-increasingly-important-for-local-companies-ie/3525012.html

Group CEO's Business Review

From Firm Foundation to Future-Ready

2017 is set to be another challenging year. The Monetary Authority of Singapore ("MAS") has forecasted that the Singapore economy will remain sluggish in the year amid weak trade outlook[2] . Other factors such as a global trade slump, geopolitical concerns and changing consumer attitudes could impact our customers which would have a cascading effect on our products and services.

Although we will continue to operate under challenging economic conditions, the Group is confident that having built a firm foundation over the last 40 years, we are fundamentally strong and will be able to seize strategic opportunities and navigate an increasingly unpredictable and volatile business environment.

To this end, we will "future-proof" our business by staying competitive and to evolve with the changing needs of the industry. We will continue to invest in new hardware and software, upgrading our equipment and push for greater automation. More importantly, we will intensify our focus on human capital development as this is key to the success of all our strategies. Only by future-proofing our people can we future-proof our organisation and we will continue our efforts in skills upgrading and training opportunities so that our staff skills and knowledge remain relevant for the future direction of the Group.

Appointments & Appreciation

In the year, the Board has appointed Mr. Yen Wen Hwa as the Group's Non-Executive Chairman. Mr. Yen, who has 40 years of experience in the paper conversion and packaging industry, is the founder of New Toyo and the Executive Chairman of TWPH. We are grateful to Mr. Yen for accepting the appointment in sharing with the Group strategic inputs, and for his guidance and counsel.
Mr. James Anthony Campbell will be retiring as Independent Director and will not be seeking re-election at the forthcoming Annual General Meeting. We like to extend our gratitude and appreciation to Mr. Campbell for his contributions and wish him well in his future endeavours. We also extend a warm welcome to Mr. Kuek Tee Meng, our Chief Financial Officer ("CFO"), who joined us this year as we thank Mr. Chris San Meng Chee, who stepped down as CFO, for his contributions.

In closing, I like to express my appreciation to our Board members, management team and staff for their commitment and dedication. I would also like to thank our customers and business associates for their support. To all our shareholders, thank you for your confidence and investment in our Group.

FY2016 marked the 40th anniversary of New Toyo and as we go forward, I am confident that we have the right combination of strategy, leadership and capabilities to take advantage of our expanding market opportunities while continuing to deliver strong long-term returns with your continued support.

Angela Heng
Group Chief Executive Officer

[2] Singapore economy to stay sluggish in 2017 amid weak trade outlook: MAS
http://www.straitstimes.com/business/economy/singapores-economic-growth-to-stay-sluggish-in-2017-amid-weak-trade-outlook-mas

Fortified Future

On all fronts, we consistently strengthen our capabilities so that we are always able to keep pace with developments in technology, trends, and markets as we gear up for the future. We move forward to the next phase of our growth with perception and precision as we build the framework of our future successes.

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

James Anthony Campbell
Non-Executive and Independent Director

Tengku Tan Sri Dr Mahaleel bin Tengku Ariff
Non-Executive Director

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. She was one of the key personnel involved in the listing of the Group on the Main Board of the Singapore Exchange Securities Trading Limited in 1997. She was appointed Deputy Chairman of the Group from 1997 to 1999 and was President for Asia-Pacific from 2002 to 2006. From 25 April 2014 to 31 August 2016, she served as Group Executive Chairman.

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

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 is also a Non-Executive Director of Tien Wah Press Holdings Berhad.

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

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

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 close to 20 years of working experience with multi-national organisations in the field of Human Resources in Singapore, Australia and Hong Kong in diverse industries such as fast moving consumer goods, financial services and healthcare. Ms. Tay holds a Bachelor of Commerce (Accounting) degree from the Flinders University of South Australia. She is a member of the Institute of Singapore Chartered Accountants, a member of CPA Australia and a member of Singapore Human Resources Institute.

JAMES ANTHONY CAMPBELL

Non-Executive and Independent Director

Mr. Campbell was appointed as a Non-Executive and Independent Director of the Company on 7 July 2014.

He was the Asia Pacific Regional Head of Procurement for British American Tobacco ("BAT") from 2001 to 2010 and a core member of BAT's Global Procurement Executive Committee since its inception in 1993. He joined BAT in 1976 in their Group Research and Development Centre, moving to Procurement in the late 80's. During his more than 30 years' career with BAT, he was instrumental in building BAT's Global Procurement capability in both Direct Materials and Indirect Goods and Services. His extensive procurement experience and business knowledge resulted in Supply Chain improvements through both total acquisition cost savings and reduction in cycle times for BAT.

TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF

Non-Executive Director

Tengku Mahaleel has a diverse career, having started his career in Nestle Malaysia Berhad, then joining Shell Malaysia for 20 years and then Proton Holdings Berhad as the Group Chief Executive Officer. He left Proton Board and retired from Nestle Board. Tengku Mahaleel was the Executive Chairman of Tien Wah Press Holdings Berhad ("TWPH") from 20 November 2006 to 31 August 2010. He was re-designated as Non-Executive Chairman on 1 September 2010, a position he assumed until he retired on 16 February 2015. He has over 40 years' experience in the food, paper, cigarette, oil, marine, aviation, car and motorcycle industries and has represented Malaysia in the Asia Pacific Economic Council and the Asean Business Advisory Council.

Tengku Mahaleel graduated from the University of Malaya in 1970 with a Bachelor of Arts (Honours) and has attended courses at Harvard, London School of Economics and the Manchester Business School on Strategy, Strategic Management and Marketing. He sits on the board of other public listed companies. He is also President of Badminton Association Malaysia and a Member of the Board of Governors of University Sains Malaysia.

Key Management

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

Mr. Lee first joined New Toyo Aluminium Paper Product Co. (Pte) Ltd, a subsidiary of New Toyo International Holdings Ltd, as the Operations Manager in March 2005 and was subsequently promoted to Business Head of Specialty Papers Division in October 2006. In October 2011, he was appointed as Acting CEO of the Group and subsequently became the Chief Executive Officer of the Company in July 2012. In November 2014, Mr. Lee was seconded to the Company's listed subsidiary in Malaysia, Tien Wah Press Holdings Berhad ("TWPH") as its Chief Executive Officer for 2 years and the secondment was extended for a further period of 2 years effective 1 September 2016. He also sits on the Board of TWPH as an Executive Director effective 1 September 2016.

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

LIONEL YAP CHEE CHEONG
Chief Executive Officer (Specialty Papers)

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

KUEK TEE MENG
Chief Financial Officer

Mr. Kuek joined the Group in February 2017 and is responsible for its corporate finance activities, investor relations and all aspects of the treasury, financial and accounting functions. Mr. Kuek has more than 20 years of experience in accounting, auditing, taxation, and financial management in diverse sectors including supply chain, fast moving consumer goods, manufacturing, agribusiness and financial consulting services. He has held senior financial positions, including Group Financial Controller of JEP Holdings Ltd and Deputy Chief Financial Officer of Wuhu Annto Logistics Co., Ltd, an associated company of an SGX-ST Mainboard listed company.

He holds a Master of Business Administration from the Southern New Hampshire University, Manchester, United States and is a Fellow of the Chartered Institute of Management Accountants in the United Kingdom. He is also a member of the Institute of Singapore Chartered Accountants and Malaysian Institute of Accountants.

Key Figures

Revenue
S$249.2 million

Operating Cashflow
S$19.8 million

Profit Before Tax
S$27.9 million

Total Assets
S$333.8 million

Net Asset Value Per Share
40.69 cents

Dividend Per Share
1.70 cents

Earnings Per Share
3.62 cents

Financial Highlights

Three-Year Financial Summary

	2016	2015	2014
Condensed Consolidated Profit & Loss Information (S$'000)			
Revenue	249,158	264,144	285,225
Earnings before interest, tax, depreciation and amortisation (EBITDA)	38,793	37,824	30,640
Profit before interest and tax	27,491	23,401	17,909
Profit from ordinary activities before taxation	27,909	23,289	17,589
Net profit for the year	25,612	20,616	13,533
Attributed to :			
Owners of the Company	15,899	14,673	10,539
Non-controlling interests	9,713	5,943	2,994
Condensed Consolidated Balance Sheet Information (S$'000)			
Total assets	333,798	275,948	273,207
Cash and cash equivalents	68,479	78,965	71,571
Total liabilities	100,033	64,394	72,836
Bank borrowings	49,404	27,523	32,596
Shareholders' equity	178,793	169,651	160,712
Cashflow Information (S$'000)			
Operating cashflow	19,818	27,482	31,990
Per Share Data (S$ cents)			
Earnings per share - basic	3.62	3.34	2.40
- fully diluted	3.62	3.34	2.40
Net asset value per share	40.69	38.61	36.57
Dividend per share	1.70	1.60	1.20
Share Information			
Number of shares in issue ('000)	439,425	439,425	439,425
Weighted average number of shares in issue ('000) - basic	439,425	439,425	439,425
- fully diluted	439,425	439,425	439,425

New Toyo's Business Divisions

SPECIALTY PAPERS

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

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

PRINTED CARTONS & LABELS

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

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

TRADING

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

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

OTHERS

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

- New Toyo International Holdings Ltd
- Alliance Innovative Solutions Pte Ltd
- Vina Toyo Company Ltd
- Tien Wah Press Holdings Berhad

Corporate Information

Board of Directors
YEN WEN HWA
Non-Executive Chairman

ANGELA HENG CHOR KIANG
Group Chief Executive Officer

DAVID LIM TECK LEONG
Non-Executive and Lead Independent Director

VICTORIA TAY SEOK KIAN
Non-Executive and Independent Director

JAMES ANTHONY CAMPBELL
Non-Executive and Independent Director

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

Audit Committee
DAVID LIM TECK LEONG, Chairman
VICTORIA TAY SEOK KIAN
JAMES ANTHONY CAMPBELL

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

Remuneration Committee
VICTORIA TAY SEOK KIAN, Chairman
DAVID LIM TECK LEONG
JAMES ANTHONY CAMPBELL

Company Secretary
LEE WEI HSIUNG, ACIS

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

Company Registration Number
199601387D

Registered Address
80 Robinson Road #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

Business Address
47 Scotts Road #05-03
Goldbell Towers
Singapore 228233
Tel: (65) 6238 2188
Fax: (65) 6238 1082

Auditors
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Ong Chai Yan
(Appointed w.e.f. 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
Kuek Tee Meng
Email: teemeng.kuek@newtoyo.com
Tel: (65) 6238 2173
Company website: www.newtoyo.com

Contents

Corporate Governance Statement

This Statement outlines the corporate governance practices of the Company in relation to the Code of Corporate Governance 2012 ("Code"). The Company adheres to the principles and guidelines of the Code subject to such disclosure and explanation of any deviation therefrom.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs
The Board of Directors of the Company ("Board") and its committees meet on a regular basis and as and when necessary to address any specific significant matters that may arise. The constitution of the Company provides for telephonic and video-conferencing meetings. The Board and its committees may also decide on matters by way of circular resolutions. Below is the attendance of the Directors at meetings of the Board and its committees in 2016:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	5	4	2	2

Directors	No. of meetings attended			
Yen Wen Hwa*	2	n.a.	n.a.	n.a.
Angela Heng Chor Kiang	5	n.a.	2	n.a.
David Lim Teck Leong	5	4	2	2
Victoria Tay Seok Kian	3	3	2	2
James Anthony Campbell	5	4	n.a.	2
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	4	n.a.	n.a.	n.a.

n.a. – not a member
** appointed to the Board on 1 September 2016*

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

The Group's policies and procedures set out matters that require the Board's decision or approval as well as guidelines and terms for management to comply in this respect. Matters requiring Board approval include annual budgets, investments, divestments, major contracts, financial reporting, borrowings and the appointments of Directors and the Chief Executive Officer.

The Company issues a formal letter to newly-appointed Directors, setting out their duties and obligations. In addition, the Company conducts orientation programs for new Directors so that they are familiar with their duties and its businesses and governance practices. Such programs include briefings by management and visits to principal subsidiaries. Furthermore, 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.

Corporate Governance Statement

Principle 2: Board Composition and Guidance
The Board comprises six Directors, three of whom are non-executive and independent. They are:

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

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

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

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

The Non-Executive Chairman's duties include leading the Board, setting its agenda and ensuring that adequate time is available for discussion of all agenda items, promoting a culture of openness and debate at the Board, ensuring that the Directors receive accurate, timely and clear information, ensuring effective communication with shareholders, encouraging constructive relations between the Board and management, facilitating the effective contribution of the Non-Executive Directors and promoting high standards of corporate governance.

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

Given that the Non-Executive Chairman is not an Independent Director, David Lim Teck Leong has been appointed the Lead Independent Director with effect from 7 July 2014. The function of a Lead Independent Director is to be available to shareholders of the Company where they have concerns and for which contact through the normal channels of the Non-Executive Chairman, the Group Chief Executive Officer or the Chief Financial Officer has failed to resolve or is inappropriate.

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

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

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

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

b. being responsible for the induction of new Directors;

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

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

e. reviewing the independence of Directors annually;

Corporate Governance Statement

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

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

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

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

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

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

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

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

The NC reviews the independence of the Directors annually. The NC and the Board consider David Lim Teck Leong, Victoria Tay Seok Kian and James Anthony Campbell to be Independent Directors.

