NEW TOYO
International Holdings Ltd

Establishing Foothold for Growth

ANNUAL REPORT 2018

COVER RATIONALE

The concept focuses on the message of New Toyo striving to maintain its momentum for growth as it further consolidates its operations. This is translated through the cover design, which features a pattern of abstract boxes in a variety of colours, to represent the Company's diverse offerings that pave the way in creating sustainable value. The visual of the stacked boxes is also a representation of New Toyo's primary business and how the Company continues to strengthen its business by optimising its capabilities and expanding into strategic markets.

INTRODUCTION

Founded in 1975, New Toyo is one of the largest producers of specialty packaging materials in the Asia Pacific Region today. Our operations are strategically located in Singapore, Malaysia, Vietnam, Dubai and China to serve both multinational corporations and local customers. For over 40 years, we have built and continue to build a business which is focused on improving and perfecting the quality of our products and meeting our customers' needs. Today with numerous applications for packaging materials, we are constantly upgrading our capabilities to stay abreast of the latest changes and improving productivity to stay competitive.

MISSION

To grow shareholder value through quality packaging solutions and services

VISION

To be the preferred supplier of consistently high quality packaging materials

VALUES

Teamwork/Excellence/
Innovation/Creativity/
Honesty + Integrity

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CHAIRMAN'S MESSAGE

"Financially, the Group made a commendable performance, notwithstanding the operational challenges in the year, with a 2.4% growth in revenue to S$271.3 million... In appreciation of our loyal shareholders for your support, the Board has recommended a final, one-tier, tax-exempt dividend of 0.90 Singapore cents per share, which brings the total dividend payout for the year to 1.50 Singapore cents per share, translating to a dividend yield of 6.52%."

YEN WEN HWA
Non-Executive Chairman

Dear Shareholders

On behalf of the Board of Directors of New Toyo International Holdings Limited ("New Toyo" or the "Group"), I am pleased to present our annual report for the financial year ended 31 December 2018 ("FY2018").

2018 will be remembered as a year of geopolitical uncertainties and market volatilities brought on by the US-China trade standoff, rising protectionism and interest rate hikes. For New Toyo, the year continued to be a challenging one with rising overheads, disruptive technologies and changing consumer behavior impacting our business. To overcome some of these headwinds, we took the strategic move in FY2017 to consolidate and rationalise our production footprint so as to better align with our major customers' geographical location and to compete more effectively.

Having completed the closure of our Australian and Malaysian operations, we intensified our efforts in FY2018 to reorganise and ramp up production capacity in our current facilities in Vietnam and Indonesia. The relocation exercise presented inherent challenges including the logistical transfer of production machines, systems and operational knowledge while at the same time, ensuring that supply to our customers remains uninterrupted. As a result, our productivity was somewhat impacted due to the learning curve but was mitigated by support from experienced key personnel from the Group and our existing systematic operations framework. We will continue to focus on increasing our cost competitiveness and operational efficiencies so as to optimise our value proposition as a key strategic supplier to our customers, leveraging on our two low-cost based production centers located in ASEAN.

Financially, the Group made a commendable performance, notwithstanding the operational challenges in the year, with a 2.4% growth in revenue to S$271.3 million. The Group posted a turnaround net profit of S$4.2 million from a loss of S$0.3 million last year, largely on account of lower other operating expenses and increase in other income. Our balance sheet remains healthy with positive net working capital of S$82.6 million, and our cash position stands at S$42.6 million as at 31 December 2018.

In appreciation of our loyal shareholders for your support, the Board has recommended a final, one-tier tax exempt dividend of 0.90 Singapore cents per share, which brings the total dividend payout for the year to 1.50 Singapore cents per share, translating to a dividend yield of 6.52%[1].

Looking ahead, the outlook for 2019 will remain murky as the macro factors affecting our industry are expected to persist and our operating environment will continue to be highly competitive. Nevertheless, having built up our capabilities, knowledge and resources through the years, we have confidence in our ability to overcome these challenges.

[1] *Based on closing share price of S$0.23 as at 31 December 2018*

CHAIRMAN'S MESSAGE

The Group's top priority is to continue to improve our value chain by identifying competitive opportunities, improving efficiency to meet customers' demand on quality and delivery, and reducing costs so as to further augment our position as a leading strategic business partner. At the same time, we will focus on reducing our reliance on a single industry and diversifying our earning streams by expanding into new markets, growing our customers' base and exploring new opportunities in other industries. To this end, we have entered into a joint venture with leading property developer, Lum Chang Holdings Limited, for a mixed commercial development in Malaysia. Given the strategic location of the property and our partner's experience in construction and property development, we are optimistic of the success of the development to contribute to our performance over the longer-term.

In conclusion, I would like to thank our management and staff for their contribution, the Board of Directors for their strategic counsel, our customers and partners for their patronage and our shareholders for their trust. I look forward to your continued support.

Yen Wen Hwa
Non–Executive Chairman

GROUP CEO'S BUSINESS REVIEW

"The Group's goal has always been to deliver sustainable growth and returns. Notwithstanding the current economic and industry headwinds, we are confident of our ability to navigate the challenges to achieve our goal, having established our foothold for growth with our strategic repositioning and leveraging our competencies and competitive strengths to exploit new opportunities."

ANGELA HENG
Group Chief Executive Officer

GROUP CEO'S BUSINESS REVIEW

Dear Shareholders

For the year ended 31 December 2018 ("FY2018"), the Group's operating environment continued to be highly competitive but in spite of the challenges, we managed to improve our overall performance compared to the previous year, with revenue increase and a return to profitability.

Results Review – Higher revenue and profit turnaround

Our revenue increased by 2.4% to S$271.3 million from S$265.1 million for the financial year ended 31 December 2017 ("FY2017") due to higher sales from the Specialty Paper Business, including contribution from the Tissue Paper Division, and the Trading Business, offset by lower contribution from the Printed Cartons and Labels Business.

As compared with the previous year, gross profit was lower by 25.4% to S$25.0 million and gross profit margin decreased 3.4 percentage point to 9.2%, on account of a change in product mix, higher portion of sales with lower margin and increase in production overheads due to the delay in the cessation of our Malaysian operations and the start up of our Dubai and the Tissue Paper Division business operations.

Operating profit for the year increased 690.8% to S$8.3 million from S$1.1 million in FY2017 attributed to a 78.2% increase in other income to S$16.1 million, largely from one-off gain with the disposal of freehold land and building of our Australian production facilities following its closure. We also incurred lower other operating expenses by 81.6% to S$2.8 million following the completion of the cessation of our two plants in Australia and Malaysia, and made a net foreign exchange gain of S$2.0 million compared to a loss of S$2.4 million in FY2017. Consequently, we closed the year with a turnaround net profit of S$4.2 million from a loss position of S$0.3 million previously.

Balance sheet wise, we continued to maintain a healthy position with cash and cash equivalents of S$42.6 million, and a positive net working capital of S$82.6 million. Our current assets increased to S$178.2 million compared to S$166.4 million in FY2017 mainly due to the increase in inventories for our Tissue Paper Division and Dubai startups, relocation of our Indonesian operations to a new production site and new volume from Indonesia and Latin America markets. Current liabilities were also up from S$74.3 million last year to S$95.6 million predominately attributed to increase in borrowings. These borrowings are for the working capital requirements of our Tissue Paper Division and Dubai startups, and the expansion and relocation of our Vietnamese and Indonesian operations respectively. As at 31 December 2018, our net asset value per share stood at 37.42 Singapore cents.

Segmental Review

Specialty Papers ("SP") Business

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

SP Business contributed revenue of S$108.7 million (FY2017: S$93.7 million) and profit before tax ("PBT") of S$3.9 million (FY2017: S$12.4 million). The increase in revenue was mainly boosted by new volume in Indonesia and Latin America markets while PBT was lower due to a change in product mix, higher distribution costs in line with higher export sales and the absence of a one-off sum received in FY2017 by a subsidiary from a contractor pursuant to a settlement.

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 supported by production plants located in Vietnam, Indonesia and Dubai.

PCL Business registered lower revenue of S$112.8 million (FY2017: S$130.3 million) resulting from reduced contribution from the Australian and Malaysian operations following their closure. PCL Business made a PBT of S$5.6 million (FY2017: loss of S$11.4 million) due mainly to a one-off gain from the disposal of freehold land and building of the Australian production facilities following its closure, lower operating expenses such as termination benefits, with the cessation of the Australian and Malaysian operations.

Trading Business

The Trading Business which involved the supply of raw materials and equipment, posted higher revenue of S$38.2 million (FY2017: S$35.7 million) and lower PBT of S$0.2 million (FY2017: S$0.5 million) on the back of higher proportion of sales with lower margin of certain raw materials.

Market Review - Ramping up production; Augmenting operations

Having consolidated our operations with the closure of our Malaysian and Australian production plants, we focused our efforts in FY2018 to ramp up production capacity and to improve our operational performance in our current facilities in Vietnam and Indonesia.

In Vietnam, we completed the transfer of the production machines from our Malaysian plant and together with the capex investment made in FY2017 to upgrade our machines and acquire new ones, we expanded our production volume in FY2018 with a 19.3% increase in revenue contribution to S$65.8 million. For Indonesia, following the acquisition of our subsidiary with a contract to supply to a key customer, we relocated our Indonesian production plant to a new site. In spite of the difficulties and challenges faced with the relocation exercise, we managed to grow our revenue by 3.5% to S$34.5 million in FY2018.

GROUP CEO'S BUSINESS REVIEW

Our overheads were initially higher in these two production plants due to the relocation and setup logistics as well as the learning curve for the production team with the new machines and systems. We have since stabilised our operations and will continue to work on streamlining our processes to optimise our resources and improving our productivity so as to reap economies of scale for higher margins and to maintain our competitiveness in terms of cost-effectiveness.

Outside of ASEAN, our Dubai operations and Tissue Paper Division in China have started revenue contribution with S$4.6 million and S$2.2 million respectively in FY2018.

Corporate Highlights – Developing our people; giving back to our community

The Group is committed to value creation for all our stakeholders with the aim to increasing our positive societal impact in order to achieve long-term sustainable growth.

One of our key stakeholder groups is our employees and human capital development is a high priority as we are adamant that our people are the cornerstone of our Group's continued success and long-term viability. Our training and upgrading programmes, which are conducted in-house or externally, are geared towards equipping our staff with the necessary skills and knowledge to excel in their areas of competencies as well as to keep them relevant in the fast-changing technology-driven economy.

As a good corporate citizen, we endeavour to give back and improve the quality of life of the local community. In 2018, we continued with the S$1 million cash pledge donation to the National Heart Centre Singapore which was to be made over a two-year period starting in 2017. The donation, to be used for medical research funding advancements in cardiovascular medicine, will support and enhance patient care and education.

Our sustainability and corporate social responsibility efforts will be covered comprehensively in our 2018 Sustainability Report, which will be available by May 2019.

Outlook and Strategies – Establishing foothold for growth

Against a backdrop of trade and fiscal policies' uncertainties, weakening financial market sentiment and concerns about China's slowdown, the growth momentum for the global economy is expected to soften in FY2019. However, growth in ASEAN remains a bright spot and this will augur well for us as the majority of our operations and key markets lie within the region.

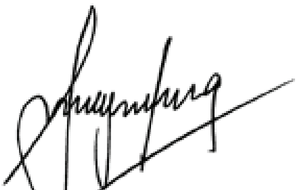
In terms of industry outlook, the operating environment will continue to undergo challenges brought about by technological disruptions, regulatory requirements and changing trends in consumer behaviour. As a result, cost containment and margin protection have become key focus areas for our customers. For the Group, competition is increasingly keen due to little room for differentiation. To enhance our value proposition to customers, we have realigned our production footprint to two lower-cost based production plants in Vietnam and Indonesia to boost our price competitiveness and to be in closer proximity to our customers' major markets so as to be more efficient in terms of delivery and speed to market. For our start-ups in Dubai and the Tissue Paper Division in China, the operating landscape is intensely competitive and we are closely monitoring these businesses with a view to improving their performance.

To further strengthen our existing businesses, we are actively exploring opportunities to grow our products range as well as to expand into new markets. We have also made efforts to diversify our earning streams with the entry into new businesses to reduce our dependency on a single industry. Our joint venture with well-known property developer Lum Chang Holdings Limited, for the development of a mixed-use commercial development in a prime location in Malaysia, is progressing and we are optimistic it will generate attractive yield and add value to our Group over time.

The Group's goal has always been to deliver sustainable growth and returns. Notwithstanding the current economic and industry headwinds, we are confident of our ability to navigate the challenges to achieve our goal, having established our foothold for growth with our strategic repositioning and leveraging our competencies and competitive strengths to exploit new opportunities.

Appreciation to all

At this juncture, I like to thank our Board of Directors for their strategic counsel and insights, and to our management and staff for their hard work and contribution in the year. I would also like to welcome Mr Joshua Lam, who joined us as Chief Financial Officer in November 2018. In ending, I like to express my appreciation to our customers and business partners for the support, and importantly, to our shareholders, for their continued belief and trust in us.



Angela Heng
Group Chief Executive Officer

BOARD OF DIRECTORS

YEN WEN HWA
Non-Executive Chairman

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

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

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

ANGELA HENG CHOR KIANG
Group Chief Executive Officer

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

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

Ms. Heng has more than 30 years of experience serving in various senior management and operational positions within the Group. In 1990, she assumed the position of General Manager of New Toyo Aluminium Paper Product Co. (Pte) Ltd and led the unit to achieve its ISO 9002 certification in 1996, paving the way for other New Toyo units' certifications. She started New Toyo International Co (Pte) Ltd in 1992 and served as its Director until 1995, and was re-appointed as its Director in 2002. She was one of the key personnel involved in the listing of the Group on the Main Board of the Singapore Exchange Securities Trading Limited in 1997. She was the Deputy Chairman of the Group from 1997 to 1999 and was President for Asia-Pacific from 2002 to 2006. She served as the Group Executive Chairman from 2014 before assuming her current appointment as Group Chief Executive Officer in 2016.

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

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

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

DAVID LIM TECK LEONG
Non-Executive and Lead Independent Director

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

Mr. Lim is the founder and Managing Partner of David Lim & Partners LLP with over 30 years of experience in corporate finance and litigation. He has represented multiple clients from a myriad of sectors including finance and banking, fund management, private equity, oil and gas, healthcare, construction, information technology and communications, among others. Over a span of 24 years, Mr. Lim has served as an independent director of numerous publicly listed companies, as well as on a Business Trust. He is an independent director of G.K. Goh Holdings Limited. He has extensive commercial and cross border experience, through his stakes in private companies in Singapore, Indonesia and Thailand.

Mr. Lim is a Council Member of the Corporate Governance Council 2017, a Fellow of the Singapore Institute of Directors and Honorary Legal Advisor (for David Lim & Partners LLP) to Singapore Physiotherapy Association. He qualified as a Barrister-at-Law at Gray's Inn, London, UK. He is admitted as an Advocate & Solicitor of the Supreme Court of Singapore.

VICTORIA TAY SEOK KIAN
Non-Executive and Independent Director

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

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

Ms. Tay holds a Bachelor of Commerce (Accounting) degree from the Flinders University of South Australia. She is a member of the Institute of Singapore Chartered Accountants, the CPA Australia and Singapore Human Resources Institute. She started her career as a Certified Practising Accountant.

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

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

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

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.

JOSHUA LAM CHIN CHONG
Chief Financial Officer

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

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

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

KEY FIGURES

Revenue
S$271.3M

Profit Before Tax
S$6.0M

Profit Attributable to Owners of the Company
S$4.2M

Net Asset Value Per Share
37.42 cents

Total Assets
S$330.5M

Dividend Per Share
1.5 cents

Earnings Per Share
0.96 cents

FINANCIAL HIGHLIGHTS

Three-Year Financial Summary

	2018	2017	2016
Condensed Consolidated Profit & Loss Information (S$'000)			
Revenue	**271,321**	265,056	249,158
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**25,565**	16,215	38,799
Profit before interest and tax	**7,770**	946	27,491
Profit before tax	**5,992**	655	27,909
Net profit/(loss) for the year	**4,197**	(302)	25,612
Attributed to :			
Owners of the Company	**4,220**	2,732	15,899
Non-controlling interests	**(23)**	(3,034)	9,713
Condensed Consolidated Balance Sheet Information (S$'000)			
Total assets	**330,510**	316,094	333,798
Cash and cash equivalents	**42,575**	48,575	68,479
Total liabilities	**118,162**	98,298	100,033
Bank borrowings	**67,193**	49,595	49,404
Equity attributable to owners of the Company	**164,430**	168,590	178,793
Per Share Data (S$ cents)			
Earnings per share - basic	**0.96**	0.62	3.62
- fully diluted	**0.96**	0.62	3.62
Net asset value per share	**37.42**	38.37	40.69
Dividend per share	**1.50**	1.60	1.70
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.

