



**TAT SENG PACKAGING GROUP LTD**  
**達 成 包 裝 集 團**

Company Registration No.: 197702806M

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		The Group		
		Half year ended		
		30 June		
Note		2021	2020	Change
		\$'000	\$'000	%
	<b>Revenue</b>	176,018	129,074	36.4%
4.2	<b>Cost of sales</b>	(140,880)	(102,620)	37.3%
	<b>Gross profit</b>	<u>35,138</u>	<u>26,454</u>	32.8%
	Other income	1,085	2,121	-48.8%
	Distribution and selling expenses	(9,768)	(7,486)	30.5%
	General and administrative expenses	(10,125)	(9,095)	11.3%
	Allowances made for impairment losses of trade and other receivables (net)	(47)	(99)	-52.5%
	Other expenses	(241)	(377)	-36.1%
	<b>Results from operating activities</b>	<u>16,042</u>	<u>11,518</u>	39.3%
	Finance costs	(772)	(906)	-14.8%
	<b>Profit before tax</b>	<u>15,270</u>	<u>10,612</u>	43.9%
5	Tax expense	(3,340)	(2,054)	62.6%
	<b>Profit for the period</b>	<u>11,930</u>	<u>8,558</u>	39.4%
	<b>Profit attributable to:</b>			
	<b>Owners of the Company</b>	<u>10,870</u>	<u>8,201</u>	32.5%
	<b>Non-controlling interests</b>	<u>1,060</u>	<u>357</u>	196.9%
	<b>Profit for the period</b>	<u>11,930</u>	<u>8,558</u>	
	<b>Consolidated Statement of Comprehensive Income</b>			
	Profit for the period	11,930	8,558	39.4%
	<b>Other comprehensive income:</b>			
	Items that are or may be reclassified subsequently to profit or loss:			
	Foreign currency translation differences	3,447	2,214	55.7%
	Effective portion of changes in fair value of cash flow hedges	2	-	NM
	<b>Other comprehensive income for the period, net of tax</b>	<u>3,449</u>	<u>2,214</u>	55.8%
	<b>Total comprehensive income for the period</b>	<u>15,379</u>	<u>10,772</u>	42.8%
	<b>Total comprehensive income attributable to:</b>			
	<b>Owners of the Company</b>	<u>14,037</u>	<u>10,243</u>	37.0%
	<b>Non-controlling interests</b>	<u>1,342</u>	<u>529</u>	153.7%
	<b>Total comprehensive income for the period</b>	<u>15,379</u>	<u>10,772</u>	
	<b><u>Earnings per share for profit for the period attributable to the owners of the Company during the period:</u></b>			
	Basic and diluted earnings per ordinary share (in cents)	<u>6.91</u>	<u>5.22</u>	

NM - Not Meaningful

## B. Condensed interim statements of financial position

	Note	The Group		The Company	
		As at 30-Jun-21 \$'000	As at 31-Dec-20 \$'000	As at 30-Jun-21 \$'000	As at 31-Dec-20 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	9	82,666	83,996	1,722	1,742
Right-of-use assets		1,829	2,465	1,190	1,785
Investment in subsidiaries		-	-	29,321	29,321
Intangible assets		1,144	1,117	-	-
Deferred tax assets		3,426	3,339	1,546	1,779
Trade and other receivables		110	145	-	-
		<b>89,175</b>	<b>91,062</b>	<b>33,779</b>	<b>34,627</b>
<b>Current assets</b>					
Inventories		40,139	29,069	76	72
Trade and other receivables		111,433	103,203	5,123	10,402
Cash and cash equivalents		76,011	72,089	21,530	14,504
		<b>227,583</b>	<b>204,361</b>	<b>26,729</b>	<b>24,978</b>
<b>Current liabilities</b>					
Trade and other payables		53,107	53,210	6,533	9,428
Lease liabilities		1,885	1,915	1,768	1,764
Loans and borrowings	10	64,408	51,839	-	-
Deferred income		308	422	4	28
Current tax liabilities		1,365	866	-	-
		<b>121,073</b>	<b>108,252</b>	<b>8,305</b>	<b>11,220</b>
<b>Net current assets</b>		<b>106,510</b>	<b>96,109</b>	<b>18,424</b>	<b>13,758</b>
<b>Non-current liabilities</b>					
Deferred income		1,826	1,932	17	19
Lease liabilities		523	1,396	-	877
Loans and borrowings	10	7,381	10,243	-	-
Deferred tax liabilities		3,118	2,998	-	-
		<b>12,848</b>	<b>16,569</b>	<b>17</b>	<b>896</b>
<b>Net assets</b>		<b>182,837</b>	<b>170,602</b>	<b>52,186</b>	<b>47,489</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	12	31,440	31,440	31,440	31,440
Retained earnings		121,285	113,559	20,746	16,049
Capital reserve		3,566	3,566	-	-
Statutory reserve fund		13,237	13,237	-	-
Hedging reserve		(1)	(3)	-	-
Foreign currency translation reserve		1,219	(1,946)	-	-
		170,746	159,853	52,186	47,489
Non-controlling interests		12,091	10,749	-	-
<b>Total equity</b>		<b>182,837</b>	<b>170,602</b>	<b>52,186</b>	<b>47,489</b>

