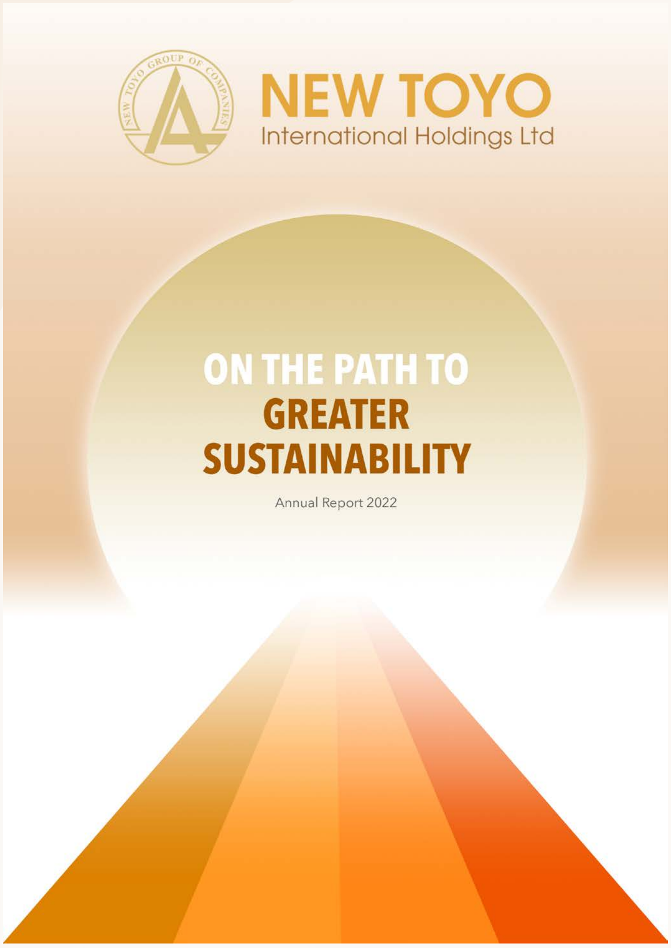
NEW TOYO

International Holdings Ltd

ON THE PATH TO GREATER SUSTAINABILITY

Annual Report 2022

COVER RATIONALE



ON THE PATH TO GREATER SUSTAINABILITY

The Annual Report cover concept focuses on how the Company is taking the next step on the path to greater sustainability. The cover design features four connected paths headed towards a rising sun, highlighting the Company's vision and forward-looking strategy to bring all business segments forward towards greater sustainability and strength.

INTRODUCTION

New Toyo, established in 1975, has become one of the major producers of specialty packaging materials in the Asia Pacific Region. With our presence in Singapore, Malaysia, Vietnam, Dubai, Indonesia and China, we cater to both global and domestic customers. Our focus for over four decades has been on enhancing and refining the quality of our products and meeting our clients' requirements. With the increasing number of packaging material applications, we continuously improve our capabilities to stay up-to-date with the latest developments and boost productivity to remain 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 STATEMENT

"NOTWITHSTANDING THESE CHALLENGES, THE GROUP HAS RELIED ON ITS EXTENSIVE EXPERIENCE SPANNING OVER 45 YEARS TO KEEP A TIGHT REIN ON ITS OPERATIONS IN ORDER TO MEET CUSTOMERS' DEMAND AND REQUIREMENTS."

Yen Wen Hwa
Executive Chairman

CHAIRMAN'S STATEMENT

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 2022 ("**FY2022**").

2022 marked a significant moment in New Toyo's history as we celebrated our 25th year of listing on the Mainboard of the Singapore Exchange Securities Trading Limited. Through this period, our focus on delivering quality packaging solutions and services to our customers has underpinned our relentless efforts to drive sustainable growth. This unwavering commitment has served us well as the Group navigated the various economic crises over the years.

Over the past twelve months, many countries have progressively adapted to operating in a new normal with the COVID-19 virus. While the phased easing of border restrictions signalled green shoots of the global economic recovery, the sanguine outlook has since been overturned by the ongoing geopolitical conflicts, soaring inflation and rising interest rates.

Notwithstanding these challenges, the Group has relied on its extensive experience spanning over 45 years to keep a tight rein on its operations in order to meet customers' demand and requirements. As such, we have performed resiliently as revenue increased by 22.0% from S$234.2 million in the financial year ended 31 December 2021 ("**FY2021**") to S$285.7 million in FY2022. This was mainly due to higher revenue from our Specialty Paper, Trading and Tissue Paper divisions, offset by lower revenue from our Printed Cartons and Labels ("**PCL**") division. Within the PCL division, our Dubai operations performed creditably with revenue growth of 21.8% despite facing margin pressures from the competitive Middle East market. The Group has prudently recorded an impairment loss of S$3.6 million on machineries, equipment and right-of-use assets. The Group recorded profit after tax attributable to owners of the Company of S$10.0 million for FY2022 compared to profit after tax attributable to owners of the Company of S$8.1 million in FY2021.

The Group fortified its financial position through prudent cash flow management. Cash flow from operating activities increased from S$21.1 million in FY2021 to S$26.4 million in the year under review. In light of the rising interest rate environment, we have reduced our bank borrowings from S$17.5 million as at 31 December 2021 to S$2.4 million as at 31 December 2022. Cash and bank balances totalled S$28.5 million as at 31 December 2022 (compared to S$37.4 million as at 31 December 2021). Net assets stood at S$182.7 million as at 31 December 2022 (compared to S$187.7 million as at 31 December 2021). Revalued net assets value after adjusting the carrying amount of investment properties to market value amounted to S$203.0 million as at 31 December 2022.

CHAIRMAN'S STATEMENT

Solar panel

At New Toyo, we embrace sustainability in our business practices and advocate for corporate social responsibility through our community initiatives to deliver sustainable value to our society. In FY2022, we installed solar panels at one production plant in Vietnam to harness renewable energy to meet our energy requirements. The Group also supported several fundraising campaigns such as the Singapore Island Country Club May Day Charity event to help the underprivileged and the NTUC-U Care Fund to contribute to the families of eligible union workers. In addition, New Toyo collaborated with various local organisations to sponsor events or support those in need such as the orphans, homeless children and destitute women in Vietnam.

In the near term, the Group will have to be vigilant to navigate the uncertain global economic outlook with several headwinds looming. Despite the challenges, we believe that the strategic importance of the Middle East region offers a myriad of opportunities to expand our presence and are optimistic that this region will make a positive contribution to our business in the years ahead. We remain committed to strengthen our portfolio of businesses through operational excellence and continue to proactively engage our customers to serve them better. The Group will closely monitor the business environment and stay agile to capitalise on suitable opportunities to strengthen our business and financial position.

The Group is deeply appreciative of our shareholders for their steadfast support amidst the tough business environment. The Board has proposed a final one-tier tax exempt dividend of 0.9 Singapore cent per ordinary share, subject to shareholders' approval at the upcoming Annual General Meeting. Including the interim dividend paid earlier, the total dividend for FY2022 is 1.8 Singapore cent per share with total dividend yield of 8.4%[1].

Finally, I would like to take this opportunity to convey my sincere appreciation to the Group's shareholders, customers and business partners for their support and confidence in the Group. I also wish to acknowledge the contributions of my fellow Board directors for their strategic insights and wise counsel. I am also grateful to our management team and staff for their dedication and hard work during the year. We believe that we are well positioned to build on our solid foundation and look forward to deliver sustainable value to our shareholders.

Yen Wen Hwa
Executive Chairman

1 Based on closing share price of S$0.215 as at 31 December 2022

GROUP CEO'S BUSINESS REVIEW

"THE GROUP CONTINUED TO STRENGTHEN ITS BALANCE SHEET THROUGH PROACTIVE CAPITAL MANAGEMENT AND REDUCED ITS GEARING IN VIEW OF THE RISING INTEREST RATE ENVIRONMENT."

Angela Heng
Group Chief
Executive Officer

GROUP CEO'S BUSINESS REVIEW

Dear Shareholders,

Even as many countries in the world emerged progressively from the COVID-19 pandemic in 2022, new challenges have surfaced which increase the complexity of the business environment. The ongoing geopolitical tensions have exacerbated the supply chain disruptions and influenced central banks globally to tighten monetary policies by hiking interest rates to combat rising inflation[1]. Notwithstanding the macroeconomic headwinds, the Group remained focused on executing our long-term strategy supplemented by astute capital management to strengthen our business and financial position for the financial year ended 31 December 2022 ("**FY2022**").

Results Review

The Group's revenue increased by 22.0% from S$234.2 million in the financial year ended 31 December 2021 ("**FY2021**") to S$285.7 million in FY2022. The increase in sales was mainly due to higher revenue from our Specialty Papers ("**SP**"), Trading and Tissue Paper divisions, offset by lower revenue from the Printed Cartons and Labels ("**PCL**") division. Revenue in the SP division was boosted by higher demand from customers while the Trading division posted higher sales due to increase in demand for certain raw materials. The higher revenue in the Tissue Paper division was mainly driven by sales of virgin pulp to Vietnam market. Meanwhile, revenue for the PCL division decreased mainly due to lower demand from two major customers.

Gross profit increased from S$30.9 million in FY2021 to S$36.6 million in the year under review. However, gross profit margin in FY2022 declined to 12.8% as compared to 13.2% in the previous year because of slightly lower margins from the PCL and Tissue Paper divisions.

Notwithstanding the increase in gross profit in the year under review, the Group's operating profit decreased from S$14.7 million in FY2021 to S$12.0 million in FY2022. This is largely attributed to the decrease in other income mainly due to the absence of the gain on disposal of investment in subsidiary in FY2021, increase in distribution expenses by S$2.2 million resulting from higher freight costs and warehouses rental, increase in administrative expenses by S$1.0 million attributable to higher staff costs and overseas travelling expenses, and increase in other operating expenses by S$3.0 million after taking into account impairment loss on machineries, equipment and right-of-use assets in Dubai.

Overall, the Group posted profit after tax attributable to owners of the Company of S$10.0 million for FY2022 compared to profit after tax attributable to owners of the Company of S$8.1 million in FY2021.

The Group continued to strengthen its balance sheet through proactive capital management and reduced its gearing in view of the rising interest rate environment. Net working capital remained positive at S$81.2 million while our cash and bank balances totalled S$28.5 million as at 31 December 2022. Given the net repayment of bank borrowings, our total bank borrowings stood at S$2.4 million as at 31 December 2022. The Group's net asset value per share was 33.35 Singapore cents as at 31 December 2022.

Segmental Review

The segmented breakdown of the Group's revenue is detailed below. The majority of the Group's sales were derived from Specialty Papers Business and Printed Cartons and Labels Business.

1 https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023

GROUP CEO'S BUSINESS REVIEW

Specialty Papers ("SP") Business

The SP Business produces mainly coated, printed and laminated papers and paper board for packaging industries, with key manufacturing sites located in Singapore, Malaysia, Vietnam and Dubai.

Revenue from this segment increased by 26.7% from S$100.0 million in FY2021 to S$126.6 million in the year under review, mainly driven by positive demand growth across different markets and regions. Despite the supply chain disruptions, the SP division demonstrated resilience through efficiently planning to maintain optimal inventory levels and operate at prime production capacity to meet the dynamic demand from different markets. The Group's profit before tax from the SP Business increased from S$8.3 million in the previous year to S$13.7 million in FY2022.

Printed Cartons and Labels ("PCL") Business

The PCL Business produces mainly gravure and offset printed materials for fast moving consumer goods such as cigarette related packaging products and food and beverage packaging. The Group had successfully extended the existing supply agreement with a major tobacco customer to supply its printed carton requirements in Indonesia until the end of 2025. The PCL Business has also successfully increased its customer base to other tobacco customers supported by production plants located in Vietnam, Indonesia and Dubai.

Revenue for this segment in FY2022 was lower at S$75.7 million from S$80.0 million in the previous financial year as a result of lower demand from two major customers. Profitability was also hampered by our operations in Dubai, which experienced lower margins as well as an impairment of machineries, equipment and right-of-use assets. Consequently, the PCL division incurred a loss before tax of S$4.2 million in FY2022 as compared to profit before tax of S$3.4 million in FY2021. Excluding the Dubai operations, this segment would have recorded a profit before tax of S$0.9 million in FY2022.

Trading Business

The Trading Business engages in the sale of raw materials, paper products and equipment. The segment booked higher turnover of S$58.9 million in the year under review compared to S$35.6 million in FY2021, mainly due to the increase in demand for certain raw materials. Profit before tax increased to S$1.9 million in FY2022 compared to S$0.1 million in FY2021.

Tissue Paper Business

The Tissue Paper Business focus on trading of tissue paper related products. Revenue from the segment grew to S$16.8 million in FY2022 from S$12.0 million in the previous financial year. However, as the products being traded were generally of lower margin for the year under review, the segment recorded a profit before tax of S$0.1 million in FY2022, compared to profit before tax of S$1.0 million in FY2021.

Outlook

Looking ahead, we foresee that the operating environment will continue to be difficult in light of the heightened macroeconomic uncertainties. Further escalations in geopolitical tensions may worsen supply chain disruptions and intensify inflationary pressures. These, in turn, could crimp global demand as well as increase the volatility of raw material prices and freight costs.

According to the World Economic Outlook by the International Monetary Fund, global growth is expected to decline from 3.4 percent in 2022 to 2.9 percent in 2023[2]. The ongoing geopolitical conflict, elevated inflation and rising interest rates are expected to weigh on economic activity.

Nevertheless, the Group will continue to monitor these developments while we stay focused on executing our long-term business strategy. We will leverage on our core capabilities and focus on enhancing operational efficiencies and raising productivity to remain competitive. We are confident that this will position us favourably to better serve our customers and capitalise on suitable market opportunities to build out the Group as we forge ahead to deliver sustainable growth.

In Appreciation

Finally, I would like to take this opportunity to thank our Board members for their invaluable guidance and counsel. We would also like to thank our customers and business partners for their loyal support. I am deeply appreciative of our management team and staff for their unrelenting commitment and efforts during the year. We also extend a warm welcome to Ms Priscilla Ng Kar Choo, our Chief Financial Officer ("**CFO**"), who joined us in August 2022 as we thank Mr Joshua Lam Chin Chong, who stepped down as CFO, for his contributions to the Group.

Having weathered the challenges of the past year and emerged stronger, we will continue to exercise prudence as we chart our growth to deliver sustainable shareholder value for the Group in the years to come.

We thank you and look forward to your continued support.

Angela Heng
Group Chief Executive Officer

2 https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023

BOARD OF DIRECTORS

YEN WEN HWA
Executive Chairman

Mr Yen is the founder of New Toyo International Holdings Ltd ("NTIH") Group and serves as Executive Chairman of NTIH. He had earlier served as Managing Director and Chairman of the Board of NTIH until 30 September 2011 and Non-Executive Chairman from 1 September 2016 to 31 October 2020.

Mr Yen was appointed to the Board of Tien Wah Press Holdings Berhad ("TWPH") as Executive Chairman on 16 February 2015 and re-designated as Non-Independent Non-Executive Chairman of TWPH on 1 January 2021. He was 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 Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") 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.

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

BOARD OF DIRECTORS

WAN TAI FOONG
Non-Executive and Lead Independent Director

Mr Wan was appointed to the Board as a Non-Executive and Independent Director on 1 August 2019 and is the Chairman of the Audit Committee and the Lead Independent Director.

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

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

TAY JOO SOON
Non-Executive and Independent Director

Mr Tay was appointed to the Board as a Non-Executive and Independent Director on 16 July 2021 and is the Chairman of the Nominating Committee.

Mr Tay has been a practicing Public Accountant and Chartered Accountant with his own firm, Tay Joo Soon & Co., since he founded the firm in 1971. He has over 50 years of experience in the fields of corporate finance, accounting, auditing, taxation, management consultancy, mergers and acquisitions. Mr Tay had worked with a range of industry sectors, including electrical and cable, cement and construction materials, healthcare & nursing home, carton and packaging and food manufacturing. He had also served on the boards of several other companies listed on the Mainboard of SGX-ST.

Mr Tay is a Life Member of the Institute of Singapore Chartered Accountants, CPA Australia and the Malaysian Institute of Certified Public Accountants.

TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF
Non-Executive and Non-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 from 20 November 2006 to 31 August 2010. He was re-designated as Non-Executive Chairman on 1 September 2010, a position he assumed until he retired on 16 February 2015. He has over 40 years' experience in the food, paper, cigarette, oil, marine, aviation, car and motorcycle industries and has represented Malaysia in the Asia Pacific Economic Council and the Asean Business Advisory Council.

Tengku Mahaleel graduated from the University of Malaya in 1970 with a Bachelor of Arts (Honours) and has attended courses at Harvard, London School of Economics and the Manchester Business School on Strategy, Strategic Management and Marketing. He is Honorary President of Badminton Association Malaysia and has been appointed as Pro Chancellor of University Utara Malaysia. He had retired from the Board of Governors of University Sains Malaysia.

BOARD OF DIRECTORS

PHUA TIN HOW

Non-Executive and Independent Director

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

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

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

DAVID ONG KIM HUAT

Non-Executive and Independent Director

Mr Ong was appointed to the Board as a Non-Executive and Independent Director on 1 January 2022.

Mr Ong began his professional career in 1989 and held senior marketing positions in various international companies, including American Express, Visa International, Reed Elsevier and Publicis. Mr Ong is the Managing Director of Reddot Media Inc Pte Ltd, a company he founded in 1998 that specializes in providing media solutions to the tourism industry. He also serves as Chairman and Independent Director of Ellipsiz Ltd. Mr Ong was formerly a Member of Parliament of Singapore from 2011 to 2016. He was awarded the Public Service Medal and Public Service Star in 2005 and 2009 respectively.

Mr Ong graduated from the University of Oregon, USA, with Bachelor of Science in Business Administration with double major in Marketing and Management.

KEY MANAGEMENT

GEORGE LEE CHEE WHYE

Chief Executive Officer (Tien Wah Press Holdings Berhad)

Mr Lee was appointed Chief Executive Officer of our listed subsidiary in Malaysia, Tien Wah Press Holdings Berhad ("TWPH") in November 2014. He also sits on the Board of TWPH as an Executive Director effective 1 September 2016. 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. He was appointed as Acting CEO of the Group in October 2011 and assumed the position of Chief Executive Officer of the Company in July 2012.

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

Chief Executive Officer (Specialty Papers)

Mr Yap assumed the position of Chief Executive Officer (Specialty Papers) in September 2016 and is responsible for the revenue growth, profitability and long term sustainability of the Specialty Papers business. Mr Yap first joined the Group as Finance and Operations Assistant Manager (Specialty Papers) 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.

Mr Yap is a non-practicing Chartered Accountant with the Institute of Singapore Chartered Accountants since 2001.