- Alliance Print Technologies Co., Ltd
- Alliance Print Technologies FZE
- Max Ease International Limited
- PT Bintang Pesona Jagat

TRADING

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

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

OTHERS

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

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

CORPORATE INFORMATION

Board of Directors

YEN WEN HWA
Non-Executive Chairman

ANGELA HENG CHOR KIANG
Group Chief Executive Officer

DAVID LIM TECK LEONG
Non-Executive and Lead Independent Director

VICTORIA TAY SEOK KIAN
Non-Executive and Independent Director

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

Audit Committee

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

Nominating Committee

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

Remuneration Committee

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

Company Secretary

LEE WEI HSIUNG, ACIS

Share Registrar

Tricor Barbinder Share Registration Services
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Company Registration Number

199601387D

Registered Address

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Fax: (65) 6236 4399

Business Address

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

Auditors

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

Principal Bankers

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

Stock Data

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

Investor Relations

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Joshua Lam
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Tel: (65) 6238 2173
Company website: www.newtoyo.com

SUSTAINABILITY MANAGEMENT

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

Society can be a collaboration among individuals that ensures the needs of future generations. Striving to follow this, we operate our business with a view to the future, validating the implicit social agreement between our stakeholders and us. By keeping this target, we learn from our past accomplishments while entrenching measured milestones to better meet future needs.

With these principles in mind, the essential framework of our sustainability initiative is centered on Stability, Strategy and Sustainability. These core pillars are the growth engine and drivers of our commitment to sustainable value creation for our business partners and the communities we proudly operate in.

Stability, Strategy and Sustainability

Following our 2018 Annual Report message, our organisational strategy is to "Establish Foothold for Growth". This involves securing our operations in our current markets, growing our customer base and continued re-evaluation of process optimisation measures in our value chain. Escalating productivity in our operations, from materials management, task organisation to waste reduction will enhance the future of our business's development and market share. A primary goal is validating our commitment to sustainability through a best practice approach. This enables us to continually maintain our standing in the communities in which we operate, and with regulators in these markets, thus enhancing the efficiency of our business and easing operations.

Environmental Preservation

Our sustainability philosophy permeates throughout the conduct of our business processes, with focused emphasis on efficient and proactive planning. Capitalising on our competencies, we ensure that waste production is kept at a minimum. The result of these processes is a reduction in the use of natural resources in our production. In addition, we proactively encourage the use of water based lacquers, which are less hazardous and more environmentally friendly for our employees.

Machinery consumes additional electricity when switching from an offline to an online running mode; thus we organise our manufacturing cycles such that unnecessary starts and stops are reduced. We also reduce our impact on the environment by regularly performing machine maintenance, which additionally cuts down on machine downtime.

Our business involves the conversion of raw materials and as such, less energy is required compared to the suppliers and manufacturers of raw materials.

Our People

Our sustainability approach involves upholding basic human rights, maintaining a safe work environment, establishing strong ties globally with our employees and articulating an organisational environment in which employees envision a progressively better future.

Where feasible, we conduct internal promotions of employees who have shown ability and have the relevant skills to fill vacant posts, rather than recruiting externally. We identify candidates for future leadership roles through a rigorous appraisal and profiling process. We focus in particular on human capital development, as it is fundamental to enhancing our growth strategies and steering us forward. Our efforts to provide skills upgrading and training opportunities continue in order that our employees are armed with relevant skills and knowledge that coordinate with the future direction of New Toyo.

Workplace health and safety is also a showpiece of our strategy. Facilitating compliance with relevant industry regulations and adopting a systematic method to mitigate safety breaches enable us to inculcate a culture of safety awareness.

SUSTAINABILITY MANAGEMENT

With our non-discrimination policy, we strive to maintain a workplace environment that is respectful of differences. We do not tolerate any form of discrimination or harassment and all allegations are taken seriously with the strict disciplinary actions. This is overseen by our Code of Conduct, which can be readily accessed by all employees. Where there are objections, employees may refer to their local human resource department and/or bring the case to our Group Human Resource department. In 2018, there were no reported incidences.

Community Engagement

To honour our $1 million cash donation pledge to the National Heart Centre Singapore ("NHCS"), Mr Heng Swee Keat, Minister for Finance, inaugurated the NHCS Council of Patrons recognise donors who have been transformative through their gifts to the NHCS Heart To Heart Fund. Our non-executive chairman, Mr. Yen Wen Hwa, was recognised with "Patron" status on behalf of New Toyo. This donation will be earmarked for medical research advancements in cardiovascular medicine, enhanced patient care, education and clinical research and will continuously bring benefits to the community.

Vietnam is on track to becoming a developed nation, yet development issues related to poverty are still prevalent. As we expand our footprint in Vietnam, our goal to counteract this is by providing housing for low income groups in the provinces of An Giang, Ben Tre, Can Tho and Long An. Accordingly, we contributed VND175 million in cash donations to the Vietnam Red Cross Society. In our view, providing improved housing and enhanced living conditions enables our beneficiaries to orient towards employment, thus improving their lives and those of their families.

We additionally made a RMB1 million donation to Xiamen Haicang District Education Foundation, an organisation that promotes the development of education in Xiamen Haicang, and facilitated numerous public welfare projects in the Haishu District Education System.

Customer Satisfaction

Recognised with a reputation of being a leader in the packaging industry, we continually enhance our efforts in quality improvement and in catering to the needs of our customers. Attention to detail in every aspect of production, from input materials to the final product, is a hallmark of our business and is engineered to guarantee quality assurance and customer satisfaction. Our ISO9001 certified thorough quality management system further bolsters our ability to meet and exceed our customers' expectations.

For more information on New Toyo Group's sustainability efforts, a detailed report will be made available on our website, http://www.newtoyo.com/investannualreport.htm by 31 May 2019.

CORPORATE GOVERNANCE

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

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs
The Board of Directors of the Company ("Board") and its committees meet on a regular basis and as and when necessary to address any specific significant matters that may arise. The constitution of the Company provides for telephonic and video-conferencing meetings. The Board and its committees may also decide on matters by way of circular resolutions. Below is the attendance of the Directors at meetings of the Board and its committees in 2018:

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

n.a. – not a member

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Among their functions, the Non-Executive Directors assist in the development of strategies for the Group and review the performance of management in meeting goals and objectives. They meet without the presence of management as and when necessary or appropriate including before or after each quarterly meeting of the Board.

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

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

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

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

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

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

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

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

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

b. being responsible for the induction of new Directors;

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

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

e. reviewing the independence of Directors annually;

f. reviewing the Board structure, size and composition and making recommendations to the Board with regard to any adjustment that is necessary taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and its committees;

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

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

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

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

The Company has no alternate directors on its Board.

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

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

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

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

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

Tengku Mahaleel has served on the Board for more than nine years. He was appointed a non-executive and non-independent Director on 1 March 2007 and re-designated a non-executive and independent Director on 7 June 2017. The NC and the Board performed a rigorous review of his independence in connection with the financial year ended 2018. Pursuant to the review and NC's recommendation, the Board is of the view that Tengku Mahaleel has engaged the Board in constructive discussions, his contributions are relevant and reasoned and he has exercised independent judgement. In coming to this view, the Board takes into account the criteria of independence as set out in the Code and Tengku Mahaleel's demonstration of independence in character and judgement through the many discussions the Board had over matters and issues concerning the Group in both formal and informal settings. He expresses constructive viewpoints, objectively raises issues and demonstrates independent mindedness in conduct at Board and committee meetings. The Board also recognises that Tengku Mahaleel over time developed significant insights in the Group's businesses and operations and can continue to provide significant and valuable contributions objectively to the Board as a whole. The Board considers Tengku Mahaleel independent even though he has served on the Board for more than nine years from the date of his first appointment.

Angela Heng Chor Kiang and David Lim Teck Leong are retiring as Directors at the forthcoming AGM pursuant to the constitution of the Company. The NC and the Board nominated Angela Heng Chor Kiang and David Lim Teck Leong for re-election as Directors at the forthcoming AGM.

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

Director	Date of appointment	Date of last re-election
Yen Wen Hwa	1 September 2016	28 April 2017
Angela Heng Chor Kiang	27 March 2014	28 April 2017
David Lim Teck Leong	27 March 2014	28 April 2016
Victoria Tay Seok Kian	31 July 2012	27 April 2018
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	1 March 2007	27 April 2018

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out on pages 12 and 13 of this Annual Report.

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

Principle 5: Board Performance
The NC is responsible for assessing the effectiveness of the Board and its committees. The NC has established a review process and the Directors complete an annual evaluation form which takes into consideration factors such as the Board's structure, conduct of meetings, corporate strategy and planning, risk management, succession planning, financial reporting and communication with shareholders. The Board seeks to adopt performance objectives and criteria which align with shareholder interest such as return on investment and total shareholder return as well as the Company's share price performance over a period of time.

The NC assesses the effectiveness of the Board and its committees as well as the contributions by the Directors annually. Evaluation forms are sent to the Directors for completion. The NC analyses the results of the evaluation as well as past years' trend and ascertains key areas for improvement. The findings are reported to the Board. The Chairman may, in consultation with the NC and the Board, act on the results of the evaluation and, where appropriate, propose new members for appointment to the Board and/or seek the resignation of the relevant Director(s).

Principle 6: Access to Information

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

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

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

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

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

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

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

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

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

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

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

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

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial statements or of misconduct resulting in financial loss to the Company, as the realisation of potential legal action by the Company would deter them from committing such wrongdoing.

In addition, the executive directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the executive directors in the event of such breach of fiduciary duties.

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

The remuneration of the Directors for 2018 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)]	80%	18%	1%	100%
Non-Executive Directors					
Below $250,000					
Yen Wen Hwa	56%[(c)]	44%[(d)]	Nil	Nil	100%
David Lim Teck Leong	100%	Nil	Nil	Nil	100%
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	100%	Nil	Nil	Nil	100%
Victoria Tay Seok Kian	100%	Nil	Nil	Nil	100%

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

The remuneration of the top five key executives (who are not Directors or the Chief Executive Officer) for 2018 is as follows:

Key Executives	Fees	Base/Fixed Salary[(a)]	Variable or performance-related income/ bonuses[(a)]	Benefits in kind	Total
	%	%	%	%	%
$500,001 to $750,000					
George Lee Chee Whye	Nil	92%	8%	Nil	100%
$250,000 to $500,000					
Lionel Yap Chee Cheong	1%[(b)]	86%	13%	Nil	100%
Below $250,000					
Joshua Lam Chin Chong	Nil	100%	Nil	Nil	100%
Doris Tan Hwee Kheng	Nil	87%	13%	Nil	100%
Lloyd Yoong Loong Yan	Nil	93%	7%	Nil	100%

(a) Included contributions to applicable provident funds.
(b) Received from a subsidiary.

The total remuneration paid to the above five key executives for 2018 was S$1,159,000.

The remuneration of employees who are immediate family members of a Director or the Chief Executive Officer, and whose remuneration exceeded $50,000 in 2018 is as follows:

	Base/Fixed Salary[(a)]	Variable or performance-related income/ bonuses[(a)]	Benefits in kind	Total
	%	%	%	%
Lu Le Nhi*	23%	77%[(b)]	Nil	100%

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

(a) Included contributions to the Central Provident Fund.
(b) Included gratuity payment in connection with her stepping down as managing director of a subsidiary.

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 on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

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

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

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

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

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

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

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

(b) regarding the adequacy and 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 internal controls (including financial, operational, compliance and information technology controls) and risk management systems which the Company considers relevant and material within the current scope of the Group's business operations were adequate and effective as at 31 December 2018.

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

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

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

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

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

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

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

b. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance including the quarterly and annual financial statements, before submission to the Board;

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

d. reviewing the scope and results of internal audit procedures and the effectiveness of the Company's internal audit function;

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

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

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

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

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

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

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

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

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

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

The activities carried out by the AC during the financial year include reviewing quarterly and full year financial statements, reviewing interested and related party transactions, reviewing internal audit plan and reports, reviewing reports of the Group Risk Committee and reviewing the re-appointment of the external auditors and their fees. The AC also meets with the external and internal auditors without the presence of management on an annual basis.

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

The fees payable to the external auditors are set out on page 109 of this Annual Report. The AC has reviewed the nature and extent of non-audit services provided by external auditors to the Group during the financial year and is satisfied that the nature and extent of such services are not likely to prejudice the independence of the external auditors and has recommended their re-appointment at the forthcoming AGM.

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

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

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

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

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

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

Principle 15: Communication with Shareholders
As part of its investor-relation policy, the Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company discloses material information on the performance and development of the Group and of the Company in a timely, accurate and comprehensive manner to its shareholders via SGXNET announcements and the Company's website. The Company does not practice selective disclosure of material information. Where there is inadvertent disclosure made to a select group, the Company would make the same disclosure publicly to all others as promptly as possible.

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

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

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

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

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

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

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

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

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

Code of Conduct
The Group has a code of conduct that sets the principles of the code of conduct and business ethics which applies to all employees of the Group. The Group's employees are expected to observe and uphold high standards of integrity and comply with applicable laws and regulations as well as the Group's policies.

Whistle-blowing Policy
The Company has put in place a whistle-blowing policy for employees to raise, in confidence, concerns about possible improprieties in financial reporting or other matters and for the independent investigation of such matters and appropriate follow-up actions. Details of the whistle blowing policies and arrangements have been made available to all employees. It has a well defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up actions, and provides assurance that employees will be protected from reprisal within the limits of the law. The procedures for raising such concerns include accepting anonymous disclosures. The contact details of the AC Chairman are made available to employees. The outcome of each investigation (with proposed follow-up actions) is reported to the AC.

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

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 39 to 138 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 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Yen Wen Hwa
Angela Heng Chor Kiang
David Lim Teck Leong
Victoria Tay Seok Kian
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Angela Heng Chor Kiang		
The Company		
- ordinary shares		
- interests held	500,000	500,000
Victoria Tay Seok Kian		
The Company		
- ordinary shares		
- interests held	30,000	30,000
Yen Wen Hwa		
The Company		
- ordinary shares		
- interests held	139,959,164	139,959,164
- deemed interests	87,910,517	87,910,517

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

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

Share options

During the financial year, there were:

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

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

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

Audit committee

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

- David Lim Teck Leong (Chairman) — Lead independent non-executive director
- Victoria Tay Seok Kian — Independent non-executive director
- Tengku Tan Sri Dr Mahaleel bin Tengku Ariff — Independent non-executive director

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

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

The Audit Committee also reviewed the following:

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

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

DIRECTORS' STATEMENT

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

9 April 2019

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 2018, 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 138.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 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.

Members of the Company
New Toyo International Holdings Ltd

Impairment assessment of goodwill, intangible assets and property, plant and equipment
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, $3.0 million of contract value and $104.4 million of property, plant and equipment as at 31 December 2018. The assets are allocated to the respective 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. Forecasting future cash flow is a highly judgemental process which involves making assumptions on revenue growth rates, margins, operating expense and discount rates.	We evaluated the appropriateness of CGU identified by management based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group. We assessed management's process of setting budgets on which the cash flow forecasts are based. We assessed the reasonableness of key assumptions used in the cash flow projections by comparing them against historical performance, future business plans and external market reports. We independently derived applicable discount rates from comparable companies and compared these with those used by management. We performed sensitivity analyses, focusing on plausible changes in the key assumptions or discount rates, and analysed the impact to the carrying amount. We considered the appropriateness of the disclosures in the financial statements.

Our findings

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

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

We found the Group's disclosure in notes to the financial statements to be compliant with financial reporting standards.

