

Half Year Financial Statements
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group Half year ended 30 June		Change %
	2020 \$'000	2019 \$'000	
Revenue	129,074	141,560	-8.8%
Cost of sales	(102,620)	(118,459)	-13.4%
Gross profit	26,454	23,101	14.5%
Other income	2,121	1,566	35.4%
Distribution and selling expenses	(7,486)	(7,692)	-2.7%
General and administrative expenses	(9,095)	(8,475)	7.3%
Allowance made for impairment losses of trade and other receivables (net)	(99)	(72)	37.5%
Other expenses	(377)	(301)	25.2%
Finance costs	(906)	(1,252)	-27.6%
Profit before tax	10,612	6,875	54.4%
Tax expense	(2,054)	(1,901)	8.0%
Profit for the period	8,558	4,974	72.1%
Profit attributable to:			
Owners of the Company	8,201	5,217	57.2%
Non-controlling interests	357	(243)	NM
Profit for the period	8,558	4,974	
Consolidated Statement of Comprehensive Income			
Profit for the period	8,558	4,974	72.1%
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	2,214	(1,027)	NM
Effective portion of changes in fair value of cash flow hedges	-	5	-100.0%
Other comprehensive income for the period, net of tax	2,214	(1,022)	NM
Total comprehensive income for the period	10,772	3,952	172.6%
Total comprehensive income attributable to:			
Owners of the Company	10,243	4,282	139.2%
Non-controlling interests	529	(330)	NM
Total comprehensive income for the period	10,772	3,952	
Note on profit before tax			
Profit before tax is determined after charging/(crediting) the following:			
Interest income from fixed deposit and others	(328)	(173)	
Interest expense on loans and borrowings	732	1,031	
Interest expense on lease liabilities	96	122	
Depreciation of property, plant and equipment	4,742	4,138	
Depreciation of right-of-use assets	692	608	
Reversal of impairment loss on property, plant and equipment	-	(71)	
Property, plant and equipment written off	4	3	
Loss on disposal of property, plant and equipment (net)	227	68	
(Reversal of allowance)/allowances made for impairment loss for inventories (net)	(86)	60	
(Gain)/loss on foreign exchange (net)	(142)	199	
Amortisation of intangible assets	2	2	
Amortisation of deferred income	(159)	(114)	
Taxation			
Current period income tax	1,929	1,649	
Under/(over) provision of income tax in respect of prior years	6	(32)	
Current period deferred tax	49	135	
Under provision of deferred tax in respect of prior years	70	149	
	2,054	1,901	

NM - Not Meaningful

1(b)(i) A statement of financial position (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 30/6/2020 \$'000	As at 31/12/2019 \$'000	As at 30/6/2020 \$'000	As at 31/12/2019 \$'000
Non-current assets				
Property, plant and equipment	84,118	85,177	1,857	1,991
Right-of-use assets	3,119	3,801	2,380	2,975
Investment in subsidiaries	-	-	28,985	28,985
Intangible assets	1,091	1,072	8	9
Deferred tax assets	3,936	3,726	2,036	2,080
Trade and other receivables	411	534	-	-
	92,675	94,310	35,266	36,040
Current assets				
Inventories	25,174	22,365	83	85
Trade and other receivables	93,104	96,230	4,143	4,575
Cash and cash equivalents	65,274	51,842	9,965	11,251
	183,552	170,437	14,191	15,911
Current liabilities				
Trade and other payables	49,492	53,254	3,722	4,751
Lease liabilities	1,883	1,856	1,730	1,696
Loans and borrowings	49,413	42,905	-	-
Deferred income	326	297	33	4
Current tax liabilities	669	339	-	-
	101,783	98,651	5,485	6,451
Net current assets	81,769	71,786	8,706	9,460
Non-current liabilities				
Deferred income	2,021	2,128	21	23
Lease liabilities	2,340	3,271	1,768	2,641
Loans and borrowings	12,886	14,572	-	-
Deferred tax liabilities	3,268	2,968	-	-
	20,515	22,939	1,789	2,664
Net assets	153,929	143,157	42,183	42,836
Equity attributable to owners of the Company				
Share capital	31,440	31,440	31,440	31,440
Retained earnings	102,440	94,239	10,743	11,396
Capital reserve	3,566	3,566	-	-
Statutory reserve fund	12,567	12,567	-	-
Foreign currency translation reserve	(5,686)	(7,728)	-	-
	144,327	134,084	42,183	42,836
Non-controlling interests	9,602	9,073	-	-
Total equity	153,929	143,157	42,183	42,836

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

	30/6/2020		31/12/2019	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	41,634	7,779	34,927	7,978
Amount repayable after one year	12,886	-	14,572	-

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\$45.0 million (31.12.2019: S\$49.1 million) and cash and cash equivalents amounting to S\$10.0 million (31.12.2019: S\$9.2 million).