PRISCILLA NG KAR CHOO

Chief Financial Officer

Ms Ng joined the Group as the Chief Financial Officer in August 2022. She is responsible for overseeing the Group's corporate finance activities, investor relations and all aspects of the treasury, financial and accounting functions.

Ms Ng has over 20 years in accounting, financial and corporate matters in various industries having worked in various SGX listed organizations including EnGro Corporation Limited and then listed Popular Holdings Ltd.

She is an ACCA graduate and a Chartered Accountant with the Institute of Singapore Chartered Accountants.

KEY FIGURES

REVENUE
S$285.7M

TOTAL ASSETS
S$246.1M

OPERATING CASHFLOW
S$26.4M

PROFIT BEFORE TAX
S$10.8M

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
S$10.0M

NET ASSET VALUE
PER SHARE
33.35 CENTS

DIVIDEND
PER SHARE
1.80 CENTS

EARNING
PER SHARE
2.27 CENTS

FINANCIAL HIGHLIGHTS

	2022	2021	2020	2019	2018
Condensed Consolidated Profit & Loss Information (S$'000)					
Revenue	**285,735**	234,199	242,385	301,102	271,321
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**27,481**	31,035	29,570	9,471	25,565
Profit before interest and tax	**11,789**	14,755	10,921	(11,905)	7,770
Profit before tax	**10,843**	13,432	8,131	(15,823)	5,992
Net Profit for the year	**7,884**	9,123	7,514	(18,077)	4,197
Attributed to :					
Owners of the Company	**9,971**	8,123	7,591	(15,231)	4,220
Non-controlling interests	**(2,087)**	1,000	(77)	(2,846)	(23)
Condensed Consolidated Balance Sheet Information (S$'000)					
Total assets	**246,086**	263,839	264,966	304,666	330,510
Cash and bank balances	**28,495**	37,362	33,958	34,688	42,575
Total liabilities	**63,405**	76,167	80,169	117,394	118,162
Bank borrowings	**2,426**	17,483	26,516	57,208	66,998
Lease liabilities	**9,190**	11,030	12,003	14,097	195
Equity attributable to owners of the Company	**146,535**	146,963	143,470	144,228	164,430
Cashflow Information (S$'000)					
Operating cashflow	**26,425**	21,098	47,133	29,685	(23,649)
Per Share Data (S$ cents)					
Earnings per share - basic	**2.27**	1.85	1.73	(3.47)	0.96
- fully diluted	**2.27**	1.85	1.73	(3.47)	0.96
Net asset value per share	**33.35**	33.44	32.65	32.82	37.42
Revalued net asset value per share *	**37.96**	38.01	38.89	38.79	43.70
Dividend per share	**1.80**	1.50	1.50	0.90	1.50
Share Information ('000)					
Number of shares in issue	**439,425**	439,425	439,425	439,425	439,425
Market capitalisation (S$'000)					
At close of business on 31 December	**94,476**	90,082	76,460	68,550	101,068

* RNAV factors in the fair value on investment properties

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 and beverages packaging, 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 related 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
- Toyoma Non-Carbon Paper Manufacturer Sdn Bhd
- Tien Wah Press Holdings Berhad

CORPORATE INFORMATION

BOARD OF DIRECTORS

YEN WEN HWA
Executive Chairman

ANGELA HENG CHOR KIANG
Group Chief Executive Officer

WAN TAI FOONG
Non-Executive and Lead Independent Director

TAY JOO SOON
Non-Executive and Independent Director

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

PHUA TIN HOW
Non-Executive and Independent Director

DAVID ONG KIM HUAT
Non-Executive and Independent Director

AUDIT COMMITTEE

WAN TAI FOONG, *Chairman*

TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF

TAY JOO SOON

PHUA TIN HOW

NOMINATING COMMITTEE

TAY JOO SOON, *Chairman*

WAN TAI FOONG

PHUA TIN HOW

DAVID ONG KIM HUAT

REMUNERATION COMMITTEE

PHUA TIN HOW, *Chairman*

TAY JOO SOON

TENGKU TAN SRI DR MAHALEEL BIN TENGKU ARIFF

COMPANY SECRETARY

LEE WEI HSIUNG, ACIS

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
80 Robinson Road #11-02
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

COMPANY REGISTRATION NUMBER

199601387D

REGISTERED ADDRESS

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Singapore 068898
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Fax: (65) 6236 4399

BUSINESS ADDRESS

16 Soon Lee Road
Singapore 628079
Tel: (65) 6238 2188
Fax: (65) 6238 1082

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Audit Partner in charge: Hah Yanying
(Appointed since financial year ended 31 December 2020)

PRINCIPAL BANKERS

Bangkok Bank Public Company Limited
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

STOCK DATA

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

INVESTOR RELATIONS

Head Office – Singapore
Priscilla Ng
Email: priscilla.ng@newtoyo.com
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."

Our Sustainability Ethos

At New Toyo, we pride ourselves in proactively embedding sustainability measures into our operations. We are constantly evaluating measures that will allow us to operate in a more productive and efficient manner. We also understand the importance of ongoing communication and actively engage with our key stakeholders to build long-lasting relationships with them. We see prioritising sustainability issues as vital to our standing in the market and to our deep connections with all our key stakeholders.

In FY2022, we reviewed our material topics to ensure that they were still relevant and current. This review was done through a peer benchmarking and a stakeholder engagement exercise with both our internal and external stakeholders. To provide guidance for the various business units so that they may implement sustainability initiatives, programs or target setting, we have established four focus areas that address our material topics as shown in the table below.

SUSTAINABILITY FOCUS AREAS	MATERIAL TOPICS
Environmental Care We are continuing to focus on improvements to boost uptime and efficiency in our production while at the same time ensuring minimal impact to the environment that we operate in. We take responsibility for mitigating climate change by minimising our carbon dioxide emissions and maximising the climate benefits that arise through the value chain.	• Resource Use and Efficiency Within the Organisation • Resource Use and Efficiency in Products
Supplier of Choice New Toyo strives for a sustainable and responsible supply chain where all purchasing decisions are made in line with principles of business ethics and the sustainability criteria laid down. For a holistic approach to our value chain, we plan to assess the sustainability impact at each stage of our product value chain to ensure that our sourcing is fully aligned with our responsible sourcing strategy.	• Responsible Sourcing • Service & Production Quality
Governance and Ethics Our customers can rely on us to focus on reliability, dependability, and transparency through the adoption of ethical standards in our business practices, including any form of contact with clients, suppliers, and investors. We rigorously adhere to ethical standards in our practices, particularly when it comes to anti-competitive behaviour, anti-trust and monopoly issues and customer privacy.	• Financial Performance of Organisation • Compliance • Anti-Corruption • Anti-Competition • Data Privacy & Security
Responsible Employer The success of our organisation is the result of our employees' performance. To bolster employee satisfaction and productivity, we have built a culture of inclusiveness and self-development within the organisation and employees are provided a diverse range of training and development pathways.	• Employee Hiring, Turnover and Retention • Employee Diversity and Inclusivity • Non-Discrimination • Employee Health, Safety and Security • Training and Development

SUSTAINABILITY MANAGEMENT

Sustainability Key Highlights and Our Contribution to the United Nations Sustainable Development Goals (UNSDG)

5 GENDER EQUALITY	New Toyo recognises the importance of women participation and equal opportunities for leadership in the organisation. At the leadership level, 14% of our executive board members comprise of females.
6 CLEAN WATER AND SANITATION	The total volume of water used by the Specialty Papers ("SP") division has gradually decreased in the last 3 years.
8 DECENT WORK AND ECONOMIC GROWTH	New Toyo prohibits any form of forced labour including child labour, human trafficking and modern slavery across all our business units. All our employees are paid fair wages in line with local regulations.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	New Toyo seeks to optimise the circularity of packaging in the form of higher recyclability and increased recycling. Where possible, we have used recycled materials such as kraft, chipboard, duplex and woodfree paper in our manufacturing process.
13 CLIMATE ACTION	We are taking proactive steps to decrease our carbon footprint by lowering our energy consumption and exploring the feasibility of utilising renewable energy sources where operationally feasible. In FY2022, our Vietnam operation installed solar panels to increase the proportion of energy from renewable sources.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	New Toyo does not tolerate any form of discrimination based on nationality, race, religion or political inclination that could compromised equal opportunities in the recruitment process and career development.

New Toyo is committed to the United Nations Sustainable Development Goals (UNSDGs) and works actively to support the UNSDGs. We believe that businesses have a key role to play in implementing the goals. We contribute to social and economic development in the societies and communities we operate in, as well as do our part on climate action and conducting responsible business activities. New Toyo supports all the 17 UNSDGs and contributes in particular to the following 6 goals: Gender equality, clean water and sanitation, decent work and economic growth, responsible consumption and production, climate action, and peace, justice and strong institutions. Our specific targets and contribution for each of these goals is described in the table above.

Giving Back to the Community

As part of our community outreach programme, we work with various organisations to raise funds for beneficiaries in countries where we operate. We believe this helps to empower local communities and also provides our team with a deeper sense of fulfilment. A number of community projects were supported in FY2022, supporting causes such as health, the community, disabled, children and the elderly.

Further information on New Toyo's sustainability efforts and performance will be detailed in the Sustainability Report to be published and available on our website, www.newtoyo.com/investannualreport.htm by 30 April 2023.

CORPORATE GOVERNANCE

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

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

For the financial year ended 31 December 2022 ("FY2022"), the Company has adhered to the principles and provisions as set out in the Code, save as otherwise highlighted (if any) in this report in relation to certain provisions of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

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

Provision 1.1 (Conduct, ethics and culture)

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

Provision 1.2 (Duties, induction, training and development)

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

The Company conducts orientation programs for new Directors so that they are familiar with their duties and the Group's structure, its business activities, strategic directions, policies and risks as well as governance practices. Such programs include briefings by Management and visits to principal subsidiaries to gain a better understanding of the Group's operations.

Furthermore, the Directors receive training, briefing and/or updates on applicable laws, regulations and practices, accounting standards, risk management, sustainability issues as well as industry-specific knowledge, issues and risks from time to time. A new Director who has no prior experience as a director of a listed company attends specific modules of the Listed Entity Director Programme conducted by Singapore Institute of Directors ("SID"), to gain relevant knowledge of what is expected of a listed company director, which is a mandatory requirement under the Listing Rules of the SGX-ST, unless the Nominating Committee is of the view that such training is not required because the Director has other relevant experience. During the financial year under review, all the Directors completed the sustainability training course conducted by SID as required by the enhanced sustainability reporting rules announced by SGX in December 2021.

Provision 1.3 (Board approval)

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

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

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

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

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

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

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

Provision 1.4 (Board committees)

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

Provision 1.5 (Board and committee meetings)

The Board and the Board Committees meet on a regular basis and as and when necessary to address any specific significant matters that may arise. The Constitution of the Company provides for telephonic and video-conferencing meetings. The Board and the Board Committees may also decide on matters by way of circular resolutions. The Directors attend and actively participate in Board and Board Committee meetings. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company.

CORPORATE GOVERNANCE

The number of Board, Board Committee and general meetings held in FY2022 and each Director's attendances at such meetings are set out below:

	Board	AC	NC	RC	GM
Number of meetings held	5	5	2	2	1
			Number of meetings attended		
Yen Wen Hwa	5	N/A	N/A	N/A	1
Angela Heng Chor Kiang	5	N/A	N/A	N/A	1
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	4	5	N/A	2	1
Wan Tai Foong	5	5	2	N/A	1
Phua Tin How	5	5	2	2	1
Tay Joo Soon	5	5	2	2	1
David Ong Kim Huat(1)	5	N/A	1	N/A	1

Notes:
GM – general meetings of shareholders including the annual general meeting for the year
N/A – not a member

(1) appointed a member of the Nominating Committee on 26 May 2022

Provision 1.6 (Access to information)

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

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

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

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

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

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

CORPORATE GOVERNANCE

Board Composition and Guidance

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

Provision 2.1 ("independent" director)

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

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

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

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

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

Provision 2.4 (Board size and diversity)

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

Yen Wen Hwa	Executive Chairman
Angela Heng Chor Kiang	Group Chief Executive Officer & Executive Director
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	Non-Independent Director
Wan Tai Foong	Lead Independent Director
Phua Tin How	Independent Director
Tay Joo Soon	Independent Director
David Ong Kim Huat	Independent Director

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

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

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

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

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

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

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

Chairman and Chief Executive Officer

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

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

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

Provision 3.2 (Division of responsibilities)

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

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

Ms Angela Heng Chor Kiang is the Group Chief Executive Officer who executes the Company's long-term strategy and implements its long and short term plans as well as oversees the overall business and general management of the Group.

Provision 3.3 (Lead independent director)

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

Board Membership

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

Provision 4.1 (Terms of reference of the Nominating Committee)

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

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

Provision 4.2 (Composition of the NC)

The NC comprises Mr Tay Joo Soon, Mr Wan Tai Foong, Mr Phua Tin How and Mr David Ong Kim Huat, all of whom are independent. The NC Chairman is Mr Tay Joo Soon. The lead independent Director, Mr Wan Tai Foong, is a member of the NC.

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

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

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

CORPORATE GOVERNANCE

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

Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other listed companies	Other Principal Commitments
Yen Wen Hwa	Executive Chairman	28 February 1996[(1)]	28 April 2022	Tien Wah Press Holdings Berhad	Director of New Toyo Pulppy (Vietnam) Co. Ltd
Angela Heng Chor Kiang	Group Chief Executive Officer	27 March 2014	28 May 2021	Tien Wah Press Holdings Berhad	Nil
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	Non-Independent Director	1 March 2007	28 April 2022	Nil	Pro Chancellor of University Utara Malaysia
Wan Tai Foong	Lead Independent Director	1 August 2019	24 June 2020	OneApex Limited	Chief Executive Officer of Qi Capital Pte. Ltd.
Phua Tin How	Independent Director	27 February 2020	24 June 2020	Nil	Director of Beijing Yinjian Industry Co. Ltd Director of Hao Hua Holdings Pte. Ltd. Director of TranSil Corporation Pte. Ltd.
Tay Joo Soon	Independent Director	1 February 2002[(2)]	28 April 2022	Nil	Director of Asiaco (Private) Limited Director of Joyean Investments Private Limited Sole proprietor of Tay Joo Soon & Co
David Ong Kim Huat	Independent Director	1 January 2022	28 April 2022	Ellipsiz Ltd	Managing Director of Reddot Media Inc. Pte Ltd

Notes:

(1) Mr Yen Wen Hwa was first appointed a Director on 28 February 1996, retired on 30 September 2011 and rejoined the Board on 1 September 2016.

(2) Mr Tay Joo Soon was first appointed a Director on 1 February 2002, retired on 26 April 2012 and rejoined the Board on 16 July 2021.

CORPORATE GOVERNANCE

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

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

The NC has nominated Mr Wan Tai Foong and Mr Phua Tin How, who will retire by rotation at the forthcoming Annual General Meeting, for re-election by the Company's shareholders.

Provision 4.4 (Determining the independence of a Director)

The Board comprises seven Directors, of whom four are independent, namely, Mr Wan Tai Foong, Mr Phua Tin How, Mr Tay Joo Soon and Mr David Ong Kim Huat.

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

The independence of each Director is reviewed annually by the NC. Each independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. Having carried out its review, the NC is of the view that Mr Wan Tai Foong, Mr Phua Tin How, Mr Tay Joo Soon and Mr David Ong Kim Huat have satisfied the criteria for independence.

On 11 January 2023, Singapore Exchange Regulation announced that it would limit to nine years the tenure of independent directors serving on the boards of issuers listed on SGX-ST. As of the date of an issuer's annual general meeting for the financial year ending on or after 31 December 2023, a director (whether independent, executive or non-executive) who has served on the board of an issuer for an aggregate period of nine years (whether before or after listing and including one who had previously retired from the board) will no longer be eligible to be designated as an independent director of the issuer. As transition, independent directors whose tenure exceeds the nine-year limit may continue to be considered independent until the conclusion of the next annual general meeting of the issuer for the financial year ending on or after 31 December 2023.

In this regard, our independent Director, Mr Tay Joo Soon, first joined the Board on 1 February 2002, retired on 26 April 2012 and rejoined the Board on 16 July 2021. In aggregate, Mr Tay Joon Soon has served on the Board for more than 11 years. As such, in accordance with the current Listing Rules of the SGX-ST, Mr Tay Joo Soon will no longer be eligible to be designated as an independent Director at the conclusion of the next annual general meeting of the Company for the financial year ending 31 December 2023.

Provision 4.5 (Duties and obligations of the Directors)

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a director of the Company taking into consideration the Director's number of listed company board representations and other principal commitments. Such other listed company directorships and principal commitments of each Director are disclosed in the table under Provision 4.3 above.

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

Board Performance

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

Provision 5.1 (Performance criteria)

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

Provision 5.2 (Assessment process)

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provision 6.1 (Terms of reference of the Remuneration Committee)

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

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

(b) reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the key management personnel;

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

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

Provision 6.2 (Composition of the RC)

The RC comprises Mr Phua Tin How, Mr Tay Joo Soon and Tengku Tan Sri Dr Mahaleel bin Tengku Ariff, all of whom are non-executive and the majority, including the RC Chairman, are independent. The RC Chairman is Mr Phua Tin How.

Provision 6.3 (Remuneration terms)

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

Provision 6.4 (Remuneration consultants)

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

Level and Mix of Remuneration

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

Provision 7.1 (Performance-related remuneration)

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

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

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

Provision 7.2 (Non-executive Directors)

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

Provision 7.3 (Attract, retain and motivate)

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

CORPORATE GOVERNANCE

Disclosure on Remuneration

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

Provision 8.1 (Policy, criteria and breakdown)

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

The level and mix of remuneration paid or payable to the Directors and key management personnel for FY2022 are set out below:

Directors	Salary[(a)] S$	Bonus[(b)] S$	Director Fee S$	Other Benefits S$	Total S$
Executive Chairman					
Yen Wen Hwa	365,400	334,256	110,503[(c)]	1,824	811,983
Group Chief Executive Officer and Executive Director					
Angela Heng Chor Kiang	287,200	89,262	Nil	117,213	493,675
Non-Independent Director					
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	Nil	Nil	70,000	Nil	70,000
Lead Independent Director					
Wan Tai Foong	Nil	Nil	80,000	Nil	80,000
Independent Director					
Phua Tin How	Nil	Nil	75,000	Nil	75,000
Independent Director					
Tay Joo Soon	Nil	Nil	75,000	Nil	75,000
Independent Director					
David Ong Kim Huat	Nil	Nil	50,000	Nil	50,000

Notes:

(a) inclusive of Annual Wage Supplement (AWS) and contributions to the Central Provident Fund.

(b) inclusive of variable bonus and contributions to the Central Provident Fund.