### C. Condensed interim statements of changes in equity

	Share capital	Capital reserve	Statutory reserve fund	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>									
<b>At 1/1/2020</b>	<b>31,440</b>	<b>3,566</b>	<b>12,567</b>	<b>-</b>	<b>(7,728)</b>	<b>94,239</b>	<b>134,084</b>	<b>9,073</b>	<b>143,157</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	8,201	8,201	357	<b>8,558</b>
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	-	2,042	-	2,042	172	<b>2,214</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,042</b>	<b>8,201</b>	<b>10,243</b>	<b>529</b>	<b>10,772</b>
<b>At 30/6/2020</b>	<b>31,440</b>	<b>3,566</b>	<b>12,567</b>	<b>-</b>	<b>(5,686)</b>	<b>102,440</b>	<b>144,327</b>	<b>9,602</b>	<b>153,929</b>
<b>At 1/1/2021</b>	<b>31,440</b>	<b>3,566</b>	<b>13,237</b>	<b>(3)</b>	<b>(1,946)</b>	<b>113,559</b>	<b>159,853</b>	<b>10,749</b>	<b>170,602</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	10,870	10,870	1,060	<b>11,930</b>
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	-	3,165	-	3,165	282	<b>3,447</b>
Effective portion of changes in fair value of cash flow hedges	-	-	-	2	-	-	2	-	<b>2</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>3,165</b>	<b>10,870</b>	<b>14,037</b>	<b>1,342</b>	<b>15,379</b>
<b>Transaction with owners of the Company, recognised directly in equity</b>									
<b>Contributions by and distributions to owners of the Company</b>									
Dividends to owners of the Company	-	-	-	-	-	(3,144)	(3,144)	-	<b>(3,144)</b>
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,144)</b>	<b>(3,144)</b>	<b>-</b>	<b>(3,144)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,144)</b>	<b>(3,144)</b>	<b>-</b>	<b>(3,144)</b>
<b>At 30/6/2021</b>	<b>31,440</b>	<b>3,566</b>	<b>13,237</b>	<b>(1)</b>	<b>1,219</b>	<b>121,285</b>	<b>170,746</b>	<b>12,091</b>	<b>182,837</b>

	Share capital	Retained earnings	Total Equity
	\$'000	\$'000	\$'000
<b>Company</b>			
<b>At 1/1/2020</b>	<b>31,440</b>	<b>11,396</b>	<b>42,836</b>
<b>Total comprehensive income for the period</b>			
Loss for the period	-	(653)	<b>(653)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(653)</b>	<b>(653)</b>
<b>At 30/6/2020</b>	<b>31,440</b>	<b>10,743</b>	<b>42,183</b>
<b>At 1/1/2021</b>	<b>31,440</b>	<b>16,049</b>	<b>47,489</b>
<b>Total comprehensive income for the period</b>			
Profit for the period	-	7,841	<b>7,841</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>7,841</b>	<b>7,841</b>
<b>Transactions with owners, recognised directly in equity</b>			
Dividends to owners of the Company	-	(3,144)	<b>(3,144)</b>
<b>Total contributions by and distributions to owners / Total transactions with owners</b>	<b>-</b>	<b>(3,144)</b>	<b>(3,144)</b>
<b>At 30/6/2021</b>	<b>31,440</b>	<b>20,746</b>	<b>52,186</b>

