

Financial Statements For The Year Ended 31 December 2013
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS
1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		Change %
	Year ended 31-Dec-13 \$'000	Year ended 31-Dec-12 \$'000	
Revenue	215,601	179,857	19.9%
Cost of sales	(171,778)	(144,900)	18.5%
Gross profit	43,823	34,957	25.4%
Other income	857	507	69.0%
Distribution and selling expenses	(12,492)	(10,798)	15.7%
General and administrative expenses	(14,237)	(12,414)	14.7%
Other expenses	(498)	(1,261)	-60.5%
Finance costs	(2,562)	(2,169)	18.1%
Profit before tax	14,891	8,822	68.8%
Income tax expense	(2,691)	(1,369)	96.6%
Profit for the year	12,200	7,453	63.7%
Attributable to:			
Equity holders of the parent	11,837	7,737	53.0%
Non-controlling interests	363	(284)	-227.8%
	12,200	7,453	

Consolidated Statement of Comprehensive Income

Profit for the year	12,200	7,453	63.7%
Other comprehensive income:			
Translation differences relating to financial statements of foreign subsidiaries	4,244	(2,358)	-280.0%
Available-for-sale financial assets: net movement in fair value reserve	192	170	12.9%
Other comprehensive income for the year, net of tax	4,436	(2,188)	-302.7%
Total comprehensive income for the year	16,636	5,265	216.0%
Attributable to:			
Equity holders of the parent	15,957	5,695	180.2%
Non-controlling interests	679	(430)	-257.9%
Total comprehensive income for the year	16,636	5,265	

Note on profit before tax

Profit before tax is determined after charging/(crediting) the following:

Interest income from fixed deposit and others	(179)	(152)
Interest expense on loans and borrowings	2,395	2,079
Depreciation of property, plant and equipment	5,405	4,586
(Reversal of) / impairment loss on property, plant and equipment	(205)	535
Property, plant and equipment written off	78	94
Loss/(gain) on disposal of property, plant and equipment (net)	203	(8)
Amortisation of intangible assets	3	3
(Reversal of) / allowances made for doubtful trade receivables (net)	(104)	354
Reversal of allowances made for stock obsolescences	(62)	(39)
Loss on foreign exchange (net)	38	188

Taxation

Current year income tax	3,495	2,379
Under / (over) provision of income tax in respect of prior years	168	(619)
Current year deferred tax	(575)	(405)
Over provision of deferred tax in respect of prior years	(392)	(10)
Changes in tax rate	(5)	24
	2,691	1,369

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	As at 31-Dec-13 \$'000	As at 31-Dec-12 \$'000	As at 31-Dec-13 \$'000	As at 31-Dec-12 \$'000
Non-current assets				
Property, plant and equipment	53,979	47,702	860	729
Investment in subsidiaries	-	-	29,321	29,321
Intangible assets	1,177	1,111	27	30
Investment securities	736	544	736	544
Deferred tax assets	1,752	849	218	98
	57,644	50,206	31,162	30,722
Current assets				
Inventories	17,100	15,656	1,406	1,391
Trade and bills receivables	99,137	68,112	3,235	2,996
Prepaid operating expenses	1,341	1,484	43	21
Other receivables & deposits	2,051	5,772	94	197
Amounts due from subsidiaries (non-trade)	-	-	3,620	1,379
Fixed deposits	4,500	5,000	4,000	4,000
Cash and bank balances	21,626	24,397	2,686	4,228
	145,755	120,421	15,084	14,212
Current liabilities				
Trade & other payables	60,630	44,325	960	1,044
Bills payable	15,091	13,593	-	61
Loans and borrowings	22,367	20,715	3,000	-
Amount due to holding company (non-trade)	159	161	159	161
Other liabilities	10,909	9,061	4,398	3,587
Deferred income	110	106	37	37
Income tax payable	1,330	656	12	-
	110,596	88,617	8,566	4,890
Net current assets	35,159	31,804	6,518	9,322
Non-current liabilities				
Deferred income	1,175	1,211	105	142
Deferred tax liabilities	98	238	-	-
Loans and borrowings	5,994	10,091	3,500	6,500
	7,267	11,540	3,605	6,642
Net assets	85,536	70,470	34,075	33,402
Equity attributable to equity holders of the parent				
Share capital	31,440	31,440	31,440	31,440
Retained earnings	37,319	27,653	2,273	1,792
Capital reserve	3,566	3,566	-	-
Reserve fund	4,114	3,513	-	-
Fair value adjustment reserve	362	170	362	170
Foreign currency translation reserve	3,381	(547)	-	-
	80,182	65,795	34,075	33,402
Non-controlling interests	5,354	4,675	-	-
Total equity	85,536	70,470	34,075	33,402