(c) received from both Tien Wah Press Holdings Berhad and a subsidiary.

CORPORATE GOVERNANCE

Key Management Personnel (in remuneration bands)	Salary[a] %	Bonus[b] %	Director Fee %	Other Benefits %	Total %
S$500,001 to S$750,000					
George Lee Chee Whye	93%	7%	Nil	Nil	100%
S$250,001 to S$500,000					
Lionel Yap Chee Cheong	63%	28%	1%[c]	8%	100%
S$250,001 to S$500,000					
Gavin Ong Yew Dee	94%	6%	Nil	Nil	100%
S$0 to S$250,000					
Joshua Lam Chin Chong[d]	100%	Nil	Nil	Nil	100%
S$0 to S$250,000					
Priscilla Ng Kar Choo[e]	83%	14%	Nil	3%	100%
S$0 to S$250,000					
Leong Wai Ming	89%	11%	Nil	Nil	100%

Notes:
(a) inclusive of Annual Wage Supplement (AWS) and contributions to applicable provident funds.
(b) inclusive of variable bonus and contributions to applicable provident fund.
(c) received from a subsidiary.
(d) left the Company on 3 November 2022.
(e) joined the Company on 15 August 2022.

The aggregate total remuneration (including CPF contributions and bonuses) paid to the top five key management personnel of the Group (who are not Directors or the Chief Executive Officer) for FY2022 amounted to approximately S$1,757,000.

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

Provision 8.2 (Related employees)

Save as disclosed above and below, there was no employee in the Group who was a substantial shareholder of the Company or an immediate family member of a Director, the Chief Executive Officer or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2022:

Remuneration Band	Employee	Relationship
S$150,001 to S$250,000	Mdm Lu Le Nhi (Executive Director of a subsidiary)	Mdm Lu Le Nhi is the wife of Mr Yen Wen Hwa (Executive Chairman)

Provision 8.3 (Forms of remuneration)

During FY2022, the Group paid basic salaries, allowances, CPF contributions and performance/variable bonuses to the Executive Chairman, Group Chief Executive Officer and key management personnel. The remuneration packages of the Executive Chairman, Group Chief Executive Officer and the Heads of Business Divisions included performance bonuses tied to the achievement of their respective key performance indicators and personal management objectives. The foregoing performance conditions were chosen having regard to the nature of the business, structure and requirements of the Group.

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1 (Risk Committee)

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

The Board and the AC recognise that they have overall responsibility to ensure proper financial reporting for the Group and adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance, information technology and sanctions-related controls, sustainability and risk management policies and systems. With regard to sanctions-related risks, the Board and the AC are responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any sanctions-related law or regulation; and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. The Board confirms that there has been no material change in its risk of being subject to any sanctions-related law or regulation as at the date of this Annual Report, and if there is any material change this would be immediately announced on SGXNET.

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

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

CORPORATE GOVERNANCE

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

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

Based on the work performed by the internal auditors during the financial year, as well as the statutory audit by the external auditors, and the written assurance from management, the Board, with the concurrence of the AC, is of the opinion that the internal controls (including financial, operational, compliance, information technology and sanctions-related controls) and sustainability 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 2022.

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

Provision 9.2 (Assurance)

The Board has received assurance from:

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

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

Audit Committee

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

Provision 10.1 (Duties)

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

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

(b) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance including the half-yearly 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, information technology and sanctions-related controls;

(h) assessing whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Company and continuous monitoring of the validity of the information provided to shareholders and SGX-ST;

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

(j) 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;

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

(l) nominating the appointment or re-appointment of the external auditors and approving the remuneration and terms of engagement of the external auditors;

(m) reviewing interested person transactions falling within the scope of the SGX-ST Listing Manual;

(n) meeting with external auditors and internal auditors, in each case without the presence of management, at least annually; and

(o) reviewing material sustainability topics, climate-related risks and opportunities together with business plans, strategy and directions, as well as monitoring implementation, target and performance.

Whistleblowing Policy

The Company has put in place a whistleblowing policy which sets out the procedures for employees and external parties to raise concerns or make a report on misconduct or wrongdoing relating to any entity in the Group or any of its officers and provisions for keeping the identity of the whistleblower confidential and protection of the whistleblower from reprisal as well as arrangements for independent investigations of such concerns or reports and for appropriate follow up actions to be taken. The existence of such policy has been communicated to the employees.

The policy establishes a confidential line of communication to report concerns about possible improprieties to the AC Chairman and ensures the independent investigation and follow-up of reports made in good faith. The contact details of the AC Chairman have been made available to employees in the Group. The Company will treat all information received confidentially and protect the identity of whistleblowers. Moreover, the Company is committed to ensuring protection of whistleblowers who have acted in good faith against reprisal and detrimental or unfair treatment.

CORPORATE GOVERNANCE

The AC is responsible for the overall oversight and monitoring of the whistleblowing policy and its implementation. In particular, the AC reviews the whistleblowing policy from time to time and also reviews and considers all whistleblowing complaints to ensure independent, thorough investigation and appropriate follow-up actions. The outcome of each investigation is reported to the AC.

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

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

During the financial year, the AC reviewed the financial statements of the Group before the announcement of the Group's half-year and full-year results. In the process, the AC reviewed the key areas of Management's estimates and judgement applied for key financial issues including revenue recognition, impairment testing, provisioning policies, critical accounting policies and any other significant matters that might affect the integrity of the financial statements. The AC also considered the report from the external auditors, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with Management and the external auditors have been included as Key Audit Matters ("KAMs") in the audit report for the financial year ended 31 December 2022. Please refer to pages 45 to 46 of this Annual Report.

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

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

The fees payable to the external auditors are set out on page 80 of this Annual Report. The AC has reviewed the nature and extent of non-audit services provided by external auditors to the Group during the financial year and is satisfied that the nature and extent of such services are not likely to prejudice the independence of the external auditors.

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

Provision 10.2 (Composition of the AC)

The AC comprises Mr Wan Tai Foong, as Chairman, and Mr Phua Tin How, Tengku Tan Sri Dr Mahaleel bin Tengku Ariff and Mr Tay Joo Soon, as members. All the members are non-executive and the majority, including the AC Chairman, are independent. The members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3 (No interest in auditing firm)

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Provision 10.4 (Internal audit)

The role of the internal audit is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high-risk areas.

The internal audit function is outsourced to an external professional firm, Baker Tilly Consultancy (Singapore) Pte Ltd, 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 internal controls of the Group's processes per the International Professional Practices Framework issued by the Institute of Internal Auditors. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The internal audit function has appropriate standing within the Company.

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

With regard to the Printed Cartons & Labels Business, the board of directors of TWPH (the Company's listed subsidiary in Malaysia) has established an internal audit function within the company, which is led by both the in-house internal audit department and a reputable business advisory firm (co-sourced internal audit), who report directly to the audit committee of TWPH.

Provision 10.5 (Meeting without presence of Management)

On an annual basis, the AC meets with the external auditors and the internal auditors without the presence of Management, enabling the auditors to raise any issues in the course of their work directly to the AC.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

CORPORATE GOVERNANCE

Provision 11.1 (Shareholder participation)

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

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

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

The Company conducts electronic poll voting for all its resolutions. Through the service provider's poll voting system, the number of votes cast for and against each resolution and the respective percentages are tallied and displayed on the screen during the general meetings. An independent scrutineer firm would be present to validate the votes at the general meetings. The detailed results of the electronic poll voting on each resolution tabled at the general meetings, including the total number of votes cast for or against each resolution, would be announced after the general meetings via SGXNET.

Provision 11.2 (Separate resolutions)

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

Provision 11.3 (Director attendance)

All Directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed on page 23 of this Annual Report.

Provision 11.4 (Absentia voting)

The Company will propose amendment to its Constitution to provide for absentia voting at general meetings at the next round of amendment of its Constitution or when it is ready to implement such form of voting. Merely amending the Constitution to provide for absentia voting will not cause the Company to be ready to implement such form of voting. Prior to such implementation, the Company will need to address issues concerning authentication of shareholder identity and other related security as well as integrity of the information provided. The Company is of the view that such approach is consistent with the intent of Principle 11 of the Code which is to treat all shareholders fairly and equitably in order to enable them to inter alia exercise shareholders' rights.

Provision 11.5 (Minutes)

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

CORPORATE GOVERNANCE

Provision 11.6 (Dividend Policy)

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

Engagement with Shareholders

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

Provision 12.1 (Communication)

The Company provides avenues for communication between the Board and all shareholders. To solicit and understand the views of shareholders, the Company seeks to maintain regular dialogue with its shareholders by allowing them to share with Directors or senior management from time to time their views and concerns.

Provision 12.2 (Investor relations policy)

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

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

Provision 12.3 (Mechanism)

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

CORPORATE GOVERNANCE

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provision 13.1 (Engagement with stakeholders)

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

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

Provision 13.2 (Strategy and key areas of focus)

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2022 were as follows:

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

Provision 13.3 (Website)

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

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of New Toyo International Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position of the Company for the financial year ended 31 December 2022.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position of the Company 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 2022 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) 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.

DIRECTORS

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

Yen Wen Hwa
Angela Heng Chor Kiang
Wan Tai Foong
Tay Joo Soon
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff
Phua Tin How
Ong Kim Huat

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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 object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest: At the beginning of financial year	Direct interest: At the end of financial year	Deemed interest: At the beginning of financial year	Deemed interest: At the end of financial year
The Company				
Ordinary shares				
Yen Wen Hwa	139,959,164	139,959,164	87,910,517	87,910,517
Angela Heng Chor Kiang	500,000	500,000	–	–
Tay Joo Soon	190,004	190,004	30,000	30,000

By virtue of Section 7 of the Act, Yen Wen Hwa is deemed to have an interest in shares of all the subsidiaries to the extent held by the Company.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

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

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

DIRECTORS' STATEMENT

AUDIT COMMITTEE ("AC")

The members of the AC at the date of this statement are as follows:

Wan Tai Foong (Chairman)
Tay Joo Soon
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff
Phua Tin How

Majority of the AC members are independent non-executive directors.

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, the SGX listing manual and the Singapore Code of Corporate Governance 2018.

The AC held five (5) meetings during the financial year. In performing its functions, the AC had met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The AC also reviewed the following:

- Assistance provided by the Company's officers to the internal and external auditors;
- Half-yearly 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 AC 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 AC also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report 2022.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Yen Wen Hwa
Director

Angela Heng Chor Kiang
Director

11 April 2023

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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 (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 1967 (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 2022 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 Auditor's 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 (ACRA) 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 year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters (cont'd)

Impairment assessment of goodwill, intangible assets and property, plant and equipment

As at 31 December 2022, the Group has net carrying value of goodwill, intangible assets and property, plant and equipment ("PPE") amounting to $22.1 million, $0.9 million and $71.6 million respectively. The assets are allocated to the respective cash-generating unit ("CGU"). Goodwill is tested for impairment annually by estimating the recoverable amounts of the CGU using the value-in-use model. For intangible assets and PPE, management has assessed that there were indicators of impairment and similarly, management applied the value-in-use (discounted cash flow method) to determine the recoverable amounts of the respective CGUs. For PPE of two separate CGUs with indicator of impairment, management also engaged external valuers to perform valuations of the leasehold properties within the CGUs.

We considered the audit of management's impairment assessment to be a key audit matter because the assessment process involves management exercising significant judgement and making assumptions of future market and economic conditions.

We evaluated the appropriateness of CGU identified by management based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group.

For impairment assessments using valuation performed by external valuers, we performed the following procedures:

- We considered the objectivity, independence and competency of the external valuers and the scope of their engagement;
- We assessed the appropriateness of methodology applied by the external valuers;
- We assessed the reasonableness of the key assumptions and information used in the valuation, such as discount rates, annual growth rates and terminal growth rates by comparing them to available external industry data, taking into consideration market conditions prevailing at the reporting date; and
- We have also obtained the value-in-use model and performed procedures detailed below to determine the recoverable amount, being the higher of its fair value less cost of disposal and its value in use.

For the impairment assessment using the value-in-use model, we performed the following procedures:

- 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 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; and
- We also performed sensitivity analysis, focusing on plausible changes in the key assumptions or discount rates, and analysed the impact to the carrying amount.

We involved our internal valuation specialists in performing some of these procedures. We also reviewed the adequacy of the disclosures made on the goodwill, intangible assets and PPE in Notes 11 and 12 to the financial statements.

Other Information

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

Auditor's 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 auditor's 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 control.

- Obtain an understanding of internal control 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 control.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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 auditor's report unless law or regulation precludes 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 auditor's report is Hah Yanying.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
11 April 2023

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue	4	285,735	234,199
Cost of sales		(249,130)	(203,260)
Gross profit		36,605	30,939
Other income	5	8,053	10,145
Distribution expenses		(9,969)	(7,768)
Administrative expenses		(17,691)	(16,656)
Other operating expenses	6	(5,021)	(1,977)
Results from operating activities		11,977	14,683
Finance income	7	229	207
Finance costs	7	(1,175)	(1,530)
Net finance costs		(946)	(1,323)
Share of (loss)/profit of equity-accounted investees (net of tax)		(188)	72
Profit before tax	8	10,843	13,432
Income tax expense	9	(2,959)	(4,309)
Profit for the year		7,884	9,123
Profit attributable to:			
Owners of the Company		9,971	8,123
Non-controlling interests		(2,087)	1,000
Profit for the year		7,884	9,123
Earnings per share			
Basic earnings per share (cents)	10	2.27	1.85
Diluted earnings per share (cents)	10	2.27	1.85

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	Group	
		2022	**2021**
		$'000	**$'000**
Profit for the year		7,884	9,123
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation – foreign operations		(3,847)	2,039
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit plans		15	70
Other comprehensive income for the year, net of tax		(3,832)	2,109
Total comprehensive income for the year		4,052	11,232
Total comprehensive income attributable to:			
Owners of the Company		7,532	10,026
Non-controlling interests		(3,480)	1,206
Total comprehensive income for the year		4,052	11,232

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	71,627	83,866	267	303
Intangible assets and goodwill	12	23,060	23,553	–	–
Investment properties	13	2,891	3,294	–	–
Subsidiaries	14	–	–	116,800	140,296
Joint ventures	15	9,916	10,665	–	–
Investment securities	16	830	952	755	855
Other investments	16	1,290	1,333	693	693
Deferred tax assets	25	1,196	1,265	–	–
Trade and other receivables	18	312	342	6,661	–
		111,122	125,270	125,176	142,147
Current assets					
Inventories	17	41,291	40,510	–	–
Trade and other receivables	18	62,592	56,949	11,368	9,758
Cash and bank balances	19	28,495	37,362	6,095	15,299
Contract assets	4	2,586	3,748	–	–
		134,964	138,569	17,463	25,057
Total assets		246,086	263,839	142,639	167,204
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	20	48,235	43,746	14,365	36,200
Loans and borrowings	24	3,998	18,957	39	2,794
Contract liabilities	4	–	42	–	–
Income tax payable		1,543	1,629	88	308
		53,776	64,374	14,492	39,302
Non-current liabilities					
Trade and other payables	20	803	787	–	–
Loans and borrowings	24	7,618	9,556	47	77
Deferred tax liabilities	25	1,208	1,450	11	11
		9,629	11,793	58	88
Total liabilities		63,405	76,167	14,550	39,390
Net assets		182,681	187,672	128,089	127,814

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Equity attributable to owners of the Company					
Share capital	21	132,102	132,102	132,102	132,102
Reserves	21	(9,521)	(7,126)	77	77
Retained earnings		23,954	21,987	(4,090)	(4,365)
		146,535	146,963	128,089	127,814
Non-controlling interests	14	36,146	40,709	–	–
Total equity		182,681	187,672	128,089	127,814
Total equity and liabilities		246,086	263,839	142,639	167,204

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Share capital	Capital reserve	Other reserves	Translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2022									
Balance at 1 January 2022		132,102	874	327	(8,327)	21,987	146,963	40,709	187,672
Profit for the year		–	–	–	–	9,971	9,971	(2,087)	7,884
Other comprehensive income									
Actuarial gain on defined benefit plans		–	–	11	–	–	11	4	15
Foreign currency translation differences		–	–	–	(2,450)	–	(2,450)	(1,397)	(3,847)
Other comprehensive income for the year, net of tax		–	–	11	(2,450)	–	(2,439)	(1,393)	(3,832)
Total comprehensive income for the year		–	–	11	(2,450)	9,971	7,532	(3,480)	4,052
Contributions by and distributions to owners									
Dividends	22	–	–	–	–	(7,910)	(7,910)	–	(7,910)
Dividends paid to non-controlling interests	22	–	–	–	–	–	–	(1,127)	(1,127)
Total contributions by and distributions to owners		–	–	–	–	(7,910)	(7,910)	(1,127)	(9,037)
Others									
Change in development reserve fund		–	–	44	–	(94)	(50)	44	(6)
		–	–	44	–	(94)	(50)	44	(6)
Balance at 31 December 2022		132,102	874	382	(10,777)	23,954	146,535	36,146	182,681

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Share capital	Capital reserve	Other reserves	Translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2021									
Balance at 1 January 2021		132,102	822	215	(10,292)	20,623	143,470	41,327	184,797
Profit for the year		–	–	–	–	8,123	8,123	1,000	9,123
Other comprehensive income									
Actuarial gain on defined benefit plans		–	–	54	–	–	54	16	70
Foreign currency translation differences		–	–	–	1,849	–	1,849	190	2,039
Other comprehensive income for the year, net of tax		–	–	54	1,849	–	1,903	206	2,109
Total comprehensive income for the year		–	–	54	1,849	8,123	10,026	1,206	11,232
Contributions by and distributions to owners									
Dividends	22	–	–	–	–	(6,591)	(6,591)	–	(6,591)
Dividends paid to non-controlling interests	22	–	–	–	–	–	–	(1,882)	(1,882)
Total contributions by and distributions to owners		–	–	–	–	(6,591)	(6,591)	(1,882)	(8,473)
Others									
Transfer to development reserve fund		–	–	58	–	(116)	(58)	58	–
Transfer to statutory reserve fund		–	52	–	–	(52)	–	–	–
Effect of disposal of a subsidiary		–	–	–	116	–	116	–	116
		–	52	58	116	(168)	58	58	116
Balance at 31 December 2021		132,102	874	327	(8,327)	21,987	146,963	40,709	187,672

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from operating activities			
Profit before tax		10,843	13,432
Adjustments for:			
Amortisation of other investments	6	5	6
Depreciation and amortisation		15,686	16,274
Impairment loss/(reversal of Impairment loss) on property, plant and equipment	5,6	3,557	(121)
Dividend income from quoted investments	5	(6)	(7)
Gain on disposal of property, plant and equipment, net	5	(32)	(248)
Gain on disposal of a subsidiary	5	–	(2,523)
Impairment loss on trade/non-trade receivables	6,8	44	663
Net change in fair value of equity securities		122	25
Net finance costs	7	946	1,323
Property, plant and equipment written off	6	2	2
Share of loss/(profit) of equity-accounted investees (net of tax)		188	(72)
Exchange differences		(1,245)	231
Total adjustments		19,267	15,553
Operating cash inflows before changes in working capital		30,110	28,985
Changes in working capital:			
- Inventories		(788)	(4,702)
- Contract assets		1,125	(1,005)
- Trade and other receivables		(6,249)	(4,159)
- Trade and other payables		4,487	5,028
- Employee benefits		(10)	(31)
Total changes in working capital		(1,435)	(4,869)
Cash flows generated from operations		28,675	24,116
Income tax paid		(2,250)	(3,018)
Net cash flows generated from operating activities		26,425	21,098
Cash flows from investing activities			
Acquisition of property, plant and equipment		(6,993)	(3,946)
Refund of deposit upon the termination of proposed acquisition of shares in a company		–	2,673
Dividends received from quoted investments	5	6	7
Proceeds from disposal of a subsidiary	14	–	3,608
Interest received	7	229	207
Proceeds from disposal of property, plant and equipment		26	379
Placement of deposit with maturity period more than 3 months		62	125
Net cash flows (used in)/generated from investing activities		(6,670)	3,053

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from financing activities			
Dividends paid to owners of the Company	22	(7,910)	(6,591)
Dividends paid to non-controlling interests	22	(1,127)	(1,882)
Interest paid	7	(1,175)	(1,530)
Repayment of principal portion of lease liabilities		(2,410)	(1,430)
Proceeds from bank borrowings and trust receipts		9,772	9,724
Repayments of bank borrowings and trust receipts		(25,000)	(19,139)
Net cash flows used in financing activities		(27,850)	(20,848)
Net (decrease)/increase in cash and cash equivalents		(8,095)	3,303
Cash and cash equivalents at 1 January		31,648	28,119
Effects of currency translation on cash and cash equivalents		(710)	226
Cash and cash equivalents at 31 December	19	22,843	31,648

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1. CORPORATE INFORMATION

New Toyo International Holdings Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX – ST").