Yen Wen Hwa, Angela Heng Chor Kiang and James Anthony Campbell are retiring as Directors at the forthcoming AGM pursuant to the constitution of the Company. The NC and the Board nominated Yen Wen Hwa and Angela Heng Chor Kiang for re-election as Directors at the forthcoming AGM. James Anthony Campbell has decided not to seek re-election as Director.

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

Director	Date of appointment	Date of last re-election
Yen Wen Hwa	1 September 2016	-
Angela Heng Chor Kiang	27 March 2014	25 April 2014
David Lim Teck Leong	27 March 2014	28 April 2016
Victoria Tay Seok Kian	31 July 2012	24 April 2015
James Anthony Campbell	7 July 2014	24 April 2015
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	1 March 2007	28 April 2016

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out on pages 14 and 15 of this Annual Report.

Information regarding the Directors' shareholdings in the Company and related corporations is set out on page 31 and 32 of this Annual Report.

Principle 5: Board Performance

The NC assesses the effectiveness of the Board and its committees as well as the contributions by the Directors annually. Evaluation forms are sent to the Directors for completion. The NC analyses the results of the evaluation as well as past years' trend and ascertains key areas for improvement. The findings are reported to the Board. The performance of a Director is taken into account when the NC decides whether to nominate him/her for re-election.

Corporate Governance Statement

Principle 6: Access to Information
The Board has separate and independent access to senior management and the company secretary and is informed of all material events and transactions as and when they occur. Directors are entitled to request from management and would be provided, in a timely manner, with such additional information as needed to make informed decisions. The company secretary coordinates, attends and prepares minutes of board meetings and advises on relevant rules and regulations as well as corporate governance practices.

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

REMUNERATION MATTERS

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

Victoria Tay Seok Kian	(Chairman of the RC – Non-Executive and Independent Director)
David Lim Teck Leong	(Non-Executive and Lead Independent Director)
James Anthony Campbell	(Non-Executive and Independent Director)

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

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

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

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

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

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

Principle 8: Level and Mix of Remuneration
Non-Executive Directors are paid directors' fees subject to the approval of the shareholders of the Company at the AGM.

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

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

Corporate Governance Statement

The remuneration of the Directors for 2016 is as follows:

	Fees	Base/Fixed Salary [(a)]	Variable or performance-related income/ bonuses [(a)]	Benefits in kind	Total
	%	%	%	%	%
Executive Director					
$250,000 to $500,000					
Angela Heng Chor Kiang	1%[(b)]	76%	18%	5%	100%
Non-Executive Directors					
Below $250,000					
Yen Wen Hwa	31%[(c)]	67%[(d)]	Nil	2%[(d)]	100%
David Lim Teck Leong	100%[(e)]	Nil	Nil	Nil	100%
James Anthony Campbell	100%	Nil	Nil	Nil	100%
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	100%	Nil	Nil	Nil	100%
Victoria Tay Seok Kian	100%	Nil	Nil	Nil	100%

(a) *Include contributions to the Central Provident Fund.*
(b) *Received from a subsidiary.*
(c) *Received from both the Company and a subsidiary.*
(d) *Received from Tien Wah Press Holdings Berhad ("TWPH"), a listed subsidiary of the Company.*
(e) *Received from both the Company and TWPH.*

The remuneration of the top five key executives (who are not Directors or the Chief Executive Officer) for 2016 is as follows:

Key Executives	Base/Fixed Salary[(a)]	Variable or performance-related income/ bonuses[(a)]	Benefits in kind	Total
	%	%	%	%
$750,000 to $1,000,000				
George Lee Chee Whye	49%	50%[(b)]	1%	100%
$250,000 to $500,000				
Lionel Yap Chee Cheong	69%	31%	Nil	100%
Chris San Meng Chee	92%	7%	1%	100%
Below $250,000				
Andrew Yeo Peng Khoon	82%	18%	Nil	100%
Ng Cheong Seng	95%	5%	Nil	100%

(a) *Include contributions to applicable provident funds.*
(b) *Received from both the Company and TWPH.*

Corporate Governance Statement

The total remuneration paid to the above five key executives for 2016 was S$1,765,000.

The remuneration of employees who are immediate family members of a Director or the Chief Executive Officer, and whose remuneration exceeded $50,000 in 2016 is as follows:

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

**Lu Le Nhi is the wife of the Non-Executive Chairman.*

(a) Include contributions to the Central Provident Fund.

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

Principle 10: Accountability and Audit
The Board recognises its responsibility to provide a balanced and understandable assessment of the Company's performance, position and prospects and this responsibility extends to interim and other price sensitive public reports. The Company announces its financial results for the first three quarters and the full financial year and other material information via SGXNET in accordance with the requirements of the SGX-ST. Management provides the Board with management accounts, operational review and such explanations and other information together with the financial results and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Principle 11: Risk Management and Internal Controls
The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology ("IT") controls, and risk management policies and systems. The board of the Group's separately listed subsidiary is responsible for the oversight of its group's internal controls and risk management systems and the Directors rely on the Company's nominees to the board of the listed subsidiary to provide oversight together with the other board members of the listed subsidiary on the adoption and implementation of appropriate corporate governance practices, internal controls and risk management systems.

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

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

Corporate Governance Statement

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

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

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

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

Based on the work performed by the internal auditors during the financial year, as well as the statutory audit by the external auditors, and the written assurance from management, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal controls systems in place as at 31 December 2016 are adequate and effective to address in all material respects the financial, operational, compliance and IT risks within the current scope of the Group's business operations.

Principle 12: Audit Committee
The Audit Committee ("AC") comprises three Non-Executive Directors, all of whom, including the Chairman of the AC, are independent. They are:

David Lim Teck Leong	(Chairman of the AC, Non-Executive and Lead Independent Director)
Victoria Tay Seok Kian	(Non-Executive and Independent Director)
James Anthony Campbell	(Non-Executive and Independent Director)

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

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

b. reviewing the 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 risk reports and 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;

Corporate Governance Statement

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

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

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

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

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

The activities carried out by the AC during the financial year included 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, reviewing the re-appointment of the external auditors and their fees and meeting with the auditors without the presence of management.

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

The fees payable to the external auditors are set out on page 102 of this Annual Report. The AC has reviewed the nature and extent of non-audit services provided by external auditors to the Group during the financial year and is satisfied that the nature and extent of such services are not likely to prejudice the independence of the external auditors and has recommended their re-appointment at the forthcoming AGM.

Principle 13: Internal Audit
The internal auditors' primary line of reporting is to the AC Chairman although the internal auditors would also report administratively to the Group Chief Executive Officer.

The AC approves the appointment, removal, evaluation and compensation of the head of the internal audit function or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel including access to the AC.

Further, the AC ensures that the internal audit function is adequately resourced and has the appropriate standing within the Company.

The AC reviews and approves the annual internal audit plans and the scope and results performed by the internal auditors to ensure the adequacy and effectiveness of the internal audit function.

For the Printed Cartons & Labels Business, the board of the listed subsidiary, Tien Wah Press Holdings Berhad, has established an internal audit function within the company, which is led by both the in-house internal audit department and a reputable business advisory firm (co-sourced internal audit with effect from 21 September 2015), who reports directly to the audit committee of the listed subsidiary.

Principle 14: Shareholder Rights
The Company is committed to fair and equitable treatment of all its shareholders including their rights to be notified of material information concerning the Company or its businesses.

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

Corporate Governance Statement

Principle 15: Communication with Shareholders
The Company discloses pertinent information to its shareholders through the SGXNET, annual reports and/or the press.

The Company seeks to understand the views of its shareholders by allowing them to share with senior management from time to time their views and concerns and where necessary, such inputs would be communicated to the Board. Further, at the general meetings of the Company, shareholders are given the opportunity to air their views and ask the Directors and management questions regarding the Group.

The Board has proposed a dividend for declaration by the shareholders at the forthcoming AGM. The form, frequency and amount of dividends proposed by the Board each year will depend upon the Group's cash flow position, results of operations, business prospects, projected capital requirements for business growth and other relevant factors as the Board may deem appropriate.

Principle 16: Conduct of Shareholder Meetings
The constitution of the Company allows shareholders to vote at general meetings in person or by proxy and equal effect is given to such votes. Separate resolutions are tabled at general meetings on each distinct issue.

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

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

All resolutions of the Company will be put to vote by poll and the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced.

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

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

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

Directors' Statement

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

In our opinion:

(a) the financial statements set out on pages 39 to 118 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

DIRECTORS

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

Yen Wen Hwa	(Appointed on 1 September 2016)
Angela Heng Chor Kiang	
David Lim Teck Leong	
James Anthony Campbell	
Victoria Tay Seok Kian	
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	

DIRECTORS' INTERESTS

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

Name of director and corporation in which interests are held	Holdings at beginning of the year/ Date of appointment	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

Directors' Statement

DIRECTORS' INTERESTS (continued)

Name of director and corporation in which interests are held	**Holdings at beginning of the year/ Date of appointment**	**Holdings at end of the year**
Yen Wen Hwa		
The Company		
- ordinary shares		
- interests held	139,959,164	139,959,164
- deemed interests	87,910,517	87,910,517

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the 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 2017.

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

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
- James Anthony Campbell — 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.

Directors' Statement

AUDIT COMMITTEE (continued)

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.

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

In appointing our auditors for the Company and subsidiaries, the Board of Directors have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

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

On behalf of the Board of Directors

Angela Heng Chor Kiang
Director

David Lim Teck Leong
Director

24 March 2017

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 2016, and the consolidated income statement and other comprehensive income, changes in equity and cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 39 to 118.

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

Basis for opinion

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

Key audit matters

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

Independent Auditors' Report

Impairment assessment of goodwill

Refer to Note 10 – Intangible Assets to the financial statements

The key audit matter	***How the matter was addressed in our audit***
The Group has $22.1 million of goodwill as at 31 December 2016. Majority of the goodwill is allocated to the printed cartons and labels ("PCL") cash-generating unit ("CGU"). The 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. The CGU's recoverable amount is determined based on estimates of forecast revenue, profit margins, long term growth rates and discount rates.	We evaluated management's determination of CGU with goodwill based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group. We evaluated the Group's budgeting procedures (upon which forecasts are based) by comparing historical forecasts against historical performance to determine reliability of management's budgeting process. We assessed the key assumptions by comparing them with historical performance, future business plans and external market reports. We independently derived applicable discount rates from available industry data and compared these with those used by management. We performed stress tests using plausible range of key assumptions and discount rates, and analysed the impact to the carrying amount. We considered the adequacy of the Group's disclosures in respect of impairment testing, and whether disclosures in relation to the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflect the risks inherent in the valuations.

Our findings

The Group has a basis to determine the CGU for goodwill allocation purpose.

The assumptions and estimates used by management to determine recoverable amounts of the CGU in question were balanced.

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

Independent Auditors' Report

Valuation of property, plant and equipment

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

The key audit matter	*How the matter was addressed in our audit*
The Group has $98.3 million of property, plant and equipment as at 31 December 2016. The PPEs are allocated to the different CGUs. Management assessed if there were any impairment indicators for the CGUs. Where there were impairment indicators, the PPE will be tested for impairment by estimating the recoverable amounts of the respective CGUs. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amounts of the CGUs. These CGUs' recoverable amounts are determined based on estimates of forecast revenue, profit margins, long-term growth rates and discount rates. Management performed impairment testing for the PPE, together with the goodwill's impairment testing described in Note 10 to the financial statements.	We evaluated management's determination of CGUs based on our knowledge of the business of the Group. We evaluated management's determination of whether there are impairment indicators for each of the CGUs. Where there were impairment indicators and impairment test required, we performed the following: - We evaluated the Group's budgeting procedures (upon which forecasts are based) by comparing historical forecasts against historical performance to determine reliability of management's budgeting process. - We assessed the key assumptions by comparing them with historical performance, future business plans and external market reports. - We independently derived applicable discount rates from available industry data and compared these with those used by management. - We performed stress tests using plausible range of key assumptions and discount rates, and analysed the impact to the carrying amount. - We considered the adequacy of the Group's disclosures in respect of impairment testing, and whether disclosures in relation to the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflect the risks inherent in the valuations.

Our findings

The Group has a basis to determine the CGU for PPE.

The assumptions and estimates used by management to determine recoverable amounts of the CGU in question were balanced.