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
New Toyo International Holdings Ltd

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
9 April 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Non-current assets							
Property, plant and equipment	4	104,364	96,398	98,406	201	228	313
Investment properties	5	6,036	20,344	6,813	–	–	–
Subsidiaries	6	–	–	–	132,028	131,367	121,173
Associates and joint ventures	8	11,225	1,952	1,687	–	–	1,246
Other investments	9	2,542	2,680	2,099	1,651	1,744	685
Intangible assets and goodwill	10	25,161	26,451	28,245	–	–	–
Deferred tax assets	18	561	673	653	–	–	–
Trade and other receivables	12	2,462	1,186	2,794	–	–	–
		152,351	149,684	140,697	133,880	133,339	123,417
Current assets							
Other investments	9	–	589	–	–	–	–
Inventories	11	70,164	42,925	44,155	–	–	–
Contract assets	19	4,666	3,014	4,070	–	–	–
Trade and other receivables	12	60,754	71,307	77,731	16,927	8,968	9,751
Cash and cash equivalents	13	42,575	48,575	68,479	11,269	11,973	22,972
		178,159	166,410	194,435	28,196	20,941	32,723
Total assets		330,510	316,094	335,132	162,076	154,280	156,140
Equity							
Share capital	14	132,102	132,102	132,102	132,102	132,102	132,102
Reserves	14	(6,481)	(5,019)	954	77	77	77
Retained earnings		38,809	41,507	46,306	(11,271)	(11,213)	(12,214)
Equity attributable to owners of the Company		164,430	168,590	179,362	120,908	120,966	119,965
Non-controlling interests	7	47,918	49,206	55,343	–	–	–
Total equity		212,348	217,796	234,705	120,908	120,966	119,965
Non-current liabilities							
Trade and other payables	15	558	396	452	–	–	–
Financial liabilities	17	20,630	22,374	28,147	–	–	19
Deferred tax liabilities	18	1,409	1,244	3,306	11	11	11
		22,597	24,014	31,905	11	11	30
Current liabilities							
Contract liabilities	19	300	–	–	–	–	–
Trade and other payables	15	48,577	46,005	46,050	32,423	30,854	33,466
Financial liabilities	17	46,563	27,221	21,257	8,709	2,425	2,649
Current tax liabilities		125	1,058	1,215	25	24	30
		95,565	74,284	68,522	41,157	33,303	36,145
Total liabilities		118,162	98,298	100,427	41,168	33,314	36,175
Total equity and liabilities		330,510	316,094	335,132	162,076	154,280	156,140

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Revenue	19	271,321	265,056
Cost of sales		(246,357)	(231,609)
Gross profit		24,964	33,447
Other income	20	16,092	8,831
Distribution expenses		(7,714)	(5,624)
Administrative expenses		(22,173)	(22,582)
Other operating expenses	21	(2,834)	(13,018)
Results from operating activities		8,335	1,054
Finance income		1,318	1,595
Finance costs		(3,096)	(1,886)
Net finance costs	22	(1,778)	(291)
Share of loss of equity-accounted investees (net of tax)		(565)	(108)
Profit before tax	23	5,992	655
Tax expense	24	(1,795)	(957)
Profit/(Loss) for the year		4,197	(302)
Profit attributable to:			
Owners of the Company		4,220	2,732
Non-controlling interests		(23)	(3,034)
Profit/(Loss) for the year		4,197	(302)
Earnings per share			
Basic earnings per share (cents)	25	0.96	0.62
Diluted earnings per share (cents)	25	0.96	0.62

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Group	
	2018	**2017**
	$'000	**$'000**
Profit/(Loss) for the year	4,197	(302)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	(1,499)	(6,834)
Effect of striking off a subsidiary	(227)	–
Net change in fair value of available-for-sale financial assets	–	(3)
Other comprehensive income for the year, net of tax	(1,726)	(6,837)
Total comprehensive income for the year	2,471	(7,139)
Total comprehensive income attributable to:		
Owners of the Company	2,871	(3,302)
Non-controlling interests	(400)	(3,837)
Total comprehensive income for the year	2,471	(7,139)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	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
2017										
At 1 January 2017		132,102	736	77	(12,230)	141	57,967	178,793	54,972	233,765
Adoption of SFRS(I) 1	32	–	–	–	12,230	–	(12,196)	34	(63)	(29)
Adoption of SFRS(I) 15	32	–	–	–	–	–	535	535	434	969
As restated at 1 January 2017		132,102	736	77	–	141	46,306	179,362	55,343	234,705
Total comprehensive income for the year										
Profit/(Loss) for the year		–	–	–	–	–	2,732	2,732	(3,034)	(302)
Other comprehensive income										
Foreign currency translation differences		–	–	–	(6,031)	–	–	(6,031)	(803)	(6,834)
Net change in fair value of available-for-sale financial assets		–	–	–	–	(3)	–	(3)	–	(3)
Total other comprehensive income		–	–	–	(6,031)	(3)	–	(6,034)	(803)	(6,837)
Total comprehensive income for the year		–	–	–	(6,031)	(3)	2,732	(3,302)	(3,837)	(7,139)
Transactions with owners, recognised directly in equity										
Distributions to owners										
Dividends										
- Tax-exempt (one-tier) final dividend of 1.10 cents per ordinary share for the financial year 2016	14	–	–	–	–	–	(4,834)	(4,834)	–	(4,834)
- Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the financial year 2017	14	–	–	–	–	–	(2,636)	(2,636)	–	(2,636)
Dividends paid to non-controlling interests	14	–	–	–	–	–	–	–	(2,300)	(2,300)
Total distributions to owners		–	–	–	–	–	(7,470)	(7,470)	(2,300)	(9,770)
Transfer between reserves										
Appropriation of retained earnings to statutory reserve		–	61	–	–	–	(61)	–	–	–
At 31 December 2017		132,102	797	77	(6,031)	138	41,507	168,590	49,206	217,796

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

	Note	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
2018										
As restated at 31 December 2017		132,102	797	77	(6,031)	138	41,507	168,590	49,206	217,796
Adoption of SFRS(I) 9	32	–	–	–	–	(138)	138	–	–	–
As restated at 1 January 2018		132,102	797	77	(6,031)	–	41,645	168,590	49,206	217,796
Total comprehensive income for the year										
Profit/(Loss) for the year		–	–	–	–	–	4,220	4,220	(23)	4,197
Other comprehensive income										
Foreign currency translation differences		–	–	–	(1,321)	–	–	(1,321)	(178)	(1,499)
Effect of striking off a subsidiary		–	–	–	(28)	–	–	(28)	(199)	(227)
Total other comprehensive income		–	–	–	(1,349)	–	–	(1,349)	(377)	(1,726)
Total comprehensive income for the year		–	–	–	(1,349)	–	4,220	2,871	(400)	2,471
Transactions with owners, recognised directly in equity										
Distributions to owners										
Dividends										
- Tax-exempt (one-tier) final dividend of 1.00 cents per ordinary share for the financial year 2017	14	–	–	–	–	–	(4,395)	(4,395)	–	(4,395)
- Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the financial year 2018	14	–	–	–	–	–	(2,636)	(2,636)	–	(2,636)
Dividends paid to non-controlling interests	14	–	–	–	–	–	–	–	(888)	(888)
Total distributions to owners		–	–	–	–	–	(7,031)	(7,031)	(888)	(7,919)
Transfer between reserves										
Appropriation of retained earnings to statutory reserve		–	25	–	–	–	(25)	–	–	–
At 31 December 2018		132,102	822	77	(7,380)	–	38,809	164,430	47,918	212,348

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from operating activities			
Profit/(Loss) for the year		4,197	(302)
Adjustments for:			
Amortisation of other investments	9	5	5
Depreciation and amortisation		17,790	15,264
Impairment loss on property, plant and equipment	4	–	177
Dividend income from quoted investments	20	(8)	(17)
Gain on disposal of an associate	20	–	(1,039)
Gain on disposal of an investment property	5	(7,911)	–
Gain on striking off a subsidiary	6	(14)	–
(Gain)/Loss on disposal of other investment		(10)	51
Loss on disposals of property, plant and equipment		19	318
Net change in fair value of equity securities		127	–
Net finance costs	22	1,778	291
Property, plant and equipment written off		4	45
Provision for termination benefits	16	–	10,197
Share of profit of equity-accounted investees (net of tax)		565	108
Tax expense		1,795	957
		18,337	26,055
Changes in:			
- Inventories		(27,764)	1,152
- Contract assets		(1,709)	778
- Trade and other receivables		(12,889)	3,555
- Trade and other payables		5,122	(1,586)
- Employee benefits		(2,168)	(9,272)
Cash (absorbed)/generated from operations		(21,071)	20,682
Tax paid		(2,578)	(3,119)
Net cash (used in)/from operating activities		(23,649)	17,563
Cash flows from investing activities			
Dividends received from quoted investments	20	8	17
Capital contribution to an equity-accounted investees	8	–	(316)
Interest received	22	1,318	1,595
Proceeds from disposal of an investment property		21,492	–
Proceeds from disposal of other investment	9	575	363
Proceeds from disposals of property, plant and equipment		12,398	1,459
Proceeds from disposal of an associate	8	–	4,924
Purchases of investment properties	5	(54)	(97)
Acquisition of property, plant and equipment		(23,619)	(36,324)
Net cash paid to NCI from striking off a subsidiary	6	(213)	–
Net cash from/(used in) investing activities		11,905	(28,379)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from financing activities			
Dividends paid to owners of the Company	14	(7,031)	(7,470)
Dividends paid to non-controlling interests	14	(888)	(2,300)
Interest paid	22	(3,096)	(1,886)
Payment of finance lease liabilities		(67)	(63)
Proceeds from bank borrowings and trust receipts		42,451	32,173
Repayments of bank borrowings and trust receipts		(25,439)	(28,479)
Net cash from/(used in) financing activities		5,930	(8,025)
Net decrease in cash and cash equivalents		(5,814)	(18,841)
Cash and cash equivalents at 1 January		48,575	68,479
Effect of exchange rate fluctuations on cash held		(186)	(1,063)
Cash and cash equivalents at 31 December	13	42,575	48,575

Significant non-cash transactions:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 April 2019.

1. Domicile and activities

New Toyo International Holdings Ltd (the "Company") is incorporated in Singapore and has its registered office at 80 Robinson Road, #02-00, Singapore 068898. The principal place of business is located at 47 Scotts Road, Goldbell Towers #05-03, Singapore 228233.

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

The financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRSs"). An explanation of how the transition to SFRS(I)s and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in note 32.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

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

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Note 6 – assumptions of recoverable amounts relating to investments in subsidiaries;
- Note 11 – assessment of allowance for inventory obsolescence;
- Note 12 – assessment of the recoverability of trade receivables; and
- Note 19 – assessment of the revenue recognition policies by major business segments.

Measurement of fair values

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

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

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

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

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

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

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

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

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

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

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

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

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

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

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

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

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

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

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

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group selected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

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.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

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.

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.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

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

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

Foreign operations

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

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2017, such differences have been reset and derecognised from the foreign currency translation reserve (translation reserve) and reclassified to retained earnings in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in 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. Significant accounting policies (cont'd)

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

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

3. Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

Depreciation (cont'd)

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

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

3.4 Intangible assets and goodwill

Goodwill

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

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

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

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.

3. Significant accounting policies (cont'd)

3.5 Investment property (cont'd)

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

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

Assets under construction are not depreciated. Depreciation on other investment properties is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over their estimated useful lives (or lease terms, if shorter). The estimated useful lives of the investment properties at the reporting date range from 25 to 67 years. Rental income from investment properties is accounted for in the manner described in Note 3.15.

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

3.6 Club membership

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

3.7 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

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

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

3. Significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets – Policy applicable from 1 January 2018 (cont'd)

Financial assets at amortised cost

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

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

Financial assets at FVTPL

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

Financial assets: Business model assessment – Policy applicable from 1 January 2018

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

3. Significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

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

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

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

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Non-derivative financial assets – Policy applicable before 1 January 2018

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

3. Significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

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

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

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

Available-for-sale financial assets

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

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

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

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

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

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

3. Significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Offsetting

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits. For the purpose of the statement of cash flows, pledged deposits and restricted cash are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Share capital

Ordinary shares

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

3. Significant accounting policies (cont'd)

3.8 Impairment

Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

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

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

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

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

Simplified approach

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

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

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

Policy applicable from 1 January 2018 (cont'd)

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could 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.

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

Policy applicable before 1 January 2018

Loans and receivables and contract assets

The Group considers evidence of impairment for loans and receivables and contract assets at both a specific asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets 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, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was 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. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

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.

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets (cont'd)

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

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

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

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

3.9 Intra-group financial guarantees in the separate financial statements

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

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

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

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

Intra-group financial guarantees in the separate financial statements – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

3. Significant accounting policies (cont'd)

3.10 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.

3.11 Lease payments

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

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

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

Determining whether an arrangement contains a lease

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

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

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

3.12 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.

3.13 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.

3. Significant accounting policies (cont'd)

3.13 Employee benefits (cont'd)

Defined benefit plans

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

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

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

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

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

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

Long-service leave

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

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.

3. Significant accounting policies (cont'd)

3.13 Employee benefits (cont'd)

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.

3.14 Revenue

Policy applicable from 1 January 2018

Sale of goods

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

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

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

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

Rental income

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

Dividend income

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

3. Significant accounting policies (cont'd)

3.14 Revenue (cont'd)

Policy applicable before 1 January 2018

Sale of goods

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

Rental income

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

Dividend income

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

3.15 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.

3.16 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. Significant accounting policies (cont'd)

3.17 Tax

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

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

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

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

Deferred tax is not recognised for:

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

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

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

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

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

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

3. Significant accounting policies (cont'd)

3.18 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.

3.19 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.

3.20 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 33.

4. Property, plant and equipment

	Note	Freehold land $'000	Freehold buildings $'000	Leasehold properties $'000	Leasehold improvements $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Group											
Cost											
At 1 January 2017		10,650	6,999	22,812	3,169	149,273	3,851	4,259	1,767	1,201	203,981
Adoption of SFRS(I) 1	32	–	–	152	–	–	–	–	–	–	152
As restated at 1 January 2017		10,650	6,999	22,964	3,169	149,273	3,851	4,259	1,767	1,201	204,133
Additions		–	–	610	253	21,233	94	353	925	13,104	36,572
Disposals/Write-off		–	–	–	(1,761)	(14,952)	(4)	(76)	(171)	–	(16,964)
Reclassification to investment property*		(10,148)	(6,977)	–	–	–	–	–	–	(10)	(17,135)
Effect of movements in exchange rates		(502)	(22)	(1,409)	(187)	(6,256)	(95)	(88)	(79)	(767)	(9,405)
Transfers/Reclassifications		–	–	20	–	728	–	–	44	(792)	–
At 31 December 2017		–	–	22,185	1,474	150,026	3,846	4,448	2,486	12,736	197,201
Additions		–	–	–	674	9,081	57	82	68	13,657	23,619
Disposals/Write-off		–	–	–	–	(1,341)	(89)	(91)	(100)	–	(1,621)
Disposed through striking off		–	–	–	–	–	–	(2)	–	–	(2)
Reclassification to investment property*		–	–	(147)	–	–	–	–	–	–	(147)
Effect of movements in exchange rates		–	–	302	32	1,616	35	(83)	4	(248)	1,658
Transfers/Reclassifications		–	–	420	3,662	15,153	31	713	70	(20,049)	–
At 31 December 2018		–	–	22,760	5,842	174,535	3,880	5,067	2,528	6,096	220,708

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

	Note	Freehold land $'000	Freehold buildings $'000	Leasehold properties $'000	Leasehold improvements $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Group											
Accumulated depreciation and impairment losses											
At 1 January 2017		92	2,781	6,013	2,545	87,193	3,215	2,729	1,121	–	105,689
Adoption of SFRS(I) 1	32	–	–	38	–	–	–	–	–	–	38
As restated at 1 January 2017		92	2,781	6,051	2,545	87,193	3,215	2,729	1,121	–	105,727
Depreciation		–	272	645	126	11,604	142	332	235	–	13,356
Disposals/Write-off		–	–	–	(1,730)	(9,997)	(2)	(63)	(149)	–	(11,941)
Impairment for the year		–	–	–	–	58	37	82	–	–	177
Reclassification to investment property*		(85)	(3,008)	–	–	–	–	–	–	–	(3,093)
Effect of movements in exchange rates		(7)	(45)	(208)	(136)	(2,879)	(56)	(42)	(50)	–	(3,423)
At 31 December 2017		–	–	6,488	805	85,979	3,336	3,038	1,157	–	100,803
Depreciation		–	–	909	303	13,904	128	351	359	–	15,954
Disposals/Write-off		–	–	–	–	(1,110)	(79)	(92)	(100)	–	(1,381)
Disposed through striking off		–	–	–	–	–	–	(2)	–	–	(2)
Reclassification to investment property*		–	–	(20)	–	–	–	–	–	–	(20)
Effect of movements in exchange rates		–	–	62	16	920	27	(39)	4	–	990
Transfers/Reclassifications		–	–	–	–	(1)	3	(2)	–	–	–
At 31 December 2018		–	–	7,439	1,124	99,692	3,415	3,254	1,420	–	116,344
Carrying amounts											
As restated at 1 January 2017		10,558	4,218	16,912	624	62,080	636	1,530	646	1,201	98,406
At 31 December 2017		–	–	15,697	669	64,047	510	1,410	1,329	12,736	96,398
At 31 December 2018		–	–	15,321	4,718	74,843	465	1,813	1,108	6,096	104,364

* A property was transferred to investment property, because they were no longer used by the Group in the production of goods or services or for administrative purpose. The property was sold to a third party during the financial year (31 Dec 2017: leased to a third party).

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

	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor Vehicles $'000	Construction-in-progress $'000	Total $'000
Company						
Cost						
At 1 January 2017	90	22	55	578	–	745
Additions	–	–	13	–	–	13
Write-off	–	–	(8)	–	–	(8)
At 31 December 2017	90	22	60	578	–	750
Additions	–	–	12	–	60	72
At 31 December 2018	90	22	72	578	60	822
Accumulated depreciation						
At 1 January 2017	90	22	46	274	–	432
Depreciation	–	–	7	91	–	98
Write-off	–	–	(8)	–	–	(8)
At 31 December 2017	90	22	45	365	–	522
Depreciation	–	–	8	91	–	99
At 31 December 2018	90	22	53	456	–	621
Carrying amounts						
At 1 January 2017	–	–	9	304	–	313
At 31 December 2017	–	–	15	213	–	228
At 31 December 2018	–	–	19	122	60	201

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

	Group	
	2018 $'000	**2017 $'000**
Motor vehicles	130	494

In 2017, the Group acquired motor vehicles of $292,000 under finance lease, of which $44,000 was settled in cash.

Impairment test

In 2017 and 2018, 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		
	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
Cost			
At 1 January	32,581	18,695	19,202
Acquisitions	54	97	–
Disposal/Transfer	(13,770)	(56)	–
Reclassification from property, plant and equipment	127	14,042	–
Effect of movements in exchange rates	(804)	(197)	(507)
At 31 December	18,188	32,581	18,695
Accumulated depreciation			
At 1 January	12,237	11,882	11,534
Depreciation	473	549	634
Disposal/Transfer	(189)	(56)	–
Effect of movements in exchange rates	(369)	(138)	(286)
At 31 December	12,152	12,237	11,882
Carrying amounts	6,036	20,344	6,813

Investment properties comprise a number of commercial properties, residential apartments, factories, industrial and warehouse buildings that are mostly leased to third parties. Each of the leases contains an average non-cancellable period of 2 years. 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 $33,531,000 at 31 December 2018, (31 Dec 2017: $54,074,000; 1 Jan 2017: $32,458,000) based on independent valuations obtained from 2017 to 2018 by property valuers on an open market value basis.