The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore 068898 and its principal place of business of the Company is at 16 Soon Lee Road, Singapore 628079.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries and joint ventures are disclosed in Notes 14 and 15 respectively to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Singapore Dollars ("SGD" or "$") and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale of Contribution of Assets between and Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(a) *Basis of consolidation (cont'd)*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– derecognises the carrying amount of any non-controlling interest;
– derecognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss;
– reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or revenue reserves, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company’s statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 *Joint ventures*

A joint venture is a contractual 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 relating to the arrangement.

The Group accounts for its investments in joint ventures using the equity method from the date on which it becomes a joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate and joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, investment in joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of the operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint ventures are eliminated to the extent of the interest in the joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Joint ventures (cont'd)*

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.8 *Foreign currency*

The financial statements are presented in SGD, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

On consolidation, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

– 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.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress is not depreciated until it is ready for its intended use.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Leasehold properties	Over the remaining lease terms
Leasehold improvements	5 to 6 years
Plant and machinery	3 to 20 years
Furniture and fittings	3 to 10 years
Office equipment and computers	2 to 10 years
Motor vehicles	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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.

2.11 *Club membership*

Club memberships was acquired separately and is amortised on a straight line basis over its finite useful life of 30 years.

2.12 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held either to earn rental income or for capital appreciation or for both, but not for use in the production or supply of goods or services or for administrative purposes or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Investment properties (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.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. 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 in the year of retirement or disposal.

Depreciation on 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 23 to 65 years.

The residual value, useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Rental income from investment properties is accounted for in the manner described in Note 2.23.

2.13 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Financial assets at amortised cost (debt instruments)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Financial assets designated at fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) Financial assets designated at FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities not at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 *Cash and cash equivalents*

Cash and cash equivalents in the statements of financial position comprise cash at bank and on hand and short-term highly liquid bank deposits, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2.17 *Inventories*

Inventories are valued 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 cost 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.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 *Government grants*

Government grants are recognised when there is a reasonable assurance that the grant will be received and all attached conditions will be compiled with. The grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.20 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 *Employee benefits*

(a) *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.

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Employee benefits (cont'd)*

(b) *Defined benefit plans*

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.

(c) *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.

(d) *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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Employee benefits (cont'd)*

(e) *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.

2.22 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Land and buildings	2 – 32 years
Plant and machinery	2 – 5 years
Office equipment and computers	2 – 5 years
Motor vehicles	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to section 2.13 *Impairment of non-financial assets*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 ***Leases (cont'd)***

Group as a lessee (cont'd)

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of remaining lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.23(b). Contingent rents are recognised as rental income in the period in which they are earned.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

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

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

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

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

(b) *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.

(c) *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.

(d) *Interest income*

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 ***Taxes***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 ***Taxes (cont'd)***

(c) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- When receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authorities are included as part of receivables or payables in the statement of financial position.

2.25 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.27 ***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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 *Segment reporting (cont'd)*

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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management is of the opinion that there is no significant judgement made in applying accounting policies.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of goodwill, intangible assets and property, plant and equipment

The Group determines whether goodwill, intangible assets and property, plant and equipment are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which goodwill is allocated. Management has used the value-in-use method to assess the recoverable amounts of separate cash-generating units ("CGUs"). In addition, management also engaged external valuers to perform a valuation of the leasehold properties held within CGUs. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the respective CGUs, including estimating the revenue growth and using a suitable discount rate to calculate the present value of the cash flows. When external valuers are engaged, the recoverable amounts are determined based on a number of significant assumptions such as discount rates, annual growth rates and terminal growth rates.

The carrying amounts of the Group's goodwill, intangible assets and property, plant and equipment were approximately $22,120,000, $940,000 and $71,627,000 respectively (2021: $22,120,000, $1,433,000 and $83,866,000 respectively). Further details are disclosed in Notes 11 and 12.

4. REVENUE

	Group	
	2022	2021
	$'000	$'000
Sale of manufactured packaging products	210,034	186,603
Trading of packaging products	75,701	47,596
	285,735	234,199

The following tables provide information about the nature and timing of the satisfaction of performance obligations ("PO") 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 or based on production completed (over time)
Significant payment terms	Payment is due 30-60 days from invoice date
Obligations for returns and refunds, and warranties, if any	Certain customers are given "assurance-type" warranties which assure the customer that the product meets the agreed-upon specifications, and includes the right to return and replace defective products. This is not accounted for as a separate PO.

Printed cartons and labels segment

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

4. REVENUE (CONT'D)

Trading of packaged products

Trading segment

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

Tissue paper segment

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

Capitalised contract costs

The Group capitalised contract costs in relation to the exclusive rights to supply British American Tobacco's printed carton requirements in several locations in the Asia Pacific region. Further details are disclosed in Note 12.

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 33).

	Specialty papers		Printed cartons and labels		Trading		Tissue paper		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Primary geographical location of business operations										
Hong Kong	–	–	44,467	46,416	53,850	32,394	–	–	98,317	78,810
Vietnam	41,567	39,389	6,678	8,779	–	–	–	–	48,245	48,168
Malaysia	31,556	24,790	–	–	–	–	2,023	659	33,579	25,449
Indonesia	–	–	14,222	16,362	–	–	–	–	14,222	16,362
Singapore	40,845	29,772	–	–	5,025	3,213	14,803	11,330	60,673	44,315
Dubai	12,677	6,013	10,315	8,467	–	–	–	–	22,992	14,480
External revenue	126,645	99,964	75,682	80,024	58,875	35,607	16,826	11,989	278,028	227,584
Timing of revenue recognition										
At a point in time	125,015	98,441	–	–	58,875	35,607	16,826	11,989	200,716	146,037
Overtime	1,630	1,523	75,682	80,024	–	–	–	–	77,312	81,547
External revenue	126,645	99,964	75,682	80,024	58,875	35,607	16,826	11,989	278,028	227,584

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For the financial year ended 31 December 2022

4. REVENUE (CONT'D)

Contract balances

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

	Group	
	2022	2021
	$'000	$'000
Trade receivables from contracts with customers	49,051	40,381
Contract assets	2,586	3,748
Contract liabilities	–	42

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to $406,000 (2021: $416,000).

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. The contract liabilities are recognised as revenue as the Group performs under the contract.

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

	Contract assets		Contract liabilities	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Group				
Revenue recognised that was included in the contract liabilities at the beginning of the year	–	–	(42)	(66)
Increase due to cash received, excluding amounts recognised as revenue during the year	–	–	–	42
Contract assets reclassified to trade receivables	(4,432)	(3,389)	–	–
Changes in measurement of progress	3,270	4,427	–	–

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.

5. OTHER INCOME

	Note	Group 2022 $'000	Group 2021 $'000
Dividend income from quoted investments		6	7
Gain on disposal of property, plant and equipment, net		32	248
Insurance claim recovery		5	16
Jobs Support Scheme grant income		–	249
Rental income		1,923	2,087
Scrap sales		2,196	1,216
COVID-19 related rent concessions		–	6
Gain on disposal of a subsidiary	14	–	2,523
Foreign exchange gain, net		–	501
Freight income		2,565	2,570
Reversal of impairment loss on property, plant and equipment	11	–	121
VAT recovery		665	–
Others		661	601
		8,053	10,145

Jobs Support Scheme

The Jobs Support Scheme ("JSS") was introduced in the Budget 2020 and enhanced subsequently in the four supplementary budgets to provide wage support to employers to help them retain their local employees during the period of economic uncertainty. Under the JSS, the Government co-funds the first $4,600 of gross monthly wages paid to each local employee.

6. OTHER OPERATING EXPENSES

	Note	Group 2022 $'000	Group 2021 $'000
Amortisation of intangible assets	12	912	860
Amortisation of other investments	16	5	6
Impairment loss on property, plant and equipment, net	11	3,557	–
Property, plant and equipment written off		2	2
Impairment loss on non-trade receivables		52	666
Write-off of receivables from a joint venture		173	–
Others		320	443
		5,021	1,977

7. FINANCE INCOME AND COSTS

	Group	
	2022	2021
	$'000	$'000
Finance income		
Interest income from bank deposits	229	207
	229	207
Finance costs		
Interest paid and payable to banks	(612)	(856)
Interest expense on lease liabilities	(563)	(674)
	(1,175)	(1,530)
Net finance costs recognised in profit or loss	(946)	(1,323)

8. PROFIT BEFORE TAX

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

		Group	
	Note	2022	2021
		$'000	$'000
Audit fees paid to			
- auditors of the Company		306	272
- other auditors		362	313
Non-audit fees paid to other auditors		37	36
Allowance for inventory obsolescence	17	341	797
Depreciation of property, plant and equipment	11	14,619	15,082
Depreciation of investment properties	13	155	332
Directors' fees		350	289
Impairment loss/(reversal of impairment loss) on property, plant and equipment, net	11	3,557	(121)
Inventories written off		18	29
Reversal of impairment loss on trade receivables	18	(8)	(3)
Operating expenses arising from rental of investment properties		361	505
Employee benefits expense			
- salaries, bonuses and other costs		21,716	21,850
- contribution to defined contribution plans		1,452	1,336
- expenses related to defined benefit plan	23	139	81

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Group	
	2022 **$'000**	**2021** **$'000**
Statement of comprehensive income:		
Current income tax		
- Current year	2,997	3,494
- Under provision in respect of previous years	123	352
	3,120	3,846
Deferred tax		
- Origination and reversal of temporary differences	(41)	459
- (Over)/under provision in respect of previous years	(120)	4
	(161)	463
Income tax expense recognised in statement of comprehensive income	2,959	4,309

Relationship between tax expense and accounting profit

A reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate are as follows:

	Group	
	2022 **$'000**	**2021** **$'000**
Profit before tax	10,843	13,432
Tax at the applicable tax rate of 17% (2021: 17%)	1,843	2,283
Effect of tax rates in foreign jurisdictions	752	1,042
Adjustments:		
- Non-deductible expenses	1,845	1,617
- Income not subject to taxation	(922)	(1,128)
- Reinvestment allowances and other tax incentives	(247)	(252)
- Current year losses for which no deferred tax asset was recognised	–	6
- Utilisation of previously unrecognised deferred tax assets	(315)	(368)
- Adjustment due to change in tax rate	–	(38)
- Foreign capital gain tax on disposal of subsidiary	–	791
- Under provision in respective of previous years, net	3	356
Income tax expense recognised in statement of comprehensive income	2,959	4,309

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2022	**2021**
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share ($'000)	9,971	8,123
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	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.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties $'000	Leasehold improvements $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Group								
Cost								
At 1 January 2021	36,733	6,641	182,502	2,112	4,666	2,576	5,224	240,454
Additions	1,648	7	2,149	16	196	81	1,064	5,161
Disposals/write-off	(984)	(90)	(3,231)	(3)	(169)	(89)	–	(4,566)
Exchange differences	1,012	68	2,517	33	46	42	53	3,771
Transfers/ reclassification	628	–	231	–	199	–	(1,058)	–
Transfer from investment properties (Note 13)	3,963	–	–	–	–	–	283	4,246
At 31 December 2021 and 1 January 2022	43,000	6,626	184,168	2,158	4,938	2,610	5,566	249,066
Additions	656	–	5,404	13	87	56	1,454	7,670
Disposals/write-off	(568)	(1)	(828)	(24)	(135)	–	–	(1,556)
Exchange differences	(1,178)	(292)	(4,469)	(140)	(205)	(78)	(179)	(6,541)
Transfers/ reclassification	439	–	614	26	57	–	(1,136)	–
At 31 December 2022	42,349	6,333	184,889	2,033	4,742	2,588	5,705	248,639

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold properties $'000	Leasehold improvements $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Group								
Accumulated depreciation and impairment losses								
At 1 January 2021	15,669	2,586	123,166	1,807	2,885	1,941	833	148,887
Depreciation	2,834	396	10,947	115	496	294	–	15,082
Write-back of impairment	–	–	(121)	–	–	–	–	(121)
Disposals/write-off	(308)	(90)	(3,009)	(2)	(156)	(86)	–	(3,651)
Exchange differences	286	44	1,500	29	33	34	18	1,944
Transfers/ reclassification	–	–	(61)	–	61	–	–	–
Transfer from investment properties (Note 13)	3,059	–	–	–	–	–	–	3,059
At 31 December 2021 and 1 January 2022	21,540	2,936	132,422	1,949	3,319	2,183	851	165,200
Depreciation	3,322	334	10,161	64	505	233	–	14,619
Impairment	474	–	3,082	–	–	1	–	3,557
Disposals/write-off	(529)	(1)	(828)	(23)	(133)	–	–	(1,514)
Exchange differences	(808)	(91)	(3,593)	(138)	(143)	(71)	(6)	(4,850)
Transfers/ reclassification	(4)	–	854	4	(9)	–	(845)	–
At 31 December 2022	23,995	3,178	142,098	1,856	3,539	2,346	–	177,012
Net carrying amount								
At 31 December 2022	18,354	3,155	42,791	177	1,203	242	5,705	71,627
At 31 December 2021	21,460	3,690	51,746	209	1,619	427	4,715	83,866

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold improvements	Furniture and fittings	Office equipment and computers	Motor vehicles	Construction -in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Cost						
At 1 January 2021	90	24	134	643	105	996
Additions	7	14	96	–	15	132
Disposal	(90)	–	(51)	–	–	(141)
Transfers/reclassification	–	–	120	–	(120)	–
At 31 December 2021 and 1 January 2022	7	38	299	643	–	987
Additions	–	–	36	–	45	81
At 31 December 2022	7	38	335	643	45	1,068
Accumulated depreciation:						
At 1 January 2021	90	22	106	516	–	734
Depreciation	1	3	40	37	–	81
Disposal/write off	(90)	–	(41)	–	–	(131)
At 31 December 2021 and 1 January 2022	1	25	105	553	–	684
Depreciation	2	3	75	37	–	117
At 31 December 2022	3	28	180	590	–	801
Carrying amount						
At 31 December 2022	4	10	155	53	45	267
At 31 December 2021	6	13	194	90	–	303

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 26.

Impairment test

Management allocated the assets to the respective cash-generating unit ("CGU"). Impairment assessment of the property, plant and equipment, intangible assets and goodwill for the respective CGU is performed by comparing the carrying values with the recoverable amounts. For the printed cartons and labels ("PCL") CGU which includes Alliance Print Technologies Co., Ltd ("APT"), Max Ease International Limited ("MEIL") and PT Bintang Pesona Jagat ("BPJ"), where goodwill is allocated to, a summary of the key assumptions used in the discounted cash flow projections is detailed in Note 12.

The Group's Dubai operations are assessed to be separate individual CGUs. For these CGUs, due to the existence of impairment or reversal of impairment indicators, management engaged independent valuers to perform valuation on the properties, in addition to the value-in-use model applied.

The fair values of properties in the Dubai CGUs were derived using income capitalisation approach. The capitalisation approach capitalise the net rental income that reflects the present and potential income growth.

The recoverable amount of the two Dubai CGUs were based on their 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 Dubai CGU are as follows:

- Cash flow projections were over a period of 5 years (2021: 5 years), based on the 2023 financial budget approved by management.

- Anticipated revenue growth rates for the CGUs of -12.8% to 102.9% for 2023 and 2% to 15% for 2024 and 2% to 4% from 2025 to 2027 (2021: 16% to 47% for 2022 and 2% from 2023 to 2026 respectively).

- The pre-tax discount rate of 10.5% to 14.6% (2021: 9.3%) were applied in determining the recoverable amounts of the CGUs. The discount rate was estimated based on the country's risk premium and an additional risk premium for cash flow projection risk.

- Terminal value with a growth rate of 2.0% (2021: 2.0%) based on the country's inflation rate.

Arising from the above exercises, an impairment loss of $3,557,000 (2021: Nil) has been recognised for the financial year ended 31 December 2022 on the property, plant and equipment to write down the carrying amount of the property, plant and equipment to its recoverable amount.

12. INTANGIBLE ASSETS AND GOODWILL

	Goodwill $'000	Contract value $'000	Total $'000
Group			
Cost:			
At 1 January 2021	22,120	18,502	40,622
Write off	–	(1,881)	(1,881)
Exchange differences	–	407	407
At 31 December 2021	22,120	17,028	39,148
Additions	–	403	403
Exchange differences	–	(112)	(112)
At 31 December 2022	22,120	17,319	39,439
Accumulated amortisation:			
At 1 January 2021	–	16,252	16,252
Amortisation	–	860	860
Write off	–	(1,881)	(1,881)
Exchange differences	–	364	364
At 31 December 2021	–	15,595	15,595
Amortisation	–	912	912
Exchange differences	–	(128)	(128)
At 31 December 2022	–	16,379	16,379
Net carrying amount:			
At 31 December 2022	22,120	940	23,060
At 31 December 2021	22,120	1,433	23,553

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:

	Group	
	2022 $'000	2021 $'000
Specialty papers	22	22
Printed cartons and labels	22,098	22,098
	22,120	22,120

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

12. 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 ("MSPMA") 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. On 9 February 2023, the MSPMA has been extended for an additional 3 years commencing from 1 January 2023 to 31 December 2025.