1(b)(ii) Aggregate amount of group's borrowings, bills payable and debt securities

	As at 31/12/2013		As at 31/12/2012	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	15,036	22,422	18,591	15,717
Amount repayable after one year	2,494	3,500	3,591	6,500

Details of any collateral

The Group's loans and borrowings and bills payable are secured by the leasehold land, certain leasehold building and certain plant and machinery of the subsidiaries with net book value of approximately \$31.3 million (2012: \$28 million), and cash and bank balances amounted \$3 million (2012: \$3.8 million).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF CASH FLOW

	The Group	
	Year ended 31-Dec-13 \$'000	Year ended 31-Dec-12 \$'000
Operating activities		
Profit before tax	14,891	8,822
Adjustments for:		
Amortisation of deferred income	(104)	(28)
Depreciation of property, plant and equipment	5,405	4,586
Property, plant and equipment written off	78	94
Net loss / (gain) on disposal of property, plant and equipment	203	(8)
Amortisation of intangible assets	3	3
(Reversal of) / impairment loss on property, plant and equipment	(205)	535
(Reversal of) / allowances made for doubtful trade receivables (net)	(104)	354
Reversal of allowance made for stock obsolescences	(62)	(39)
Inventories written off	100	-
Finance costs	2,562	2,169
Interest income	(179)	(152)
Net effect of exchange differences	109	101
Operating cash flows before changes in working capital	22,697	16,437
Changes in inventories	(651)	849
Changes in trade and other receivables, prepayments and deposits	(20,350)	(6,886)
Changes in trade and other payables and accruals	15,049	2,824
Cash flows generated from operations	16,745	13,224
Interest paid	(2,566)	(2,203)
Income taxes paid (net)	(3,052)	(2,005)
Net cash flows generated from operating activities	11,127	9,016
Investing activities		
Interest received	179	152
Purchase of property, plant and equipment	(10,712)	(9,607)
Proceeds from disposal of property, plant and equipment	678	36
Net cash flows used in investing activities	(9,855)	(9,419)
Financing activities		
Proceeds from loans and borrowings	28,951	23,194
Repayment of loan from holding company	-	(3,000)
Repayment of loans and borrowings	(32,949)	(14,750)
Changes in pledge of cash & bank balances	1,041	(1,618)
Capital contribution by non-controlling interest in a subsidiary	-	2,969
Dividends paid	(1,572)	(1,572)
Net cash flows (used in) / generated from financing activities	(4,529)	5,223
Net (decrease) / increase in cash and cash equivalents	(3,257)	4,820
Cash and cash equivalents at 1 January	25,566	21,174
Effect of exchange rate fluctuations on cash held	816	(428)
Cash and cash equivalents at 31 December	23,125	25,566
Cash and cash equivalents at end of year comprise of:-		
Fixed deposits	4,500	5,000
Cash and bank balances	21,626	24,397
	26,126	29,397
Cash and bank balances pledged as security for bills payable	(3,001)	(3,831)
	23,125	25,566

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Translation reserve	Reserve fund	Fair value reserve	Capital reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
At 1/1/2012	31,440	1,665	3,064	-	3,566	21,937	61,672	2,136	63,808
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	7,737	7,737	(284)	7,453
Other comprehensive income									
Foreign currency translation differences	-	(2,212)	-	-	-	-	(2,212)	(146)	(2,358)
Net changes in fair value of available-for-sale financial assets	-	-	-	170	-	-	170	-	170
Total comprehensive income for the year	-	(2,212)	-	170	-	7,737	5,695	(430)	5,265
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividend declared/paid	-	-	-	-	-	(1,572)	(1,572)	-	(1,572)
Transfer to reserve fund	-	-	449	-	-	(449)	-	-	-
Total contributions by and distributions to owners	-	-	449	-	-	(2,021)	(1,572)	-	(1,572)
Changes in ownership interests in subsidiaries									
Capital contribution by non-controlling interest in a subsidiary	-	-	-	-	-	-	-	2,969	2,969
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	2,969	2,969
Total transactions with owners	-	-	449	-	-	(2,021)	(1,572)	2,969	1,397
At 31/12/2012	31,440	(547)	3,513	170	3,566	27,653	65,795	4,675	70,470
At 1/1/2013	31,440	(547)	3,513	170	3,566	27,653	65,795	4,675	70,470
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	11,837	11,837	363	12,200
Other comprehensive income									
Foreign currency translation differences	-	3,928	-	-	-	-	3,928	316	4,244
Net changes in fair value of available-for-sale financial assets	-	-	-	192	-	-	192	-	192
Total comprehensive income for the year	-	3,928	-	192	-	11,837	15,957	679	16,636
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividend declared/paid	-	-	-	-	-	(1,572)	(1,572)	-	(1,572)
Unclaimed dividend reversed	-	-	-	-	-	2	2	-	2
Transfer to reserve fund	-	-	601	-	-	(601)	-	-	-
Total contributions by and distributions to owners	-	-	601	-	-	(2,171)	(1,570)	-	(1,570)
Total transactions with owners	-	-	601	-	-	(2,171)	(1,570)	-	(1,570)
At 31/12/2013	31,440	3,381	4,114	362	3,566	37,319	80,182	5,354	85,536