## D. Condensed interim consolidated statement of cash flows

	<b>The Group</b>	
	<b>Half year ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	15,270	10,612
Adjustments for:		
Amortisation of deferred income	(274)	(159)
Depreciation of property, plant and equipment	4,904	4,742
Depreciation of right-of-use assets	690	692
Property, plant and equipment written off	4	4
Net loss on disposal of property, plant and equipment	108	227
Amortisation of intangible assets	-	2
Allowances made for impairment losses of trade and other receivables (net)	47	99
Allowances made/(reversal of allowance) for impairment loss for inventories (net)	9	(86)
Interest expense	645	828
Interest income	(239)	(328)
Net effect of exchange differences	(91)	12
	<b>21,073</b>	<b>16,645</b>
<b>Changes in:</b>		
- Inventories	(10,360)	(2,379)
- Trade and other receivables	(5,814)	4,864
- Trade and other payables	(683)	(3,205)
<b>Cash generated from operations</b>	<b>4,216</b>	<b>15,925</b>
Taxes paid (net)	(2,794)	(1,608)
<b>Net cash from operating activities</b>	<b>1,422</b>	<b>14,317</b>
<b>Cash flows from investing activities</b>		
Interest received	232	345
Acquisition of property, plant and equipment	(2,362)	(3,930)
Proceeds from disposal of property, plant and equipment	73	76
<b>Net cash used in investing activities</b>	<b>(2,057)</b>	<b>(3,509)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(711)	(828)
Proceeds from loans and borrowings	61,880	51,684
Repayment of loans and borrowings	(53,822)	(47,939)
Payment of lease liabilities	(957)	(912)
Increase in pledged deposit	(3,724)	(586)
Dividends paid	(3,144)	-
<b>Net cash (used in)/from financing activities</b>	<b>(478)</b>	<b>1,419</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,113)</b>	<b>12,227</b>
Cash and cash equivalents at 1 January	60,423	42,605
Effect of exchange rate fluctuations on cash held	977	445
<b>Cash and cash equivalents at 30 Jun</b>	<b>60,287</b>	<b>55,277</b>
<b>Cash and cash equivalents at end of period comprise of:-</b>		
<b>Fixed deposits</b>	<b>20,000</b>	<b>7,000</b>
<b>Cash and bank balances</b>	<b>56,011</b>	<b>58,274</b>
<b>Cash and bank balances pledged as security for bills payable</b>	<b>(15,724)</b>	<b>(9,997)</b>
	<b>60,287</b>	<b>55,277</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Tat Seng Packaging Group Ltd (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is primarily involved in the manufacturing and sales of corrugated paper products and other packaging products.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

#### **2.1. New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

There is no information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for half year period ended 30 June 2021.

#### **2.3. Measurement of fair values**

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

The Group's financial derivatives liabilities are measured at Level 2 as at 30 June 2021 and 31 December 2020.

### **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

The Group has two reportable segments which are geographical segments namely Singapore and PRC. These geographical segments are managed separately because they require different marketing strategies and bear different financial and business risks.

Geographical segments are defined based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. These operating businesses are organised and managed separately with each segment representing a strategic business unit that serves different markets.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax and deferred tax assets and liabilities. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

#### 4.1. Reportable segments

	1 January 2021 to 30 June 2021			1 January 2020 to 30 June 2020		
	Singapore \$'000	PRC \$'000	Group \$'000	Singapore \$'000	PRC \$'000	Group \$'000
Revenue from external parties	25,401	150,617	176,018	23,044	106,030	129,074
Segment results	1,022	15,020	16,042	2,084	9,434	11,518
Finance cost	(79)	(693)	(772)	(109)	(797)	(906)
Taxation			(3,340)			(2,054)
Net profit for the period			11,930			8,558
Segment assets	51,676	261,656	313,332	39,239	233,052	272,291
Unallocated assets			3,426			3,936
Total assets			316,758			276,227
Segment liabilities	9,385	120,052	129,437	11,025	107,336	118,361
Unallocated liabilities			4,484			3,937
Total liabilities			133,921			122,298
Other segment information:						
Amortisation of intangible assets	-	-	-	2	-	2
Capital expenditure	323	1,596	1,919	578	1,940	2,518
Depreciation of property, plant and equipment	825	4,079	4,904	822	3,920	4,742
Depreciation of right-of-use assets	675	15	690	669	23	692

#### 4.2. Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services at a point in time only.

#### 5. Profit before taxation

##### 5.1. Significant items

	The Group	
	Half year ended	
	30 June	
	2021	2020
	\$'000	\$'000
Interest income from fixed deposit and others	(239)	(328)
Interest expense	645	828
Depreciation of property, plant and equipment	4,904	4,742
Depreciation of right-of-use assets	690	692
Property, plant and equipment written off	4	4
Loss on disposal of property, plant and equipment (net)	108	227
Amortisation of intangible assets	-	2
Amortisation of deferred income	(274)	(159)
Allowances made / (Reversal of allowance) for impairment loss for inventories (net)	9	(86)
Gain on foreign exchange (net)	(105)	(142)