(ii) On 17 March 2020, Max Ease International Ltd and British American Tobacco Group agreed to extend its current Supply Agreement for printed carton requirements in Malaysia, Singapore and Vietnam for additional 5 years from 1 January 2020 to 31 December 2024 for the domestic and/or export markets.

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 (2021: 5 years), based on the 2023 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 of -25.0% to 52.6% in 2023, and thereafter growth based on inflation rate of 3% from 2024 to 2027 (2021: 4% in 2022, and thereafter growth based on inflation rate of 3% from 2023 to 2026) were used in the cash flow projections.

- The pre-tax discount rates for the operating companies within CGU ranging from 10.5% to 14.5% (2021: 11.6% to 16.5%) 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 a growth rate of 3% (2021: 3%) based on the respective country inflation rate.

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

12. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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.

13. INVESTMENT PROPERTIES

	Group	
	2022 $'000	2021 $'000
Cost		
At 1 January	12,162	18,628
Reclass to property, plant and equipment (Note 11)	–	(4,246)
Disposal of a subsidiary (Note 11)	–	(2,658)
Exchange differences	(916)	438
At 31 December	11,246	12,162
Accumulated depreciation and impairment losses		
At 1 January	8,868	13,251
Depreciation	155	332
Reclass to property, plant and equipment (Note 11)	–	(3,059)
Disposal of a subsidiary (Note 11)	–	(1,972)
Exchange differences	(668)	316
At 31 December	8,355	8,868
Carrying amount	2,891	3,294

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 renewal is negotiated with the lessee and on average, renewal period is of 2 years. No contingent rent is charged.

The investment properties have an estimated market value of $23,205,000 at 31 December 2022 (2021: $23,443,000) based on independent valuations obtained from 2022 to 2023 by property valuers on an open market value basis.

13. INVESTMENT PROPERTIES (CONT'D)

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

- The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.

- The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

Gross rental income of $1,871,000 (2021: $2,031,000) was derived from the investment properties during the year.

Transfer to property, plant and equipment

In 2021, an investment property of net book value $1,187,000 was reclassified to property, plant and equipment as a result of change in use.

14. SUBSIDIARIES

	Company	
	2022	**2021**
	$'000	**$'000**
Shares, at cost	59,537	82,697
Impairment losses	(2,970)	(2,970)
	56,567	79,727
Discount implicit in interest-free loans to subsidiaries	1,041	1,041
	57,608	80,768
Loans to subsidiaries	64,620	65,504
Impairment losses	(5,428)	(5,976)
	59,192	59,528
	116,800	140,296

Included in the loans to subsidiaries is an amount of $10,940,000 (2021: $11,007,000) which is unsecured and bears fixed interest rate of 2.75% (2021: 2.75%) per annum. The remaining amounts of $53,680,000 (2021: $54,497,000) 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 investment in the subsidiaries.

14. SUBSIDIARIES (CONT'D)

The Company had the following subsidiaries as at 31 December:

Name of company	Principal place of business	Principal activities	Proportion (%) of ownership interest 2022 %	2021 %
Held by the Company				
New Toyo Aluminium Paper Product Co (Pte) Ltd (1)	Singapore	Manufacturing of specialty papers	100	100
New Toyo Corrugated Products Pte Ltd (1)	Singapore	Investment holding	100	100
New Toyo International Co (Pte) Ltd (1)	Singapore	Trading of paper products and equipment	100	100
New Toyo Ventures Pte Ltd ^	Singapore	Investment holding	–	100
Singapore Pacific Investments Pte Ltd (1)	Singapore	Investment holding	100	100
New Toyo Lamination (M) Pte Ltd (1)	Singapore	Investment holding	100	100
Sealink International Limited (3)	Hong Kong	Inactive	100	100
Pacific Eagle Investment Limited (3)	Hong Kong	Investment holding	100	100
Toyoma Non-Carbon Paper Manufacturer Sdn Bhd (3)	Malaysia	Investment holding and trading of paper products	100	100
New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd (2)	Vietnam	Manufacturing of specialty papers	100	100
Fast Win Enterprise Limited (3)	Hong Kong	Trading of raw materials and equipment	100	100
Held by subsidiaries				
New Toyo Investments Pte Ltd (1)	Singapore	Investment holding	55	55
Tien Wah Holdings (1990) Sdn Bhd (3)	Malaysia	Investment holding	100	100
Tien Wah Press Holdings Berhad (2)	Malaysia	Investment holding and provision of management services to its subsidiaries and associates	55	55
Tien Wah Press (Malaya) Sdn Bhd (2)	Malaysia	Dormant	55	55
Tien Wah Properties Sdn Bhd (2)	Malaysia	Investment holding	55	55
Paper Base Converting Sdn Bhd (2)	Malaysia	Manufacturing of specialty papers	100	100
New Toyo Aluminium Gulf Paper Packaging FZE (3)	Dubai	Manufacturing of specialty papers	100	100

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14. SUBSIDIARIES (CONT'D)

Name of company	Principal place of business	Principal activities	Proportion (%) of ownership interest 2022 %	2021 %
Held by subsidiaries (cont'd)				
New Toyo Paper Products (Shanghai) Co., Ltd (3)	People's Republic of China	Investment holding and manufacturing of specialty papers	100	100
Wuhu New Asia Paper Products Co., Ltd (3)	People's Republic of China	Investment holding	100	100
New Toyo Food Packaging Company Limited (2)	Vietnam	Inactive	100	100
Sen Yang Enterprise Co., Ltd (3)	People's Republic of China	Inactive	100	100
Vina Toyo Company Ltd (2)	Vietnam	Manufacturing of specialty papers and corrugated containers	50*	50*
Alliance Print Technologies Co., Ltd (2)	Vietnam	Manufacturing of printed cartons and labels	55	55
Alliance Print Technologies FZE (2)	Dubai	Manufacturing of printed cartons and labels	55	55
Max Ease International Limited (2)	Hong Kong	Trading of printed cartons and labels	77	77
Max View Holdings Limited (3)	Hong Kong	Investment holding	77	77
Anzpac Services (Australia) Pty Ltd (3)	Australia	Dormant	77	77
PT Bintang Pesona Jagat (2)	Indonesia	Manufacturing of printed cartons and labels	77	77
E Moto Sdn Bhd ^	Malaysia	Inactive	–	100
Max Ease International (SG) Pte Ltd (4)	Singapore	Dormant	77	77

* Deemed to be a subsidiary as the Company has the current ability to direct these entities' activities that most significantly affect their returns.
^ Struck off during the year
(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in Malaysia, Vietnam, Hong Kong, Dubai and Indonesia
(3) Audited by other accounting firms
(4) Exempted from audit as the entity was dormant

14. SUBSIDIARIES (CONT'D)

Ernst & Young LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of Ernst & Young Global 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 profit account for 20% or more of the Group's consolidated pre-tax profit.

Cessation of subsidiary – *E Moto Sdn. Bhd.*

In 2019, E Moto Sdn. Bhd. ("E Moto") was incorporated with the principal activity to produce and sell electric motorcycles, electric scooters and electric bicycles. On 6 April 2021, the Company had announced to cease the business of E Moto. E Moto was dissolved on 29 June 2022.

Strike off of subsidiary – *New Toyo Ventures Pte Ltd*

New Toyo Ventures Pte Ltd was an investment holding company and struck off from the Register of Companies on 5 December 2022.

Disposal of ownership in interest in subsidiary – *New Toyo Adelaide Pty Ltd*

On 1 July 2021, the Company had disposed 100% of the issued shares in its direct wholly-owned subsidiary, New Toyo Adelaide Pty Ltd ("NTAD") for a cash consideration of AUD4,716,000 ($4,760,000). As a result of the disposal, a gain of $2,523,000 was recognised under "Other Income" for the financial year ended 31 December 2021.

The value of assets and liabilities of NTAD recorded in the consolidated financial statements as at 1 July 2021, and the cash flow effect of the disposal were:

	$'000
Investment property	686
Deferred tax assets	7
Other receivables	300
Cash and bank balances	1,152
	2,145
Other payables	(24)
Carrying amount of net assets	2,121
Gain on disposal:	
Total consideration	4,760
Carrying amount of net assets derecognised	(2,121)
	2,639
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of NTAD	(116)
	2,523
Net cash inflows arising from disposal:	
Total consideration	4,760
Less: cash and cash equivalents of NTAD	(1,152)
	3,608

14. SUBSIDIARIES (CONT'D)

Impairment of investment in subsidiaries

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 or fair value less cost of disposal. The value-in-use is determined by discounting the future cash flows to be generated from the continuing operation of these entities and based on the financial budget approved by management.

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and risk specific to each subsidiary. The gross margin and terminal growth rates are based on planned strategies and cost initiatives as well as industry indices.

Non-controlling interests ("NCI")

	Group	
	2022	**2021**
	$'000	**$'000**
Non-controlling interests	36,146	40,709

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

Name of company	**Principal place of business/ Country of incorporation**	**Operating segment**	**Proportion (%) of ownership interest**	
			2022	**2021**
			%	**%**
Max Ease International Limited ("MEIL")	Hong Kong	Printed cartons and labels	23	23
Tien Wah Press Holdings Berhad ("TWPH")	Malaysia	Printed cartons and labels	45	45

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

14. SUBSIDIARIES (CONT'D)

Non-controlling interests ("NCI") (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	TWPH*	Other individually immaterial subsidiary	Intra-group elimination	Total
	$'000	$'000	$'000	$'000	$'000
31 December 2022					
Revenue	58,783	56,517	9,052		
(Loss)/profit after tax	(622)	(3,620)	175		
Other comprehensive income	(1,318)	(2,219)	(76)		
Total comprehensive income	(1,940)	(5,839)	99		
Attributable to NCI:					
- (Loss)/profit after tax	(144)	(1,642)	88	(389)	(2,087)
- Other comprehensive income	(305)	(1,007)	(38)	(43)	(1,393)
- Total comprehensive income	(449)	(2,649)	50	(432)	(3,480)
Non-current assets	32,002	68,401	184		
Current assets	12,480	28,129	5,828		
Non-current liabilities	(1,849)	(2,714)	(18)		
Current liabilities	(15,430)	(15,547)	(2,140)		
Net assets	27,203	78,269	3,854		
Net assets attributable to NCI	6,292	35,503	1,927	(7,576)	36,146
Cash flows from/(used in) operating activities	8,279	12,401	(282)		
Cash flows (used in)/from investing activities	(523)	(5,244)	83		
Cash flows (used in)/from financing activities	(6,473)	(5,486)	224		
Net increase in cash and cash equivalents	1,283	1,671	25		
Dividends paid to NCI	–	(1,127)	–		

14. SUBSIDIARIES (CONT'D)

Non-controlling interests ("NCI") (cont'd)

	MEIL	TWPH*	Other individually immaterial subsidiary	Intra-group elimination	Total
	$'000	$'000	$'000	$'000	$'000
31 December 2021					
Revenue	63,121	59,664	8,060		
(Loss)/profit after tax	(1,010)	3,765	182		
Other comprehensive income	427	96	242		
Total comprehensive income	(583)	3,861	424		
Attributable to NCI:					
- (Loss)/profit after tax	(234)	1,708	91	(565)	1,000
- Other comprehensive income	99	44	121	(58)	206
- Total comprehensive income	(135)	1,752	212	(623)	1,206
Non-current assets	35,289	76,525	287		
Current assets	19,150	29,179	5,989		
Non-current liabilities	(4,131)	(15,340)	(22)		
Current liabilities	(21,164)	(3,772)	(2,315)		
Net assets	29,144	86,592	3,939		
Net assets attributable to NCI	6,741	39,278	1,970	(7,280)	40,709
Cash flows from/(used in) operating activities	5,478	12,496	(165)		
Cash flows (used in)/from investing activities	(229)	(1,660)	346		
Cash flows used in financing activities	(8,000)	(9,032)	(235)		
Net (decrease)/increase in cash and cash equivalents	(2,751)	1,804	(54)		
Dividends paid to NCI	–	(1,767)	(115)		

* Excludes interest in MEIL

15. JOINT VENTURES

	Group	
	2022	2021
	$'000	$'000
Investment in joint ventures	9,916	10,665

Details of the joint ventures are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2022	2021
			%	%
Lum Chang Tien Wah Property Sdn Bhd ("LCTW") (1)	Malaysia	Investment holding	27*	27*
Toyo (Viet)–Dofico Print Packaging Company Ltd ("TVDP") (2)	Vietnam	Manufacturing of printed cartons and labels	27*	27*

(1) Audited by member firm of EY Global, in Malaysia

(2) Audited by other accounting firm

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

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).

In 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.

In 2019, TWP and KHPL subscribed for additional ordinary shares for a total consideration of $654,000 at $327,000 each, held by TWP and KHPL in equal proportion.

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

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

15. JOINT VENTURES (CONT'D)

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

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

On 14 July 2021, the investment registration certificate of TVDP expired. As at 31 December 2022, TVDP is in the process of liquidation.

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

	TVDP	LCTW	Intra-group elimination	Total
	$'000	$'000	$'000	$'000
31 December 2022				
Revenue	–	316		
Operating expenses	(280)	(113)		
Depreciation and amortisation	–	(427)		
Interest income	177	1		
Loss before tax	(103)	(223)		
Income tax expense	–	(101)		
Loss after tax	(103)	(324)		
Other comprehensive income	(17)	(1,110)		
Total comprehensive income	(120)	(1,434)		
Non-current assets	4,831	19,729		
Current assets	4	308		
Current liabilities	(2,787)	(72)		
Non-current liabilities	–	(4)		
Cash and cash equivalents	903	127		
Net assets	2,951	20,088		

15. JOINT VENTURES (CONT'D)

	TVDP $'000	LCTW $'000	Intra-group elimination $'000	Total $'000
31 December 2022				
Carrying amount of interest in investee at beginning of the year	1,546	9,241	(122)	10,665
Group's share of:				
- Loss after tax	(28)	(88)		
- Other comprehensive income	(5)	(303)		
NCI's share of:				
- Loss after tax	(23)	(73)		
- Other comprehensive income	(4)	(252)		
- Total comprehensive income	(60)	(716)	27	(749)
Carrying amount of interest in investee at end of the year	1,486	8,525	(95)	9,916

	TVDP $'000	LCTW $'000	Intra-group elimination $'000	Total $'000
31 December 2021				
Revenue	1,412	327		
Operating expenses	(827)	(114)		
Depreciation and amortisation	(272)	(449)		
Interest income	1	1		
Interest expense	–	(1)		
Profit/(loss) before tax	314	(236)		
Income tax expense	–	(43)		
Profit/(loss) after tax	314	(279)		
Other comprehensive income	58	(260)		
Total comprehensive income	372	(539)		
Non-current assets	5,015	21,436		
Current assets	1,169	400		
Current liabilities	(3,406)	(122)		
Cash and cash equivalents	292	3		
Net assets	3,070	21,717		

15. JOINT VENTURES (CONT'D)

	TVDP $'000	LCTW $'000	Intra-group elimination $'000	Total $'000
31 December 2021				
Carrying amount of interest in investee at beginning of the year	1,360	9,510	(177)	10,693
Group's share of:				
- Profit/(loss) after tax	86	(76)		
- Other comprehensive income	16	(71)		
NCI's share of:				
- Profit/(loss) after tax	71	(64)		
- Other comprehensive income	13	(58)		
- Total comprehensive income	186	(269)	55	(28)
Carrying amount of interest in investee at end of the year	1,546	9,241	(122)	10,665

16. INVESTMENT SECURITIES/OTHER INVESTMENTS

The Group classifies the investments shown below as equity investments as at FVTPL because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes.

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Investment securities				
Quoted equity securities, at fair value	75	97	–	–
Unquoted equity securities, at fair value	755	855	755	855
Financial assets carried at fair value	830	952	755	855
Other investments				
Club membership, at cost	1,371	1,413	693	693
Accumulated amortisation				
At 1 January	80	72	–	–
Amortisation	5	6	–	–
Exchange differences	(4)	2	–	–
At 31 December	81	80	–	–
Total other investments, at carrying amount	1,290	1,333	693	693

The fair value information related to FVTPL – equity instrument is disclosed in Note 31.

17. INVENTORIES

	Group	
	2022	2021
	$'000	$'000
Raw materials	30,686	28,615
Consumables	2,033	2,071
Work-in-progress	2,243	2,897
Finished goods	8,274	9,624
	43,236	43,207
Less:		
Allowance for inventory obsolescence:		
At 1 January	2,697	2,767
Allowance made during the year	341	797
Utilisation of allowance	(1,078)	(891)
Exchange differences	(15)	24
At 31 December	1,945	2,697
Carrying amount of inventories	41,291	40,510

During the year, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to $221,769,000 (2021: $176,738,000).

18. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Non-current					
Amounts due from subsidiaries					
- trade	(a)	–	–	54	–
- non-trade	(b)	–	–	6,607	–
Trade receivables	(a)	–	162	–	–
Other receivables	(c)	119	51	–	–
Tax recoverable	(d)	193	129	–	–
		312	342	6,661	–
Current					
Trade receivables	(a)	49,457	40,635	–	–
Impairment losses		(406)	(416)	–	–
		49,051	40,219	–	–
Deposits	(e)	2,863	3,531	–	–
Tax recoverable		95	689	–	–
Consideration receivable	(f)	1,525	1,544	–	–
GST/VAT input tax		875	1,059	9	1
Other receivables	(c)	993	766	23	–
Amounts due from subsidiaries, net					
- trade	(a)	–	–	757	369
- non-trade	(g)	–	–	168	93
Amounts due from joint ventures					
- trade	(a)	–	46	–	46
- non-trade	(g)	–	3,342	–	121
Amounts due from other related corporations*					
- trade	(a)	5,383	3,250	–	–
- non-trade	(g)	344	351	–	–
Loans to subsidiaries	(h)	–	–	10,347	9,105
		61,129	54,797	11,304	9,735
Deferred cost		13	196	–	–
Prepayments		1,450	1,956	64	23
		62,592	56,949	11,368	9,758
		62,904	57,291	18,029	9,758

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

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables are non-interest bearing and are generally on 30 to 60 day's terms.

The trade amounts due from subsidiaries are unsecured, interest-free and not expected to be repaid within the 12 months.

(b) Amounts due from subsidiaries are unsecured and bear fixed interest rates ranging from 1.78% to 5.06% (2021: Nil%) per annum.