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

- The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.
- The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

Gross rental income of $2,369,000 (31 Dec 2017: $2,281,000; 1 Jan 2017: $1,767,000) was derived from the investment properties during the year.

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

6. Subsidiaries

	Note	Company 31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Equity investments, at cost		77,693	77,693	77,693
Impairment losses		(5,831)	(5,831)	(5,831)
		71,862	71,862	71,862
Discount implicit in interest-free loans to subsidiaries		1,041	1,041	1,041
		72,903	72,903	72,903
Loans to subsidiaries	(i)	65,200	64,539	54,345
Impairment losses		(6,075)	(6,075)	(6,075)
		59,125	58,464	48,270
		132,028	131,367	121,173

(i) Included in the loans to subsidiaries is an amount of $11,120,000 (31 Dec 2017: $10,902,000; 1 Jan 2017: $4,001,000) which is unsecured and bears fixed interest rate of 2.75% (31 Dec 2017: 2.75%; 1 Jan 2017: 2.75%) per annum. The remaining amounts of $54,080,000 (31 Dec 2017: $53,637,000; 1 Jan 2017: $50,344,000) are unsecured and interest-free. The settlement of these loans is neither planned nor likely to occur in the foreseeable future. These loans are, in substance, part of the Company's net investments in the subsidiaries.

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

Striking off of subsidiary - Alliance Innovative Solutions Pte Ltd

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

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

6. Subsidiaries (cont'd)

Incorporation of subsidiary – New Toyo Food Packaging Company Limited

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

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

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest		
				31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
	Held by the Company					
#	New Toyo Aluminium Paper Product Co (Pte) Ltd	Manufacturing of specialty papers	Singapore	100	100	100
#	New Toyo Corrugated Products Pte Ltd	Investment holding	Singapore	100	100	100
#	New Toyo International Co (Pte) Ltd	Trading of paper products, machinery, spares and equipment	Singapore	100	100	100
#	New Toyo Ventures Pte Ltd	Investment holding	Singapore	100	100	100
#	Singapore Pacific Investments Pte Ltd	Investment holding	Singapore	100	100	100
#	New Toyo Lamination (M) Pte Ltd	Investment holding	Singapore	100	100	100
∞	New Toyo Adelaide Pty Ltd	Investment holding	Australia	100	100	100
∞	Sealink International Limited	Inactive	Hong Kong	100	100	100
∞	Pacific Eagle Investment Limited	Investment holding	Hong Kong	100	100	100
∞	Toyoma Non-Carbon Paper Manufacturer Sdn Bhd	Investment holding	Malaysia	100	100	100
+	New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd	Manufacturing of specialty papers and paper core	Vietnam	100	100	100
∞	Fast Win Enterprise Limited	Trading of raw materials and equipment	Hong Kong	100	100	100

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6. **Subsidiaries (cont'd)**

Incorporation of subsidiary – New Toyo Food Packaging Company Limited (cont'd)

	Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest		
				31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
	Held by subsidiaries					
∞	Tien Wah Holdings (1990) Sdn Bhd	Investment holding	Malaysia	100	100	100
+	Tien Wah Press Holdings Berhad	Investment holding	Malaysia	55	55	55
+	Tien Wah Press (Malaya) Sdn Bhd	Manufacturing of printed cartons and labels	Malaysia	55	55	55
+	Tien Wah Properties Sdn Bhd	Investment holding	Malaysia	55	55	55
+	Paper Base Converting Sdn Bhd	Manufacturing of specialty papers	Malaysia	100	100	100
∞	New Toyo Aluminium Gulf Paper Packaging FZE	Manufacturing of specialty papers	Dubai	100	100	100
∞	New Toyo Paper Products (Shanghai) Co., Ltd	Manufacturing of specialty papers	China	100	100	100
+	Sen Yang Enterprise Co., Ltd	Manufacturing and sales of paper products	China	100	100	–
∞	Wuhu New Asia Paper Products Co., Ltd	Investment holding	China	100	100	100
+	Vina Toyo Company Ltd	Manufacturing of specialty papers and corrugated containers	Vietnam	50*	50*	50*
#	New Toyo Investments Pte Ltd	Investment holding	Singapore	55	55	55
+	Alliance Print Technologies Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	55	55	55
@	Alliance Print Technologies FZE	Manufacturing of printed cartons and labels	Dubai	55	55	55
∞	Max Ease International Limited	Trading of printed cartons and labels	Hong Kong	77	77	77

6. Subsidiaries (cont'd)

Incorporation of subsidiary – New Toyo Food Packaging Company Limited (cont'd)

	Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest		
				31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
	Held by subsidiaries (cont'd)					
∞	Max View Holdings Limited	Investment holding	Hong Kong	77	77	77
+	Anzpac Services (Australia) Pty Ltd	Manufacturing of printed cartons and labels	Australia	77	77	77
+	PT Bintang Pesona Jagat	Manufacturing of printed cartons and labels	Indonesia	77	77	77
&	Alliance Innovative Solutions Pte Ltd	Supplies of printing ink	Singapore	–	50*	50*
+	New Toyo Food Packaging Company Limited	Manufacturing and sales of paper products	Vietnam	100	–	–

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

\# Audited by KPMG LLP, Singapore.

\+ Audited by other member firms of KPMG International.

∞ Audited by other accounting firms.

@ Auditor changed from other member firm of KPMG International to other accounting firm for the year ended 31 December 2018.

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

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

6. Subsidiaries (cont'd)

Impairment

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

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

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

7. Non-controlling interests

	Group		
	31 Dec 2018 $'000	**31 Dec 2017 $'000**	**1 Jan 2017 $'000**
Non-controlling interests	47,918	49,206	55,343

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		
			31 Dec 2018 %	**31 Dec 2017 %**	**1 Jan 2017 %**
Max Ease International Limited ("MEIL")	Hong Kong	Printed cartons and labels	23	23	23
Tien Wah Press Holdings Berhad ("TWPH")	Malaysia	Printed cartons and labels	45	45	45

7. Non-controlling interests (cont'd)

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

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

7. Non-controlling interests (cont'd)

	MEIL $'000	TWPH* $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 Dec 2017					
Revenue	103,948	81,531	7,335		
Loss	(8,935)	(3,204)	(270)		
Other comprehensive income	484	(1,662)	(323)		
Total comprehensive income	(8,451)	(4,866)	(593)		
Attributable to NCI:					
- (Loss)/Profit	(2,067)	(1,454)	(135)	622	(3,034)
- Other comprehensive income	112	(753)	(162)	–	(803)
- Total comprehensive income	(1,955)	(2,207)	(297)	622	(3,837)
Non-current assets	53,974	82,542	872		
Current assets	25,352	70,044	4,633		
Non-current liabilities	(12,059)	(11,279)	(76)		
Current liabilities	(42,567)	(34,579)	(1,558)		
Net assets	24,700	106,728	3,871		
Net assets attributable to NCI	5,713	48,412	1,935	(6,854)	49,206
Cash flows from/(used in) operating activities	8,901	8,503	(650)		
Cash flows (used in)/from investing activities	(5,008)	(20,422)	17		
Cash flows (used in)/from financing activities	(10,827)	6,579	79		
Net decrease in cash and cash equivalents	(6,934)	(5,340)	(554)		
Dividends paid to NCI	–	2,120	180		
1 Jan 2017					
Non-current assets	55,997	71,752	1,405		
Current assets	38,919	76,670	4,798		
Non-current liabilities	(26,604)	(4,775)	(77)		
Current liabilities	(35,162)	(27,380)	(1,301)		
Net assets	33,150	116,267	4,825		
Net assets attributable to NCI	7,667	52,739	2,412	(7,475)	55,343

* Excludes the interest in MEIL

8. Associates and joint ventures

		Group			Company		
	Note	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
		$'000	$'000	$'000	$'000	$'000	$'000
Interests in associates	(i)	–	–	–	–	–	1,866
Interests in joint ventures	(ii)	11,225	1,952	1,687	–	–	–
Impairment losses		–	–	–	–	–	(620)
		11,225	1,952	1,687	–	–	1,246

(i) Associates

The Group had engaged in the following activities in relation to associates:

Change of status of associate to other investment - Toyoma Aluminium Foil Packaging Sdn Bhd ("TAF")

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

A gain on deemed disposal of the associate of $603,000 was recognised in profit or loss in 2017.

Disposal of associate - Benkert (Malaysia) Sdn Bhd ("Benkert")

On 23 December 2016, TWPH had accepted the offer from Benkert UK Ltd to purchase TWPH's 30% equity interest in 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 was received in 2017.

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

8. **Associates and joint ventures (cont'd)**

(i) **Associates (cont'd)**

Details of the associates are as follows:

	Name of associates	Principal activities	Principal place of business/ Country of incorporation	Ownership interest		
				31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
	Held by the Company					
∞	Toyoma Aluminium Foil Packaging Sdn Bhd	Investment holding	Malaysia	–	–*	30
	Held by subsidiaries					
∞	Benkert (Malaysia) Sdn Bhd	Manufacturing and sale of standard and perforated tipping papers	Malaysia	–	–	–^

* TAF has ceased to be an associated company in 2017 as a result of a reduction in the Company's shareholding in TAF from 30% to 14.61%. Details of the transaction is set out in note (i) above.

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

∞ Audited by other accounting firms.

In 2017, the Group's share of the capital commitments of an associate was $Nil.

(ii) **Joint ventures**

Details of the joint ventures are as follows:

	Name of joint ventures	Principal activities	Principal place of business/ Country of incorporation	Ownership interest		
				31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
	Held by subsidiaries					
+	Lum Chang Tien Wah Property Sdn Bhd ("LCTW")	Investment holding	Malaysia	27*	27*	27*
^	Toyo (Viet)–Dofico Print Packaging Company Ltd ("TVDP")	Manufacturing of printed cartons and labels	Vietnam	27*	27*	27*

8. Associates and joint ventures (cont'd)

(ii) Joint ventures (cont'd)

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

\+ Audited by other member firms of KPMG International.

^ Audited by other accounting firm.

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

Disposal of property and capital contribution to LCTW

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

During the financial year ended 31 December 2016, TWP sold its leasehold land with a carrying amount of $6,708,000 to LCTW for a sale consideration of $21,264,000. The unrealised profit recognised by the Group of $7,278,000 was only eliminated up to the extent of the Group's cost of investment of $1,673,000 in LCTW. At 31 December 2018, the uneliminated unrealised profits amounted to $5,605,000.

During the financial year ended 31 December 2017, TWP and KHPL subscribed for additional Redeemable Non-Convertible Non-Cumulative Preference Shares ("RNCPS") for a total consideration of $642,000 at $321,000 each held by TWP and KHPL in equal proportion.

During the financial year ended 31 December 2018, TWP and KHPL subscribed for additional ordinary shares for a total consideration of $19,660,000 at $9,830,000 each, held by TWP and KHPL in equal proportion.

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

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

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

8. Associates and joint ventures (cont'd)

As at 31 December 2018, the completion of the termination of JVA with DOFICO and acquisition of the remaining 50% shares held by DOFICO in TVDP is pending the issuance of an investment certificate by the State Authority of Vietnam.

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

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

8. Associates and joint ventures (cont'd)

	TVDP $'000	LCTW $'000	Intra-group elimination $'000	Total $'000
31 Dec 2017				
Revenue	6,599	–		
Profit/(Loss)	332	(520)		
Other comprehensive income	84	(12)		
Total comprehensive income	416	(532)		
Non-current assets	3,861	21,070		
Current assets	2,250	2,145		
Current liabilities	(2,068)	(19,980)		
Net assets	4,043	3,235		
Carrying amount of interest in investee at beginning of the year	1,915	–	(228)	1,687
Group's share of:				
- Profit/Loss)	91	(173)		
- Other comprehensive income	23	(2)		
NCI's share of:				
- Profit/(Loss)	75	(144)		
- Other comprehensive income	19	(2)		
- Total comprehensive income	208	(321)	57	(56)
Cost of investment	–	321	–	321
Carrying amount of interest in investee at end of the year	2,123	–	(171)	1,952
1 Jan 2017				
Revenue	5,448	–		
Loss	(350)	(182)		
Other comprehensive income	(70)	6		
Total comprehensive income	(420)	(176)		
Non-current assets	4,720	21,093		
Current assets	4,390	1,535		
Current liabilities	(5,082)	(19,579)		
Net assets	4,028	3,049		
Carrying amount of interest in investee at beginning of the year	2,125	–	(94)	2,031
Group's share of:				
- Loss	(96)	–		
- Other comprehensive income	(19)	–		
NCI's share of:				
- Profit	(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

9. Other investments

At 1 January 2018, the Group designated the investments shown below as equity investments as at FVTPL because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes. In 2017, these investments were classified as available-for-sale.

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Quoted equity securities, at fair value	261	290	317	–	–	–
Unquoted equity securities, at fair value	958	1,051	427	958	1,051	–
	1,219	1,341	744	958	1,051	–
Club memberships, at cost	1,384	1,395	1,408	693	693	685
	2,603	2,736	2,152	1,651	1,744	685
Accumulated amortisation and impairment losses						
At 1 January	56	53	47	–	–	–
Amortisation	5	5	6	–	–	–
Impairment for the year	–	–	1	–	–	–
Effect of movements in exchange rates	–	(2)	(1)	–	–	–
At 31 December	61	56	53	–	–	–
Carrying amount	2,542	2,680	2,099	1,651	1,744	685
Current						
Available-for-sale financial assets:						
- Debt securities	–	589	–	–	–	–
Total other investments, at carrying amount	2,542	3,269	2,099	1,651	1,744	685

Debt securities of the Group represents 100,000 bonds issued by the Joint Stock Commercial Bank for Foreign Trade of Vietnam at face value of VND100,000 each bond and has maturity date on 25 November 2026. The debt securities has an interest rate of 7.9% (31 Dec 2017: 7.6%; 1 Jan 2017: 7.9%) per annum. The debt securities were subsequently sold on 28 March 2018, for a cash consideration of $575,000.

In September 2017, the Group disposed of its unquoted equity security for a cash consideration of $363,000 and at a loss on disposal of $51,000.

The fair value information related to FVTPL – equity instrument (31 Dec 2017 and 1 Jan 2017: available-for-sale financial assets) is disclosed in Note 28.

10. Intangible assets and goodwill

	Goodwill on consolidation $'000	Contract value $'000	Total $'000
Group			
Cost			
At 1 January 2017	22,120	18,929	41,049
Effect of movements in exchange rates	–	(1,541)	(1,541)
At 31 December 2017	22,120	17,388	39,508
Effect of movements in exchange rates	–	374	374
At 31 December 2018	22,120	17,762	39,882
Accumulated amortisation			
At 1 January 2017	–	12,804	12,804
Amortisation	–	1,359	1,359
Effect of movements in exchange rates	–	(1,106)	(1,106)
At 31 December 2017	–	13,057	13,057
Amortisation	–	1,363	1,363
Effect of movements in exchange rates	–	301	301
At 31 December 2018	–	14,721	14,721
Carrying amounts			
At 1 January 2017	22,120	6,125	28,245
At 31 December 2017	22,120	4,331	26,451
At 31 December 2018	22,120	3,041	25,161

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:

	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Specialty papers	22	22	22
Printed cartons and labels	22,098	22,098	22,098
	22,120	22,120	22,120

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

10. Intangible assets and goodwill (cont'd)

Contract value is in relation to the exclusive rights to supply British American Tobacco's printed carton requirements in several locations in the Asia Pacific region, with the details set out as below:

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

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

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

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

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

- Cash flow projections were over a period of 5 years (31 Dec 2017: 5 years; 1 Jan 2017: 5 years), based on the 2019 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 for the CGU ranges from 0% to 34% from 2019 to 2023 and 0% thereafter (31 Dec 2017: 4% to 11% from 2018 to 2022 and 0% thereafter; 1 Jan 2017: 3% to 23% from 2017 to 2021, and 0% thereafter) were used in the cash flow projections.

- The pre-tax discount rates for the operating companies within CGU ranging from 7.5% to 13.3% (31 Dec 2017: 7.0% to 15.4%; 1 Jan 2017: 9.0% to 17.5%) 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 (31 Dec 2017: Terminal value with zero growth; 1 Jan 2017: Terminal value with zero growth) was assumed.

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

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

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

11. Inventories

	Group		
	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
Raw materials	52,386	33,744	34,471
Consumables	2,425	1,558	1,288
Work-in-progress	2,470	2,276	3,609
Finished goods	14,981	7,532	6,023
	72,262	45,110	45,391
Allowance for inventory obsolescence:			
At 1 January	2,185	1,236	1,329
Allowance made during the year	553	1,150	88
Utilisation of allowance	(600)	(168)	(185)
Effect of movements in exchange rates	(40)	(33)	4
At 31 December	2,098	2,185	1,236
Carrying amount of inventories	70,164	42,925	44,155

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

During the year, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to $192,852,000 (2017: $166,983,000).