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

Independent Auditors' Report

Other information

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

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

Independent Auditors' Report

- 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
24 March 2017

Statements of Financial Position

As at 31 December 2016

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	98,292	85,499	313	404
Investment properties	5	6,813	7,668	–	–
Subsidiaries	6	–	–	121,173	100,996
Associates and joint ventures	8	1,687	10,403	1,246	1,246
Other investments	9	2,099	2,148	685	626
Intangible assets and goodwill	10	28,245	5,001	–	–
Deferred tax assets	18	653	657	–	–
Trade and other receivables	12	2,794	3,183	–	–
		140,583	114,559	123,417	103,272
Current assets					
Inventories	11	47,005	42,974	–	–
Trade and other receivables	12	77,731	39,450	9,751	12,186
Cash and cash equivalents	13	68,479	78,965	22,972	35,496
		193,215	161,389	32,723	47,682
Total assets		333,798	275,948	156,140	150,954
Equity					
Share capital	14	132,102	132,102	132,102	132,102
Reserves	14	(11,276)	(11,194)	77	77
Retained earnings		57,967	48,743	(12,214)	(12,871)
Equity attributable to owners of the Company		178,793	169,651	119,965	119,308
Non-controlling interests	7	54,972	41,903	–	–
Total equity		233,765	211,554	119,965	119,308
Non-current liabilities					
Trade and other payables	15	452	517	–	–
Financial liabilities	17	28,147	3,855	19	64
Deferred tax liabilities	18	2,912	3,126	11	11
		31,511	7,498	30	75
Current liabilities					
Trade and other payables	15	46,050	31,759	33,466	31,396
Financial liabilities	17	21,257	23,668	2,649	43
Current tax liabilities		1,215	1,469	30	132
		68,522	56,896	36,145	31,571
Total liabilities		100,033	64,394	36,175	31,646
Total equity and liabilities		333,798	275,948	156,140	150,954

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

Consolidated Income Statement

Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Revenue	19	249,158	264,144
Cost of sales		(212,052)	(221,421)
Gross profit		37,106	42,723
Other income	20	19,590	7,892
Distribution expenses		(5,880)	(6,390)
Administrative expenses		(19,099)	(18,094)
Other operating expenses	21	(5,657)	(5,375)
Results from operating activities		26,060	20,756
Finance income		1,059	800
Finance costs		(641)	(912)
Net finance income/(costs)	22	418	(112)
Share of profit of equity-accounted investees (net of tax)		1,431	2,645
Profit before tax	23	27,909	23,289
Tax expense	24	(2,297)	(2,673)
Profit for the year		25,612	20,616
Profit attributable to:			
Owners of the Company		15,899	14,673
Non-controlling interests		9,713	5,943
Profit for the year		25,612	20,616
Earnings per share			
Basic earnings per share (cents)	25	3.62	3.34
Diluted earnings per share (cents)	25	3.62	3.34

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

Consolidated Statement of Comprehensive Income
Year ended 31 December 2016

	2016 $'000	2015 $'000
Profit for the year	25,612	20,616
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	(246)	(2,807)
Net change in fair value of available-for-sale financial assets	(98)	(174)
Effect of disposal of a subsidiary	–	495
Other comprehensive income for the year, net of tax	(344)	(2,486)
Total comprehensive income for the year	25,268	18,130
Total comprehensive income attributable to:		
Owners of the Company	15,645	14,211
Non-controlling interests	9,623	3,919
Total comprehensive income for the year	25,268	18,130

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

	Note	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
2015										
At 1 January 2015		132,102	564	77	(11,786)	413	39,342	160,712	39,659	200,371
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	14,673	14,673	5,943	20,616
Other comprehensive income										
Foreign currency translation differences		–	–	–	(368)	–	–	(368)	(2,439)	(2,807)
Net change in fair value of available-for-sale financial assets		–	–	–	–	(174)	–	(174)	–	(174)
Effect of disposal of a subsidiary		–	–	–	80	–	–	80	415	495
Total other comprehensive income		–	–	–	(288)	(174)	–	(462)	(2,024)	(2,486)
Total comprehensive income for the year		–	–	–	(288)	(174)	14,673	14,211	3,919	18,130
Transactions with owners, recognised directly in equity										
Distributions to owners										
Dividends										
- Tax-exempt (one-tier) final dividend of 0.60 cents per ordinary share for the financial year 2014	14	–	–	–	–	–	(2,636)	(2,636)	–	(2,636)
- Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the financial year 2015	14	–	–	–	–	–	(2,636)	(2,636)	–	(2,636)
Dividends paid to non-controlling interests	14	–	–	–	–	–	–	–	(1,675)	(1,675)
Total distributions to owners		–	–	–	–	–	(5,272)	(5,272)	(1,675)	(6,947)
At 31 December 2015		132,102	564	77	(12,074)	239	48,743	169,651	41,903	211,554

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

Consolidated Statement of Changes in Equity
Year ended 31 December 2016

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

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

Consolidated Statement of Cash Flows
Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit for the year		25,612	20,616
Adjustments for:			
Amortisation of other investments	9	6	6
Depreciation and amortisation		11,302	14,423
Dividend income from an associate	8	–	(134)
Impairment loss on club membership	9	1	–
Dividend income from quoted investments	20	(17)	(24)
Gain on disposal of a subsidiary	20	–	(437)
Gain on disposal of an associate	20	(312)	–
(Gain)/Loss on disposal of property, plant and equipment	20	(12,898)	40
Reversal of impairment losses on other investments	9	–	(33)
Net finance (income)/costs	22	(418)	112
Property, plant and equipment written off		151	3
Provision for termination benefits	16	179	968
Change in fair value of derivative financial instruments		–	(4)
Share of profit of equity-accounted investees, net of tax		(1,431)	(2,645)
Tax expense		2,297	2,673
		24,472	35,564
Changes in:			
- Inventories		344	1,059
- Trade and other receivables		(9,369)	(6,729)
- Trade and other payables		8,690	2,293
- Employee benefits		(935)	(1,820)
Cash generated from operations		23,202	30,367
Tax paid		(3,384)	(2,885)
Net cash from operating activities		19,818	27,482
Cash flows from investing activities			
Dividends received from an associate	8	1,875	134
Dividends received from quoted investments	20	17	24
Formation of equity-accounted investees	8	(1,673)	–
Interest received	22	1,059	800
Proceeds from disposal of property, plant and equipment		1,091	465
Proceeds from disposal of an associate	8	3,397	–
Net cash outflow from disposal of a subsidiary	6	–	(289)
Acquisition of investment properties	5	–	(171)
Acquisition of property, plant and equipment		(17,517)	(6,589)
Acquisition of a subsidiary, inclusive of acquisition-related costs	6	(33,814)	–
Net cash used in investing activities		(45,565)	(5,626)

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

Consolidated Statement of Cash Flows
Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Cash flows from financing activities			
Capital contribution from non-controlling shareholders pursuant to a rights issue of a subsidiary		7,239	–
Dividends paid to owners of the Company	14	(7,031)	(5,272)
Dividends paid to non-controlling interests	14	(4,115)	(1,675)
Interest paid	22	(641)	(912)
Payment of finance lease liabilities		(46)	(28)
Proceeds from bank borrowings and trust receipts		36,773	8,652
Repayments of bank borrowings and trust receipts		(16,343)	(15,077)
Net cash from/(used in) financing activities		15,836	(14,312)
Net (decrease)/increase in cash and cash equivalents		(9,911)	7,544
Cash and cash equivalents at 1 January		78,965	71,571
Effect of exchange rate fluctuations on cash held		(575)	(150)
Cash and cash equivalents at 31 December	13	68,479	78,965

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 24 March 2017.

1 DOMICILE AND ACTIVITIES

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

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

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

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

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

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

Notes to the Financial Statements

2 BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Measurement of fair values

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

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

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

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

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

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

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

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

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

2.5 Changes in accounting policies

The Group adopted new/revised standards and interpretations that came into effect from 1 January 2016. The initial application of those standards and interpretations does not have any material impact on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Business combinations

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Business combinations (continued)

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

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

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

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

Subsidiaries

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

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

Acquisition from entities under common control

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

Loss of control

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

Notes to the Financial Statements

3 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.1 **Basis of consolidation** (continued)

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

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

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

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

Acquisition of non-controlling interests

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

Transactions eliminated on consolidation

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

Subsidiaries and associates in the separate financial statements

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

3.2 **Foreign currency**

Foreign currency transactions

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency (continued)

Foreign currency transactions (continued)

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

Foreign operations

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

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

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

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

Recognition and measurement (continued)

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

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

Subsequent costs

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	25 to 40 years
Leasehold properties	Over lease terms ranging from 15 to 63 years
Leasehold improvements	5 to 6 years
Plant and machinery	3 to 20 years
Furniture and fittings	3 to 10 years
Office equipment and computers	2 to 10 years
Motor vehicles	5 to 10 years

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and represents the excess of:

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

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

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

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

Subsequent measurement

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

Contract value

Contract value is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss so as to reduce the cost of contract value to zero on a systematic basis over the supply periods of six to eleven years from the date that the contract value is available for use.

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

3.5 Investment property

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

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

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

Notes to the Financial Statements

3 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.5 Investment property (continued)

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 43 to 67 years. Rental income from investment properties is accounted for in the manner described in Note 3.15.

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

3.6 Club membership

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

3.7 Financial instruments

Non-derivative financial assets

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

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

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

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments).

Cash and cash equivalents comprise cash and bank balances, and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

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

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

Non-derivative financial liabilities

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

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

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

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

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

Derivative financial instruments

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

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

Notes to the Financial Statements

3 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.8 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets (continued)

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

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

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

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Intra-group financial guarantees in the separate financial statements

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

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

3.10 Share capital

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

3.11 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

3.12 Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

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

- the fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement contains a right to use the asset(s).

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Inventories

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

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

3.14 Employee benefits

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

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

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

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Employee benefits (continued)

Long-service leave

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

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Short-term employee benefits

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

3.15 Revenue

Sale of goods

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

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

Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Dividend income

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Finance income and finance costs

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

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

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

3.17 Provisions

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

3.18 Tax

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

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

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

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

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Tax (continued)

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

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

3.19 Earnings per share

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

3.20 Segment reporting

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

Segment results that are reported to the Group’s CEO and senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company’s headquarters), head office expenses, and tax assets and liabilities.

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

3.21 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group in future financial periods, the Group has set up project teams to assess the transition options and the potential impact on its financial statements, and to implement these standards. Management provides updates to the Board of Directors on the progress of implementing these standards. These updates cover project implementation status, key reporting and business risks and the implementation approach. The Group does not plan to adopt these standards early.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 New standards and interpretations not adopted (continued)

Applicable to 2018 financial statements

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 115 ***Revenue from Contracts with Customers***	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate,* INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment of the impact on the financial statements, the Group does not expect significant adjustments upon the adoption of FRS 115, except in relation to the revenue recognition over the manufacture of laminated aluminium paper products and paper packaging materials. The Group manufactures certain paper products and paper packaging materials for customers, and the contracts restrict the Group from directing the paper products and paper packaging materials to other customers. The Group currently recognises revenue from the sale of the paper products and paper packaging materials when the customers take delivery of the paper products and paper packaging materials at their warehouses or logistics centres. Under FRS 115, revenue is recognised over time if certain conditions are met, including when the asset created has no alternative use to the Group and the Group has the enforceable right to payment for performance completed to date. The Group is currently performing a detailed analysis of FRS 115 to determine if revenue from the contracts should be recognised over time rather than upon delivery, and to quantify the impact on the financial statements. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 New standards and interpretations not adopted (continued)

Applicable to 2018 financial statements (continued)

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 109 ***Financial Instruments***	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. The Group's initial assessment of the three elements of FRS 109 is as described below. **Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently held at fair value, the Group expects to continue measuring these assets at fair value under FRS 109. Available-for-sale ("AFS") equity securities are expected to be classified as financial assets subsequently measured at fair value through profit or loss. **Impairment** – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. The Group is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements. **Hedge accounting** – The Group does not apply hedge accounting in these financial statements. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 New standards and interpretations not adopted (continued)

Applicable to 2018 financial statements (continued)

New financial reporting framework

Summary of the requirements	**Potential impact on the financial statements**
Convergence with International Financial Reporting Standards ("IFRS")	
The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.	The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note. The Group expects to elect the exemption with regard to the treatment of cumulative translation differences that exist at the date of transition to IFRS. With the exemption, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS, and the gain or loss on a subsequent disposal of any foreign operations shall exclude translation differences that arose before the date of translation to IFRS. The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 New standards and interpretations not adopted (continued)

Applicable to 2019 financial statements

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to Note 30). Based on the preliminary assessment, the Group expects some operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. These operating lease commitments on an undiscounted basis amount to approximately 3.1% of the consolidated total assets and 10.4% of consolidated total liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease term runs down. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Freehold buildings	Leasehold properties	Leasehold improve-ments	Plant and machinery	Furniture and fittings	Office equipment and computers	Motor vehicles	Construction -in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Cost										
At 1 January 2015	10,225	7,150	21,650	2,827	136,532	3,881	3,703	1,570	1,673	189,211
Additions	–	–	190	2	4,737	96	109	572	1,013	6,719
Disposal of a subsidiary	–	–	(1,454)	–	(9,458)	–	(222)	(55)	–	(11,189)
Disposals/Write-off	–	–	(209)	–	(1,658)	(2)	(74)	(501)	–	(2,444)
Effect of movements in exchange rates	241	(284)	(1,030)	177	(1,080)	(195)	(171)	–	8	(2,334)
Reclassification from inventories	–	–	–	–	1,785	–	–	–	–	1,785
Transfer/ Reclassification	–	–	29	–	1,017	–	711	–	(1,757)	–
At 31 December 2015	10,466	6,866	19,176	3,006	131,875	3,780	4,056	1,586	937	181,748
Additions	–	31	9,951	95	5,922	71	199	88	1,160	17,517
Assets acquired through business combination	–	–	–	–	10,803	–	159	87	–	11,049
Disposals/Write-off	–	–	(7,832)	–	(297)	(3)	(193)	–	–	(8,325)
Effect of movements in exchange rates	184	68	735	68	740	1	2	6	188	1,992
Transfer/ Reclassification	–	34	782	–	230	2	36	–	(1,084)	–
At 31 December 2016	10,650	6,999	22,812	3,169	149,273	3,851	4,259	1,767	1,201	203,981