(c) Other receivables comprise import duty and sundry receivables. The non-current portion pertains to advances paid for equipment purchases at the Group level.

(d) 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.

(e) In year 2021, these amounts include a deposit of $2,948,000 paid to Asia Regal Enterprises Limited ("the Seller") for the purchase of all the shares in Benline Investment Holdings Pte. Ltd ("Benline") for an aggregate consideration of US$6,700,000 in accordance with a share purchase agreement ("SPA") entered on 17 December 2021. On 29 July 2022, the Group terminated the SPA as the conditions precedent has not been fulfilled by the Seller under the terms and conditions of the SPA. This deposit has been refunded to the Group in 2022.

(f) Current consideration receivable is deferred payment of $2,243,000 (2021: $2,210,000) due from the Group's joint venture partner, DOFICO. This is as a result of the disposal of 50% of TVDP to DOFICO by TWPH in 2015, which is payable within the next 12 months. An impairment loss of $52,000 (2021: $666,000) was recognised in year 2022.

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

(h) Loans to subsidiaries of $6,261,000 (2021: $7,414,000) are unsecured, repayable on demand, and bear fixed interest rates ranging from 1.84% to 6.09% (2021: 1.78% to 2.6%) per annum. The remaining amount of $4,086,000 (2021: $1,691,000) is unsecured, interest-free and repayable on demand.

18. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade and other receivables:				
Vietnam	12,507	12,997	82	224
Singapore	18,250	14,108	4,541	4,987
Indonesia	3,990	3,296	277	54
United Arab Emirates	5,265	3,870	9,735	1,429
Malaysia	6,294	6,882	2,776	2,322
Korea	2,580	2,696	–	–
Latin America	3,236	3,281	–	–
Europe	2,348	3	–	–
Philippines	738	1,020	–	–
Papua New Guinea	581	277	–	–
India	719	238	–	–
China	30	46	50	12
Hong Kong	329	1,085	504	707
Pakistan	1,678	2,544	–	–
Others	2,896	2,796	–	–
	61,441	55,139	17,965	9,735
Contract assets:				
Singapore	845	290	–	–
Indonesia	626	1,102	–	–
Malaysia	1	1	–	–
United Arab Emirates	835	1,591	–	–
Korea	74	424	–	–
Vietnam	174	286	–	–
Others	31	54	–	–
	2,586	3,748	–	–
	64,027	58,887	17,965	9,735

The top five customers of the Group account for 60% (2021: 54%) of the trade and other receivables (excluding prepayments and deferred cost) carrying amount at 31 December 2022.

18. TRADE AND OTHER RECEIVABLES (CONT'D)

The movement in the allowance for impairment loss for trade and other receivables and contract assets is as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At 1 January	1,082	2,430	588	588
Additions	52	666	–	–
Reversal of impairment loss	(8)	(3)	(534)	–
Write-off of impairment loss	–	(2,053)	–	–
Exchange differences	(2)	42	–	–
At 31 December	1,124	1,082	54	588

Impairment loss recognised at Company level pertains to impairment loss from amount due from subsidiaries, trade.

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

	Group			
	2022		2021	
	Not credit impaired	Credit impaired	Not credit impaired	Credit impaired
	$'000	$'000	$'000	$'000
Group				
External credit ratings at least Baa3 from Moody's or BBB from Standard & Poor's	23,421	–	21,671	–
Other customers:				
- Four or more years' trading history with the Group*	20,091	–	16,692	–
- Less than four years' trading history with the Group*	5,860	–	2,340	–
- Higher risk	–	86	–	94
Other receivables – Low risk	13,107	–	15,422	–
Contract assets:				
- External credit ratings at least Baa3 from Moody's or BBB from Standard & Poor's	1,668	–	2,122	–
- Four or more years' trading history with the Group*	718	–	1,284	–
-Less than four years' trading history with the Group*	200	–	344	–
Total gross carrying amount	65,065	86	59,875	94
Less: loss allowance	(1,038)	(86)	(988)	(94)
	64,027	–	58,887	–

* Exclude higher risk

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Company			
	2022		2021	
	Not credit impaired $'000	Credit impaired $'000	Not credit impaired $'000	Credit impaired $'000
Company				
Trade and other receivables	17,965	54	9,735	588
Total gross carrying amount	17,965	54	9,735	588
Less: loss allowance	–	(54)	–	(588)
	17,965	–	9,735	–

Expected credit loss assessment for corporate customers

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 derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date as well as consideration of forward looking factors.

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

	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Group				
2022				
Current (not past due)	<1	43,446	–	No
Past due 0 – 30 days	<1	4,294	–	No
Past due 31 – 180 days	<1	3,580	–	No
More than 180 days	56	723	(406)	Yes
		52,043	(406)	
2021				
Current (not past due)	<1	37,390	–	No
Past due 0 – 30 days	<1	4,114	–	No
Past due 31 – 180 days	<1	2,042	–	No
More than 180 days	42	999	(416)	Yes
		44,545	(416)	

18. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables (excluding prepayments and deferred cost)

The Group's other receivables (excluding prepayments and deferred cost) as at 31 December 2022 and 2021 includes amounts due from related parties, consideration receivable from related parties, tax recoverable and deposits. The Group uses general approach for assessment of ECLs for other receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. The amount of the allowance on these balances is insignificant to the Group and Company.

Amounts due from subsidiaries and joint ventures (trade)

The Group and Company use an allowance matrix to measure the ECLs of amounts due from subsidiaries and joint ventures (trade). The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date as well as consideration of forward looking factors. The amount of the allowance on these balances is insignificant to the Group and Company.

19. CASH AND BANK BALANCES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash and bank balances	20,389	28,125	6,095	15,299
Short-term deposits	8,106	9,237	–	–
Cash and bank balances	28,495	37,362	6,095	15,299
Less: Placement of deposit with maturity periods more than 3 months	(5,652)	(5,714)	–	–
Cash and cash equivalents in the statement of cash flows	22,843	31,648	6,095	15,299

The cash and bank balances include short term investments of $Nil (2021: $1,383,000) held with Unit Trust Funds.

Repricing of interest rates with the financial institutions is disclosed in Note 30.

20. TRADE AND OTHER PAYABLES

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current					
Employee benefits	23	637	603	–	–
Other payables		166	184	–	–
		803	787	–	–
Current					
Trade payables	(a)	40,166	34,590	–	–
Loans from subsidiaries	(b)	–	–	7,086	30,878
Amounts due to subsidiaries					
- trade		–	–	–	44
- non-trade	(b)	–	–	6,632	4,692
Amounts due to joint venture					
- non-trade	(b)	190	108	–	–
Amounts due to other related corporations					
- trade		73	15	–	–
- non-trade	(b)	34	6	–	–
Accrued operating expenses		4,091	5,481	567	372
Deferred income		–	222	–	–
Employee benefits	23	187	200	67	91
GST/VAT output tax		166	164	–	–
Other payables		3,328	2,960	13	123
		48,235	43,746	14,365	36,200
		49,038	44,533	14,365	36,200

(a) Trade payables are unsecured, non-interest bearing and normally settled between 30 to 60 days' (2021: 30 to 60 days) terms.

(b) 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 Note 30.

21. SHARE CAPITAL AND RESERVES

Share capital

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Issued and fully paid ordinary shares		
At 1 January and 31 December		
439,425,000 shares	132,102	132,102

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

Reserves

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	874	874	–	–
Translation reserve	(10,777)	(8,327)	–	–
Other reserves	382	327	77	77
	(9,521)	(7,126)	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.

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.

21. SHARE CAPITAL AND RESERVES (CONT'D)

Other reserves

Other reserve comprises the value of unexercised warrants of the Company which has been transferred from capital reserve to other reserve, the gain or loss on remeasurement of defined benefits plans of its subsidiaries and development reserve funds from one of its subsidiaries in Vietnam.

Remeasurements comprising actuarial gains or losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liabilities) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings and are not reclassified to profit or loss in subsequent period.

Development reserve funds comprises the investment and development fund and bonus and welfare fund which are appropriated from a subsidiary's net profit. This appropriation is approved by the subsidiary's board of directors and the Company and is in accordance with the subsidiary's Charter and Vietnam's regulatory requirements.

22. DIVIDENDS

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

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Declared and paid during the year:		
Dividends paid on ordinary shares		
Tax-exempt (one-tier) final dividend of 0.90 cents per ordinary share for the year 2021 (2020: 0.90 cents)	3,955	3,955
Tax-exempt (one-tier) interim dividend of 0.90 cents per ordinary share for the year 2022 (2021: 0.60 cents)	3,955	2,636
	7,910	6,591
Paid by a subsidiary to NCI	1,127	1,882
Proposed but not recognised as a liability as at 31 December:		
Tax-exempt (one-tier) final dividend of 0.90 cents (2021: 0.90 cents) per ordinary share in respect of the year	3,955	3,955

23. EMPLOYEE BENEFITS

	Note	Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Defined benefit obligations	(a)	637	603	–	–
Provision for termination benefits	(b)	–	–	–	–
Accrual for annual leave		187	200	67	91
		824	803	67	91
Analysed as:					
- Non-current		637	603	–	–
- Current		187	200	67	91
		824	803	67	91

One of the Group's subsidiaries, BPJ, makes 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.

The estimated liabilities for defined benefit obligations have been determined using the following assumptions:

	Group	
	2022	2021
Discount rate	7.25%	7.5%
Salary increase rate	8.0%	8.0%
Mortality table	TMI4	TMI4
Retirement age	58 years old	57 years old

In addition, in accordance with the United Arab Emirates Labour Law, two of the Group's subsidiaries, APTF and NTG, make contribution to defined benefit plans for employees who complete one or more year of continuous services.

23. EMPLOYEE BENEFITS (CONT'D)

(a) ***Movement in the present value of the defined benefit obligations***

	Group	
	2022	**2021**
	$'000	**$'000**
At 1 January	603	709
Benefits paid	(34)	(107)
Expense recognised in profit or loss	139	81
Actuarial gain on defined benefit plans	(15)	(70)
Exchange differences	(56)	(10)
At 31 December	637	603

(b) ***Movement in provision for termination benefits***

	Group	
	2022	**2021**
	$'000	**$'000**
At 1 January	–	105
Provision	–	–
Utilisation of provision	–	(105)
Exchange differences	–	–
At 31 December	–	–

(c) ***Employee benefits expenses recognised in profit or loss***

	Group	
	2022	**2021**
	$'000	**$'000**
Defined benefit obligations	139	81
(Reversal of)/provision for accrual for annual leave	(13)	180
	126	261

23. EMPLOYEE BENEFITS (CONT'D)

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

	Group	
	2022	**2021**
	$'000	**$'000**
Cost of sales	97	81
Administrative expenses	29	180
	126	261

24. LOANS AND BORROWINGS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Non-current portion of long-term bank loans				
-secured	–	669	–	–
Lease liabilities (Note 26)	7,618	8,887	47	77
	7,618	9,556	47	77
Current				
Bank loans				
- unsecured	1,787	5,758	–	2,760
Current portion of long-term bank loans				
- secured	639	4,792	–	–
- unsecured	–	675	–	–
Trust receipts				
- secured	–	745	–	–
- unsecured	–	4,844	–	–
Lease liabilities (Note 26)	1,572	2,143	39	34
	3,998	18,957	39	2,794
	11,616	28,513	86	2,871

24. LOANS AND BORROWINGS (CONT'D)

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

	Group	
	2022	2021
	$'000	$'000
Plant and equipment	1,107	9,794
Inventories	6,706	6,748
Investment in subsidiary – at cost	–	2,861
	7,813	19,403

The details of interest rates are set out in Note 30.

The bank loans are repayable in 2023 (2021: 2022 to 2023).

A reconciliation of movements of liabilities to cash flows arising from financing activities:

	Bank loans	Trust receipts	Lease liabilities	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2022	11,894	5,589	11,030	28,513
Changes from financing cash flows				
Interest paid	(454)	(158)	(563)	(1,175)
Payment of lease liabilities	–	–	(2,410)	(2,410)
Proceeds from bank borrowings and trust receipts	4,122	5,650	–	9,772
Repayments of bank borrowings and trust receipts	(13,859)	(11,141)	–	(25,000)
Total changes from financing cash flows	(10,191)	(5,649)	(2,973)	(18,813)
The effect of changes in foreign exchange rates	269	(98)	(63)	108
New leases	–	–	678	678
Interest expense	454	158	563	1,175
Derecognition of lease liabilities*	–	–	(45)	(45)
At 31 December 2022	2,426	–	9,190	11,616

24. LOANS AND BORROWINGS (CONT'D)

	Bank loans $'000	Trust receipts $'000	Lease liabilities $'000	Total $'000
Balance at 1 January 2021	24,537	1,979	12,003	38,519
Changes from financing cash flows				
Interest paid	(704)	(152)	(674)	(1,530)
Payment of lease liabilities	–	–	(1,430)	(1,430)
Proceeds from bank borrowings and trust receipts	528	9,196	–	9,724
Repayments of bank borrowings and trust receipts	(13,067)	(6,072)	–	(19,139)
Total changes from financing cash flows	(13,243)	2,972	(2,104)	(12,375)
The effect of changes in foreign exchange rates	(104)	486	24	406
New leases	–	–	1,215	1,215
Interest expense	704	152	674	1,530
Derecognition of lease liabilities*	–	–	(782)	(782)
At 31 December 2021	11,894	5,589	11,030	28,513

* Derecognition of the right-of-use assets is as a result of early termination of certain leases and a lease is renewed with reduced lease period.

25. DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts determined after the appropriate offsetting are included in the statement of financial position as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets	1,196	1,265	–	–
Deferred tax liabilities	1,208	1,450	11	11

Unrecognised deferred tax liabilities

At 31 December 2022, deferred tax liabilities of $1,107,000 (2021: $1,123,000) for temporary differences of $6,511,000 (2021: $8,962,000) related to investments in subsidiaries were not recognised because the Group is able to control the timing of reversal of the related taxable temporary differences and is satisfied that they will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

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

	Group	
	2022	2021
	$'000	$'000
Deductible temporary differences	1,085	1,155
Tax losses	25,845	28,715
	26,930	29,870

Unrecognised tax losses

As at 31 December 2022, the Group has tax losses of approximately $25,845,000 (2021: $28,715,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement by the relevant tax authority and provisions of the tax legislations of the respective countries in which the Group operates. The tax losses have no expiry date except for an amount of $10,563,000 (2021: $11,231,000) which will expire in 5 years period.

25. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Recognised deferred tax assets and liabilities

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

	At 1 January 2021	Recognised in profit or loss (Note 9)	Recognised in other comprehensive income	Disposal of subsidiary	Exchange differences	At 31 December 2021	Recognised in profit or loss (Note 9)	Recognised in other comprehensive income	Exchange differences	At 31 December 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Deferred tax assets										
Property, plant and equipment	568	6	–	–	(1)	573	(255)	–	(2)	316
Inventories	55	16	–	–	2	73	64	–	–	137
Trade and other payables	146	4	(14)	–	3	139	28	(4)	(12)	151
Others	869	(411)	–	(7)	11	462	8	–	(5)	465
	1,638	(385)	(14)	(7)	15	1,247	(155)	(4)	(19)	1,069
Deferred tax liabilities										
Property, plant and equipment	(1,825)	425	–	–	(3)	(1,403)	350	–	33	(1,020)
Trade and other payables	455	(462)	–	–	7	–	–	–	–	–
Others	3	(41)	–	–	9	(29)	(34)	–	2	(61)
	(1,367)	(78)	–	–	13	(1,432)	316	–	35	(1,081)

26. LEASES

Group as lessee

The Group leases land, offices, warehouses, factories, office equipment and motor vehicles. The leases typically run for a period of 2 to 32 years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

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

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

(a) *Right-of-use assets ("ROU")*

	Land and buildings $'000	Plant and machinery $'000	Office equipment and computers $'000	Motor vehicles $'000	Total $'000
Group					
At 1 January 2021	11,290	97	22	16	11,425
Depreciation	(1,918)	(74)	(22)	(16)	(2,030)
Additions	1,103	39	74	–	1,216
Disposal/write-off	(676)	(17)	(10)	–	(703)
Exchange differences	513	(1)	–	–	512
Balance at 31 December 2021	10,312	44	64	–	10,420
Depreciation	(2,222)	(25)	(24)	–	(2,271)
Additions	655	12	11	–	678
Disposal/write-off	(39)	–	–	–	(39)
Impairment loss	(474)	–	–	–	(474)
Exchange differences	(247)	(1)	–	–	(248)
Balance at 31 December 2022	7,985	30	51	–	8,066

26. LEASES (CONT'D)

Group as lessee (cont'd)

(a) *Right-of-use assets ("ROU") (cont'd)*

	Office equipment and computers $'000	Total $'000
Company		
Balance at 1 January 2021	13	13
Depreciation	(16)	(16)
Additions	74	74
Disposal	(10)	(10)
Balance at 31 December 2021	61	61
Depreciation charge for the year	(19)	(19)
Additions to right-of-use assets	10	10
Balance at 31 December 2022	52	52

(b) *Lease liabilities*

The carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year are disclosed in Note 24 and the maturity of lease liabilities is disclosed in Note 30.

(c) *Amounts recognised in profit or loss*

	Group	
	2022 $'000	2021 $'000
Depreciation of right-of-use assets	2,271	2,030
Interest on lease liabilities	563	674
Expenses relating to short-term leases	513	512
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2	3
	3,349	3,219

26. LEASES (CONT'D)

Group as lessee (cont'd)

(d) *Total cash outflow*

	Group	
	2022	2021
	$'000	$'000
Total cash outflow for leases	(2,925)	(1,945)

(e) *Extension options*

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

Group as lessor

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Information about the operating leases of investment property is disclosed in Note 13 to the financial statements.

Rental income from investment property recognised by the Group during 2022 was $1,871,000 (2021: $2,031,000).

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

	Group	
	2022	2021
	$'000	$'000
Operating leases under SFRS(I) 16		
Less than one year	1,717	2,012
Between one year to five years	1,947	1,527
	3,664	3,539

27. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

(a) ***Related party transactions***

	Group	
	2022	**2021**
	$'000	**$'000**
With companies in which certain directors and substantial shareholders have significant influence		
Sale of raw materials/finished goods	14,814	7,436
Purchase of finished goods	(51)	(1)
Sale of scrap	653	758
Purchase of plant and equipment	–	(5)
Rental received/receivable	95	91
Purchase of tissue papers	(4)	(4)
Recharge of demurrage fee paid/payable	(17)	–
With companies in which certain directors have significant influence		
Professional fees paid/payable	(6)	(5)
With companies in which certain directors of subsidiaries have significant influence		
Sale of raw materials/finished goods	278	753
Purchase of finished goods	(878)	(1,032)
Processing fee paid/payable	–	(1)
Processing fee received/receivable	20	17
Rental received/receivable	50	36
Sales of plant and equipment	–	317
With joint ventures		
Sale of raw materials	1	174
Purchase of raw materials	(171)	(110)
Purchase of plant and equipment	(3,135)	–
Payables written off	82	–
Receivables written off	(173)	–
Rental paid/payable	–	(27)

27. RELATED PARTY TRANSACTIONS (CONT'D)

(b) ***Compensation of key management personnel***

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 benefits plans on their behalf.