12. Trade and other receivables

	Note	Group 31 Dec 2018 $'000	Group 31 Dec 2017 $'000	Group 1 Jan 2017 $'000	Company 31 Dec 2018 $'000	Company 31 Dec 2017 $'000	Company 1 Jan 2017 $'000
Non-current							
Consideration receivable	(i)	–	–	1,670	–	–	–
Amount due from joint venture							
- non-trade	(ii)	356	353	1,124	–	–	–
Other receivables	(iii)	2,106	833	–	–	–	–
		2,462	1,186	2,794	–	–	–
Current							
Trade receivables		42,120	31,029	39,187	–	–	–
Impairment losses		(2,201)	(279)	(282)	–	–	–
		39,919	30,750	38,905	–	–	–
Deposits		5,915	4,816	7,747	–	–	–
Tax recoverable		587	486	421	–	–	–
Consideration receivables	(iv)	2,180	24,186	25,023	–	–	–
Dividend receivable		–	–	–	205	201	246
Other receivables	(v)	7,141	6,537	941	11	25	18
Amounts due from subsidiaries							
- trade		–	–	–	1,784	627	386
- non-trade	(vi)	–	–	–	177	61	311
Amounts due from associates							
- trade		–	–	306	–	–	–
- non-trade	(vi)	–	–	344	–	–	–
Amounts due from joint venture							
- trade		298	45	1,749	46	45	50
- non-trade	(vi)	487	719	527	123	120	130

12. Trade and other receivables (cont'd)

		Group			Company		
	Note	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Current							
Amounts due from other related corporations*							
- trade		1,914	635	56	–	–	–
- non-trade	(vi)	355	314	26	–	–	–
Loans to subsidiaries	(vii)	–	–	–	14,552	7,854	8,574
		58,796	68,488	76,045	16,898	8,933	9,715
Prepayments		1,958	2,819	1,686	29	35	36
		60,754	71,307	77,731	16,927	8,968	9,751
		63,216	72,493	80,525	16,927	8,968	9,751

* The amounts due from other related corporations also include amounts receivable from entities which are partially-owned by a substantial shareholder (31 Dec 2017 and 1 Jan 2017: a substantial shareholder and a subsidiary's key management personnel).

(i) Consideration receivable in 2016 relates to the deferred payment due from the Group's joint venture partner, DOFICO. This is a result of the disposal of 50% of TVDP 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.

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

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

(iv) Current consideration receivables include the:

- outstanding proceeds on the disposal of leasehold land and building to the Group's joint venture entity, LCTW by TWP. The amount bears a fixed interest of rate of 4.5% (31 Dec 2017: 4.5%; 1 Jan 2017: 4.5%) per annum. The consideration receivable from the disposal of $19,845,000 was collected in full in December 2018 by offsetting against the total consideration for the Group's additional subscription to 30,000,000 new shares in its joint venture amounting to $9,830,000 (see note 8) and the remaining amount of $10,015,000 was collected in cash.

- deferred payment of $2,180,000 (31 Dec 2017: $2,178,000; 1 Jan 2017: $566,000) due from DOFICO as mentioned in (i) which is payable within the next 12 months.

- outstanding proceeds from the disposal of plant and equipment to a third party following the cessation of an Australian subsidiary's operations, as at 31 December 2017. The proceeds of $2,166,000 was received in 2018.

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

12. Trade and other receivables (cont'd)

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

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

(vii) Loans to subsidiaries are unsecured, repayable on demand, and bear fixed interest rates ranging from 3.99% to 4.65% (31 Dec 2017: 2.00% to 2.75%; 1 Jan 2017: 2.90% to 3.16%) per annum. The remaining amount of $1,589,000 (31 Dec 2017: $401,000; 1 Jan 2017: $Nil) is unsecured, interest-free and repayable on demand.

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

	Group			Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other receivables:						
Singapore	9,321	8,497	15,978	10,928	437	262
Indonesia	15,163	6,587	3,253	290	63	–
Vietnam	10,626	7,377	10,408	878	391	960
Malaysia	7,816	26,994	34,940	3,916	1,437	1,538
United Arab Emirates	3,257	3,935	2,672	825	331	–
Hong Kong	3,239	1,423	2,857	46	6,262	6,831
Korea	3,021	4,534	2,746	–	–	–
China	2,473	1,663	111	5	–	61
Latin America	2,332	472	1,235	–	–	–
Australia	500	5,324	2,245	10	12	63
India	410	76	572	–	–	–
Papua New Guinea	269	588	245	–	–	–
Philippines	209	539	41	–	–	–
Others	2,622	1,665	1,536	–	–	–
	61,258	69,674	78,839	16,898	8,933	9,715
Contract assets:						
Singapore	1,632	1,927	2,442	–	–	–
Indonesia	2,719	983	93	–	–	–
Malaysia	11	97	1,024	–	–	–
United Arab Emirates	164	–	–	–	–	–
Korea	140	7	–	–	–	–
Australia	–	–	511	–	–	–
	4,666	3,014	4,070	–	–	–
	65,924	72,688	82,909	16,898	8,933	9,715

The top five customers of the Group account for 54% (31 Dec 2017: 45%; 1 Jan 2017: 37%) of the trade and other receivables (excluding prepayments) carrying amount at 31 December 2018.

12. Trade and other receivables (cont'd)

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

	Group 2017 $'000	Company 2017 $'000
At 1 January 2017 per SFRS(I) 9	282	–
Impairment losses recognised	(2)	–
Effect of movements in exchange rates	(1)	–
At 31 December 2017 per SFRS(I) 9	279	–

	Group 2018 $'000	Company 2018 $'000
At 1 January 2018 per SFRS(I) 9	279	–
Impairment losses recognised	2,274	–
Utilised during the year	(255)	–
Effect of movements in exchange rates	(97)	–
At 31 December 2018 per SFRS(I) 9	2,201	–

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

	31 Dec 2018		31 Dec 2017	1 Jan 2017
	Not credit impaired $'000	Credit impaired $'000	$'000	$'000
Group				
External credit ratings at least Baa3 from Moody's or BBB from Standard & Poor's	25,360	–	17,749	18,139
Other customers:				
- Four or more years' trading history with the Group*	14,191	–	12,583	20,766
- Less than four years' trading history with the Group*	2,534	–	418	–
- Higher risk	–	36	279	282
Other receivables – Low risk	21,338	–	38,924	39,934
Contract assets:				
- External credit ratings at least Baa3 from Moody's or BBB from Standard & Poor's	4,491	–	2,952	3,482
- Four or more years' trading history with the Group*	175	–	62	588
Total gross carrying amount	68,089	36	72,967	83,191
Loss allowance	(2,165)	(36)	(279)	(282)
	65,924	–	72,688	82,909

* Exclude higher risk

12. Trade and other receivables (cont'd)

	31 Dec 2018		31 Dec 2017	1 Jan 2017
	Not credit impaired	Credit impaired		
	$'000	$'000	$'000	$'000
Company				
Other receivables	16,898	–	8,933	9,715
Total gross carrying amount	16,898	–	8,933	9,715
Loss allowance	–	–	–	–
	16,898	–	8,933	9,715

* Exclude higher risk

Comparative information under FRS 39

An analysis of the credit quality of trade and other receivables and contract assets that were neither past due nor impaired and the ageing of the trade and other receivables and contract assets impaired is as follows:

	31 Dec 2017		1 Jan 2017	
	Gross	Impairment losses	Gross	Impairment losses
	$'000	$'000	$'000	$'000
Group				
Trade and other receivables:				
Not past due	64,325	–	72,467	–
- Past due 0 – 30 days	3,214	–	5,188	–
- Past due 31 – 180 days	2,040	–	1,184	–
- More than 180 days	374	(279)	282	(282)
Contract assets:				
- Not past due	3,014	–	4,070	–
	72,967	(279)	83,191	(282)
Company				
Trade and other receivables:				
Not past due	8,107	–	8,918	–
- Past due 0 – 30 days	92	–	281	–
- Past due 31 – 180 days	293	–	150	–
- More than 180 days	441	–	366	–
	8,933	–	9,715	–

Under FRS 39, 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.

Based on historical default rates, the Group believes that, except for those recognised, no additional impairment is necessary in respect of trade receivables and other receivables not past due. These receivables relate to customers that have a good credit record with the Group.

12. Trade and other receivables (cont'd)

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2018:

	Group			
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**	**Credit impaired**
	%	**$'000**	**$'000**	
Current (not past due)	0.00	37,256	–	No
Past due 0 – 30 days	0.00	5,140	–	No
Past due 31 – 180 days	0.00	1,829	–	No
More than 180 days	96.03	2,292	(2,201)	Yes
		46,787	(2,201)	

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

Other receivables (excluding prepayments)

The Group's other receivables (excluding prepayments) as at 31 December 2018 includes amounts due from related parties, consideration receivables from related parties, tax recoverables and deposits. The Group uses a similar approach for assessment of ECLs for other receivables to those used for trade receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant to the Group and Company.

13. Cash and cash equivalents

	Group			Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and bank balances	27,791	34,660	49,537	10,800	7,635	14,499
Short-term deposits	14,784	13,915	18,942	469	4,338	8,473
Cash and cash equivalents in the statement of cash flows	42,575	48,575	68,479	11,269	11,973	22,972

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

14. Share capital and reserves

	Company No. of shares	
	2018	2017
	('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.

Reserves

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

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Capital reserve	822	797	736	–	–	–
Fair value reserve	–	138	141	–	–	–
Translation reserve	(7,380)	(6,031)	–	–	–	–
Others	77	77	77	77	77	77
	(6,481)	(5,019)	954	77	77	77

Capital reserve

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

14. Share capital and reserves (cont'd)

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVTPL (31 Dec 2017: available-for-sale financial assets; 1 Jan 2017: available-for-sale financial assets).

Translation reserve

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

Following the adoption of SFRS(I) in 2018, the Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to $Nil at the date of transition or at 1 January 2017 (see note 32).

Others

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

Dividends

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

For the year ended 31 December

	Group and Company	
	2018	**2017**
	$'000	**$'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 2017 (2016: 1.10 cents)	4,395	4,834
Tax-exempt (one-tier) interim dividend of 0.60 cents per ordinary share for the year 2018 (2017: 0.60 cents)	2,636	2,636
	7,031	7,470
Paid by a subsidiary to NCI	888	2,300

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	
	2018	**2017**
	$'000	**$'000**
Tax-exempt (one-tier) final dividend of 0.90 cents (2017: 1.00 cents) per ordinary share in respect of the year	3,955	4,395

15. Trade and other payables

		Group			Company		
	Note	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Non-current							
Employee benefits	16	395	213	259	–	–	–
Other payables		163	183	193	–	–	–
		558	396	452	–	–	–
Current							
Trade payables		37,777	29,306	33,861	–	–	–
Loans from subsidiaries	(i)	–	–	–	27,476	27,449	27,562
Amounts due to subsidiaries							
- trade		–	–	–	23	118	150
- non-trade	(i)	–	–	–	4,158	2,523	5,003
Amounts due to joint venture							
- trade		–	807	812	–	–	–
- non-trade	(i)	112	3	4	–	–	–
Amounts due to other related corporations							
- trade		77	151	344	–	–	–
- non-trade	(i)	17	1	1	1	1	1
Accrued operating expenses		8,276	5,586	4,841	700	626	657
Amount payable for customer contract extension	10	–	1,871	2,026	–	–	–
Employee benefits	16	359	2,710	1,739	29	29	29
Other payables		1,959	5,570	2,422	36	108	64
		48,577	46,005	46,050	32,423	30,854	33,466
		49,135	46,401	46,502	32,423	30,854	33,466

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

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

16. Employee benefits

	Note	Group 31 Dec 2018 $'000	Group 31 Dec 2017 $'000	Group 1 Jan 2017 $'000
Defined benefit obligations	(i)	577	397	171
Liability for long-service leave	(ii)	–	–	938
Provision for termination benefits	(iii)	–	2,400	–
Accrual for annual leave		177	126	889
		754	2,923	1,998

	Group 31 Dec 2018 $'000	Group 31 Dec 2017 $'000	Group 1 Jan 2017 $'000
Analysed as:			
- Non-current	395	213	259
- Current	359	2,710	1,739
	754	2,923	1,998

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

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

	Note	2018 $'000	2017 $'000
At 1 January		397	171
Benefits paid		(80)	(39)
Expense recognised in profit or loss	23	269	270
Effect of movements in exchange rates		(9)	(5)
At 31 December		577	397

(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	2018 $'000	2017 $'000
At 1 January		–	938
Reversal	23	–	(952)
Effect of movements in exchange rates		–	14
At 31 December		–	–

16. Employee benefits (cont'd)

(iii) Movement in provision for termination benefits

During the year, a subsidiary incurred an additional $50,000 (2017: $9,969,000) for termination benefits following the Group's decision for business restructuring, and this amount was directly recognised in profit or loss.

	2018 $'000	2017 $'000
At 1 January	2,400	–
Provision	–	10,197
Utilisation of provision	(2,400)	(7,659)
Reversal	–	(228)
Effect of movements in exchange rates	–	90
At 31 December	–	2,400

(iv) Employee benefits expenses recognised in profit or loss

	2018 $'000	2017 $'000
Defined benefit obligations	269	270
Reversal of liability for long-service leave	–	(952)
Net provision for termination benefits	–	9,969
Provision/(Reversal) of accrual for annual leave	72	(771)
	341	8,516

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

	2018 $'000	2017 $'000
Cost of sales	172	(781)
Administrative expenses	169	(672)
Other operating expenses	–	9,969
	341	8,516

17. Financial liabilities

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Non-current portion of long-term bank loans						
- secured	13,487	11,847	26,044	–	–	–
- unsecured	6,997	10,330	2,084	–	–	–
Finance lease liabilities	146	197	19	–	–	19
	20,630	22,374	28,147	–	–	19
Current						
Bank loans						
- secured	2,469	1,595	–	–	–	–
- unsecured	31,471	19,428	18,966	8,709	2,406	2,604
Current portion of long-term bank loans						
- secured	3,046	1,364	–	–	–	–
- unsecured	3,539	4,646	1,791	–	–	–
Trust receipts						–
- secured	3,712	–	–	–	–	–
- unsecured	2,277	123	453	–	–	–
Finance lease liabilities	49	65	47	–	19	45
	46,563	27,221	21,257	8,709	2,425	2,649
	67,193	49,595	49,404	8,709	2,425	2,668

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

	Group		
	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
Plant and equipment	11,475	3,877	–
Inventories	6,817	6,683	–
Investment in subsidiary – at cost	8,562	9,357	26,044
	26,854	19,917	26,044

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

The bank loans are repayable between 2019 to 2023 (2017: 2018 to 2022), details of which are provided in the following tables.

17. **Financial liabilities (cont'd)**

Finance lease liabilities

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

	Principal	Interest	Future minimum lease payments	Principal	Interest	Future minimum lease payments	Principal	Interest	Future minimum lease payments
	2018	2018	2018	2017	2017	2017	1 Jan 2017	1 Jan 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Within 1 year	49	7	56	65	7	72	47	2	49
Between 1 and 5 years	146	13	159	197	20	217	19	–	19
	195	20	215	262	27	289	66	2	68
Company									
Within 1 year	–	–	–	19	–	19	45	2	47
Between 1 and 5 years	–	–	–	–	–	–	19	–	19
	–	–	–	19	–	19	64	2	66

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

Liquidity risk

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

	Note	Carrying amount	Cash flows: Contractual cash flows	Cash flows: Within one year	Cash flows: One to five years
		$'000	$'000	$'000	$'000
Group					
31 Dec 2018					
Non-derivative financial liabilities					
Secured bank loans		19,002	(22,113)	(6,832)	(15,281)
Unsecured bank loans		42,007	(42,987)	(35,681)	(7,306)
Finance lease liabilities		195	(215)	(56)	(159)
Trade and other payables*	15	48,381	(48,381)	(48,381)	–
Secured trust receipts		3,712	(3,797)	(3,797)	–
Unsecured trust receipts		2,277	(2,294)	(2,294)	–
Total		115,574	(119,787)	(97,041)	(22,746)

17. Financial liabilities (cont'd)

Liquidity risk (cont'd)

			Cash flows		
	Note	Carrying amount $'000	Contractual cash flows $'000	Within one year $'000	One to five years $'000
Group					
31 Dec 2017					
Non-derivative financial liabilities					
Secured bank loans		14,806	(17,421)	(3,817)	(13,604)
Unsecured bank loans		34,404	(35,533)	(24,662)	(10,871)
Finance lease liabilities		262	(289)	(72)	(217)
Trade and other payables*	15	43,478	(43,478)	(43,478)	–
Trust receipts		123	(124)	(124)	–
Total		93,073	(96,845)	(72,153)	(24,692)
1 Jan 2017					
Non-derivative financial liabilities					
Secured bank loans		26,044	(29,783)	(883)	(28,900)
Unsecured bank loans		22,841	(23,221)	(20,985)	(2,236)
Finance lease liabilities		66	(68)	(49)	(19)
Trade and other payables*	15	44,504	(44,504)	(44,504)	–
Trust receipts		453	(455)	(455)	–
Total		93,908	(98,031)	(66,876)	(31,155)

* Excludes employee benefits

Cash flows due within one year include secured and unsecured revolving credit facilities amounting to $40,471,000 (31 Dec 2017: $21,350,000; 1 Jan 2017: $19,569,000).