##### 5.2. Related party transactions

During the period, other than disclosed elsewhere in the financial statements, there were the following significant transactions with related parties:

	The Group		The Company	
	Half year ended		Half year ended	
	30 June		30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Subsidiaries:				
Services rendered	-	-	(461)	(430)
Management fee income	-	-	(269)	(268)
Dividend income	-	-	(9,300)	-
Purchases	-	-	10,477	9,484
Related parties:				
Sales	(39)	(33)	(29)	(33)



## 6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>The Group</b>	
	<b>Half year ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current period income tax	3,228	1,929
Underprovision of tax in respect of prior years	39	6
Current period deferred tax	285	49
(Over)/under provision of deferred tax in respect of prior years	(212)	70
	<u>3,340</u>	<u>2,054</u>

## 7. Dividends

	<b>The Group</b>	
	<b>Half year ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Paid by the Company to owner of the Company</b>		
Special exempt (one-tier) dividend at \$0.01 (2020: \$Nil) per ordinary share in respect of the previous financial year	1,572	-
Final exempt (one-tier) dividend at \$0.01 (2020: \$Nil) per ordinary share in respect of the previous financial year	1,572	-
	<u>3,144</u>	<u>-</u>

## 8. Net Asset Value

	<b>The Group</b>		<b>The Company</b>	
	As at	As at	As at	As at
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	108.62	101.69	33.20	30.21

## 9. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$1,918,692 (30.06.2020: S\$2,517,715) and disposed/write off of assets with net book value amounting to S\$184,383 (30.06.2020: S\$307,223).

## 10. Borrowings

	<b>The Group</b>		<b>The Group</b>	
	As at 30-Jun-21		As at 31-Dec-20	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	55,128	9,280	44,181	7,658
Amount repayable after one year	7,381	-	10,243	-

### Details of any collateral

The Group's loans and borrowings are secured by certain property, plant and equipment with net book value of approximately S\$42.4 million (31.12.2020: S\$44.4 million) and cash and cash equivalents amounting to S\$15.7 million (31.12.2020: S\$11.7 million).

## 11. Commitments

### Capital commitments

Capital expenditure contracted for as at the reporting date but not recognised in the financial statements are as follows:

	<b>The Group</b>		<b>The Company</b>	
	As at	As at	As at	As at
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	\$'000	\$'000	\$'000	\$'000
Capital commitments in respect of purchase of property, plant and equipment	2,880	3,226	407	473

## 12. Share capital

	<b>The Group</b>		<b>The Company</b>	
	As at 30-Jun-21		As at 31-Dec-20	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
Beginning/end of interim period	157,200	31,440	157,200	31,440

Since the end of 31 December 2020, there has been no change in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, shares buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose.

There were also no outstanding convertibles for which shares may be issued. Neither was there any treasury shares being transferred, transacted, cancelled or held by the Company during or as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

There were no subsidiary holdings during or as at the end of the current financial period and as at the end of the corresponding period of the immediate preceding financial year.

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

## 13. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## **Other Information Required by Listing Rule Appendix 7.2**

## OTHER INFORMATION

### 1. Review

The condensed consolidated statement of financial position of Tat Seng Packaging Group Ltd and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of performance of the Group

#### 2a. Condensed interim consolidated statement of profit or loss and other comprehensive income

The Group recorded revenue of S\$176.0 million in first six months in 2021 ("1H2021"), an increased of 36.4% or S\$46.9 million over the same period in 2020 ("1H2020").

Total revenue of Singapore operations increased by 10.2% or S\$2.4 million from S\$23.0 million in 1H2020 mainly due to higher selling price and increase in market demand. The total sales volume (sqm) of Singapore's operations increased by 3.1%.

Total revenue of China's operations surged by 42.1% or S\$44.6 million in the Group's reporting currency in 1H2021 as compared to 1H2020. The surge was mainly contributed from higher sales volume (sqm) by 27.6% due to Chinese government imposed measures to extend the holiday break of Chinese New Year during February 2020 to curb the spread of COVID-19. In addition, the increase was partially attributed from strengthening of Renminbi ("RMB") against Singapore Dollars ("SGD").

The Group's gross profit increased by 32.8% or S\$8.7 million to S\$35.1 million in 1H2021 as compared to 1H2020. The increase was in line with increase of Group revenue, while partially offset by higher cost of sales due to increase in raw material price.