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land	Freehold buildings	Leasehold properties	Leasehold improve-ments	Plant and machinery	Furniture and fittings	Office equipment and computers	Motor vehicles	Construction -in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Accumulated depreciation and impairment losses										
At 1 January 2015	84	2,269	7,729	2,105	78,204	3,128	2,324	1,236	–	97,079
Depreciation	–	258	686	120	9,044	155	383	163	–	10,809
Disposal of a subsidiary	–	–	(1,437)	–	(5,694)	–	(56)	(42)	–	(7,229)
Disposals/Write-off	–	–	(158)	–	(1,297)	(2)	(64)	(415)	–	(1,936)
Effect of movements in exchange rates	6	(43)	(340)	131	(1,887)	(215)	(130)	4	–	(2,474)
At 31 December 2015	90	2,484	6,480	2,356	78,370	3,066	2,457	946	–	96,249
Depreciation	–	263	623	135	8,562	158	325	168	–	10,234
Disposals/Write-off	–	–	(1,121)	–	(274)	(1)	(51)	–	–	(1,447)
Effect of movements in exchange rates	2	34	31	54	535	(8)	(2)	7	–	653
At 31 December 2016	92	2,781	6,013	2,545	87,193	3,215	2,729	1,121	–	105,689
Carrying amounts										
At 1 January 2015	10,141	4,881	13,921	722	58,328	753	1,379	334	1,673	92,132
At 31 December 2015	10,376	4,382	12,696	650	53,505	714	1,599	640	937	85,499
At 31 December 2016	10,558	4,218	16,799	624	62,080	636	1,530	646	1,201	98,292

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Total $'000
Company					
Cost					
At 1 January 2015	90	22	55	367	534
Additions	–	–	1	457	458
Disposals/Write-off	–	–	(8)	(246)	(254)
At 31 December 2015	90	22	48	578	738
Additions	–	–	7	–	7
At 31 December 2016	90	22	55	578	745
Accumulated depreciation					
At 1 January 2015	90	22	31	367	510
Depreciation	–	–	14	61	75
Disposals/Write-off	–	–	(5)	(246)	(251)
At 31 December 2015	90	22	40	182	334
Depreciation	–	–	6	92	98
At 31 December 2016	90	22	46	274	432
Carrying amounts					
At 1 January 2015	–	–	24	–	24
At 31 December 2015	–	–	8	396	404
At 31 December 2016	–	–	9	304	313

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

	Group 2016 $'000	Group 2015 $'000
Office equipment	3	6
Motor vehicle	304	396
	307	402

The Company acquired a motor vehicle for $457,000 in 2015 under a finance lease, where $327,000 was settled in cash. At 31 December 2016, the net carrying amount of the motor vehicle was $304,000 (2015: $396,000).

Notes to the Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Change in estimates

In 2015, Tien Wah Press Holdings Berhad ("TWPH"), a 55%-owned subsidiary of the Group, had extended the useful life of its printing machines from an average of 7 years to 15 years, based on the assessment by the vendors of the respective machines. The effect of this change on actual and expected depreciation expense, included in "cost of sales", was as follows:

	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	Later $'000
Decrease in depreciation expense	(1,561)	(1,561)	(1,561)	(1,561)	(1,561)	(15,028)

Impairment test

In 2015 and 2016, the Group carried out impairment assessment of its property, plant and equipment, intangible assets and goodwill by comparing the carrying values and recoverable amounts. A summary of the key assumptions used in the discounted cash flow projections is detailed in Note 10.

5 INVESTMENT PROPERTIES

	Group	
	2016 $'000	2015 $'000
Cost		
At 1 January	19,202	19,408
Acquisitions	–	171
Effect of movements in exchange rates	(507)	(377)
At 31 December	18,695	19,202
Accumulated depreciation and impairment losses		
At 1 January	11,534	11,048
Depreciation	634	688
Effect of movements in exchange rates	(286)	(202)
At 31 December	11,882	11,534
Carrying amount	6,813	7,668

Investment properties comprise a number of commercial properties, residential apartments, factories, industrial and warehouse buildings that are mostly leased to third parties. Each of the leases contains an average non-cancellable period of 2 years, with certain annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average, renewal periods are 2 years. No contingent rents are charged.

The investment properties have an estimated market value of $32,458,000 at 31 December 2016, (2015: $29,498,000) based on independent valuations obtained from 2015 to 2016 by property valuers on an open market value basis.

Notes to the Financial Statements

5 INVESTMENT PROPERTIES (continued)

The valuations were performed by external, independent valuers who are certified real estate appraisers. The valuers used the direct comparison, capitalisation, discounted cash flow and replacement cost methods. The market value has been categorised as a Level 3 valuation method:

- The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.
- The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.
- The discounted cash flow method involves discounting the expected cash flows to be generated from the investment properties, at an appropriate discount rate.
- The replacement cost method is based on what it would cost to replace the improvements on property using similar construction materials and construction methods.

Gross rental income of $1,767,000 (2015: $1,856,000) was derived from the investment properties during the year.

6 SUBSIDIARIES

		Company	
	Note	2016	2015
		$'000	$'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 (interest-free)	(i)	54,345	33,673
Loans to subsidiaries (interest-bearing)	(ii)	–	495
Impairment losses		(6,075)	(6,075)
		48,270	28,093
		121,173	100,996

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

(ii) In 2015, these loans to subsidiaries were unsecured and bore fixed interest rates of 3.16% per annum.

Notes to the Financial Statements

6 **SUBSIDIARIES** (continued)

Incorporation, acquisition and disposal of subsidiaries

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

(i) Incorporation of subsidiary – Alliance Print Technologies FZE

On 8 March 2016, TWPH had incorporated a wholly-owned subsidiary, Alliance Print Technologies FZE ("APTF"), in Jebel Ali Free Zone, Dubai, the United Arab Emirates, with a share capital of approximately $381,000 representing the entire share capital of APTF. This incorporation is in line with the long-term strategic plans of the Group to gain footprint in the Middle East market.

At the reporting date, APTF had yet to commence operations.

(ii) Acquisition of subsidiary – Max View Holdings Limited

On 24 October 2016, Max Ease International Limited ("MEIL"), a 77%-owned subsidiary of the Company, acquired 100% of the issued share capital of Max View Holdings Limited ("MVHL"), in Hong Kong, at a total cash consideration of approximately $0.18.

The above acquisition resulted in MVHL becoming a 77%-owned subsidiary of the Company at the reporting date.

(iii) Incorporation of subsidiary – New Toyo Aluminium Gulf Paper Packaging FZE

On 22 November 2016, New Toyo Lamination (M) Pte Ltd ("NTLam"), a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary, New Toyo Aluminium Gulf Paper Packaging FZE ("NTG"), in Jebel Ali Free Zone, Dubai, the United Arab Emirates, with a share capital of $3,881,398 representing the entire share capital of NTG.

At the reporting date, NTG had yet to commence operations.

(iv) Acquisition of subsidiary – PT Bintang Pesona Jagat

On 3 November 2016, MEIL and MVHL had entered into a Conditional Sale and Purchase of Shares Agreement ("CSPA") with PT Bentoel Prima and PT Lestariputra Wirasejati (collectively referred to as "the Sellers") for the proposed acquisition of 100% of the issued and paid-up share capital of PT Bintang Pesona Jagat ("BPJ"). The Sellers and BPJ are subsidiaries of PT Bentoel International Investama Tbk, a company listed on Bursa Efek Indonesia, or the Indonesian Stock Exchange.

The acquisition was completed on 15 December 2016, resulting in BPJ becoming a 77%-owned subsidiary of the Company, held through MEIL and MVHL. This acquisition is in tandem with the expansion of the Group's operations into Indonesia.

Consideration transferred

The acquisition was completed with a total consideration of $33,477,000 settled in cash.

Notes to the Financial Statements

6 SUBSIDIARIES (continued)

(iv) Acquisition of subsidiary – PT Bintang Pesona Jagat (continued)

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of BPJ's assets acquired and liabilities assumed at the date of acquisition:

	Note	2016 $'000
Property, plant and equipment	4	11,049
Inventories		4,280
Trade and other receivables		2,308
Deferred tax liabilities	18	(421)
Trade and other payables		(5,379)
Total identifiable net assets		11,837

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	2016 $'000
Total consideration transferred		33,477
Fair value of identifiable net assets		(11,837)
Intangible assets	10	(3,183)
Goodwill	10	18,457

Goodwill recognised from the acquisition is mainly attributable to the growth expected of the acquired business. Information related to the Group's goodwill on consolidation is disclosed in Note 10.

Acquisition-related costs

TWPH incurred acquisition-related costs of $337,000 related to external legal fees and due diligence costs. These costs have been included in administrative expenses.

(v) Disposal of a subsidiary – Toyo (Viet) Paper Product Co., Ltd

In 2015, TWPH entered into a strategic joint venture agreement with Toyo (Viet) Paper Product Co., Ltd ("TVP") and Dong Nai Food Industrial Corporation Vietnam ("DOFICO") vide sale of 50% of TVP to DOFICO.

A gain on disposal of $437,000 was recognised in profit or loss and the retained interest in TVP had been reclassified to investment in joint venture as at 31 December 2015. $2,236,000 (2015: $2,021,000) of the consideration remains outstanding as at 31 December 2016.

The joint venture agreement was legally completed on 5 May 2016 with the issuance of the Enterprise Registration Certificate for two members Company Limited by the lawful State Authority of Vietnam on 5 May 2016, and dated 29 April 2016.

Notes to the Financial Statements

6 SUBSIDIARIES (continued)

(v) Disposal of a subsidiary - Toyo (Viet) Paper Product Co., Ltd (continued)

TVP had also changed its name to "Toyo (Viet)–Dofico Print Packaging Company Ltd" ("TVDP") to better reflect the joint venture. Details of the financial information of TVDP are provided in Note 8.

Effect of disposal on the financial position of the Group

The following summarises the financial effect of the disposal of TVP in 2015:

	Note	Group 2015 $'000
Property, plant and equipment		3,960
Deferred tax assets		6
Inventories		2,080
Trade and other receivables		2,064
Cash and cash equivalents		289
Trade and other payables		(5,244)
Net assets		3,155
Consideration receivable	12	2,021
Cash and cash equivalents disposed of		(289)
Net cash inflow		1,732
Net assets derecognised		(3,155)
Consideration receivable		2,021
Fair value of retained interest		2,066
Non-controlling interest		(415)
Foreign currency translation differences		(80)
Gain on disposal		437

Notes to the Financial Statements

6 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	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
	Held by subsidiaries				
∞	Tien Wah Holdings (1990) Sdn Bhd	Investment holding	Malaysia	100	100
+	Tien Wah Press Holdings Berhad	Investment holding	Malaysia	55[a]	54
+	Tien Wah Press (Malaya) Sdn Bhd	Manufacturing of printed cartons and labels	Malaysia	55[a]	54
+	Tien Wah Properties Sdn Bhd	Investment holding	Malaysia	55[a]	54

Notes to the Financial Statements

6 SUBSIDIARIES (continued)

	Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Held by subsidiaries				
+	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	–
∞	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
+	Vina Toyo Company Ltd	Manufacturing of specialty papers and corrugated containers	Vietnam	50**	50**
#	New Toyo Investments Pte Ltd	Investment holding	Singapore	55[a]	54
+	Alliance Print Technologies Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	55[a]	54
+	Alliance Print Technologies FZE	Manufacturing of printed cartons and labels	Dubai	55[a]	–
∞	Max Ease International Limited	Trading of printed cartons and labels	Hong Kong	77*	76*
∞	Max View Holdings Limited	Investment holding	Hong Kong	77*	–
+	Anzpac Services (Australia) Pty Ltd	Manufacturing of printed cartons and labels	Australia	77*	76*
∞	PT Bintang Pesona Jagat	Manufacturing of printed cartons and labels	Indonesia	77*	–
∞	Alliance Innovative Solutions Pte Ltd	Supplies of printing ink	Singapore	50**	50**

a Following TWPH's rights shares listed and quoted on Bursa Malaysia on 8 August 2016, the Company's effective interest in TWPH Group had increased from 54% to 55%.

* The Company and its 55%-owned subsidiary, TWPH, jointly hold Anzpac Services (Australia) Pty Ltd, Max View Holdings Limited and PT Bintang Pesona Jagat through MEIL, a company in which the proportionate interests of the Company and TWPH was 49% and 51% respectively. As a result of TWPH's rights issue, the Company's effective interest in these entities had increased from 76% to 77%.

** 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

& Incorporated on 22 November 2016 and results for the year ended 31 December 2016 are unaudited

Notes to the Financial Statements

6 SUBSIDIARIES (continued)

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Impairment

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.