	Share capital \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Company				
At 1/1/2012	31,440	-	1,352	32,792
Total comprehensive income for the year				
Profit for the year	-	-	2,012	2,012
Other comprehensive income				
Net changes in fair value of available-for-sale financial assets	-	170	-	170
Total comprehensive income for the year	-	170	2,012	2,182
Transactions with owners, recognised directly in equity				
Dividend declared/paid	-	-	(1,572)	(1,572)
Total contributions by and distributions to owners / Total transactions with owners	-	-	(1,572)	(1,572)
At 31/12/2012	31,440	170	1,792	33,402
At 1/1/2013	31,440	170	1,792	33,402
Total comprehensive income for the year				
Profit for the year	-	-	2,051	2,051
Other comprehensive income				
Net changes in fair value of available-for-sale financial assets	-	192	-	192
Total comprehensive income for the year	-	192	2,051	2,243
Transactions with owners, recognised directly in equity				
Dividend declared/paid	-	-	(1,572)	(1,572)
Unclaimed dividend reversed	-	-	2	2
Total contributions by and distributions to owners / Total transactions with owners	-	-	(1,570)	(1,570)
At 31/12/2013	31,440	362	2,273	34,075

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, 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 since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Since the end of 31 December 2012, there has been no change in the Company's share capital arising from rights issue, bonus issue, 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 year and the previous financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31/12/2013	As at 31/12/2012
Total number of issued shares	157,200,000	157,200,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or and equivalent standard)

The figures have neither been audited nor reviewed by auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current accounting year as compared to the audited financial statements for the year ended 31 December 2012.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	<u>31-Dec-13</u>	<u>31-Dec-12</u>
Basic earnings per ordinary share (in cents)	7.53	4.92
Diluted earnings per ordinary share (in cents)	7.53	4.92

7. Net asset value (for the issuer and group) per ordinary share based on issued share excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	The Group		The Company	
	<u>31-Dec-13</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>	<u>31-Dec-12</u>
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	51.01	41.85	21.68	21.25

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

The Group's revenue rose by 19.9% or \$35.7 million to \$215.6 million as compared to the previous financial year ("FY2012"). The revenue growth was mainly contributed by the higher demand from customers of China's subsidiaries especially Hefei Dansun, Nantong Group and Tianjin Dansun's results which commenced operation in the first quarter of FY2013.

The Group's increase in cost of sales is in line with higher revenue. However, the gross profit rose at a higher pace by 25.4% or S\$8.9 million to S\$43.8 million as compared to FY2012 due to lower raw material cost and economy of scale.

Other income increased by \$0.35 million as compared to FY2012 mainly due to reversal of impairment on property, plant and equipment amounting to \$0.2 million and the reversal of allowance for doubtful debts of \$0.1 million.

The increase in distribution and selling expenses of \$1.7 million was in line with the higher revenue achieved by the Group.

General and administrative expenses increased by 14.7% or \$1.8 million to \$14.2 million. The increase was in line with higher level of business activities.

Other expenses decreased by \$0.8 million as compared to FY2012 mainly due to impairment loss on property, plant & equipment of \$0.5 million and allowance made for doubtful trade receivables of \$0.4 million in FY2012.

Finance expenses increased by \$0.4 million as compared to FY2012. This was due to additional loans and borrowings taken up by Tianjin Dansun for capital expenditure and working capital purposes.

Taxation increased by \$1.3 million as compared to FY2012. This was mainly due to higher profit achieved in current financial year under review and tax refund of \$0.6 million in FY2012.

As a result, the net profit attributable to the shareholders increased substantially by \$4.1 million or 53% to \$11.8 million as compared to FY2012.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The net book value of the Group's property, plant and equipment increased by \$6.3 million as compared to FY2012. This net increase was mainly due to acquisition of property, plant and equipment and strengthening of Renminbi ("RMB") against Singapore Dollar ("SGD"). Consequently, depreciation also increased by S\$0.8 million.

The Group's inventories increased by \$1.4 million which is in line with higher operating activities and also the commencement of operation by Tianjin Dansun.