1(c) A statement of cash flow (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	
	Half year ended	
	30 June	
	2020	2019
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	10,612	6,875
Adjustments for:		
Amortisation of deferred income	(159)	(114)
Depreciation of property, plant and equipment	4,742	4,138
Depreciation of right-of-use assets	692	608
Reversal of impairment loss on property, plant and equipment	-	(71)
Property, plant and equipment written off	4	3
Net loss on disposal of property, plant and equipment	227	68
Amortisation of intangible assets	2	2
Allowance for impairment losses of trade and other receivables (net)	99	72
(Reversal of allowance)/allowances made for impairment loss for inventories (net)	(86)	60
Interest income	(328)	(173)
Interest expense	828	1,153
Net effect of exchange differences	12	6
	16,645	12,627
Changes in:		
- Inventories	(2,379)	3,057
- Trade and other receivables	4,864	19,816
- Trade and other payables	(3,205)	(9,742)
	15,925	25,758
Cash generated from operations		
Interest paid	(828)	(1,153)
Tax paid (net)	(1,608)	(1,705)
	13,489	22,900
Cash flows from investing activities		
Interest received	345	167
Acquisition of property, plant and equipment	(3,930)	(8,464)
Proceeds from disposal of property, plant and equipment	76	128
	(3,509)	(8,169)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from loans and borrowings	51,684	59,378
Repayment of loans and borrowings	(47,939)	(70,477)
Payment on lease liabilities	(912)	(751)
(Increase)/decrease in pledged deposit	(586)	406
Dividend paid to non-controlling interests	-	(188)
Dividends paid	-	(3,144)
	2,247	(14,776)
Net cash from/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	12,227	(45)
Cash and cash equivalents at 1 January	42,605	48,490
Effect of exchange rate fluctuations on cash held	445	(357)
	55,277	48,088
Cash and cash equivalents at 30 Jun		
Cash and cash equivalents at end of period comprise of:-		
Fixed deposits	7,000	3,000
Cash and bank balances	58,274	55,591
	65,274	58,591
Cash and bank balances pledged as security for bills payable	(9,997)	(10,503)
	55,277	48,088

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

<u>Group</u>	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
At 1/1/2019	31,440	3,566	11,710	(10)	(4,557)	86,497	128,646	10,128	138,774
Effect on adoption of SFRS(I) 16	-	-	-	-	-	(1,021)	(1,021)	-	(1,021)
At 1/1/2019, as restated	31,440	3,566	11,710	(10)	(4,557)	85,476	127,625	10,128	137,753
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	5,217	5,217	(243)	4,974
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	(940)	-	(940)	(87)	(1,027)
Effective portion of changes in fair value of cash flow hedges	-	-	-	5	-	-	5	-	5
Total other comprehensive income	-	-	-	5	(940)	-	(935)	(87)	(1,022)
Total comprehensive income for the period	-	-	-	5	(940)	5,217	4,282	(330)	3,952
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends declared	-	-	-	-	-	(3,144)	(3,144)	(187)	(3,331)
Total contributions by and distributions to owners	-	-	-	-	-	(3,144)	(3,144)	(187)	(3,331)
Total transactions with owners	-	-	-	-	-	(3,144)	(3,144)	(187)	(3,331)
At 30/6/2019	31,440	3,566	11,710	(5)	(5,497)	87,549	128,763	9,611	138,374
At 1/1/2020	31,440	3,566	12,567	-	(7,728)	94,239	134,084	9,073	143,157
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	8,201	8,201	357	8,558
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	2,042	-	2,042	172	2,214
Total other comprehensive income	-	-	-	-	2,042	-	2,042	172	2,214
Total comprehensive income for the period	-	-	-	-	2,042	8,201	10,243	529	10,772
At 30/6/2020	31,440	3,566	12,567	-	(5,686)	102,440	144,327	9,602	153,929

	Share capital	Retained earnings	Total equity
<u>Company</u>	\$'000	\$'000	\$'000
At 1/1/2019	31,440	4,397	35,837
Effect on adoption of SFRS(l) 16	-	(1,021)	(1,021)
At 1/1/2019, as restated	31,440	3,376	34,816
Total comprehensive income for the period			
Profit for the period	-	8,375	8,375
Total comprehensive income for the period	-	8,375	8,375
Transactions with owners of the Company, recognised directly in equity			
Dividends declared	-	(3,144)	(3,144)
Total contributions by and distributions to owners/ Total transactions with owners	-	(3,144)	(3,144)
At 30/6/2019	31,440	8,607	40,047
At 1/1/2020	31,440	11,396	42,836
Total comprehensive income for the period			
Loss for the period	-	(653)	(653)
Total comprehensive income for the period	-	(653)	(653)
At 30/6/2020	31,440	10,743	42,183

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2019, 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.

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 30-Jun-20	As at 31-Dec-19
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

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issues

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 2019.