In 2015 and 2016, management noted an indication of impairment with respect to the investments in New Toyo Aluminium Paper Product Co (Pte) Ltd ("NTAP") and New Toyo International Co (Pte) Ltd ("NTIT") as the Company's costs of investments were higher than the share of net assets of these subsidiaries.

Management carried out an impairment assessment on the recoverable amounts of NTAP and NTIT. 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 2017 financial budget approved by management.

Key assumptions used in the estimation of value in use were as follows:

	NTAP		NTIT	
	2016	**2015**	**2016**	**2015**
Revenue growth rate	2.00%	2.00%	0.00%	0.00%
Pre-tax discount rate	9.37%	9.24%	8.13%	9.18%
Terminal value growth rate	2.00%	2.00%	0.00%	0.00%

Revenue growth was projected taking into account the long-term average growth levels, estimated sales volume and price growth. It was assumed that sales prices would increase in line with forecasted inflation.

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

Terminal value growth rate has been determined based on the long-term compound annual growth rate estimated by management with reference to expected market developments.

Based on the assessment, management concluded that no further impairment loss is required. Should the assumptions not be met, impairment loss may be required in the future.

7 NON-CONTROLLING INTERESTS

	Group	
	2016	**2015**
	$'000	**$'000**
Non-controlling interests	54,972	41,903

Notes to the Financial Statements

7 NON-CONTROLLING INTERESTS (continued)

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 2016 %	Ownership interests held by NCI 2015 %
Max Ease International Limited	Hong Kong	Printed cartons and labels	23	24
Tien Wah Press Holdings Berhad	Malaysia	Printed cartons and labels	45	46

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

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

Notes to the Financial Statements

7 NON-CONTROLLING INTERESTS (continued)

	MEIL	TWPH*	Other individually immaterial subsidiaries	Intra-group elimination	Total
	$'000	$'000	$'000	$'000	$'000
2015					
Revenue	100,832	93,361	8,478		
Profit	1,236	16,638	955		
Other comprehensive income	(1,816)	(4,554)	152		
Total comprehensive income	(580)	12,084	1,107		
Attributable to NCI:					
- Profit	289	7,637	478	(2,461)	5,943
- Other comprehensive income	(425)	(2,090)	76	–	(2,439)
- Total comprehensive income	(136)	5,547	554	(2,461)	3,504
Non-current assets	28,511	81,590	1,538		
Current assets	35,561	37,178	5,119		
Non-current liabilities	(173)	(7,582)	(70)		
Current liabilities	(19,929)	(27,792)	(1,262)		
Net assets	43,970	83,394	5,325		
Net assets attributable to NCI	10,293	38,278	2,663	(9,331)	41,903
Cash flows from operating activities	12,229	11,453	2,003		
Cash flows from/(used in) investing activities	128	149	(182)		
Cash flows used in financing activities	(10,744)	(9,002)	(1,898)		
Net increase/(decrease) in cash and cash equivalents	1,613	2,600	(77)		
Dividends paid to NCI	–	1,224	451		

* *Excludes the interest in MEIL*

8 ASSOCIATES AND JOINT VENTURES

	Note	Group		Company	
		2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Interests in associates	(i)	–	8,372	1,866	1,866
Interests in joint ventures	(ii)	1,687	2,031	–	–
Impairment losses		–	–	(620)	(620)
At 31 December		1,687	10,403	1,246	1,246

Notes to the Financial Statements

8 ASSOCIATES AND JOINT VENTURES (continued)

(i) Associates

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

The preliminary consideration for offer was set at $8,321,000, which was based on TWPH's 30% share of Benkert's net tangible assets as at 31 December 2016. Proceeds from the disposal amounting to $3,397,000 was received on 28 December 2016, and the balance consideration of $4,924,000 remains outstanding at the reporting date.

A gain on disposal of $312,000 was recognised in profit or loss for the year as follows:

	2016 $'000
Total consideration	8,321
Carrying amount of investment	(8,009)
Gain on disposal	312

Details of the associates are as follows:

	Name of associates	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Held by the Company				
∞	Toyoma Aluminium Foil Packaging Sdn Bhd	Investment holding	Malaysia	30	30
	Held by subsidiaries				
∞	Benkert (Malaysia) Sdn Bhd	Manufacturing and sale of standard and perforated tipping papers	Malaysia	–^^	16^^

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

∞ Audited by other accounting firms

In 2015, although the Group held 16% of Benkert and consequentially had less than 20% of the voting rights, it was able to participate in the financial and operating decisions. The Group was considered to have significant influence over this entity due to the fact that it had board representation.

The Group's share of the capital commitments of an associate is $5,806,000 (2015: $4,637,000).

Notes to the Financial Statements

8 **ASSOCIATES AND JOINT VENTURES** (continued)

(i) **Associates** (continued)

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

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

Notes to the Financial Statements

8 **ASSOCIATES AND JOINT VENTURES** (continued)

(i) **Associates** (continued)

	Benkert $'000	Immaterial associate $'000	Intra-group elimination $'000	Total $'000
2015				
Revenue	38,355			
Profit	7,146			
Other comprehensive income	(3,846)			
Total comprehensive income	3,300			
Non-current assets	7,063			
Current assets	24,091			
Non-current liabilities	(608)			
Current liabilities	(1,614)			
Net assets	28,932			
Carrying amount of interest in investee at beginning of the year	7,626	–	(382)	7,244
Group's share of:				
- Profit	1,160			
- Other comprehensive income	(624)			
NCI's share of:				
- Profit	984			
- Other comprehensive income	(530)			
- Total comprehensive income	990	–	382	1,372
Group's share of dividend received	(134)	–	–	(134)
NCI's share of dividend received	(110)	–	–	(110)
Carrying amount of interest in investee at end of the year	8,372	–	–	8,372

(ii) **Joint ventures**

On 16 May 2016, Tien Wah Properties Sdn Bhd ("TWP"), a wholly-owned subsidiary of a 55%-owned subsidiary of the Group, had entered into a Shareholders' Agreement with Kemensah Holdings Pte Ltd ("KHPL"), a wholly owned subsidiary of Lum Chang Holdings Limited, to form and operate a joint venture company known as Lum Chang Tien Wah Property Sdn Bhd, 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).

In 2015, TWPH entered into a strategic joint venture agreement with TVP and DOFICO vide sale of 50% of TVP to DOFICO. In 2015, the retained interest in TVP had been reclassified to investment in joint venture and a gain on disposal of $437,000 was recognised in profit or loss.

TVP had also changed its name to "Toyo (Viet)–Dofico Print Packaging Company Ltd" to better reflect the joint venture.

Notes to the Financial Statements

8 **ASSOCIATES AND JOINT VENTURES** (continued)

(ii) **Joint ventures** (continued)

Details of the joint ventures are as follows:

	Name of joint ventures	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Held by subsidiaries				
^	Lum Chang Tien Wah Property Sdn Bhd ("LCTW")	Investment holding	Malaysia	27*	–
+	Toyo (Viet)–Dofico Print Packaging Company Ltd ("TVDP")	Manufacturing of printed cartons and labels	Vietnam	27*	27*

* Considered to be joint ventures based on the Group's interest in a 55%-owned subsidiary, which has 50% joint ownership interest in the above entities

\+ Auditor changed from other member firm of KPMG International to other accounting firm in 2016

^ Audited by other accounting firm

The following summarises the financial information of TVDP, based on its financial statements prepared in accordance with FRS. The table also includes summarised financial information for the Group's interest in an immaterial joint venture in 2016.

	TVDP $'000	Immaterial joint venture $'000	Intra-group elimination $'000	Total $'000
2016				
Revenue	5,448			
Loss	(175)			
Other comprehensive income	(70)			
Total comprehensive income	(245)			
Non-current assets	4,720			
Current assets	4,390			
Current liabilities	(5,082)			
Net assets	4,028			
Carrying amount of interest in investee at beginning of the year	2,125	–	(94)	2,031
Group's share of:				
- Loss	(96)			
- Other comprehensive income	(19)			
NCI's share of:				
- Loss	(79)			
- Other comprehensive income	(16)			
- Total comprehensive income	(210)	–	(134)	(344)
Cost of investment	–	1,673	–	1,673
Elimination of unrealised profit	–	(1,673)	–	(1,673)
Carrying amount of interest in investee at end of the year	1,915	–	(228)	1,687

Notes to the Financial Statements

8 **ASSOCIATES AND JOINT VENTURES** (continued)

(ii) **Joint ventures** (continued)

	TVDP	Intra-group elimination	Total
	$'000	$'000	$'000
2015			
Revenue	8,554		
Loss	(672)		
Other comprehensive income	–		
Total comprehensive income	(672)		
Non-current assets	5,039		
Current assets	4,502		
Current liabilities	(5,245)		
Net assets	4,296		
Carrying amount of interest in investee at beginning of the year	–	–	–
Total comprehensive income	–	(94)	(94)
Cost of investment	1,953	–	1,953
Elimination of unrealised profit	172	–	172
Carrying amount of interest in investee at end of the year	2,125	(94)	2,031

9 **OTHER INVESTMENTS**

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Available-for-sale financial assets:				
- Quoted equity securities, at fair value	317	406	–	–
- Unquoted equity securities, at cost	427	427	–	–
	744	833	–	–
Club memberships, at cost	1,408	1,362	685	626
	2,152	2,195	685	626
Accumulated amortisation and impairment losses				
At 1 January	47	83	–	–
Amortisation	6	6	–	–
Impairment/(Reversal) for the year	1	(33)	–	–
Effect of movements in exchange rates	(1)	(9)	–	–
At 31 December	53	47	–	–
Total other investments, at carrying amount	2,099	2,148	685	626

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

Notes to the Financial Statements

10 INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill on consolidation $'000	Contract value $'000	Total $'000
Group				
Cost				
At 1 January 2015		3,663	12,413	16,076
Effect of movements in exchange rates		–	974	974
At 31 December 2015		3,663	13,387	17,050
Acquisition through business combination	(i)	18,457	3,183	21,640
Additions	(ii)	–	2,026	2,026
Effect of movements in exchange rates		–	333	333
At 31 December 2016		22,120	18,929	41,049
Accumulated amortisation				
At 1 January 2015		–	8,380	8,380
Amortisation		–	2,926	2,926
Effect of movements in exchange rates		–	743	743
At 31 December 2015		–	12,049	12,049
Amortisation		–	434	434
Effect of movements in exchange rates		–	321	321
At 31 December 2016		–	12,804	12,804
Carrying amounts				
At 1 January 2015		3,663	4,033	7,696
At 31 December 2015		3,663	1,338	5,001
At 31 December 2016		22,120	6,125	28,245

(i) On 3 November 2016, MEIL and MVHL entered into a Conditional Sale and Purchase Agreement to acquire 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 would also be extended for one year.

The additions relate to the payment made for the contract extension in connection with the abovementioned Supply Agreements, for which the amount is payable within the next twelve months.

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

Notes to the Financial Statements

10 INTANGIBLE ASSETS AND GOODWILL (continued)

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

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

	2016 $'000	2015 $'000
Specialty papers	22	22
Printed cartons and labels	22,098	3,641
	22,120	3,663

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

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. The contract was initially for a period of eight years beginning from the financial year 2008, with a right to extend the supply period by an additional three years.

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 (2015: 5 years), based on the 2017 financial budget approved by management.
- Management has considered and determined the factors applied in the financial budget. The budgeted gross margin is based on past experience. Anticipated revenue growth rates of 23%, 7%, 4%, 6% and 3% in 2017, 2018, 2019, 2020, and 2021 respectively, and 0% thereafter were used in the cash flow projections (2015: 5%, 11% and 6% in 2016, 2017 and 2018 respectively, and 0% thereafter).
- The pre-tax discount rates of 10.5%, 9.0%, 17.5%, 11.5% and 16.5% for Australia, Hong Kong, Indonesia, Malaysia and Vietnam respectively (2015: pre-tax discount rates of 9.5%, 10.5%, 12.4% and 17.1% for Australia, Hong Kong, Malaysia and Vietnam respectively) 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 zero growth (2015: 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.

Notes to the Financial Statements

10 INTANGIBLE ASSETS AND GOODWILL (continued)

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	
	2016	2015
	$'000	$'000
Raw materials	34,471	30,121
Consumables	1,288	1,190
Work-in-progress	3,762	3,198
Finished goods	8,720	9,794
	48,241	44,303
Allowance for inventory obsolescence:		
At 1 January	1,329	1,447
Allowance/(Reversal)	88	(134)
Inventories written off	(185)	–
Effect of movements in exchange rates	4	16
At 31 December	1,236	1,329
Carrying amount of inventories	47,005	42,974

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

In 2016, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to $179,848,000 (2015: $189,253,000).