17. Financial liabilities (cont'd)

Liquidity risk (cont'd)

	Note	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within one year $'000	One to five years $'000
Company					
31 Dec 2018					
Non-derivative financial liabilities					
Unsecured bank loans		8,709	(8,747)	(8,747)	–
Trade and other payables*	15	32,394	(32,394)	(32,394)	–
Financial guarantees		–	(66,667)	(53,860)	(12,807)
		41,103	(107,808)	(95,001)	(12,807)
31 Dec 2017					
Non-derivative financial liabilities					
Unsecured bank loans		2,406	(2,421)	(2,421)	–
Finance lease liabilities		19	(19)	(19)	–
Trade and other payables*	15	30,825	(30,825)	(30,825)	–
Financial guarantees		–	(42,309)	(30,520)	(11,789)
		33,250	(75,574)	(63,785)	(11,789)
1 Jan 2017					
Non-derivative financial liabilities					
Unsecured bank loans		2,604	(2,619)	(2,619)	–
Finance lease liabilities		64	(66)	(47)	(19)
Trade and other payables*	15	33,437	(33,437)	(33,437)	–
Financial guarantees		–	(19,969)	(19,969)	–
		36,105	(56,091)	(56,072)	(19)

* Excludes employee benefits

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

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

Financial guarantees

(i) Intra-group financial guarantees comprise guarantees granted by the Company to banks of $59,433,000 (31 Dec 2017: $35,809,000; 1 Jan 2017: $15,626,000) in respect of banking facilities extended to subsidiaries.

(ii) An unsecured guarantee of $7,233,000 (31 Dec 2017: $6,500,000; 1 Jan 2017: $4,343,000) was issued to suppliers by the Company for credit terms granted to its subsidiaries.

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

17. Financial liabilities (cont'd)

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

	Bank loans $'000	Trust receipts $'000	Finance lease liabilities $'000	Total $'000
At 1 January 2017	48,885	453	66	49,404
Changes from financing cash flows				
Interest paid	(1,882)	–	(4)	(1,886)
Payment of finance lease liabilities	–	–	(63)	(63)
Proceeds from bank borrowings and trust receipts	31,669	504	–	32,173
Repayments of bank borrowings and trust receipts	(27,545)	(935)	–	(28,480)
Total changes from financing cash flows	2,242	(431)	(67)	1,744
The effect of changes in foreign exchange rates	(1,917)	101	(29)	(1,845)
Other changes				
Liability-related				
New finance lease	–	–	292	292
Total liability-related other changes	–	–	292	292
At 31 December 2017	49,210	123	262	49,595
At 1 January 2018	49,210	123	262	49,595
Changes from financing cash flows				
Interest paid	(3,088)	–	(8)	(3,096)
Payment of finance lease liabilities	–	–	(67)	(67)
Proceeds from bank borrowings and trust receipts	28,251	14,200	–	42,451
Repayments of bank borrowings and trust receipts	(17,059)	(8,380)	–	(25,439)
Total changes from financing cash flows	8,104	5,820	(75)	13,849
The effect of changes in foreign exchange rates	3,695	46	8	3,749
At 31 December 2018	61,009	5,989	195	67,193

18. Deferred tax assets and liabilities

Unrecognised deferred tax liabilities

At 31 December 2018, deferred tax liabilities of $969,000 (31 Dec 2017: $740,000; 1 Jan 2017: $1,328,000) for temporary differences of $7,425,000 (31 Dec 2017: $5,039,000; 1 Jan 2017: $12,080,000) related to investments in subsidiaries were not recognised because the Group is able to control the timing of reversal of the related taxable temporary differences and is satisfied that they will not be incurred in the foreseeable future.

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

Unrecognised deferred tax assets

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

	Group		
	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
Deductible temporary differences	2,907	6,931	4,964
Tax losses	14,585	23,011	13,545
	17,492	29,942	18,509

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

Recognised deferred tax assets and liabilities

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

	At 1 Jan 2017	Recognised in profit or loss (Note 24)	Exchange differences	At 31 Dec 2017	Recognised in profit or loss (Note 24)	Exchange differences	At 31 Dec 2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Deferred tax assets							
Property, plant and equipment	569	(26)	(13)	530	(113)	1	418
Inventories	85	26	(7)	104	(8)	1	97
Trade and other payables	21	5	(1)	25	53	50	128
Others	65	281	(13)	333	(161)	(62)	110
	740	286	(34)	992	(229)	(10)	753
Deferred tax liabilities							
Property, plant and equipment	(3,016)	1,439	157	(1,420)	(11)	(2)	(1,433)
Others	(377)	323	(89)	(143)	(23)	(2)	(168)
	(3,393)	1,762	68	(1,563)	(34)	(4)	(1,601)
Company							
Deferred tax asset							
Trade and other payables	3	–	–	3	–	–	3
Deferred tax liability							
Property, plant and equipment	(14)	–	–	(14)	–	–	(14)

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

Recognised deferred tax assets and liabilities (cont'd)

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

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets	561	673	653	–	–	–
Deferred tax liabilities	1,409	1,244	3,306	11	11	11

19. Revenue

	Group	
	2018	2017
	$'000	$'000
Sale of manufactured packaging products	233,171	229,378
Trading of packaging products	38,150	35,678
	271,321	265,056

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

Sale of manufactured packaging products

Specialty paper segment

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

Printed cartons and labels segment

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

19. Revenue (cont'd)

Trading segment

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

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical location of business operations. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 28).

	Specialty papers		Printed cartons and labels		Trading		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical location of business operations								
Hong Kong	–	–	56,103	58,444	35,026	25,345	91,129	83,789
Vietnam	41,586	38,644	16,811	11,118	–	–	58,397	49,762
Malaysia	35,584	26,231	3,241	15,207	–	–	38,825	41,438
Indonesia	–	–	34,461	33,286	–	–	34,461	33,286
Singapore	29,067	28,739	–	–	3,124	10,333	32,191	39,072
Dubai	2,417	30	2,139	76	–	–	4,556	106
China	–	2	–	–	–	–	–	2
Australia	–	–	8	12,217	–	–	8	12,217
External revenues	108,654	93,646	112,763	130,348	38,150	35,678	259,567	259,672
Timing of revenue recognition								
At a point in time	108,643	93,646	–	–	38,150	35,678	146,793	129,324
Overtime	11	–	112,763	130,348	–	–	112,774	130,348
External revenues	108,654	93,646	112,763	130,348	38,150	35,678	259,567	259,672

19. Revenue (cont'd)

Contract balances

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

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
Trade receivables	39,919	30,750	38,905
Contract assets	4,666	3,014	4,070
Contract liabilities	300	–	–

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

The contract liabilities primarily relate to advance consideration received from customers for sale of tissue papers.

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

	Contract assets		Contract liabilities	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Increase due to cash received, excluding amounts recognised as revenue during the year	–	–	300	–
Contract assets reclassified to trade receivables	(3,014)	(4,070)	–	–
Changes in measurement of progress	4,666	3,014	–	–

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

20. Other income

	Group 2018 $'000	Group 2017 $'000
Dividend income from quoted investments	8	17
Gain on deemed disposal of an associate	–	1,039
Gain on disposal of an investment property	7,911	–
Gain on disposal of other investments	10	–
Insurance claim recovery	12	18
Net foreign exchange gain	1,969	–
Rental income	2,369	2,281
Scrap sales	2,655	2,253
Others	1,158	3,223
	16,092	8,831

21. Other operating expenses

	Note	Group 2018 $'000	Group 2017 $'000
Amortisation of intangible assets	10	1,363	1,359
Amortisation of other investments	9	5	5
Termination benefits	16	50	9,969
Loss on disposal of other investment		–	51
Loss on disposal of property, plant and equipment		19	318
Property, plant and equipment written off		4	45
Relocation costs		1,173	–
Others		220	1,271
		2,834	13,018

22. Finance income and finance costs

	Group 2018 $'000	Group 2017 $'000
Interest income from bank deposits	460	670
Interest income from a joint venture	858	925
Finance income	1,318	1,595
Interest paid and payable to banks	(3,096)	(1,886)
Finance costs	(3,096)	(1,886)
Net finance costs recognised in profit or loss	(1,778)	(291)

23. Profit before tax

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

	Note	Group 2018 $'000	Group 2017 $'000
Audit fees paid to			
- auditors of the Company		274	273
- other auditors		276	271
Non-audit fees paid to			
- other auditors		65	115
Allowance for inventory obsolescence	11	553	1,150
Depreciation of property, plant and equipment	4	15,954	13,356
Depreciation of investment properties	5	473	549
Directors' fees		330	344
Impairment losses on property, plant and equipment		–	177
Inventories written off		7	10
Operating expenses arising from rental of investment properties		626	477
Operating lease expenses		5,010	2,888
Provision/(Reversal) of impairment losses for receivables	12	2,274	(2)
Staff costs			
- salaries, bonuses and other costs		26,312	39,537
- contributions to defined contribution plans		1,732	2,290
- expenses related to defined benefit plan	16	269	270
- reversal of liability for long-service leave	16	–	9,969

24. Tax expense

	Group 2018 $'000	Group 2017 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	1,605	3,103
Over provision in prior years	(73)	(98)
	1,532	3,005
Deferred tax expense		
Origination and reversal of temporary differences	3,474	(2,011)
Recognition of tax effect of previously unrecognised tax losses	(3,211)	37
	263	(2,048)
Total tax expense	1,795	957

24. Tax expense (cont'd)

	Group 2018 $'000	Group 2017 $'000
Reconciliation of effective tax rate		
Profit before tax	5,992	655
Tax using the Singapore tax rate of 17% (2017: 17%)	1,019	111
Effect of tax rates in foreign jurisdictions	2,485	(352)
Non-deductible expenses	2,336	1,214
Tax exempt income	(868)	(2,517)
Reinvestment allowances and other tax incentives	(235)	(254)
Current year losses for which no deferred tax asset was recognised	342	2,890
Recognition of tax effect of previously unrecognised tax losses	(3,211)	(37)
Over provision in prior years	(73)	(98)
	1,795	957

25. Earnings per share

The calculation of basic and diluted earnings per share at 31 December 2018 was based on the profit attributable to ordinary shareholders of $4,220,000 (2017: $2,732,000), and a weighted-average number of ordinary shares outstanding of 439,425,000 (2017: 439,425,000), calculated as follows:

	Group 2018 $'000	Group 2017 $'000
Basic and diluted earnings per share is based on:		
Profit attributable to ordinary shareholders	4,220	2,732

	Group 2018 '000	Group 2017 '000
Issued ordinary shares at 1 January and 31 December	439,425	439,425

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

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

26. Related parties

Transactions with directors and other key management personnel

Key management personnel compensation

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

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

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

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term employment benefits		
- directors	704	708
- key executives	3,941	3,794
Post-employment benefits (including contribution to Central Provident Fund)	215	185
	4,860	4,687

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	
	2018	**2017**
	$'000	**$'000**
Transactions with companies in which certain directors and substantial shareholders have significant influence		
- sale of finished goods	2,644	395
- purchase of raw materials/finished goods	(11)	(16)
- sale of scrap	1,706	757
- service fees paid/payable	(1)	(1)
- rental received/receivable	89	86
- purchase of tissue papers	(4)	–
Transactions with companies in which certain directors have significant influence		
- professional fees paid/payable	(6)	(6)

26. Related parties (cont'd)

Transactions with directors and other key management personnel (cont'd)

	Group	
	2018	**2017**
	$'000	**$'000**
Transactions with companies in which certain directors of subsidiaries have significant influence		
- sale of finished goods	282	958
- purchase of raw materials	(406)	(1,275)
- purchase of plant and equipment (net)	(3)	(125)
- transportation fees	(659)	(603)
- leasing of motor vehicle	(38)	(39)
- advertisement costs paid/payable	(1)	–
Transactions with a director of a subsidiary		
- gratuity paid/payable	(504)	–
Transaction with sibling of a director of the Company		
- professional fees paid/payable	(4)	–

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	
	2018	**2017**
	$'000	**$'000**
Transactions with joint ventures		
- sale of raw material	–	50
- purchase of raw material/finished goods	–	(1,149)
- rental paid/payable	(867)	(920)
- management fee received/receivables	10	25
- interest received/receivables	834	875
- transportation fees	–	(7)

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.

27. Operating segments (cont'd)

Information about reportable segments

	Specialty papers		Printed cartons and labels		Trading		Investment holding		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External revenues	108,654	93,646	112,763	130,348	38,150	35,678	–	–	259,567	259,672
Inter-segment revenue	3,062	1,982	50,713	55,131	4,441	1,350	–	–	58,216	58,463
Interest income	115	218	1,012	1,179	–	–	765	568	1,892	1,965
Interest expense	(287)	(140)	(3,103)	(1,651)	(51)	(4)	(222)	(63)	(3,663)	(1,858)
Reportable segment profit before tax	3,847	12,346	5,547	(11,410)	186	463	599	934	10,179	2,333
Segment results	3,847	12,346	5,547	(11,410)	186	463	599	934	10,179	2,333
Share of profit of equity-accounted investees	–	–	–	–	–	–	(565)	(108)	(565)	(108)
Other material non-cash items:										
- Amortisation	5	5	1,363	1,359	–	–	–	–	1,368	1,364
- Depreciation	2,139	1,553	13,900	11,693	–	–	289	562	16,328	13,808
- Change in fair value of equity shares	33	–	–	–	–	–	–	–	33	–
- Impairment loss on property, plant and equipment	–	–	–	177	–	–	–	–	–	177
Capital expenditure	5,117	3,974	18,423	32,585	–	–	–	–	23,540	36,559
Investments in equity-accounted investees	–	–	–	–	–	–	11,224	1,952	11,224	1,952
Reportable segment assets	72,159	62,928	189,626	209,954	7,436	6,673	8,476	10,302	277,697	289,857
Reportable segment liabilities	23,686	15,635	66,771	72,297	5,202	3,742	128	185	95,787	91,859

27. Operating segments (cont'd)

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

	31 Dec 2018 $'000	31 Dec 2017 $'000
Revenues		
Total revenue for reportable segments	317,783	318,135
Revenue for other segments	11,754	5,384
Elimination of inter-segment revenue	(58,216)	(58,463)
Consolidated revenue	271,321	265,056
Profit or loss		
Total profit or loss for reportable segments	10,179	2,333
Profit or loss for other segments	(1,933)	(281)
	8,246	2,052
Elimination of inter-segment profits	1,998	1,876
Share of profit of equity-accounted investees	(565)	(108)
Unallocated amounts:		
- other corporate expenses	(3,687)	(3,165)
Consolidated profit before tax	5,992	655

	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Assets			
Total assets for reportable segments	277,697	289,857	303,886
Assets for other segments	26,777	8,621	4,035
Investments in equity-accounted investees	11,224	1,952	1,687
Unallocated amounts:			
- other corporate assets	13,664	14,505	24,450
- income tax assets	1,148	1,159	1,074
Consolidated total assets	330,510	316,094	333,798
Liabilities			
Total liabilities for reportable segments	95,787	91,859	91,874
Liabilities for other segments	11,365	1,162	613
Unallocated amounts:			
- other corporate liabilities	9,476	3,190	3,419
- income tax liabilities	1,534	2,087	4,521
Consolidated total liabilities	118,162	98,298	100,427

	31 Dec 2018 $'000	31 Dec 2017 $'000
Depreciation		
Total depreciation for reportable segments	16,328	13,808
Others	99	97
Consolidated depreciation	16,427	13,905

27. Operating segments (cont'd)

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

	31 Dec 2018 $'000	31 Dec 2017 $'000
Capital expenditure		
Total capital expenditure for reportable segments	23,540	36,559
Others	79	13
Consolidated capital expenditure	23,619	36,572

	2018			2017		
	Reportable Segments Total $'000	Adjustments $'000	Consolidated Total $'000	Reportable Segments Total $'000	Adjustments $'000	Consolidated Total $'000
Group						
Interest income and expense						
Interest income	1,892	(574)	1,318	1,965	(370)	1,595
Interest expense	(3,663)	567	(3,096)	(2,302)	416	(1,886)
Consolidated net interest expense	(1,771)	(7)	(1,778)	(337)	46	(291)

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.

	2018		2017	
	External revenues $'000	Non-current assets* $'000	External revenues $'000	Non-current assets* $'000
Hong Kong	91,129	21,358	83,789	21,981
Vietnam	65,780	44,622	55,146	45,198
Malaysia	38,825	26,284	41,438	16,908
Indonesia	34,461	23,591	33,286	18,320
Singapore	34,400	10,231	39,072	9,865
Dubai	4,556	21,486	106	17,715
China	2,162	2,929	2	3,400
Australia	8	1,289	12,217	15,624
Total	271,321	151,790	265,056	149,011

* Excludes deferred tax assets

27. Operating segments (cont'd)

Major customer

Revenue of $135.8 million (2017: $139.0 million) is derived from a single external customer, attributable to the speciality papers and printed cartons and labels segments.

28. Financial risk management

Overview

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

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

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

Risk management framework

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

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

Credit risk

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

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

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

28. Financial risk management (cont'd)

Credit risk (cont'd)

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographical location, industry, aging profile, maturity and existence of previous financial difficulties.

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

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

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $27,791,000 and $17,784,000 as 31 December 2018 (31 Dec 2017: $34,660,000 and $13,915,000; 1 Jan 2017: $49,537,000 and $18,942,000). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated B2 to Aa1, based on Moody's ratings.