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

	Group	
	2022 $'000	2021 $'000
Short-term employment benefits		
- Directors	1,531	1,006
- Key executives	3,165	3,178
Post-employment benefits (including contribution to Central Provident Fund)	162	186
	4,858	4,370

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 a significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group during the year.

28. COMMITMENTS

At the end of the reporting period, the Group has the following commitment:

Capital commitment

	Group	
	2022 $'000	2021 $'000
Contracted but not provided for		
- Property, plant and equipment	3,622	248
- Investment in a subsidiary	–	6,073

29. CONTINGENT LIABILITIES

The Company has given an undertaking to provide continuing financial support to certain subsidiaries (2021: a subsidiary), to enable these subsidiaries to continue its operations for at least the next twelve months. At reporting date, these subsidiaries were in a net current liabilities and net assets position of $40,683 and $31,936,259 (2021: net current liabilities and net assets position of $27,517 and $5,791,305) respectively.

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The key financial risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk.

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 overseas 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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks during the years ended 31 December 2022 and 2021.

(a) ***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 18.

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

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

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(a) ***Credit risk (cont'd)***

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.

To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

The Group determined that its financial assets are credit-impaired when:

- There is a significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. When loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(a) ***Credit risk (cont'd)***

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) *Cash and bank balances*

The Group and the Company held cash and bank balances of $28,495,000 (2021: $37,362,000) and $6,095,000 (2021: $15,299,000) as at 31 December 2022. The cash and bank balances are held with bank and financial institution counterparties, which are rated B2 to Aa1, based on Moody's ratings.

Impairment on cash and bank balances 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 bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances is negligible.

(ii) *Financial guarantees*

Intra-group financial guarantees comprise guarantees granted by the Company to banks of $29,883,000 (2021: $30,509,000) in respect of banking facilities extended to subsidiaries. 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.

An unsecured guarantee of $4,560,000 (2021: $4,049,000) 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.

Excessive risk concentration

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 18.

(b) ***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.

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) ***Liquidity risk (cont'd)***

Working capital management

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the statement of financial position date based on contractual undiscounted repayment obligations.

			Cash flows		
	Note	Carrying amount	Contractual cash flows	Within one year	One to five years
		$'000	$'000	$'000	$'000
Group					
31 December 2022					
Financial assets					
Equity instruments at FVTPL	16	830	830	–	830
Trade and other receivables*	18	60,159	60,159	60,159	–
Cash and bank balances	19	28,495	28,928	28,928	–
Contract assets	4	2,586	2,586	2,586	–
Total undiscounted financial assets		92,070	92,503	91,673	830
Non-derivative financial liabilities					
Secured bank loans	24	(639)	(666)	(666)	–
Unsecured bank loans	24	(1,787)	(1,834)	(1,834)	–
Lease liabilities	24	(9,190)	(11,616)	(2,052)	(9,564)
Trade and other payables**	20	(48,048)	(48,048)	(47,882)	(166)
Total undiscounted financial liabilities		(59,664)	(62,164)	(52,434)	(9,730)
Total net undiscounted financial assets/(liabilities)		32,406	30,339	39,239	(8,900)

* *Excludes prepayments, tax recoverable, deferred cost, GST/VAT input tax and non-current other receivables*

** *Excludes employee benefits, deferred income and GST/VAT output tax*

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) ***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 December 2021					
Financial assets					
Equity instruments at FVTPL	16	952	952	–	952
Trade and other receivables*	18	53,211	53,211	53,049	162
Cash and bank balances	19	37,362	37,563	37,563	–
Contract assets	4	3,748	3,748	3,748	–
Total undiscounted financial assets		95,273	95,474	94,360	1,114
Non-derivative financial liabilities					
Secured bank loans	24	(5,461)	(5,615)	(4,941)	(674)
Unsecured bank loans	24	(6,433)	(6,495)	(6,495)	–
Lease liabilities	24	(11,030)	(13,492)	(2,606)	(10,886)
Trade and other payables**	20	(43,344)	(43,344)	(43,160)	(184)
Secured trust receipts	24	(745)	(774)	(774)	–
Unsecured trust receipts	24	(4,844)	(4,844)	(4,844)	–
Total undiscounted financial liabilities		(71,857)	(74,564)	(62,820)	(11,744)
Total net undiscounted financial assets/ (liabilities)		23,416	20,910	31,540	(10,630)

* *Excludes prepayments, tax recoverable, deferred cost, GST/VAT input tax and non-current other receivables*
** *Excludes employee benefits, deferred income and GST/VAT output tax*

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) ***Liquidity risk (cont'd)***

Cash flows due within one year include secured and unsecured revolving credit facilities amounting to $1,834,000 (2021: $11,447,000).

	Note	Carrying amount	Cash flows: Contractual cash flows	Cash flows: Within one year	Cash flows: One to five years
		$'000	$'000	$'000	$'000
Company					
31 December 2022					
Financial assets					
Equity instruments at FVTPL	16	755	755	–	755
Trade and other receivables*	18	17,956	17,956	11,295	6,661
Cash and bank balances	19	6,095	6,095	6,095	–
Total undiscounted financial assets		24,806	24,806	17,390	7,416
Non-derivative financial liabilities					
Lease liabilities	24	(86)	(89)	(41)	(48)
Trade and other payables**	20	(14,298)	(14,298)	(14,298)	–
Financial guarantees		–	(34,443)	(34,443)	–
Total undiscounted financial liabilities		(14,384)	(48,830)	(48,782)	(48)
Total net undiscounted financial assets/(liabilities)		10,422	(24,024)	(31,392)	7,368

* *Excludes prepayments and GST/VAT input tax*
** *Excludes employee benefits, deferred income and GST/VAT output tax*

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) ***Liquidity risk (cont'd)***

			Cash flows		
	Note	Carrying amount $'000	Contractual cash flows $'000	Within one year $'000	One to five years $'000
Company					
31 December 2021					
Financial assets					
Equity instruments at FVTPL	16	855	855	–	855
Trade and other receivables*	18	9,734	9,734	9,734	–
Cash and bank balances	19	15,299	15,299	15,299	–
Total undiscounted financial assets		25,888	25,888	25,033	855
Non-derivative financial liabilities					
Unsecured bank loans	24	(2,760)	(2,773)	(2,773)	–
Lease liabilities	24	(111)	(117)	(37)	(80)
Trade and other payables**	20	(36,109)	(36,109)	(36,109)	–
Financial guarantees		–	(34,557)	(34,526)	(31)
Total undiscounted financial liabilities		(38,980)	(73,556)	(73,445)	(111)
Total net undiscounted financial (liabilities)/assets		(13,092)	(47,668)	(48,412)	744

* *Excludes prepayments and GST/VAT input tax*
** *Excludes employee benefits, deferred income and GST/VAT output tax*

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.

(c) ***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.

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) ***Interest rate risk (cont'd)***

Effective interest rates and repricing/maturity analysis

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

	Average interest rate	Floating interest	Fixed interest rate maturing Within 1 year	Fixed interest rate maturing 1 to 5 years	Total
	%	$'000	$'000	$'000	$'000
Group					
2022					
Assets					
Short-term deposits	2.8 – 8.8	–	8,106	–	8,106
		–	8,106	–	8,106
Liabilities					
Bank loans	6.9 – 11.8	(2,368)	(58)	–	(2,426)
Lease liabilities	1.9 – 11.8	–	(1,572)	(7,618)	(9,190)
		(2,368)	(1,630)	(7,618)	(11,616)
2021					
Assets					
Cash at bank	0.1	57	–	–	57
Short-term deposits	0.1 – 6.0	–	9,237	–	9,237
		57	9,237	–	9,294
Liabilities					
Bank loans	1.8 – 11.8	(10,490)	(1,340)	(64)	(11,894)
Trust receipts	1.9 – 11.5	(4,844)	(745)	–	(5,589)
Lease liabilities	3.3 – 11.8	–	(2,143)	(8,887)	(11,030)
		(15,334)	(4,228)	(8,951)	(28,513)

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) ***Interest rate risk (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					
2022					
Asset					
Loans to subsidiaries	1.8 – 6.1	–	17,200	6,607	23,807
Liabilities					
Lease liabilities	1.9 – 3.9	–	(39)	(47)	(86)
2021					
Asset					
Loans to subsidiaries	1.8 – 2.8	–	18,421	–	18,421
Liabilities					
Bank loans	1.8 – 1.9	(2,760)	–	–	(2,760)
Lease liabilities	3.8	–	(34)	(77)	(111)

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 before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax			
	Group		Company	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	$'000	$'000	$'000	$'000
2022				
Variable rate instruments	(12)	12	–	–
2021				
Variable rate instruments	(77)	77	(14)	14

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(d) ***Foreign 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 (2021: $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:

	AED $'000	USD $'000	VND $'000	AUD $'000	MYR $'000
Group					
2022					
Trade and other receivables	2,493	1,236	2,262	123	327
Cash and bank balances	1,296	7,347	171	31	484
Loans and borrowings	(3,850)	(190)	(806)	–	(1,078)
Trade and other payables	(661)	(2,046)	(2,558)	(7)	(1,792)
Net exposure	(722)	6,347	(931)	147	(2,059)
2021					
Trade and other receivables	–	5,423	1,142	298	704
Cash and bank balances	93	13,740	421	15	1,713
Loans and borrowings	(1,679)	(2,760)	(1,486)	–	(1,305)
Trade and other payables	(55)	(140)	(1,219)	(9)	(2,461)
Net exposure	(1,641)	16,263	(1,142)	304	(1,349)

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(d) ***Foreign currency risk (cont'd)***

	Company	
	USD	USD
	2022	2021
	$'000	$'000
Loans to subsidiaries	27,832	20,564
Trade and other receivables	125	213
Cash and bank balances	5,388	13,109
Loans and borrowings	–	(2,760)
Trade and other payables	(13,661)	(9,335)
	19,684	21,791

Sensitivity analysis

A 2% strengthening of SGD against the AED, USD, VND, AUD and MYR at the reporting date would have increased/(decreased) profit before tax 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 2021.

	Group		Company	
	Profit before tax			
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
AED	14	33	–	–
USD	(127)	(325)	(394)	(436)
VND	19	23	–	–
AUD	(3)	(6)	–	–
MYR	41	27	–	–

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

31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset and liability.

Fair value measurement that use inputs of different hierarchy levels are 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.

(b) ***Financial assets and liabilities measured at fair value***

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

	Fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Group				
2022				
Assets				
Equity investments – at FVTPL				
Quoted equity securities	75	–	–	75
Unquoted equity securities	–	–	755	755
	75	–	755	830
2021				
Assets				
Unit trust funds	–	1,383	–	1,383
Equity investments – at FVTPL				
Quoted equity securities	97	–	–	97
Unquoted equity securities	–	–	855	855
	97	1,383	855	2,335

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31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

(b) ***Financial assets and liabilities measured at fair value (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.

2021: Unit trust funds

The fair value of unit trust funds is determined by reference to the published net asset value at the reporting date.

Equity investments – at FVTPL (2021: Equity investments – at FVTPL)

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

Unquoted equity securities (2021: Unquoted equity securities)

Information about significant unobservable inputs used in Level 3 fair value measurements

The fair value of unquoted equity securities is determined based on the net tangible assets, which approximate fair value, of the investees. The net intangible assets are then adjusted for the fair value of the property held which is based on independent valuations obtained by property valuers on an open market value basis.

The following table presents the valuation technique and key inputs that were used to determine the fair value of the property held categorized under Level 3 of the fair value hierarchy which involves significant unobservable inputs:

Financial year	Fair value of unquoted equity securities $'000	Valuation technique	Unobservable input	Range
2022	755	Market comparable approach	Yield adjustments based on management's assumptions*	Land: Land value + RM10psf Building: depreciation expenses + 3%
2021	855	Market comparable approach	Yield adjustments based on management's assumptions*	Land: Land value + RM10psf Building: depreciation expenses + 3%

* The yield adjustments are made for any differences in the nature, location or condition of the specified property.

A significant increase/(decrease) in yield adjustments based on management's assumptions would result in a significantly lower/(higher) fair value measurement.

31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

(b) ***Financial assets and liabilities measured at fair value (cont'd)***

Movement in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for assets measured at fair value based on significant unobservable inputs (Level 3):

	Financial assets at FVTPL Unquoted equity securities	
	2022	**2021**
	$'000	**$'000**
Group		
At 1 January	855	878
Total losses for the year included in profit of loss	(100)	(23)
Balance at 31 December	755	855

Valuation policies and procedures

The directors of the Company decide which external valuer to be responsible for the external valuations of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management has discussion with the valuer on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date, on an alternate year basis. For financial years which no valuation is performed, management corroborates the previous fair value obtained with recent transaction prices of properties in the same vicinity.

(c) ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

The following table shows an analysis of the Group's assets not measured at fair value but for which fair value is disclosed:

	Significant unobservable inputs (Level 3)	Carrying amount
	$'000	**$'000**
Group		
2022		
Investment properties	23,205	2,891
2021		
Investment properties	23,443	3,294

Determination of fair value is disclosed in Note 13.

31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

(d) ***Assets and liabilities not measured at fair value***

The carrying amounts of financial assets and liabilities with a maturity of or reprice within one year (including trade and other receivables, cash and bank balances, 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.

32. FINANCIAL INSTRUMENTS BY CATEGORY

	FVTPL $'000	Amortised cost $'000	Total carrying amount $'000
Group			
2022			
Financial Assets			
Equity investments at FVTPL	830	–	830
Trade and other receivables*	–	60,159	60,159
Cash and bank balances	–	28,495	28,495
Contract assets	–	2,586	2,586
	830	91,240	92,070
Financial Liabilities			
Trade and other payables**	–	(48,048)	(48,048)
Loans and borrowings***	–	(2,426)	(2,426)
	–	(50,474)	(50,474)
2021			
Financial Assets			
Equity investments at FVTPL	952	–	952
Trade and other receivables*	–	53,211	53,211
Cash and bank balances	–	37,362	37,362
Contract assets	–	3,748	3,748
	952	94,321	95,273
Financial Liabilities			
Trade and other payables**	–	(43,344)	(43,344)
Loans and borrowings***	–	(17,483)	(17,483)
	–	(60,827)	(60,827)

* *Excludes prepayments, tax recoverable, deferred cost, GST/VAT input tax and non-current other receivables*
** *Excludes employee benefits, deferred income and GST/VAT output tax*
*** *Excludes lease liabilities*

32. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	FVTPL $'000	Amortised cost $'000	Total carrying amount $'000
Company			
2022			
Financial Assets			
Equity investments at FVTPL	755	–	755
Trade and other receivables*	–	17,956	17,956
Cash and bank balances	–	6,095	6,095
	755	24,051	24,806
Financial Liabilities			
Trade and other payables**	–	(14,298)	(14,298)
Loans and borrowings***	–	–	–
	–	(14,298)	(14,298)
2021			
Financial Assets			
Equity investments at FVTPL	855	–	855
Trade and other receivables*	–	9,734	9,734
Cash and bank balances	–	15,299	15,299
	855	25,033	25,888
Financial Liabilities			
Trade and other payables**	–	(36,109)	(36,109)
Loans and borrowings***	–	(2,760)	(2,760)
	–	(38,869)	(38,869)

* *Excludes prepayments and GST/VAT input tax*
** *Excludes employee benefits, deferred income and GST/VAT output tax*
*** *Excludes lease liabilities*

33. SEGMENT INFORMATION

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.

For management purposes, the Group is organised into business segments based on their products and services, and has five reportable segments as follows:

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

Other segment includes the corrugated containers business. This is not included within the reportable operating segments. The results of the operation is included in "other segment".

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.

33. SEGMENT INFORMATION (CONT'D)

Information about reportable segments

Group	Specialty papers		Printed cartons and labels		Trading		Tissue paper		Investment holding		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
External revenue	126,645	99,964	75,682	80,024	58,875	35,607	16,826	11,989	–	–	278,028	227,584
Inter-segment revenue	23,984	10,440	39,619	42,760	7,472	14,662	–	(834)	–	–	71,075	67,028
Interest income	37	17	21	29	–	–	–	–	708	543	766	589
Interest expense	(392)	(375)	(913)	(1,378)	(53)	(52)	(228)	(95)	(156)	(79)	(1,742)	(1,979)
Reportable segment profit before tax	13,695	8,284	(4,198)	3,351	1,928	109	133	961	666	3,473	12,224	16,178
Segment results	13,695	8,284	(4,198)	3,351	1,928	109	133	961	666	3,473	12,224	16,178
Share of (loss)/profit of equity-accounted investees	–	–	–	–	–	–	–	–	(188)	72	(188)	72
Other material non-cash items:												
- Amortisation	5	6	913	860	–	–	–	–	–	–	918	866
- Depreciation	2,481	2,681	11,763	12,177	6	4	14	15	399	330	14,663	15,207
- Impairment loss on property, plant and equipment	–	–	3,557	–	–	–	–	–	–	–	3,557	–
- Change in fair value of equity shares	22	2	–	–	–	–	–	–	100	23	122	25
Capital expenditure	474	919	6,449	2,946	–	15	–	–	–	7	6,923	3,887
Investments in equity-accounted investees	–	–	–	–	–	–	–	–	9,916	10,665	9,916	10,665
Reportable segment assets	75,046	70,831	119,581	136,929	13,756	10,492	9,025	2,624	4,382	7,625	221,790	228,501
Reportable segment liabilities	30,452	27,738	17,463	27,989	9,518	9,242	885	2,406	109	220	58,427	67,595

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33. SEGMENT INFORMATION (CONT'D)

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

	2022 $'000	2021 $'000
Revenue		
Total revenue for reportable segments	349,103	294,612
Revenue for other segment	7,707	6,615
Elimination of inter-segment revenue	(71,075)	(67,028)
Consolidated revenue	285,735	234,199
Profit or loss		
Total profit before tax for reportable segments	12,224	16,178
Loss before tax for other segment	(79)	(44)
	12,145	16,134
Elimination of inter-segment profits	3,404	1,390
Share of (loss)/profit of equity-accounted investees	(188)	72
Unallocated amounts:		
- other corporate expenses	(4,518)	(4,164)
Consolidated profit before tax	10,843	13,432
Assets		
Total assets for reportable segments	221,790	228,501
Assets for other segment	4,242	4,649
Investments in equity-accounted investees	9,916	10,665
Unallocated amounts:		
- other corporate assets	8,654	18,072
- income tax assets	1,484	1,952
Consolidated total assets	246,086	263,839
Liabilities		
Total liabilities for reportable segments	58,427	67,595
Liabilities for other segment	1,493	2,036
Unallocated amounts:		
- other corporate liabilities	734	3,457
- income tax payable	2,751	3,079
Consolidated total liabilities	63,405	76,167
Depreciation		
Total depreciation for reportable segments	14,663	15,207
Others	111	207
Consolidated depreciation	14,774	15,414
Capital expenditure		
Total capital expenditure for reportable segments	6,923	3,887
Others	70	59
Consolidated capital expenditure	6,993	3,946

33. SEGMENT INFORMATION (CONT'D)

	2022			2021		
	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	766	(537)	229	589	(382)	207
Interest expense	(1,742)	567	(1,175)	(1,979)	449	(1,530)
Consolidated net interest expense	(976)	30	(946)	(1,390)	67	(1,323)

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 and Dubai, while for printed cartons and labels, the Group has plants in Vietnam, Indonesia and Dubai. For trading, the Group has sales offices in Singapore and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business operations and segment non-current assets are based on the geographical location of the assets.