Notes to the Financial Statements

12 TRADE AND OTHER RECEIVABLES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current					
Consideration receivable	(i)	1,670	2,021	–	–
Amount due from joint venture					
- non-trade	(ii)	1,124	1,162	–	–
		2,794	3,183	–	–
Current					
Trade receivables		39,187	32,631	–	–
Impairment losses		(282)	(300)	–	–
		38,905	32,331	–	–
Deposits		7,747	655	–	–
Tax recoverable		421	64	–	–
Consideration receivables	(iii)	25,023	–	–	–
Dividend receivable		–	–	246	425
Other receivables		941	2,663	18	50
Amounts due from subsidiaries					
- trade		–	–	386	1,074
- non-trade	(iv)	–	–	311	113
Amounts due from associates					
- trade		306	321	–	–
- non-trade	(iv)	344	386	–	–
Amounts due from joint venture					
- trade		1,749	1,377	50	49
- non-trade	(iv)	527	458	130	127
Amounts due from other related corporations*					
- trade		56	87	–	–
- non-trade	(iv)	26	26	–	–
Loans to subsidiaries	(v)	–	–	8,574	10,326
		76,045	38,368	9,715	12,164
Prepayments		1,686	1,082	36	22
		77,731	39,450	9,751	12,186
		80,525	42,633	9,751	12,186

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

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

Notes to the Financial Statements

12 TRADE AND OTHER RECEIVABLES (continued)

(ii) The non-trade amount due from joint venture is interest-free and relates to the outstanding dividend due from TVDP, which was declared prior to the disposal of 50% of TVP, and payable by 2019.

(iii) Consideration receivables include the:

- outstanding proceeds on the disposal of leasehold land and building to the Group's joint venture entity, LCTW by TWP. An amount of $19,533,000 bearing a fixed interest rate of 4.5% per annum will be settled by the end of 2017.

- outstanding proceeds on the disposal of an associated company, Benkert. An amount of $4,924,000 will be settled within 7 days of the issuance of Benkert's audited report for the financial year ended 31 December 2016.

- deferred payment of $566,000 due from DOFICO as mentioned in (i) which is payable by 2017.

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

(v) The amount of $8,574,000 (2015: $9,767,000) is unsecured, repayable on demand, and bear fixed interest rates ranging from 2.00% to 3.16% per annum (2015: 2.00% to 3.16% per annum). In 2015, an amount of $559,000 included in the loans to subsidiaries was unsecured, interest-free and repayable on demand.

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

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date by geographical region was as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Singapore	15,978	13,758	262	622
Malaysia	34,940	7,771	1,538	2,544
Vietnam	10,408	10,531	960	2,233
Indonesia	3,253	–	–	–
Hong Kong	2,857	188	6,831	6,618
Korea	2,746	1,240	–	–
United Arab Emirates	2,672	2,039	–	–
Australia	2,245	2,189	63	42
Mexico	915	675	–	–
India	572	671	–	–
Papua New Guinea	245	444	–	–
China	111	209	61	105
Pakistan	–	305	–	–
New Zealand	–	46	–	–
Others	1,897	1,485	–	–
	78,839	41,551	9,715	12,164

Notes to the Financial Statements

12 TRADE AND OTHER RECEIVABLES (continued)

The top five customers of the Group account for 37% (2015: 52%) of the trade and other receivables (excluding prepayments) carrying amount at 31 December 2016.

Impairment

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

	2016		2015	
	Gross	Impairment losses	Gross	Impairment losses
	$'000	$'000	$'000	$'000
Group				
Not past due	72,467	–	36,746	–
Past due 0 – 30 days	5,188	–	3,464	–
Past due 31 – 180 days	1,184	–	1,134	–
More than 180 days	282	282	507	300
	79,121	282	41,851	300
Company				
Not past due	8,918	–	10,879	–
Past due 0 – 30 days	281	–	72	–
Past due 31 – 180 days	150	–	309	–
More than 180 days	366	–	904	–
	9,715	–	12,164	–

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and written off against the financial asset. At the reporting date, the Group and the Company do not have any collective impairment on their loans and receivables (2015: $Nil).

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

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

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
At 1 January		300	512	–	–
Reversal of impairment losses	23	(10)	(4)	–	–
Utilisation of allowances		–	(201)	–	–
Effect of movements in exchange rates		(8)	(7)	–	–
At 31 December		282	300	–	–

Notes to the Financial Statements

12 TRADE AND OTHER RECEIVABLES (continued)

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

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

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash and bank balances	49,537	48,525	14,499	14,297
Short-term deposits	18,942	30,440	8,473	21,199
Cash and cash equivalents in the statement of cash flows	68,479	78,965	22,972	35,496

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

14 SHARE CAPITAL AND RESERVES

	Company	
	No. of shares	
	2016	2015
	('000)	('000)
Fully paid ordinary shares, with no par value		
In issue at 1 January and 31 December	439,425	439,425

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

Capital management

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

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

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

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

Notes to the Financial Statements

14 SHARE CAPITAL AND RESERVES (continued)

Reserves

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	736	564	–	–
Fair value reserve	141	239	–	–
Translation reserve	(12,230)	(12,074)	–	–
Others	77	77	77	77
	(11,276)	(11,194)	77	77

Capital reserve

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

Fair value reserve

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

Translation reserve

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

Others

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

Notes to the Financial Statements

14 SHARE CAPITAL AND RESERVES (continued)

Dividends

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

For the year ended 31 December

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Paid by the Company to owners of the Company		
Tax-exempt (one-tier) final dividend of 1.00 cents per ordinary share for the year 2015 (2014: 0.60 cents)	4,395	2,636
Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the year 2016 (2015: 0.60 cents)	2,636	2,636
	7,031	5,272
Paid by a subsidiary to NCI	4,115	1,675

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	
	2016	**2015**
	$'000	**$'000**
Tax-exempt (one-tier) final dividend of 1.10 cents (2015: 1.00 cents) per ordinary share in respect of the year	4,834	4,394

Notes to the Financial Statements

15 TRADE AND OTHER PAYABLES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current					
Employee benefits	16	259	335	–	–
Other payables		193	182	–	–
		452	517	–	–
Current					
Trade payables		33,861	21,915	–	–
Loans from subsidiaries	(i)	–	–	27,562	27,529
Amounts due to subsidiaries					
- trade		–	–	150	247
- non-trade	(i)	–	–	5,003	3,038
Amounts due to associate					
- non-trade	(i)	–	2	–	2
Amounts due to joint venture					
- trade		812	1,002	–	–
- non-trade	(i)	4	–	–	–
Amounts due to other related corporations					
- trade		344	552	–	–
- non-trade	(i)	1	1	1	1
Accrued operating expenses		4,841	4,576	657	548
Amount payable for customer contract extension	10	2,026	–	–	–
Employee benefits	16	1,739	2,419	29	29
Other payables		2,422	1,292	64	2
		46,050	31,759	33,466	31,396
		46,502	32,276	33,466	31,396

(i) The loans from subsidiaries and non-trade amounts due to subsidiaries, associate, 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.

Notes to the Financial Statements

16 EMPLOYEE BENEFITS

		Group 2016 $'000	Group 2015 $'000
Defined benefit obligations	(i)	171	162
Liability for long-service leave	(ii)	938	1,476
Accrual for annual leave		889	1,116
		1,998	2,754
Analysed as:			
- Non-current		259	335
- Current		1,739	2,419
		1,998	2,754

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

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

	Note	Group 2016 $'000	Group 2015 $'000
At 1 January		162	411
Benefits paid		(7)	(251)
Expense recognised in profit or loss	23	20	42
Effect of movements in exchange rates		(4)	(40)
At 31 December		171	162

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group 2016 $'000	Group 2015 $'000
Discount rate at 31 December	5%	4%
Future salary growth	4%	4%

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

Notes to the Financial Statements

16 EMPLOYEE BENEFITS (continued)

(ii) Movement in liability for long-service leave

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

	Note	Group 2016 $'000	Group 2015 $'000
At 1 January		1,476	1,805
Reversal	23	(543)	(245)
Effect of movements in exchange rates		5	(84)
At 31 December		938	1,476

(iii) Movement in provision for termination benefits

During the year, a subsidiary incurred an additional $4,145,000 (2015: $2,331,000) for termination benefits following the Group's decision for business restructuring, and this amount was directly recognised in profit or loss.

	Group 2016 $'000	Group 2015 $'000
At 1 January	–	–
Provision	179	968
Utilisation of provision	(179)	(968)
Effect of movements in exchange rates	–	–
At 31 December	–	–

(iv) Employee benefits expenses recognised in profit or loss

	Group 2016 $'000	Group 2015 $'000
Defined benefit obligations	20	42
Reversal of liability for long-service leave	(543)	(245)
Provision for termination benefits	179	968
Reversal of accrual for annual leave	(226)	(188)
Termination benefits	3,966	1,363
	3,396	1,940

Notes to the Financial Statements

16 EMPLOYEE BENEFITS (continued)

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

	Group	
	2016	2015
	$'000	$'000
Cost of sales	(523)	(203)
Administrative expenses	(226)	(188)
Other operating expenses	4,145	2,331
	3,396	1,940

17 FINANCIAL LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current				
Non-current portion of long-term bank loans				
- secured	26,044	–	–	–
- unsecured	2,084	3,789	–	–
Finance lease liabilities	19	66	19	64
	28,147	3,855	19	64
Current				
Bank loans				
- secured	–	2,608	–	–
- unsecured	18,966	18,681	2,604	–
Current portion of long-term bank loans				
- unsecured	1,791	2,044	–	–
Trust receipts (unsecured)	453	289	–	–
Finance lease liabilities	47	46	45	43
	21,257	23,668	2,649	43
	49,404	27,523	2,668	107

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

	Group	
	2016	2015
	$'000	$'000
Inventories	–	2,868
Investment in subsidiary*	26,044	–
	26,044	2,868

* *Stated at cost*

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

The bank loans are repayable between 2017 to 2022 (2015: 2016 to 2019), details of which are provided in the following tables.

Notes to the Financial Statements

17 FINANCIAL LIABILITIES (continued)

Finance lease liabilities

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

	Principal 2016 $'000	Interest 2016 $'000	Future minimum lease payments 2016 $'000	Principal 2015 $'000	Interest 2015 $'000	Future minimum lease payments 2015 $'000
Group						
Within one year	47	2	49	46	4	50
Between one and five years	19	–	19	66	3	69
	66	2	68	112	7	119
Company						
Within one year	45	2	47	43	4	47
Between one and five years	19	–	19	64	2	66
	64	2	66	107	6	113

The Group and Company lease certain office equipment and motor vehicle 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:

	Note	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: 1 to 5 years $'000
Group					
2016					
Non-derivative financial liabilities					
Secured bank loans		26,044	(29,783)	(883)	(28,900)
Unsecured bank loans		22,841	(23,221)	(20,985)	(2,236)
Finance lease liabilities		66	(68)	(49)	(19)
Trade and other payables*	15	44,504	(44,504)	(44,504)	–
Trust receipts		453	(455)	(455)	–
		93,908	(98,031)	(66,876)	(31,155)
2015					
Non-derivative financial liabilities					
Secured bank loans		2,608	(2,658)	(2,658)	–
Unsecured bank loans		24,514	(24,876)	(20,958)	(3,918)
Finance lease liabilities		112	(119)	(50)	(69)
Trade and other payables*	15	29,522	(29,522)	(29,522)	–
Trust receipts		289	(290)	(290)	–
		57,045	(57,465)	(53,478)	(3,987)

* *Excludes employee benefits*

Notes to the Financial Statements

17 FINANCIAL LIABILITIES (continued)

Liquidity risk (continued)

Cash flows due within 1 year include secured and unsecured revolving credit facilities amounting to $19,569,000 (2015: $21,753,000).

	Note	Carrying amount	Cash flows: Contractual cash flows	Cash flows: Within 1 year	Cash flows: 1 to 5 years
		$'000	$'000	$'000	$'000
Company					
2016					
Non-derivative financial liabilities					
Unsecured bank loans		2,604	(2,619)	(2,619)	–
Finance lease liabilities		64	(66)	(47)	(19)
Trade and other payables*	15	33,437	(33,437)	(33,437)	–
Financial guarantees		–	(19,969)	(19,969)	–
		36,105	(56,091)	(56,072)	(19)
2015					
Non-derivative financial liabilities					
Finance lease liabilities		107	(113)	(47)	(66)
Trade and other payables*	15	31,367	(31,367)	(31,367)	–
Financial guarantees		–	(19,524)	(19,524)	–
		31,474	(51,004)	(50,938)	(66)

* *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 $15,626,000 (2015: $15,280,000) in respect of banking facilities extended to subsidiaries.

(ii) An unsecured guarantee of $4,343,000 (2015: $4,244,000) was issued to a supplier by the Company for credit terms granted to a subsidiary.

18 DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax liabilities

At 31 December 2016, deferred tax liabilities of $1,328,000 (2015: $1,775,000) for temporary differences of $12,080,000 (2015: $17,819,000) 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.