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

Intra-group financial guarantees

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

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

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

Liquidity risk

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

Working capital management

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

28. Financial risk management (cont'd)

Currency risk

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

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

At the reporting date, the Group and Company do not have any outstanding forward exchange contracts (31 Dec 2017: $Nil; 1 Jan 2017: $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	AED	USD	VND	AUD	MYR
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
31 Dec 2018						
Trade and other receivables	280	1,691	3,692	1,723	237	1,318
Cash and cash equivalents	4,829	480	10,470	187	489	284
Financial liabilities	–	–	(11,989)	(504)	–	(112)
Trade and other payables	(462)	–	(1,747)	(4,983)	(7)	(1,464)
Net exposure	4,647	2,171	426	(3,577)	719	26
31 Dec 2017						
Trade and other receivables	315	905	4,628	1,771	194	785
Cash and cash equivalents	5,961	110	7,274	57	63	882
Financial liabilities	–	–	(4,133)	–	–	(140)
Trade and other payables	(310)	(628)	(1,687)	(4,063)	(81)	(969)
Net exposure	5,966	387	6,082	(2,235)	176	558
1 Jan 2017						
Trade and other receivables	444	394	7,584	669	155	1,625
Cash and cash equivalents	3,593	70	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	464	15,465	(1,767)	260	2,632

28. Financial risk management (cont'd)

Currency risk (cont'd)

	USD $'000
Company	
31 Dec 2018	
Loans to subsidiaries	26,175
Trade and other receivables	528
Cash and cash equivalents	9,746
Financial liabilities	(8,709)
Trade and other payables	(5,345)
Net exposure	22,395
31 Dec 2017	
Loans to subsidiaries	19,860
Trade and other receivables	433
Cash and cash equivalents	5,047
Financial liabilities	(2,406)
Trade and other payables	(3,689)
Net exposure	19,245
1 Jan 2017	
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

Sensitivity analysis

A 2% strengthening of SGD against the AED, USD, VND, AUD and MYR at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2017.

	Group Profit or loss		Company Profit or loss	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
SGD	(93)	(119)	–	–
AED	(43)	(8)	–	–
USD	(9)	(122)	(448)	(385)
VND	72	45	–	–
AUD	(14)	(4)	–	–
MYR	(1)	(11)	–	–

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

28. Financial risk management (cont'd)

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					
31 Dec 2018					
Assets					
Cash at bank	0.1 – 1.5	3,048	–	–	3,048
Short-term deposits	0.4 – 3.7	–	14,784	–	14,784
		3,048	14,784	–	17,832
Liabilities					
Bank loans	4.3 – 11.8	(51,293)	(4,491)	(5,226)	(61,010)
Trust receipts	4.2 – 11.5	(2,277)	(3,712)	–	(5,989)
Finance lease liabilities	2.3 – 4.6	–	(49)	(146)	(195)
		(53,570)	(8,252)	(5,372)	(67,194)
31 Dec 2017					
Assets					
Cash at bank	0.1 – 2.0	3,299	–	–	3,299
Short-term deposits	0.4 – 3.0	–	13,915	–	13,915
		3,299	13,915	–	17,214
Liabilities					
Bank loans	2.7 – 11.2	(43,761)	(1,997)	(3,452)	(49,210)
Trust receipts	4.8	–	(123)	–	(123)
Finance lease liabilities	2.3 – 4.6	–	(65)	(197)	(262)
		(43,761)	(2,185)	(3,649)	(49,595)
1 Jan 2017					
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)

28. Financial risk management (cont'd)

Effective interest rates and repricing/maturity analysis (cont'd)

	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
Company					
31 Dec 2018					
Assets					
Loans to subsidiaries	2.8 – 4.7	–	24,083	–	24,083
Short-term deposits	1.3	–	469	–	469
		–	24,552	–	24,552
Liabilities					
Bank loans	4.1 – 4.7	(8,709)	–	–	(8,709)
31 Dec 2017					
Assets					
Loans to subsidiaries	2.0 – 2.8	–	18,355	–	18,355
Short-term deposits	1.2	–	4,338	–	4,388
		–	22,693	–	22,693
Liabilities					
Bank loans	2.5	(2,406)	–	–	(2,406)
Finance lease liability	2.3	–	(19)	–	(19)
		(2,406)	(19)	–	(2,425)
1 Jan 2017					
Assets					
Loans to subsidiaries	2.0 – 3.2	–	8,574	–	8,574
Cash at bank	0.6	7,305	–	–	7,305
Short-term deposits	1.0	–	8,473	–	8,473
		7,305	17,047	–	24,352
Liabilities					
Bank loans	2.3	(2,604)	–	–	(2,604)
Finance lease liability	2.3	–	(45)	(19)	(64)
		(2,604)	(45)	(19)	(2,668)

Fair value sensitivity analysis for fixed rate instruments

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

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.

28. Financial risk management (cont'd)

Effective interest rates and repricing/maturity analysis (cont'd)

	Profit or loss			
	Group		Company	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
31 Dec 2018				
Variable rate instruments	(253)	253	(44)	44
31 Dec 2017				
Variable rate instruments	(202)	202	(12)	12
1 Jan 2017				
Variable rate instruments	(177)	177	24	(24)

Financial assets and liabilities measured at fair value

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

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
31 Dec 2018					
Assets					
Equity investments – mandatorily at FVTPL					
- Quoted equity securities	9	261	–	–	261
- Unquoted equity securities	9	–	–	958	958
		261	–	958	1,219
31 Dec 2017					
Assets					
Available-for-sale investments					
- Quoted equity securities	9	290	–	–	290
- Unquoted debt securities	9	–	589	–	589
		290	589	–	879
1 Jan 2017					
Assets					
Available-for-sale investments					
- Quoted equity securities	9	317	–	–	317
- Unquoted debt securities	9	–	427	–	427
		317	427	–	1,744

28. Financial risk management (cont'd)

Estimation of fair values

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

Equity investments – mandatorily at FVTPL (31 Dec 2017: available-for-sale quoted equity securities; 1 Jan 2017: available-for-sale quoted equity securities)

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

Debt investments – mandatorily at FVTPL (31 Dec 2017: available-for-sale debt securities; 1 Jan 2017: available-for-sale debt securities)

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

Other financial assets and liabilities

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

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

28. Financial risk management (cont'd)

Accounting classifications

	Note	Mandatorily at FVTPL - Others $'000	Amortised Cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Group					
31 Dec 2018					
Equity investments at FVTPL	9	1,219	–	–	1,219
Trade and other receivables*	12	–	61,258	–	61,258
Cash and cash equivalents	13	–	42,575	–	42,575
		1,219	103,833	–	105,052
Trade and other payables**	15	–	–	(48,381)	(48,381)
Financial liabilities	17	–	–	(67,193)	(67,193)
		–	–	(115,574)	(115,574)

	Note	Available-for-sale $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Group					
31 Dec 2017					
Available-for-sale investments	9	1,341	–	–	1,341
Trade and other receivables*	12	–	69,674	–	69,674
Cash and cash equivalents	13	–	48,575	–	48,575
		1,341	118,249	–	119,590
Trade and other payables**	15	–	–	(43,478)	(43,478)
Financial liabilities	17	–	–	(49,595)	(49,595)
		–	–	(93,073)	(93,073)
1 Jan 2017					
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)

28. Financial risk management (cont'd)

Accounting classifications **(cont'd)**

	Note	Mandatorily at FVTPL - Others $'000	Amortised Cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Company					
31 Dec 2018					
Trade and other receivables*	12	–	16,898	–	16,898
Cash and cash equivalents	13	–	11,269	–	11,269
		–	28,167	–	28,167
Trade and other payables**	15	–	–	(32,394)	(32,394)
Financial liabilities	17	–	–	(8,709)	(8,709)
		–	–	(41,103)	(41,103)

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

* Excludes prepayments

** Excludes employee benefits

29. Contingent liabilities

The Company has given an undertaking to provide a continuing financial support to a subsidiary (31 Dec 2017: a subsidiary; 1 Jan 2017: certain subsidiaries), to enable the subsidiary to continue its operations for at least the next twelve months. At the reporting date, the subsidiary was in a net liabilities position of $192,000 (31 Dec 2017: $139,000; 1 Jan 2017: $473,000).

30. Commitments

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

Capital commitments

	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Group			
Contracted but not provided for	1,245	6,883	14,002

Operating lease commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group			Company		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Within one year	5,583	2,118	1,304	195	6	235
Between one and five years	6,330	5,332	2,418	209	26	6
More than five years	8,194	9,058	6,655	–	–	–
	20,107	16,508	10,377	404	32	241

Operating lease commitments of the Group include the commitment by subsidiaries for lands with lease expiring in year 2029 and 2036 (31 Dec 2017: year 2029 and 2036; 1 Jan 2017: year 2029 and 2036).

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

30. Commitments (cont'd)

Operating lease commitments (cont'd)

Leases as lessor

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

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
Within one year	1,322	2,278	1,499
Between one and five years	181	2,030	2,028
	1,503	4,308	3,527

During the year, $2,369,000 (2017: $2,281,000) was recognised as rental income in profit or loss. Operating and maintenance expenses, included in administrative expenses, amounted to $626,000 (2017: $477,000) in the year.

31. Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)s). SFRS(I)s comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I)s with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I)s.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRSs.

31. Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

An explanation of how the transition from previous FRSs to SFRS(I)s and the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's statement of financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's statement of profit or loss and statement of comprehensive income for the year then ended for each of the line items affected. There was no material impact on the Group's statement of cash flows for the year ended 31 December 2017 arising on transition to SFRS(I).

31. **Explanation of transition to SFRS(I) and adoption of new standards (cont'd)**

Reconciliation of the Group's equity

Consolidated statement of financial position

	31 December 2017				1 January 2018	
	FRS Frame-work $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) Frame-work $'000	SFRS(I) 9 $'000	SFRS(I) Frame-work $'000
Non-current assets						
Property, plant and equipment	96,284	114	–	96,398	–	96,398
Investment properties	20,344	–	–	20,344	–	20,344
Associates and joint ventures	1,952	–	–	1,952	–	1,952
Other investments	2,680	–	–	2,680	–	2,680
Intangible assets and goodwill	26,451	–	–	26,451	–	26,451
Deferred tax assets	673	–	–	673	–	673
Trade and other receivables	1,186	–	–	1,186	–	1,186
	149,570	114	–	149,684	–	149,684
Current assets						
Other investments	589	–	–	589	–	589
Inventories	45,436	–	(2,511)	42,925	–	42,925
Contract assets	–	–	3,014	3,014	–	3,014
Trade and other receivables	71,307	–	–	71,307	–	71,307
Cash and cash equivalents	48,575	–	–	48,575	–	48,575
	165,907	–	503	166,410	–	166,410
Total assets	315,477	114	503	316,094	–	316,094
Equity						
Share capital	132,102	–	–	132,102	–	132,102
Reserves	(15,744)	10,762	(37)	(5,019)	(138)	(5,157)
Retained earnings	52,187	(10,970)	290	41,507	138	41,645
Equity attributable to owners of the Company	168,545	(208)	253	168,590	–	168,590
Non-controlling interests	48,849	176	181	49,206	–	49,206
Total equity	217,394	(32)	434	217,796	–	217,796
Non-current liabilities						
Trade and other payables	396	–	–	396	–	396
Financial liabilities	22,374	–	–	22,374	–	22,374
Deferred tax liabilities	1,029	146	69	1,244	–	1,244
	23,799	146	69	24,014	–	24,014
Current liabilities						
Trade and other payables	46,005	–	–	46,005	–	46,005
Financial liabilities	27,221	–	–	27,221	–	27,221
Current tax liabilities	1,058	–	–	1,058	–	1,058
	74,284	–	–	74,284	–	74,284
Total liabilities	98,083	146	69	98,298	–	98,298
Total equity and liabilities	315,477	114	503	316,094	–	316,094

31. Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Reconciliation of the Group's equity (cont'd)

Consolidated statement of financial position (cont'd)

	1 January 2017			
	FRS Framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) Framework $'000
Non-current assets				
Property, plant and equipment	98,292	114	–	98,406
Investment properties	6,813	–	–	6,813
Associates and joint ventures	1,687	–	–	1,687
Other investments	2,099	–	–	2,099
Intangible assets and goodwill	28,245	–	–	28,245
Deferred tax assets	653	–	–	653
Trade and other receivables	2,794	–	–	2,794
	140,583	114	–	140,697
Current assets				
Inventories	47,005	–	(2,850)	44,155
Contract assets	–	–	4,070	4,070
Trade and other receivables	77,731	–	–	77,731
Cash and cash equivalents	68,479	–	–	68,479
	193,215	–	1,220	194,435
Total assets	333,798	114	1,220	335,132
Equity				
Share capital	132,102	–	–	132,102
Reserves	(11,276)	12,230	–	954
Retained earnings	57,967	(12,197)	536	46,306
Equity attributable to owners of the Company	178,793	33	536	179,362
Non-controlling interests	54,972	(63)	434	55,343
Total equity	233,765	(30)	970	234,705
Non-current liabilities				
Trade and other payables	452	–	–	452
Financial liabilities	28,147	–	–	28,147
Deferred tax liabilities	2,912	144	250	3,306
	31,511	144	250	31,905
Current liabilities				
Contract liabilities	–	–	–	–
Trade and other payables	46,050	–	–	46,050
Financial liabilities	21,257	–	–	21,257
Current tax liabilities	1,215	–	–	1,215
	68,522	–	–	68,522
Total liabilities	100,033	144	250	100,427
Total equity and liabilities	333,798	114	1,220	335,132

31. **Explanation of transition to SFRS(I) and adoption of new standards (cont'd)**

Reconciliation of the Group's total comprehensive income

Consolidated statement of total comprehensive income

	Year ended 31 December 2017			
	FRS Framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) Framework $'000
Revenue	265,835	–	(779)	265,056
Cost of sales	(231,754)	–	145	(231,609)
Gross profit	34,081	–	(634)	33,447
Other income	8,394	436	–	8,830
Distribution expenses	(5,624)	–	–	(5,624)
Administrative expenses	(22,582)	–	–	(22,582)
Other operating expenses	(14,054)	1,036	–	(13,018)
Results from operating activities	215	1,472	(634)	1,053
Finance income	1,595	–	–	1,595
Finance costs	(1,886)	–	–	(1,886)
Net finance costs	(291)	–	–	(291)
Share of loss of equity-accounted investees (net of tax)	(108)	–	–	(108)
Loss/(Profit) before tax	(184)	1,472	(634)	654
Tax expense	(1,115)	(6)	165	(956)
Loss/(Profit) for the year	(1,299)	1,466	(469)	(302)
Loss/(Profit) attributable to:				
Owners of the Company	1,751	1,226	(245)	2,732
Non-controlling interests	(3,050)	240	(224)	(3,034)
Loss/(Profit) for the year	(1,299)	1,466	(469)	(302)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations	(5,299)	(1,946)	411	(6,834)
Net change in fair value of available-for-sale financial assets	(3)	–	–	(3)
Other comprehensive income for the year, net of tax	(5,302)	(1,946)	411	(6,837)
Total comprehensive income for the year	(6,601)	(480)	(58)	(7,139)
Total comprehensive income attributable to:				
Owners of the Company	(2,778)	(241)	(283)	(3,302)
Non-controlling interests	(3,823)	(239)	225	(3,837)
Total comprehensive income for the year	(6,601)	(480)	(58)	(7,139)

31. Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations

A SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

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

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods. The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to $Nil at the date of transition, and reclassified the cumulative FCTR losses of $12.23 million as at 1 January 2017 which was accounted for in accordance with FRS to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR losses of $10.76 million was reclassified from foreign currency translation reserve to retained earnings as at 31 December 2017.

(ii) Business combinations

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

The Group has elected the optional exemption not to apply SFRS(I) 3 *Business Combinations* retrospectively to business combinations that occurred before 1 January 2010.

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

The Group has elected the optional exemption to measure certain property, plant and equipment at the date of transition to SFRS(I) at fair value and use that fair value as deemed cost in its SFRS(I) financial statements. As a result, property, plant and equipment and reserves amounting to $0.11 million were adjusted as at 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS

31. Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

B SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All practical expedients as described below, and the information presented for 2017 has been restated.

The Group has applied the following practical expedients as allowed under SFRS(I) 1:

- Completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.
- For the year ended 31 December 2017, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

The Group's Printed Cartons and Labels division manufactures and sells certain printing products for a customer under a non-cancellable exclusive rights to supply contract. Prior to adoption of SFRS(I) 15, the Group recognises revenue from such sales after the significant risks and rewards of ownership are transferred to customers. Under SFRS(I) 15, the Group will recognise revenue from contracts with customers when the performance obligations are satisfied over time. The impact to the financial statements is as follows:

	31 Dec 2017 $'000	1 Jan 2017 $'000
Consolidated statement of financial position		
Increase in contract assets	3,014	4,070
Decrease in inventories	(2,511)	(2,850)
Increase in deferred tax liabilities	(69)	(250)
Increase in retained earnings	(290)	(536)
Decrease in reserves	37	–
Increase in non-controlling interests	(181)	(434)
Consolidated statement of profit or loss		
Decrease in revenue	(779)	
Increase in cost of sales	145	
Increase in tax expense	165	
Decrease in profit for the year	(469)	

SFRS(I) 15 has an insignificant impact on the financial statements for the Group's other segments.

31. Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

C SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

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

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018:
  - The determination of the business model within which a financial asset is held; and
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- If a debt instrument has low credit risk at 1 January 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below:

(i) Classification and measurement of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note 3.7.

The adoption of SFRS(I) 9 has no significant effect on the Group's accounting policies for financial liabilities.

31. Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

C SFRS(I) 9 (cont'd)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 Jan 2018 Original carrying amount under FRS 39	1 Jan 2018 New carrying amount under SFRS(I) 9
				$'000	$'000
Group					
Financial assets					
Quoted equity securities	*(a)*	Available-for-sale	Mandatorily at FVTPL	290	290
Unquoted equity securities	*(b)*	Available-for-sale	Mandatorily at FVTPL	1,051	1,051
Debt securities	*(c)*	Available-for-sale	Mandatorily at FVTPL	589	589
Trade and other receivables	*(d)*	Loans and receivables	Amortised cost	69,674	69,674
Cash and cash equivalents		Loans and receivables	Amortised cost	48,575	48,575
Total financial assets				120,179	120,179
Company					
Financial assets					
Unquoted equity securities	*(b)*	Available-for-sale	Mandatorily at FVTPL	1,051	1,051
Trade and other receivables	*(d)*	Loans and receivables	Amortised cost	8,933	8,933
Cash and cash equivalents		Loans and receivables	Amortised cost	11,973	11,973
Total financial assets				21,957	21,957

(a) The quoted equity securities categorised as available-for-sale under FRS 39 are held by the Group to provide dividend income, but may be sold to meet liquidity requirements arising in the normal course of business. These securities have been classified as mandatorily measured under FVTPL under SFRS(I) 9 and were managed on a fair value basis.

(b) Unquoted equity securities that were previously classified as available-for-sale are now classified as mandatorily measured under FVTPL.

(c) The debt securities categorised as available-for-sale under FRS 39 are held by the Group's to provide interest income, but may be sold to meet liquidity requirements arising in the normal course of business. These securities were sold 28 March 2018.

(d) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

31. Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

C SFRS(I) 9 (cont'd)

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' impairment model in FRS 39 with an ECL model. The Group has applied the simplified approach and record lifetime ECL on all trade and any contract assets arising from the application of SFRS(I) 15. Other receivables have been assessed on a 12-month expected loss basis which reflects the low credit risk of the exposures. Based on the assessment made, there was no significant change in the impairment of trade and other receivables as at 1 January 2018.

(iii) Transition impact on equity

The following table summarises the impact, net of tax, of transition to SFRS(I) 9 on reserves and retained earnings at 1 January 2018.

	Impact of adopting SFRS(I) 9 at 1 Jan 2018 $'000
Fair value reserve	
Closing balance under FRS 39 (31 Dec 2017)	138
Transferred to retained earnings	(138)
Opening balance under SFRS(I) 9 (1 Jan 2018)	–
Retained earnings	
Closing balance under FRS 39 (31 Dec 2017)	41,507
Transferred from fair value reserve	138
Opening balance under SFRS(I) 9 (1 Jan 2018)	41,645

32. New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

32. New standards and interpretations not yet adopted (cont'd)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio of warehouse and factory facilities leases. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 January 2019, the Group and the Company expect an increase in ROU assets by $13,298,000 and lease liabilities by $13,287,000.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

33. Subsequent events

On 13 March 2019, the Company announced that its wholly-owned subsidiary, New Toyo Lamination (M) Pte. Ltd. has incorporated a wholly-owned subsidiary, E Moto Sdn. Bhd. ("E Moto") in Malaysia with a share capital of MYR2. The Company plans to invest MYR1,500,000 (equivalent to $500,000) into E Moto for its working capital needs.

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

GROUP PROPERTIES

List of Major Properties

Location	Description	Tenure
Lot 15,17,19 & 21 – Road 3 Industrial Zone Linh Trung II EPZ Thu Duc District Ho Chi Minh City, Vietnam	One office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 48.5 years from 3 December 2001 to 22 May 2050
Lot 24 – Road 3 Industrial Zone Linh Trung II EPZ Thu Duc District Ho Chi Minh City, Vietnam	Office and factory used by a subsidiary for its operations	Leasehold 40 years from 7 June 2010 to 22 May 2050
No. 16 Soon Lee Road Singapore 628079	A single-storey detached factory with ancillary structures used by a subsidiary for its operations	Leasehold 60 years commencing from 16 November 1969
38 Huu Nghi Street Vietnam – Singapore Industrial Park Thuan An, Binh Duong Ho Chi Minh City, Vietnam	Two-storey office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 49 years expiring on 8 August 2054
No. 79 Section 14/20 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of a subsidiary	Leasehold 99 years expiring on 22 July 2074
Forest Hills, Block B-210 Mission Hill Golf Club Tangxia Town, Dongguan City Guangdong Province, PRC	Studio apartment	Leasehold 40 years expiring on 6 July 2049
Plot No. S30605, PO Box 263919 Jebel Ali, Dubai United Arab Emirates	Office and factory used by a subsidiary for its operations	Leasehold 20 years expiring 5 August 2036
Plot No. S40404, PO Box 263505 Jebel Ali, Dubai United Arab Emirates	Office and factory used by a subsidiary for its operations	Leasehold 20 years expiring on 9 Oct 2036

GROUP PROPERTIES

List of Investment Properties

Location	Description	Tenure
No. 190, 191, 210 and 211 Shanghai Ma Lu Industrial Park No. 58 Chan Bo Road, Ma Lu District Jia Ding County, Shanghai, PRC	Four similar semi-detached single-storey industrial/warehouse buildings	Leasehold 48 years expiring on 12 November 2043
No. 2461, Bao An Road JiaDing District, Shanghai, PRC	Office, factory and warehouse	Leasehold 50 years from 7 July 1997
No. 5 & 6 Yue Hai Industrial Area Nan Yu Road West, Nan Shan District Shenzhen, PRC	Two adjoining ground floor units of twin six-storey factory buildings	Leasehold 50 years from 1 March 1996
No. 78 Xin Hua Dong Road Inner Mongolia, PRC	2 units of residential apartments	Leasehold 70 years from 25 January 2006
No. 35 Gang Wan Road Wuhu Economic Technology Development Park Wuhu City, Anhui Province, PRC	Office, factory and warehouse	Leasehold period from 13 December 2000 to 1 December 2047
Workshop B, 1/F., Block 1 Koon Wah Mirror Factory (6th) Industrial Building Nos. 7 – 9 Ho Tin Street, Tuen Mun New Territories, Hong Kong	Industrial premises	Leasehold 99 years from 1 July 1898, extended by the New Territories Leases (Extension) Ordinance until the expiry of 30 June 2047
No. 8, Section 14/28 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential premises	Leasehold 99 years expiring on 10 January 2063
No. 8, Lorong 19/1 A 46300 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office, factory and warehouse	Leasehold 99 years from 24 July 1963
No. 41-43 Birralee Road Regency Park, SA 5010 Australia	Office, factory and warehouse	Freehold

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

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 2018 or entered into since 31 December 2017.

Employee Share Option Scheme

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

Interested Person Transactions

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

Interested person	Aggregate value of all transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) S$'000
New Toyo Pulppy (Vietnam) Co. Ltd		
- Sales of chipboard and duplex	435	–
- Sales of jumbo reels	2,209	–
Lu Le Nhi		
- Gratuity payment in connection with her stepping down as managing director of a subsidiary	504	–
		–

Risk Management

The Group's risk management controls are outlined on pages 28 and pages 117 to 126 of this Annual Report.

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Angela Heng Chor Kiang and Mr Lim Teck Leong David are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 April 2019 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

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

Name of Director	**Ms Angela Heng Chor Kiang**	**Mr Lim Teck Leong David**
Date of Appointment	27 March 2014	27 March 2014
Date of last re-appointment	28 April 2017	28 April 2016
Age	60	62
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the past contribution and suitability of Ms Angela Heng Chor Kiang for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Ms Angela Heng Chor Kiang possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the past contribution and suitability of Mr Lim Teck Leong David ("Mr David Lim") for re-appointment as Lead Independent Director of the Company. The Board has reviewed and concluded that Mr David Lim possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive, responsible for the overall strategic directions and management of the Company.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director, Group Chief Executive Officer and a member of Nominating Committee	Non-Executive and Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee
Professional qualifications	Master of Social Science (Professional Counselling)	LLB Honours, King's College (1980) Barrister-at-Law, Gray's Inn (1981)

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Working experience and occupation(s) during the past 10 years	**2006 to 2007** New Toyo International Holdings Ltd Head of Business Development - Tobacco Packaging **2007 to 2014** New Toyo International Co (Pte) Ltd Head of Business Development - Special Projects **2014 to present** New Toyo International Holdings Ltd Executive Director Executive Chairman (stepped down effective 1 September 2016) Group Chief Executive Officer	Mr David Lim is an independent director of G.K. Goh Holdings Limited. He sits on the boards of private companies in Singapore, Indonesia and Thailand in non-executive and independent capacities and on the executive committees of several private equity investments. Mr David Lim is the founder and managing partner of David Lim & Partners LLP. The area of practice includes corporate finance, restructuring and mergers & acquisitions and commercial litigation. Mr David Lim has represented MNCs and private equity, manufacturing, tobacco, information technology and telecommunications, infrastructure, property development, food, hospitality, healthcare, shipping and electronics. He was a member of the Corporate Governance Council, formed by the Monetary Authority of Singapore, which reviewed the Code of Corporate Governance (2017/2018). Mr David Lim is a Fellow of the Singapore Institute of Directors and an honorary legal adviser (for David Lim & Partners LLP) of the Singapore Physiotherapy Association.
Shareholding interest in the listed issuer and its subsidiaries	500,000 ordinary shares	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Other Principal Commitments including Directorships		
Past (for the last 5 years)	1. Benline Investment Holdings Pte. Ltd. 2. Thai Toyo Aluminium Packaging Company Limited 3. Alliance Innovative Solutions Pte Ltd	1. Bio-Air Pte. Ltd. 2. Brixham Services Limited 3. Croesus Retail Trust 4. Haddington Investment Pte Ltd 5. India Roads Trust Investments Pte Ltd 6. Inventa Technologies (S) Pte. Ltd. 7. LH Group Limited (now known as Pacific Star Development Limited) 8. L&T IDPL Trustee Manager Pte. Ltd. 9. Mahakarya Offshore Services Pte. Ltd. 10. Manalagi Investments Limited 11. Pan Asia Mobile (M) Sdn Bhd 12. Sandvik Investments Limited 13. Tien Wah Press Holdings Berhad 14. Twin Energy Limited 15. T.M. Tarah Pte. Ltd.
Present	1. Fast Win Enterprise Limited 2. Max Ease International Limited 3. New Toyo Adelaide Pty Ltd 4. New Toyo International Co Pte Ltd 5. New Toyo International Holdings Ltd 6. New Toyo Lamination (M) Pte. Ltd. 7. Tien Wah Press Holdings Berhad 8. Tien Wah Holdings (1990) Sdn Bhd 9. Sealink International Limited 10. New Toyo Paper Products (Shanghai) Co., Ltd 11. New Toyo Corrugated Products Pte Ltd 12. New Toyo Ventures Pte. Ltd. 13. Singapore Pacific Investments Pte. Ltd. 14. Pacific Eagle Investment Limited 15. Wuhu New Asia Paper Products Co Ltd 16. Vina Toyo Co Ltd 17. Anzpac Services (Australia) Pty Limited 18. Paper Base Converting Sdn Bhd 19. Toyoma Non Carbon Paper Manufacturer Sdn Bhd 20. Max View Holdings Limited 21. New Toyo Aluminium Gulf Paper Packaging FZE 22. PT. Bintang Pesona Jagat 23. Sen Yang Enterprise Co., Ltd	1. Argo Group Pte. Ltd. 2. Cepu Pte. Ltd. 3. Cybermax Pte. Ltd. 4. David Lim & Partners LLP 5. Dandelion Investment Holdings Limited 6. Eastlog Holding Pte. Ltd. 7. Eastlog Project Services Sdn Bhd 8. Eastlog Projects Limited 9. Eruca Limited 10. G.K. Goh Holdings Limited 11. Growth Asia Investments Limited 12. Growth Asia Investments (Indonesia) Limited 13. Indo Port Holding Pte. Ltd. 14. Joy Big Investments Limited 15. LCG Holdings Pte. Ltd. 16. Mezzanine Holdings Limited 17. New Toyo International Holdings Limited 18. PT Bahari Sindo Persada 19. PT Cybermax Indonesia 20. PT Eastern Logistics 21. PT East Java Development 22. PT Multi Production Solution 23. PT Peak Energy 24. Quad Energy Pte. Ltd. 25. Racha Resort Co Ltd 26. Wellcorp Holdings Pte. Ltd. 27. Wong Circuits (Holdings) Pte. Ltd.

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes She is an Executive Director of New Toyo International Holdings Ltd since March 2014.	Yes He is an Independent Director of G. K. Goh Holdings Limited. He was the Chairman of Croesus Retail Trust from 2012 till 2017 and an Independent Director of LH Group Limited (now known as Pacific Star Development Limited) from 2008 till 2017.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

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

Distribution of Shareholders by Size of Shareholdings as at 18 March 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	10	0.20	99	–
100 - 1,000	1,246	25.04	1,235,652	0.28
1,001 - 10,000	2,276	45.73	10,631,913	2.42
10,001 - 1,000,000	1,411	28.35	100,949,039	22.97
1,000,001 AND ABOVE	34	0.68	326,607,900	74.33
TOTAL	**4,977**	**100.00**	**439,424,603**	**100.00**

As at 18 March 2019, approximately 47.57% of the shareholdings is held by the public and thus Rule 723 of the SGX-ST Listing Manual is complied with.

Twenty Largest Shareholders

	Shareholder's Name	No. of Shares	%
1	YEN WEN HWA @ NGAN TZEE MANH	106,959,164	24.34
2	YEN & SON HOLDINGS PTE LTD	58,817,940	13.39
3	HONG LEONG FINANCE NOMINEES PTE LTD	33,020,000	7.51
4	LU LE NHI	29,092,577	6.62
5	CHIA KEE KOON	21,799,000	4.96
6	DBS NOMINEES PTE LTD	8,770,429	2.00
7	WUTHELAM HOLDINGS LTD	7,000,000	1.59
8	CHUA KUAN LIM CHARLES	6,153,500	1.40
9	CITIBANK NOMINEES SINGAPORE PTE LTD	5,627,000	1.28
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,040,800	1.15
11	GOH LEH HONG	3,109,400	0.71
12	YEO KHEE CHYE	3,040,000	0.69
13	WEE HIAN KOK	2,649,100	0.60
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,637,000	0.60
15	NG KEE SENG	2,608,000	0.59
16	PHILLIP SECURITIES PTE LTD	2,605,700	0.59
17	FUNG KOON YAU	2,321,280	0.53
18	KUAN BON HENG	2,250,800	0.51
19	CHUA ZI EN ALEXANDRA JANE (CAI ZI'EN)	1,997,200	0.45
20	UOB KAY HIAN PTE LTD	1,983,604	0.45
	TOTAL	**307,482,494**	**69.96**

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

Substantial Shareholders as at 18 March 2019
(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 23RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of the Company will be held at 39 Scotts Road, Ballroom 3 & 4, Sheraton Towers, Singapore 228230 on 30 April 2019 at 10.00 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 2018 and the Reports of the Auditors thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 0.9 Singapore cents per ordinary share for the financial year ended 31 December 2018. **(Resolution 2)**

3. To approve the Directors' fees of S$330,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears. (2018: S$330,000) **(Resolution 3)**

4. 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 1)* **(Resolution 4)**

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

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

AS SPECIAL BUSINESS

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

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

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

   (See Explanatory Note 3)

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

NOTICE OF 23RD 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 9 May 2019 after 5.00 p.m. to 10 May 2019 (both dates inclusive) for the purpose of determining Members' entitlements to the final dividend to be proposed at the 23rd Annual General Meeting of the Company to be held on 30 April 2019.

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 9 May 2019 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 9 May 2019 will be entitled to such proposed dividend.

The proposed final dividend, if approved at the 23rd Annual General Meeting, will be paid on 17 May 2019.

By Order of the Board

Lee Wei Hsiung
Company Secretary
15 April 2019

Notes:

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

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

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

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

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

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

Explanatory Notes:

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

2. Mr Lim Teck Leong David will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

3. Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company provided that the aggregate number of shares and convertible securities to be issued does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities on issue at the time the resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

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. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") may attend and cast his vote(s) at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF Investors and SRS Investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*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 30 April 2019 at 10.00 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 2018 and the Reports of the Auditors thereon.		
2	To approve a final dividend of 0.9 Singapore cents per share for the financial year ended 31 December 2018.		
3	To approve the Directors' fees of S$330,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears.		
4	To re-elect Ms Angela Heng Chor Kiang who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution.		
5	To re-elect Mr Lim Teck Leong David who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution.		
6	To re-appoint KPMG LLP as auditors and authorise the Directors to fix their remuneration.		
7	To authorise Directors to issue shares and convertible securities.		

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

Dated this __________ day of ________________ 2019

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

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

<u>IMPORTANT</u>: 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 15 April 2019.

First fold

Affix
Postage
Stamp

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

Second fold

Apply glue here

NEW TOYO
International Holdings Ltd

47 Scotts Road
Goldbell Towers #05-03
Singapore 228233