	2022 External revenues $'000	2022 Non-current assets* $'000	2021 External revenues $'000	2021 Non-current assets* $'000
Hong Kong	98,317	17,923	78,810	20,001
Vietnam	55,952	26,216	54,782	30,399
Malaysia	33,579	19,003	25,450	23,996
Indonesia	14,222	14,928	16,362	15,936
Singapore	60,673	10,051	44,314	10,489
Dubai	22,992	18,971	14,481	19,514
China	–	1,897	–	2,391
Australia	–	107	–	165
	285,735	109,096	234,199	122,891

* *Excludes deferred tax assets and non-current financial assets*

Major customer

Revenue of $109,200,000 (2021: $108,700,000) is derived from two external customers (2021: two external customers), attributable to the specialty papers and printed cartons and labels segments.

34. 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 equity. 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.

	Group	
	2022	2021
	$'000	$'000
Lease liabilities (Note 24)	9,190	11,030
Bank loans (Note 24)	2,426	17,483
Total finance liabilities	11,616	28,513
Total equity	182,681	187,672
Total capital and financial liabilities	194,297	216,185
Gearing ratio	6.0%	13.2%

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.

35. SUBSEQUENT EVENT

On 9 February 2023, the Group made an announcement with regards to the Extension Of Manufacturing And Supply Of Packaging Materials Agreement ("MSPMA") entered into between PT Bintang Pesona Jagat and British American Tobacco Group of Companies ("BAT Group") in respect of supply to BAT Group for the latter's printed carton requirements in Indonesia. BAT Group had agreed to extend its current MSPMA for an additional three years commencing from 1 January 2023 and expiring on 31 December 2025.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 11 April 2023.

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	Office, factory with ancillary structures used by a subsidiary for its operations	Leasehold 60 years commencing from 16 November 1969
38 Huu Nghi Street Vietnam – Singapore Industrial Park Thuan An, Binh Duong Ho Chi Minh City, Vietnam	Two-storey office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 49 years expiring on 8 August 2054
No. 79 Section 14/20 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of a subsidiary	Leasehold 99 years expiring on 22 July 2074
No. 8, Lorong 19/1 A 46300 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office, factory and warehouse used by a subsidiary for its operations	Leasehold 99 years from 24 July 1963
Forest Hills, Block B-210 Mission Hill Golf Club Tangxia Town, Dongguan City Guangdong Province, PRC	Studio apartment	Leasehold 40 years expiring on 6 July 2049
Plot No. S30605, PO Box 263919 Jebel Ali, Dubai United Arab Emirates	Office and factory used by a subsidiary for its operations	Leasehold 20 years expiring 5 August 2036
Plot No. S40404, PO Box 263505 Jebel Ali, Dubai United Arab Emirates	Office and factory used by a subsidiary for its operations	Leasehold 20 years expiring on 9 October 2036

GROUP PROPERTIES

List of Investment Properties

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

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

CODE OF CONDUCT

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

DEALINGS IN SECURITIES

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

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF THE CHIEF EXECUTIVE OFFICER, DIRECTOR OR CONTROLLING SHAREHOLDER

The Company and its subsidiaries do not have any material contract involving the interest of the Chief Executive Officer, Director or controlling shareholder that was still subsisting as at 31 December 2022 or entered into since 31 December 2021.

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		
- Sale of jumbo reels	–	3,325
- Sale of chipboard, duplex board and core	374	–
- Sale of virgin pulp	–	7,897
- Sales of tissues finished goods	645	–
New Toyo Pulppy (Hong Kong) Ltd		
- Leasing of warehouse	189	–

RISK MANAGEMENT

The Group's risk management controls are outlined on pages 34 to 35 and pages 122 to 132 of this Annual Report.

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Wan Tai Foong and Mr Phua Tin How are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 27 April 2023 ("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 Director seeking re-election as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	**MR WAN TAI FOONG**	**MR PHUA TIN HOW**
Date of Appointment	1 August 2019	27 February 2020
Date of last re-appointment	24 June 2020	24 June 2020
Age	55	73
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 Mr Wan Tai Foong for re-appointment as Non-Executive and Independent Director of the Company. The Board has reviewed and concluded that Mr Wan Tai Foong possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the past contribution and suitability of Mr Phua Tin How for re-appointment as Non-Executive and Independent Director of the Company. The Board has reviewed and concluded that Mr Phua Tin How possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee	Non-Executive and Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees
Professional qualifications	Certified Public Accountant, Certified Public Accountant (Australia) Bachelor of Commerce, Murdoch University	Master in Business Administration Degree from INSEAD, France Bachelor of Science (Hons) Degree from University of Singapore
Working experience and occupation(s) during the past 10 years	Chief Executive Officer of Qi Capital Pte. Ltd	Executive Director of TranSil Corporation Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	None	None

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Name of Director	**MR WAN TAI FOONG**	**MR PHUA TIN HOW**
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 Principal Commitments including Directorships		
Past (for the last 5 years)	None	1. ValueMax Group Limited
Present	1. Qi Capital Pte. Ltd. 2. OneApex Limited	1. Beijing Yinjian Industry Co. Ltd. 2. Hao Hua Holdings Pte. Ltd. 3. TranSil Corporation 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 was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Name of Director	MR WAN TAI FOONG	MR PHUA TIN HOW
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Name of Director	MR WAN TAI FOONG	MR PHUA TIN HOW
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

Name of Director	MR WAN TAI FOONG	MR PHUA TIN HOW
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	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?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

STATISTICS OF SHAREHOLDINGS

As at 22 March 2023

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 22 MARCH 2023

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	10	0.22	193	0.00
100 - 1,000	1,174	25.76	1,159,552	0.26
1,001 - 10,000	2,071	45.45	9,559,213	2.18
10,001 - 1,000,000	1,267	27.80	95,977,713	21.84
1,000,001 AND ABOVE	35	0.77	332,727,932	75.72
TOTAL	**4,557**	**100.00**	**439,424,603**	**100.00**

As at 22 March 2023, approximately 47.49% 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	139,959,164	31.85
2	YEN & SON HOLDINGS PTE LTD	58,817,940	13.39
3	LU LE NHI MRS YEN WEN HWA	29,092,577	6.62
4	CHIA KEE KOON	21,098,300	4.80
5	DBS NOMINEES PTE LTD	12,825,329	2.92
6	WUTHELAM HOLDINGS LTD	7,000,000	1.59
7	CHUA KUAN LIM CHARLES	6,153,500	1.40
8	CITIBANK NOMINEES SINGAPORE PTE LTD	5,590,702	1.27
9	MAYBANK SECURITIES PTE. LTD.	4,930,900	1.12
10	NG KEE SENG	3,158,000	0.72
11	GOH LEH HONG	3,109,400	0.71
12	YEO KHEE CHYE	3,074,000	0.70
13	LEE WOON KIAT	3,048,036	0.69
14	KUAN BON HENG	2,774,900	0.63
15	WEE HIAN KOK	2,614,100	0.59
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,338,400	0.53
17	FUNG KOON YAU	2,321,280	0.53
18	RAFFLES NOMINEES (PTE) LIMITED	1,963,400	0.45
19	OCBC SECURITIES PRIVATE LTD	1,947,800	0.44
20	PHILLIP SECURITIES PTE LTD	1,900,000	0.43
	TOTAL	**313,717,728**	**71.38**

STATISTICS OF SHAREHOLDINGS

As at 22 March 2023

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2023

(as shown in the Register of Substantial Shareholders)

	Name	Direct Interest	Deemed interest
1	Yen Wen Hwa	139,959,164	87,910,517[(a)]
2	Lu Le Nhi Mrs Yen Wen Hwa	29,092,577	198,777,104[(b)]
3	Gary Yen	41,939	58,817,940[(c)]
4	Yen & Son Holdings Pte Ltd	58,817,940	–

Note

(a)	Inclusive of interests of :		
	Lu Le Nhi Mrs Yen Wen Hwa		29,092,577
	Yen & Son Holdings Pte Ltd		58,817,940
		Total:	87,910,517
(b)	Inclusive of interests of :		
	Yen Wen Hwa		139,959,164
	Yen & Son Holdings Pte Ltd		58,817,940
		Total:	198,777,104
(c)	Inclusive of interests of :		
	Yen & Son Holdings Pte Ltd		58,817,940

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting ("**AGM**") of the Company will be held at 39 Scotts Road, Ballroom 3 & 4, Sheraton Towers, Singapore 228230 on 27 April 2023 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 2022 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 2022.

(Resolution 2)

3. To approve the Directors' fees of S$370,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears.

(Resolution 3)

4. To re-elect Mr Wan Tai Foong 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 Phua Tin How who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution. *(See Explanatory Note 2)*

(Resolution 5)

6. To re-appoint Ernst & Young 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)**

(A) "That, pursuant to Section 161 of the Companies Act 1967 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the directors of the Company to:

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

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

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

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

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

provided always that:

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

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

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

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

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

(c) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *(See Explanatory Note 3)*

8. **Proposed Renewal of Share Buy-Back Mandate** **(Resolution 8)**

"That:

(1) for the purposes of and in accordance with Sections 76C and 76E of the Companies Act 1967 ("**Companies Act**"), the listing rules of the SGX-ST and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchases transacted on the SGX-ST through the SGX-ST's trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose (each a "**Market Purchase**"); and/or

(b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the listing rules of the SGX-ST (each an "**Off-Market Purchase**"),

on the terms set out in the appendix to the notice of annual general meeting dated 12 April 2023 be and is hereby authorised and approved generally and unconditionally ("**Share Buy-Back Mandate**");

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held; and

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent authorised; and

(c) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied;

(3) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, as the case may be, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for securities trading;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any treasury shares and subsidiary holdings as at that date); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, in the case of a Market Purchase, 105% of the Average Closing Price and, in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price; and

(4) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or each of them may consider expedient or necessary to give effect to the transactions contemplated or authorised by this resolution." *(See Explanatory Note 4)*

9. **Proposed Renewal of Shareholders' Mandate for Interested Person Transactions** **(Resolution 9)**

"That:

(i) Pursuant to Chapter 9 of the Listing Manual, approval be and is hereby given for each of the Company and its subsidiaries and associated companies that is an "entity at risk" (as defined in Chapter 9 of the Listing Manual) to enter into any of the Interested Person Transactions as defined in the appendix to the notice of annual general meeting dated 12 April 2023 ("**Appendix**") with any of the Interested Persons (as defined in the Appendix), provided that such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders and are conducted in accordance with the guidelines and procedures for the Interested Person Transactions as set out in the Appendix;

(ii) the directors of the Company and each of them be and are hereby authorised to do all such acts and things (including but not limited to negotiating, amending, signing, executing and delivering all documents) as they or he may consider necessary, desirable or expedient to give effect to this resolution; and

(iii) the authority conferred by this resolution shall, unless revoked or varied by the Company in a general meeting, continue to be 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 earlier." *(See Explanatory Note 5)*

10. To transact any business which may be properly transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

RECORD DATE AND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed at 5.00 p.m. on 8 May 2023 for the purpose of determining shareholders' entitlements to the final dividend at the Annual General Meeting of the Company to be held on 27 April 2023.

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 8 May 2023 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 8 May 2023 will be entitled to such proposed dividend.

The proposed final dividend, if so approved by shareholders at the 27th Annual General Meeting, will be paid on 18 May 2023.

By Order of the Board

Lee Wei Hsiung
Company Secretary
12 April 2023

Explanatory Notes:

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

   Mr Wan Tai Foong has confirmed that, he does not have any relationships (including immediate family relationships) with the other Directors, the Company or its substantial shareholders. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for detailed information required pursuant to Rule 720(6) of the Listing Manual.

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

   Mr Phua Tin How has confirmed that, he does not have any relationships (including immediate family relationships) with the other Directors, the Company or its substantial shareholders. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for detailed information required pursuant to Rule 720(6) of the Listing Manual.

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

4. Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase or otherwise acquire ordinary shares of the Company by way of Market Purchases or Off-market Purchases of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the annual general meeting of the Company at which this Ordinary Resolution is passed. The rationale for, the authority and limitation on, the sources of the funds to be used for the purchase or acquisition and the financial effects of the purchase or acquisition of the ordinary shares by the Company pursuant to the Share Buyback Mandate are set out in greater detail in the appendix to the notice of annual general meeting dated 12 April 2023.

5. Ordinary Resolution 9, if passed, will renew the existing Shareholders' Mandate to allow each of the Company and its subsidiaries and associated companies or any of them to enter into any of the Interested Persons Transactions with any of the Interested Persons in accordance with the terms set out in the appendix to the notice of annual general meeting dated 12 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTES:

1. The members of the Company are invited to attend physically at the AGM. There will be no option for the members to participate virtually. **Printed copies of this Notice will NOT be sent to the members of the Company.** Instead this Notice will be made available on the SGXNET at https://www.sgx.com/securities/company-announcements and the Company's website at http://www.newtoyo.com/stockrelease.htm

2. Please bring along your NRIC / Passport so as to enable the Company to verify your identity.

Voting by Proxy

3. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.

4. A proxy need not to be a member of the Company.

5. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

7. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either:

   (a) if sent personally or by post, the proxy form must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898; or

   (b) if by email, the proxy form must be received at sg.is.NEWTOYOproxy@sg.tricorglobal.com

   in either case, by 10.00 a.m. on 24 April 2023 (being 72 hours before the time fixed for the AGM), and in default the instrument of proxy shall not be treated as valid.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

   The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.

8. (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 appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (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 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 instrument appointing a proxy or proxies.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

9. For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("**CPF**") and/or Supplementary Retirement Scheme ("**SRS**") should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument.

NOTICE OF ANNUAL GENERAL MEETING

Submission of questions in advance of the AGM

11. Shareholders may submit questions related to the resolutions to be tabled for approval for the AGM in advance of the AGM no later than 5.00 p.m. on 20 April 2023:

    (a) by email to sg.is.NEWTOYOproxy@sg.tricorglobal.com; or
    (b) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898.

    Shareholders submitting questions are required to state: (a) their full name; and (b) their identification/registration number, and (c) the manner in which his/her/its shares in the Company are held (e.g. via CDP, CPF, SRS and/or scrip), failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

    All questions submitted in advance of the AGM must be received by the Company by the time and date stated above to be treated as valid.

12. The Company will endeavour to address all substantial and relevant questions received from Shareholders either before the AGM on SGXNET at https://www.sgx.com/securities/company-announcements and the Company's website at http://www.newtoyo.com/stockrelease.htm before 10.00 a.m. on 22 April 2023 or during the AGM. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

13. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET at https://www.sgx.com/securities/company-announcements and the Company's website at http://www.newtoyo.com/stockrelease.htm and the minutes will include the responses to the substantial and relevant questions raised during the AGM.

14. The Annual Report 2022, Notice of AGM, Proxy Form and Appendix to the Notice of AGM dated 12 April 2023 (in relation to the proposed renewal of Share Buy-back Mandate and the proposed renewal of shareholders' mandate for Interested Person Transactions) have been published on the Company's website at http://www.newtoyo.com/stockrelease.htm, and are also available on the SGXNET at https://www.sgx.com/securities/company-announcements.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof and/or submitting any question to the Company in advance of the AGM in accordance with this Notice, 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 or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines and (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 or service providers), 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 or service providers) 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.

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

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT:
1. Relevant intermediaries (as defined in Section181 of the Companies Act 1967 of Singapore) may appoint more than (2) proxies to attend, speak and vote at the AGM.
2. This Proxy Form is not valid and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("**CPF**") Investment Scheme ("**CPFIS**")/Supplementary Retirement Scheme ("**SRS**") investors who hold the Company's Shares through CPF Agent Banks/SRS Operators.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2023.

*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 the person, or either or both the persons referred to above, the Chairman of the Annual General Meeting of the Company (the "**AGM**"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at 39 Scotts Road, Ballroom 3 & 4, Sheraton Towers, Singapore 228230 on 27 April 2023 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the 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 and

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with an "X" or a tick [√] within the box provided.

No.	Ordinary Resolutions:	For	Against	Abstain
ORDINARY BUSINESS				
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022 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 2022.			
3	To approve the Directors' fees of S$370,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears.			
4	To re-elect Mr Wan Tai Foong who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution.			
5	To re-elect Mr Phua Tin How who is retiring by rotation pursuant to Regulation 109 of the Company's Constitution.			
6	To re-appoint Ernst & Young LLP as auditors and authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
7	To authorise Directors to issue shares and convertible securities.			
8	To approve the proposed renewal of Share Buy-Back Mandate.			
9	To approve the proposed renewal of shareholders' mandate for Interested Person Transactions.			

In the absence of specific directions in respect of a resolution, the appointment of Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this _________day of____________ 2023

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

____

Signature(s) of member(s) or Common Seal of Corporate Member
<u>IMPORTANT</u>: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.

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

3. 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 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

4. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

6. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either:

   (a) if sent personally or by post, the proxy form must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898; or

   (b) if by email, the proxy form must be received at sg.is.NEWTOYOproxy@sg.tricorglobal.com

   in either case, by 10.00 a.m. on 24 April 2023 (being 72 hours before the time fixed for the AGM), and in default the instrument of proxy shall not be treated as valid.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

   The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.

7. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

   (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 instrument appointing a proxy or proxies.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

8. For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("CPF Investors") and/or Supplementary Retirement Schemes ("SRS Investors") should approach their respective CPF Agents Banks or SRS Operators to submit their votes at least 7 working days before the AGM. CFP/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

GENERAL:

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2023.

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

16 Soon Lee Road
Singapore 628079