Notes to the Financial Statements

18 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Unrecognised deferred tax assets

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

	Group 2016 $'000	Group 2015 $'000
Deductible temporary differences	4,964	4,511
Tax losses	13,545	6,295
	18,509	10,806

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislations. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Recognised deferred tax assets and liabilities

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

	At 1/1/2015 $'000	Recognised in profit or loss (Note 24) $'000	Exchange differences $'000	At 31/12/2015 $'000	Recognised in profit or loss (Note 24) $'000	Acquired in business combination (Note 6) $'000	Exchange differences $'000	At 31/12/2016 $'000
Group								
Deferred tax assets								
Property, plant and equipment	583	(74)	95	604	(41)	–	6	569
Inventories	159	(72)	1	88	(4)	–	1	85
Trade and other payables	47	(3)	2	46	(12)	–	(13)	21
Others	(12)	–	5	(7)	61	–	11	65
	777	(149)	103	731	4	–	5	740
Deferred tax liabilities								
Property, plant and equipment	(3,690)	(47)	539	(3,198)	732	(421)	15	(2,872)
Others	7	(6)	(3)	(2)	(128)	–	3	(127)
	(3,683)	(53)	536	(3,200)	604	(421)	18	(2,999)
Company								
Deferred tax assets								
Trade and other payables	3	–	–	3	–	–	–	3
Deferred tax liabilities								
Property, plant and equipment	(14)	–	–	(14)	–	–	–	(14)

Notes to the Financial Statements

18 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Recognised deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	653	657	–	–
Deferred tax liabilities	2,912	3,126	11	11

19 REVENUE

	Group	
	2016	**2015**
	$'000	**$'000**
Sale of manufactured packaging products	204,309	217,658
Trading of packaging products	44,849	46,486
	249,158	264,144

20 OTHER INCOME

	Group	
	2016	**2015**
	$'000	**$'000**
Dividend income from quoted investments	17	24
Fee income	–	1,345
Gain on disposal of an associate	312	–
Gain on disposal of property, plant and equipment	12,898	–
Gain on disposal of a subsidiary	–	437
Insurance claim recovery	16	9
Net foreign exchange gain	674	1,609
Rental income	1,769	1,946
Scrap sales	1,448	1,936
Others	2,456	586
	19,590	7,892

Notes to the Financial Statements

21 OTHER OPERATING EXPENSES

	Note	Group 2016 $'000	Group 2015 $'000
Amortisation of intangible assets	10	434	2,926
Amortisation of other investments	9	6	6
Capital gain tax on disposal of a leasehold land and building		596	–
Employee benefits	16	4,145	2,331
Loss on disposal of property, plant and equipment		–	40
Property, plant and equipment written off		12	3
Rights issue expenses		364	–
Others		100	69
		5,657	5,375

22 FINANCE INCOME AND FINANCE COSTS

	Group 2016 $'000	Group 2015 $'000
Interest income from bank deposits	808	800
Interest income from a joint venture	251	–
Finance income	1,059	800
Interest paid and payable to banks	(641)	(912)
Finance costs	(641)	(912)
Net finance income/(costs) recognised in profit or loss	418	(112)

Notes to the Financial Statements

23 PROFIT BEFORE TAX

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

	Note	Group 2016 $'000	Group 2015 $'000
Audit fees paid to			
- auditors of the Company		245	225
- other auditors		253	177
Non-audit fees paid to			
- auditors of the Company		1	–
- other auditors		87	55
Allowance for/(Reversal of) inventory obsolescence	11	88	(134)
Depreciation of property, plant and equipment	4	10,234	10,809
Depreciation of investment properties	5	634	688
Directors' fees		313	280
Impairment/(Reversal of) impairment losses on other investments	9	1	(33)
Inventories written off		215	498
Operating expenses arising from rental of investment properties		369	564
Operating lease expenses		2,540	1,110
Reversal of impairment losses for receivables	12	(10)	(4)
Staff costs			
- salaries, bonuses and other costs		35,697	32,757
- contributions to defined contribution plans		2,674	2,386
- expenses related to defined benefit plan	16	20	42
- reversal of liability for long-service leave	16	(543)	(245)

Notes to the Financial Statements

24 TAX EXPENSE

	Group	
	2016	2015
	$'000	$'000
Tax recognised in profit or loss		
Current tax expense		
Current year	2,953	2,769
Over provision in prior years	(48)	(298)
	2,905	2,471
Deferred tax expense		
Origination and reversal of temporary differences	(561)	236
Recognition of tax effect of previously unrecognised tax losses	(47)	(34)
	(608)	202
Total tax expense	2,297	2,673

	Group	
	2016	2015
	$'000	$'000
Reconciliation of effective tax rate		
Profit before tax	27,909	23,289
Tax using the Singapore tax rate of 17% (2015: 17%)	4,745	3,959
Effect of tax rates in foreign jurisdictions	590	568
Non-deductible expenses	2,125	915
Tax exempt income	(7,218)	(3,565)
Reinvestment allowances and other tax incentives	(150)	(142)
Current year losses for which no deferred tax asset was recognised	2,300	1,270
Recognition of tax effect of previously unrecognised tax losses	(47)	(34)
Over provision in prior years	(48)	(298)
	2,297	2,673

Notes to the Financial Statements

25 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders of $15,899,000 (2015: $14,673,000), and a weighted-average number of ordinary shares outstanding of 439,425,000 (2015: 439,425,000), calculated as follows:

	Group	
	2016	2015
	$'000	$'000
Basic and diluted earnings per share is based on:		
Profit attributable to ordinary shareholders	15,899	14,673

	Group	
	2016	2015
	('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

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

Transactions with directors and other key management personnel

Key management personnel compensation

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

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

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

	Group	
	2016	2015
	$'000	$'000
Short-term employment benefits		
- directors	776	837
- key executives	3,898	3,680
Post-employment benefits (including contribution to Central Provident Fund)	201	184
	4,875	4,701

Notes to the Financial Statements

26 RELATED PARTIES (continued)

Key management personnel and director transactions

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

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

	Group	
	2016	**2015**
	$'000	**$'000**
Transactions with companies in which certain directors and substantial shareholders have significant influence		
- sale of finished goods	375	429
- purchase of finished goods	(20)	–
- sale of scrap	–	6
- service fees paid/payable	(1)	(94)
- rental received/receivable	77	67
Transactions with companies in which certain directors have significant influence		
- professional fees paid/payable	(14)	(6)
Transactions with companies in which certain directors of subsidiaries have significant influence		
- sale of finished goods	694	776
- purchase of raw materials	(900)	(904)
- purchase of plant and equipment	(306)	(550)
- transportation fees	(650)	(640)
Transaction with director and substantial shareholder of the Company		
- interest-free loan payable to director and substantial shareholder	442	154

Notes to the Financial Statements

26 RELATED PARTIES (continued)

Other related party transactions

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

	Group	
	2016	2015
	$'000	$'000
Transactions with joint ventures		
- sale of finished goods	2,471	–
- purchase of finished goods	(4,486)	–
- rental paid/payable	(219)	–
- management fee received/receivables	25	–
- interest received/receivables	215	–
- transportation fees	(4)	–

27 OPERATING SEGMENTS

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

The following summary describes the operations of each of the Group's reportable segments:

Specialty papers	:	The manufacture and sale of laminated aluminium paper products and other packaging products.
Printed cartons and labels	:	The printing and sale of paper packaging materials.
Trading	:	The sale of raw materials, paper products, and equipment.
Investment holding	:	Investing activities, including investment in associates and investment properties.

Other segments include the corrugated containers 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.

Notes to the Financial Statements

27 OPERATING SEGMENTS (continued)

Information about reportable segments

	Specialty papers		Printed cartons and labels		Trading		Investment holding		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	91,879	88,159	107,210	123,726	44,849	46,486	–	–	243,938	258,371
Inter-segment revenue	1,790	1,586	60,740	70,466	–	3,650	–	–	62,530	75,702
Interest income	147	193	673	347	–	–	414	465	1,234	1,005
Interest expense	(102)	(185)	(747)	(934)	(2)	(6)	(12)	(3)	(863)	(1,128)
Reportable segment profit before tax	11,853	7,386	17,850	10,505	472	652	164	433	30,339	18,976
Segment results	11,853	7,386	17,850	10,505	472	652	164	433	30,339	18,976
Share of profit of equity-accounted investees	–	–	–	–	–	–	1,431	2,645	1,431	2,645
Other material non-cash items:										
- Amortisation	6	6	434	2,926	–	–	–	–	440	2,932
- Depreciation	1,489	1,531	8,635	9,191	2	5	644	695	10,770	11,422
Capital expenditure	5,773	1,124	11,666	5,138	–	–	71	–	17,510	6,262
Investments in equity-accounted investees	–	–	–	–	–	–	1,687	10,403	1,687	10,403
Reportable segment assets	63,365	53,860	215,321	151,917	13,783	12,122	10,083	7,070	302,552	224,969
Reportable segment liabilities	14,949	13,045	66,562	36,712	10,185	8,298	178	157	91,874	58,212

Notes to the Financial Statements

27 OPERATING SEGMENTS (continued)

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

	2016 $'000	2015 $'000
Revenues		
Total revenue for reportable segments	306,468	334,073
Revenue for other segments	5,220	5,773
Elimination of inter-segment revenue	(62,530)	(75,702)
Consolidated revenue	249,158	264,144
Profit or loss		
Total profit or loss for reportable segments	30,339	18,976
Profit or loss for other segments	(144)	941
	30,195	19,917
Elimination of inter-segment profits	(337)	2,165
Share of profit of equity-accounted investees	1,431	2,645
Unallocated amounts:		
- other corporate expenses	(3,380)	(1,438)
Consolidated profit before tax	27,909	23,289
Assets		
Total assets for reportable segments	302,552	224,969
Assets for other segments	4,035	4,867
Investments in equity-accounted investees	1,687	10,403
Unallocated amounts:		
- other corporate assets	24,450	34,988
- income tax assets	1,074	721
Consolidated total assets	333,798	275,948
Liabilities		
Total liabilities for reportable segments	91,874	58,212
Liabilities for other segments	613	898
Unallocated amounts:		
- other corporate liabilities	3,419	689
- income tax liabilities	4,127	4,595
Consolidated total liabilities	100,033	64,394
Depreciation		
Total depreciation for reportable segments	10,770	11,422
Others	98	75
Consolidated depreciation	10,868	11,497
Capital expenditure		
Total capital expenditure for reportable segments	17,510	6,262
Others	7	457
Consolidated capital expenditure	17,517	6,719

Notes to the Financial Statements

27 OPERATING SEGMENTS (continued)

	2016			2015		
	Reportable Segments Total	Adjustments	Consolidated Total	Reportable Segments Total	Adjustments	Consolidated Total
	$'000	$'000	$'000	$'000	$'000	$'000
Interest income and expense						
Interest income	1,234	(175)	1,059	1,005	(205)	800
Interest expense	(863)	222	(641)	(1,128)	216	(912)
Consolidated net interest expense	371	47	418	(123)	11	(112)

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

	2016		2015	
	External revenues	Non-current assets*	External revenues	Non-current assets*
	$'000	$'000	$'000	$'000
Hong Kong	100,221	25,167	116,542	1,499
Vietnam	46,885	32,661	45,734	44,262
Singapore	41,445	9,205	35,908	4,430
Malaysia	40,372	25,654	41,457	31,841
Australia	20,192	21,060	24,336	27,720
China	43	3,498	167	4,150
Dubai	–	12,238	–	–
Indonesia	–	10,447	–	–
Total	249,158	139,930	264,144	113,902

* *Excludes deferred tax assets*

Major customer

Revenue of approximately $114.3 million (2015: $126.7 million) is derived from a single external customer, attributable to the specialty papers and printed cartons and labels segments.

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT

Overview

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

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

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

Risk management framework

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

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

Credit risk

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

Concentrations of credit risk exist when economic or industry factors similarly affect groups of counterparties and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. Details of credit risk by different factors, including geographical region, can be found in Note 12.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit facilities. Each new customer is analysed individually for creditworthiness before the Group's standard payment, delivery terms and conditions are offered. Purchase limits are established for each customer. These limits are reviewed regularly. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. Specific allowance and write-offs of trade and other receivables are made as and when it is considered necessary.

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

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

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

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Intra-group financial guarantees

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

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

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities. Details of liquidity risk are disclosed in Note 17.

Working capital management

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

Currency risk

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

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

At the reporting date, the Group and Company do not have any outstanding forward exchange contracts (2015: Nil).

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

	SGD $'000	USD $'000	VND $'000	AUD $'000	MYR $'000
Group					
2016					
Trade and other receivables	444	7,584	669	155	1,625
Cash and cash equivalents	3,593	12,757	88	125	1,506
Financial liabilities	–	(3,397)	–	–	–
Trade and other payables	(326)	(1,479)	(2,524)	(20)	(499)
Net exposure	3,711	15,465	(1,767)	260	2,632
2015					
Trade and other receivables	506	1,278	1,914	970	1,724
Cash and cash equivalents	581	17,599	64	1,724	1,470
Trade and other payables	(284)	(961)	(1,330)	(8)	(372)
Net exposure	803	17,916	648	2,686	2,822

	USD $'000
Company	
2016	
Loans to subsidiaries	13,771
Trade and other receivables	694
Cash and cash equivalents	8,790
Financial liabilities	(2,604)
Trade and other payables	(5,836)
Net exposure	14,815
2015	
Loans to subsidiaries	12,036
Trade and other receivables	684
Cash and cash equivalents	11,666
Trade and other payables	(3,833)
Net exposure	20,553

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

Sensitivity analysis

A 2% strengthening of SGD against the USD, VND, AUD and MYR at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2015.