Other income decreased by 48.8% or S\$1.0 million mainly due to lower government grant received in 1H2021 as compared to 1H2020.

Distribution and selling expenses increased by 30.5% or S\$2.3 million mainly due to higher revenue achieved by the Group in 1H2021 as compared to 1H2020. The increase was partly attributable to higher transportation costs from the increase of customers' sales with longer delivery distance.

General and administrative expenses increased by S\$1.0 million mainly due to higher provision of staff bonus as a result of higher profit before tax and partly due to higher maintenance cost of factory building in 1H2021 as compared to 1H2020.

Tax expense increased by S\$1.3 million mainly due to higher provision of income tax expenses as a result of higher profit before tax achieved for in 1H2021 as compared to 1H2020.

As a result, the net profit attributable to owners of the Company increased by 32.5% or S\$2.7 million in 1H2021 as compared to 1H2020.

#### 2b. Statement of financial position

Inventories increased by S\$11.1 million mainly due to stocking up more inventories in anticipating of increase in raw material costs and to prevent the impact of supply chain disruption that may occur due to resurgence of COVID-19 pandemic worldwide. And it was partly attributable from the increase in material price.

Current trade and other receivables increased by S\$8.2 million as compared to 31 December 2020 mainly attributed to the increase in term bills receivables (with 6 months' maturity date) that received from customers and the strengthening of RMB against SGD.

Total short term and long term loans and borrowings increased by S\$9.7 million mainly attributed to higher working capital requirement for the Group's China operations.

Foreign currency translation reserve increased by S\$3.2 million due to strengthening of RMB against SGD.

#### 2c. Condensed interim consolidated statement of cash flows

The net cash from operating activities of S\$1.4 million was mainly due to operating profit before working capital changes. However, it was partially offset by net changes of working capital.

The net cash used in investing activities of S\$2.0 million was mainly due to acquisition of property, plant and equipment.

The net cash used in financing activities of S\$0.5 million was mainly due to the increase in pledged deposit, payment of dividend to shareholders of the Company, payment of lease liabilities and interest paid. However, it was partially offset by net proceeds from loans and borrowings.

As a result of the above activities and couple with favourable effect of exchange rate fluctuations on cash held by China subsidiaries of S\$1.0m, the Group's cash and cash equivalents excluding bank balances pledged as security decreased by S\$0.1 million to S\$60.3 million.

### 3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast was provided previously.

### 4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The unprecedented disruptions created by the COVID-19 pandemic has heightened uncertainties in the global economy and the countries that the Group operates in.

Operationally, volatility in raw materials prices, which remains at elevated levels, posed significant challenges to both Singapore and China segments. This leads to compressed operating margins since not all increase in costs can be passed on to the customers. The Group has been mitigating these challenges through productivity gains and continuous innovations, besides vigilantly monitoring and proactively managing the volatility.

In addition, the Group remains vigilant against the impact of COVID-19 on the health and safety of our team and the continuity of our operations. All mitigating and preventive measures remains in full force and where necessary, adjusted and improved to reflect the new realities.

Moving forward, the Group will seek growth by selectively identifying and leveraging on opportunities as and when they may arise while cautiously watch and mitigate any associated risks. We will forge new partnerships and foster collaborations with customers and industry players to create new revenue streams, the new piece of land acquired at Hefei is a small step in this direction.

Despite the persistent disruptions brought about by COVID-19, the team at Tat Seng has been and will continue to display resilience & resourcefulness in the face of a rapidly evolving competitive environment.

## 5. Dividend information

### 5a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend :	Interim Ordinary
Dividend Type :	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share :	S\$0.015 per ordinary share
Tax Rate :	Exempt (1-tier)

### 5b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim Ordinary
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share	S\$0.01 per ordinary share
Tax Rate	Exempt (1-tier)
Date Paid	Paid on 28/9/2020

5c. Date Payable 27 September 2021

5d. Record Date 13 September 2021

### 6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable

### 7. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions. There were no Interested Person Transactions for the period under review above S\$100,000.

### 8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

### 9. Disclosure pursuant to Rule 706A of the Listing Manual

During the half year ended 30 June 2021, there were no changes to the Company's and the Group's shareholding percentage in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associate by the Company or any of the Group's entities.

### Confirmation by the Board

On behalf of the Board of Directors of the Company, I, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Loh See Moon  
Managing Director  
12 August 2021