Trade and bills receivables increased by \$31.0 million. This was mainly due to higher revenue, inclusion of Tianjin Dansun and more bills/bankers' acceptance received from customers.

Other receivables & deposits reduced by \$3.7 million. This was mainly due to payment received and reclassification of advance payment to property, plant and equipment.

Cash and bank balances, excluding bank balances pledged as security, decreased by \$2.4 million. This was mainly due to loan repaid to financial institutions with excess funds available & the increase in trade debtor due to higher business activities.

The net increase of \$17.8 million in the Group's trade & other payables and bills payable was in tandem with higher operating activities.

The net decrease in the Group's loans and borrowings by \$2.4 million was mainly due to repayment of finance lease creditors.

The increase in the Group's other liabilities by \$1.8 million as compared to FY2012 was mainly due to additional accruals that were made for operating expenses.

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

The Group's performance for the year under review is in line with its expectations as disclosed in the announcement of results for the year ended 31 December 2012.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Singapore economy is expected to grow modestly at 2% to 4% in 2014. In view of the continuing wage pressures due to tightness in the labour market as well as rising of other operating costs, the management anticipates Singapore's corrugated packaging industry will remain challenging and competitive in 2014.

In response to these challenges, the management has consolidated the two Singapore operations into one operation in first quarter of 2014. Such move will enable us to maximise the usage of resources and improve efficiency and hence reduce operating costs.

The management anticipates that China's corrugated packaging industry will remain very competitive as competitors have upgraded or are upgrading their production facilities and would enhance their competitiveness. This could probably lead to a price cutting strategy to gain more orders.

To overcome these challenges, the management will continue to reduce operating costs via improvement in supply chain processes, research & development, product & process innovation, and centralised on certain procurement function.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial year reported on Yes

Name of Dividend	Interim Ordinary	Final
Dividend Type	Cash; Tax exempt (1-tier) dividend	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share	S\$0.01 per ordinary share	S\$0.01 per ordinary share
Tax Rate	Exempt (1-tier)	Exempt (1-tier)
Date Paid	Paid on 16/9/2013	To be approved by shareholders at the forthcoming AGM

(b) 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 17/9/2012

(c) Date payable

To be announced later

(d) Books closure date

To be announced later

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable

13. 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 Company has not obtained a general mandate from shareholders for Interested Person Transactions. There were no interested person transactions for the period under review.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

	2013			2012		
	Singapore \$'000	PRC \$'000	Group \$'000	Singapore \$'000	PRC \$'000	Group \$'000
Turnover	40,446	175,155	215,601	40,742	139,115	179,857
Segment results	(509)	17,962	17,453	(91)	11,082	10,991
Finance cost			(2,562)			(2,169)
Taxation			(2,691)			(1,369)
Net profit for the year			<u>12,200</u>			<u>7,453</u>
Segment assets	25,052	176,595	201,647	26,380	143,398	169,778
Unallocated assets			1,752			849
Total assets			<u>203,399</u>			<u>170,627</u>
Segment liabilities	15,134	101,301	116,435	14,502	84,761	99,263
Unallocated liabilities			1,428			894
Total liabilities			<u>117,863</u>			<u>100,157</u>
Other segment information:						
Amortisation of intangible assets	3	-	3	3	-	3
Capital expenditure	2,666	6,749	9,415	177	14,961	15,138
Impairment / (reversal of impairment) loss on property, plant and equipment	86	(291)	(205)	188	347	535
Depreciation	702	4,703	5,405	927	3,659	4,586

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

The higher sales of PRC segment was mainly contributed by the higher demand from customers of China's subsidiaries especially Hefei Dansun, Nantong Group and also due to inclusion of Tianjin Dansun.

Segmental results of PRC improved mainly due to higher revenue and economy of scale.

Capital expenditure for PRC segment decreased substantially as compared to FY2012. This is mainly due to property, plant and equipment acquired by the newly incorporated subsidiary, Tianjin Dansun, in FY2012. Increase in Singapore segment's capital expenditure is in line with the consolidation of Singapore operations mentioned earlier, this segment has incurred construction costs and acquired new machineries in FY2013.

16. A breakdown of sales

	2013 \$'000	2012 \$'000	% increase/ (decrease)
Sales reported for first half year	99,525	87,909	13.2%
Profit after tax reported for first half year	3,335	3,847	-13.3%
Sales reported for second half year	116,076	91,948	26.2%
Profit after tax reported for second half year	8,865	3,606	145.8%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	2013	2012
	\$'000	\$'000
Ordinary	<u>1,572</u>	<u>1,572</u>

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are a relative to a Director, Chief Executive Officer or Substantial Shareholder of the Company

BY ORDER OF THE BOARD

Loh See Moon
Managing Director
21 February 2014