	Group Profit or loss		Company Profit or loss	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
SGD	(74)	(16)	–	–
USD	(309)	(358)	(296)	(411)
VND	35	(13)	–	–
AUD	(5)	(54)	–	–
MYR	(53)	(56)	–	–

A 2% weakening of SGD against the 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.

Effective interest rates and repricing/maturity analysis

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

			Fixed interest rate maturing		
	Average interest rate	Floating interest	Within 1 year	1 to 5 years	Total
	%	$'000	$'000	$'000	$'000
Group					
2016					
Assets					
Cash at bank	0.1 – 1.9	13,878	–	–	13,878
Short-term deposits	0.1 – 3.3	–	18,942	–	18,942
		13,878	18,942	–	32,820
Liabilities					
Bank loans	2.6 – 4.5	48,885	–	–	48,885
Trust receipts	3.0	453	–	–	453
Finance lease liabilities	2.3 – 9.0	–	47	19	66
		49,338	47	19	49,404

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Effective interest rates and repricing/maturity analysis (continued)

	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					
2015					
Assets					
Cash at bank	0.3 – 2.2	6,379	2,074	–	8,453
Short-term deposits	0.1 – 3.4	–	30,440	–	30,440
		6,379	32,514	–	38,893
Liabilities					
Bank loans	2.0 – 5.8	27,122	–	–	27,122
Trust receipts	2.4	289	–	–	289
Finance lease liabilities	2.3 – 9.0	–	46	66	112
		27,411	46	66	27,523
Company					
2016					
Assets					
Loans to subsidiaries	2.0 – 3.2	–	8,574	–	8,574
Cash at bank	0.6	7,305	–	–	7,305
Short-term deposits	1.0	–	8,473	–	8,473
		7,305	17,047	–	24,352
Liabilities					
Bank loans	2.3	2,604	–	–	2,604
Finance lease liability	2.3	–	45	19	64
		2,604	45	19	2,668
2015					
Assets					
Loans to subsidiaries	2.0 – 3.2	–	9,767	495	10,262
Cash at bank	0.3	–	2,074	–	2,074
Short-term deposits	1.2	–	21,199	–	21,199
		–	33,040	495	33,535
Liabilities					
Finance lease liability	2.3	–	43	64	107

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.

Notes to the Financial Statements

28 FINANCIAL RISK MANAGEMENT (continued)

Effective interest rates and repricing/maturity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss			
	Group		Company	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
31 December 2016				
Variable rate instruments	(177)	177	24	(24)
31 December 2015				
Variable rate instruments	(105)	105	–	–

Financial assets and liabilities measured at fair value

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

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
31 December 2016					
Assets					
Available-for-sale quoted equity securities	9	317	–	–	317
31 December 2015					
Assets					
Available-for-sale quoted equity securities	9	406	–	–	406

Estimation of fair values

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

Investment in available-for-sale quoted equity securities

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

Forward exchange contracts

The fair value of forward exchange contracts (Level 2 fair value) is based on broker quotes.

Notes to the Financial Statements

28 **FINANCIAL RISK MANAGEMENT** (continued)

Estimation of fair values (continued)

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of or reprice within one year (including trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity or repricing.

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

Accounting classifications

	Note	Available-for-sale $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Group					
31 December 2016					
Available-for-sale investments	9	744	–	–	744
Trade and other receivables*	12	–	78,839	–	78,839
Cash and cash equivalents	13	–	68,479	–	68,479
		744	147,318	–	148,062
Trade and other payables**	15	–	–	(44,504)	(44,504)
Financial liabilities	17	–	–	(49,404)	(49,404)
		–	–	(93,908)	(93,908)
31 December 2015					
Available-for-sale investments	9	833	–	–	833
Trade and other receivables*	12	–	41,551	–	41,551
Cash and cash equivalents	13	–	78,965	–	78,965
		833	120,516	–	121,349
Trade and other payables**	15	–	–	(29,522)	(29,522)
Financial liabilities	17	–	–	(27,523)	(27,523)
		–	–	(57,045)	(57,045)
Company					
31 December 2016					
Trade and other receivables*	12	–	9,715	–	9,715
Cash and cash equivalents	13	–	22,972	–	22,972
		–	32,687	–	32,687
Trade and other payables**	15	–	–	(33,437)	(33,437)
Financial liabilities	17	–	–	(2,668)	(2,668)
		–	–	(36,105)	(36,105)
31 December 2015					
Trade and other receivables*	12	–	12,164	–	12,164
Cash and cash equivalents	13	–	35,496	–	35,496
		–	47,660	–	47,660
Trade and other payables**	15	–	–	(31,367)	(31,367)
Financial liabilities	17	–	–	(107)	(107)
		–	–	(31,474)	(31,474)

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

Notes to the Financial Statements

29 CONTINGENT LIABILITIES

The Company has given an undertaking to provide continuing financial support to certain subsidiaries (2015: a subsidiary), to enable the subsidiaries to continue their operations for at least the next twelve months. At the reporting date, one of these subsidiaries was in a net liabilities position of $473,000 (2015: $1,622,000).

Joint Venture

In 2015, TWPH, a 55%-owned subsidiary of the Group, had given:

(a) bank guarantees to joint venture entity, TVDP. At the reporting date, these guarantees had been removed upon the settlement of TVDP's outstanding balances to the aforesaid facilities.

(b) a performance guarantee to TVDP. In accordance with the agreement, if TVDP suffers losses or the profits received by joint venture partner, DOFICO, from TVDP within 36 months as of the commencement date is less than 20% of the purchase price, DOFICO shall at its own discretion:

   (i) continue the Joint Venture Agreement and extend the payment timeline for the Purchase Price until the profits received from TVDP are sufficient for DOFICO to pay the Purchase Price to TWPH; or

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

   (iii) exercise the put option calling for TWPH to purchase its Sale Capital Contribution in whole at the Re-selling Price. TWPH commits to buy back the Capital Contribution of DOFICO in case DOFICO exercises its put option.

30 COMMITMENTS

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

Capital commitments

	Group	
	2016	**2015**
	$'000	**$'000**
Authorised but not contracted for	2,570	–
Contracted but not provided for	14,002	843
	16,572	843

Notes to the Financial Statements

30 COMMITMENTS (continued)

Operating lease commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within one year	1,304	1,124	235	234
Between one and five years	2,418	1,902	6	241
More than five years	6,655	2,791	–	–
	10,377	5,817	241	475

Operating lease commitments of the Group include the commitment by subsidiaries for lands with lease expiring in year 2029 and 2036 (2015: year 2029).

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

Leases as lessor

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

	Group	
	2016	2015
	$'000	$'000
Within one year	1,499	1,068
Between one and five years	2,028	114
	3,527	1,182

During the year, $1,767,000 (2015: $1,856,000) was recognised as rental income in profit or loss. Operating and maintenance expenses, included in administrative expenses, amounted to $369,000 (2015: $564,000) in the year.

31 SUBSEQUENT EVENTS

Subsequent to 31 December 2016, the Company issued a financial guarantee of $5,497,000 to a bank in respect of banking facilities granted to BPJ. The banking facilities were not utilised as at the date of the audit report.

On 7 March 2017, TWPH had received full payment of the balance consideration of $4,924,000 pertaining to the disposal of TWPH's remaining 30% of the issued and paid-up share capital in Benkert, based on Benkert's audited net tangible assets as at 31 December 2016.

Group Properties

List of Major Properties

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

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 2016 or entered into since 31 December 2015.

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	375	-
- Sales of chipboard and duplex		
Mr. Yen Wen Hwa	442	-
- Interest free loan to an associate of the Company		

RISK MANAGEMENT

The Group's risk management controls are outlined on pages 27 to 28 and pages 110 to 116 of this Annual Report.

Statistics of Shareholdings

As at 15 March 2017

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	9	0.17	89	-
100 - 1,000	1,307	25.16	1,297,352	0.30
1,001 - 10,000	2,386	45.94	11,202,813	2.55
10,001 - 1,000,000	1,459	28.09	102,319,899	23.28
1,000,001 AND ABOVE	33	0.64	324,604,450	73.87
TOTAL	5,194	100.00	439,424,603	100.00

As at 15 March 2017, approximately 47.23% of the shareholdings is held by the public and thus Rule 723 of the SGX-ST Listing Manual is complied with.

TWENTY LARGEST SHAREHOLDERS

	Shareholder's Name	No. of Shares	%
1	YEN WEN HWA @ NGAN TZEE MANH	106,959,164	24.34
2	YEN & SON HOLDINGS PTE LTD	58,817,940	13.39
3	HONG LEONG FINANCE NOMINEES PTE LTD	35,043,100	7.97
4	LU LE NHI	29,092,577	6.62
5	CHIA KEE KOON	21,730,900	4.95
6	WUTHELAM HOLDINGS LTD	7,000,000	1.59
7	DBS NOMINEES PTE LTD	6,391,029	1.45
8	CHUA KUAN LIM CHARLES	6,037,500	1.37
9	MAYBANK KIM ENG SECURITIES PTE LTD	5,105,700	1.16
10	CHIANG KOK MENG	3,700,000	0.84
11	GOH LEH HONG	3,109,400	0.71
12	YEO KHEE CHYE	3,010,000	0.68
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,960,280	0.67
14	PHILLIP SECURITIES PTE LTD	2,708,500	0.62
15	CITIBANK NOMINEES SINGAPORE PTE LTD	2,598,200	0.59
16	NG KEE SENG	2,588,000	0.59
17	UOB KAY HIAN PTE LTD	2,574,104	0.59
18	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,569,500	0.58
19	CIMB SECURITIES (SINGAPORE) PTE LTD	2,179,920	0.50
20	LEE WOON KIAT	2,038,536	0.46
	TOTAL	306,214,350	69.67

Statistics of Shareholdings

As at 15 March 2017

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2017

(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 21st Annual General Meeting

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Company will be held at 39 Scotts Road, Ballroom 3 & 4, Sheraton Towers, Singapore 228230 on 28 April 2017 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of the Auditors thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 1.1 Singapore cents per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**

3. To approve the additional Directors' fees of S$33,000 for the financial year ended 31 December 2016.
(See Explanatory Note 1) **(Resolution 3)**

4. To approve the Directors' fees of S$380,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears. **(Resolution 4)**

5. To re-elect Mr Yen Wen Hwa who is retiring pursuant to Regulation 119 of the Company's Constitution. (See Explanatory Note 2) **(Resolution 5)**

6. To re-elect Ms Angela Heng Chor Kiang who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution. (See Explanatory Note 3) **(Resolution 6)**

7. To note the retirement of Mr James Anthony Campbell who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution and has decided not to seek re-election.

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

AS SPECIAL BUSINESS

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

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

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors of the Company to issue shares and convertible securities in the Company at any time to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 4)

Notice of 21st Annual General Meeting

10. 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 11 May 2017 after 5.00 p.m. to 12 May 2017 (both dates inclusive) for the purpose of determining Members' entitlements to the final dividend to be proposed at the 21st Annual General Meeting of the Company to be held on 28 April 2017.

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 11 May 2017 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 11 May 2017 will be entitled to such proposed dividend.

The proposed final dividend, if approved at the 21st Annual General Meeting, will be paid on 19 May 2017.

By Order of the Board

Lee Wei Hsiung
Company Secretary
12 April 2017

Notes:

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

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

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

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

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

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

Notice of 21st Annual General Meeting

Explanatory Notes:

1. Shareholders had on 28 April 2016 approved the Directors' fees of S$280,000 for the financial year ended 31 December 2016. Ordinary Resolution 3 is to approve the additional Directors' fees of S$33,000 payable to Mr Yen Wen Hwa who was appointed as Non-Executive Chairman of the Board on 1 September 2016.

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

3. Ms Angela Heng Chor Kiang will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee.

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

PERSONAL DATA PRIVACY

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

NEW TOYO INTERNATIONAL HOLDINGS LTD

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

ANNUAL GENERAL MEETING
PROXY FORM

Important:

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

*I/We ____ (Name) ________________________ (*NRIC/Passport No.)

of ____ (Address)

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

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

*and/or

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

or failing which, the Chairman of the Annual General Meeting of the Company (the "AGM"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at 39 Scotts Road, Ballroom 3 & 4, Sheraton Towers, Singapore 228230 on 28 April 2017 at 10.30 a.m. and at any adjournment thereof.

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

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

No.	Resolution	For**	Against**
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of the Auditors thereon.		
2	To approve a final dividend of 1.1 Singapore cents per share for the financial year ended 31 December 2016.		
3	To approve the additional Directors' fees of S$33,000 for the financial year ended 31 December 2016.		
4	To approve the Directors' fees of S$380,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears.		
5	To re-elect Mr Yen Wen Hwa who is retiring pursuant to Regulation 119 of the Company's Constitution.		
6	To re-elect Ms Angela Heng Chor Kiang who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution.		
7	To re-appoint KPMG LLP as auditors and authorise the Directors to fix their remuneration.		
8	To authorise Directors to issue shares and convertible securities.		

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

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

Dated this ___________ day of _________________ 2017

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Act").
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than seventy-two (72) hours before the time appointed for the AGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.
8. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
10. The Company shall be entitled to reject the instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy or if the member, being the appointor, is not shown to have shares against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2017.

AFFIX
STAMP

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