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

	The Group Half year ended 30 June	
	2020	2019
Basic and diluted earnings per ordinary share (in cents)	5.22	3.32

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>30/6/2020</u>	<u>31/12/2019</u>	<u>30/6/2020</u>	<u>31/12/2019</u>
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	91.81	85.30	26.83	27.25

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 recorded revenue of S\$129.07 million for the first six months in 2020 ("1H2020"), a decrease of 8.8% or S\$12.49 million over the same period in 2019 ("1H2019").

Total revenue achieved by the Singapore entities in 1H2020 increased by 0.2% or S\$0.04 million from S\$23.0 million in 1H2019.

Total revenue of China's operations reduced by 10.6% or S\$12.53 million in the Group's reporting currency in 1H2020 as compared to 1H2019. This was mainly due to the extended holiday break of Chinese New Year during February 2020 that imposed by China government in order to curb the spread of COVID-19.

The Group's gross profit increased by 14.5% or S\$3.35 million to S\$26.45 million in 1H2020 as compared to 1H2019 mainly due to the reduction in raw material costs.

Other income increased by S\$0.56 million or 35.4% in 1H2020 as compared to 1H2019 mainly contributed by higher government grant received, finance income and net foreign exchange gain. However, it was partially offset by the one-off insurance compensation received in 1H2019.

General and administrative expenses increased by S\$0.62 million in 1H2020 mainly due to higher provision of staff bonus as a result of higher PBT achieved in 1H2020 as compared to 1H2019.

Other expenses increased by S\$0.08 million in 1H2020 as compared to 1H2019 mainly due to increase of net loss on disposal of property, plant and equipment and other operating expenses. However, it was partially offset by net foreign exchange loss that recorded in 1H2019.

Finance costs decreased by S\$0.35 million mainly due to lower borrowing in 1H2020 as compared to 1H2019

As a result, the net profit attributable to owners of the Company increased by S\$2.98 million or 57.2% in 1H2020 as compared to S\$5.22million reported for 1H2019.

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

Statement of financial position

Inventories increased by S\$2.81 million as compared to 31 December 2019 mainly due to stocking up more inventories during the beginning of second quarter in anticipating of increase in raw material costs and to prevent the impact of supply chain disruption that may occur due to COVID-19 pandemic.

Trade and other payables decreased by S\$3.76 million as compared to 31 December 2019 mainly due to the payment of staff incentives of prior year during the period. The reduction is partly attributed to the payment of accrued capital expenditure for property, plant and equipment of the new plant of Nantong Tat Seng Packaging Co., Ltd.

The increase of S\$4.82 million in the total short term and long term loans and borrowings mainly attributed to higher working capital requirement of Nantong Tat Seng.

The increase of foreign currency translation reserve of S\$2.04 million mainly due to the strengthening of RMB against SGD as compared to 31 December 2019.

Consolidated statement of cash flow

Net cash from operating activities of S\$13.49 million was mainly due to operating profit before working capital changes.

Net cash used in investing activities of S\$3.51 million was mainly due to acquisition of property, plant and equipment.

Net cash from financing activities of S\$2.25 million was mainly due to increase of 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\$0.45m, the Group's cash and cash equivalents excluding bank balances pledged as security increased by S\$12.67 million to S\$55.28 million.

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

No forecast was previously provided.

10. 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 reporting period and the next 12 months

COVID-19 has brought unusual and unpredicted challenges to all businesses. The Group expects both Singapore's and China's operating environment to remain challenging in the near-term given economic weakness and softening demand. We are also cautious on the impact of COVID-19 pandemic especially on customers' businesses that depend on exporting as the global markets are greatly affected. Meanwhile, economic uncertainty is further aggravated by the current US-China relationship. The increase in raw material prices may also impact our results.

Nevertheless, as of to-date, there is no significant impact or disruption on any of our factories' operations where the Group presence. The Group has a healthy balance sheet and sufficient credit lines to support and finance the Group's operation and its investment activities. The Group will continue to monitor the evolving situation closely and keep shareholders informed of any material impacts as and when they arise. While we take all necessary precautionary measures to safeguard the health and safety of our employees, and complying with directives from the relevant local authorities.

The Group focuses on initiatives to further strengthen its business continuity management so as to ensure the continuity of operations and to mitigate the business risk. We continue to reassess our contingency plan in order to ascertain that it is workable and effective, re-establish the adequate inventory level and expanding our raw material sources to mitigate impact from supply chain disruption. The Management will also continue to enhance the Group's business performance by executing the improvement strategies in terms of cost management, enhancing operational efficiency and boosting productivity.

11. Dividend

(a) 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\$0.01 per ordinary share
Tax Rate :	Exempt (1-tier)

(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 27/9/2019

(c) Date payable 28 September 2020

(d) Record date 14 September 2020

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.

14. Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual

The Board of Directors have confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

15. Confirmation of undertakings from directors and executive officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings in the format set out in Appendix 7.7 from all its directors and executive officers under Rule 720(1) of the Listing Manual.

16. Disclosure pursuant to Rule 706A of the Listing Manual

During the half year ended 30 June 2020, 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.

BY ORDER OF THE BOARD

Loh See Moon
Managing Director
13 August 2020