TAT SENG PACKAGING GROUP LTD

ANNUAL REPORT

2019

OUR **MISSION**

To be the preferred corrugated packaging products supplier.

Tat Seng strives to position ourselves as the first name that comes to mind whenever cartons and other corrugated packaging products are required.

Tat Seng progresses through continuous improvements, so as to remain a key supplier in the corrugated packaging industry and to maintain our continuous growth in the marketplace.

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EXECUTIVE CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

The Group hereby presents the annual report for the full year ended 31 December 2019 ("**FY2019**"). We have demonstrated resilience in our business performance even as we rode against the headwinds of a challenging operating environment.

FINANCIAL HIGHLIGHTS FY2019

Group revenue dipped by 13.4% to S$288.6 million in FY2019 as compared to S$333.3 million in FY2018.

Geographically, total revenue of Singapore entities in FY2019 increased by 4.0% from S$45.0 million in FY2018 mainly due to higher demand from customers. Meanwhile, total revenue of China's operations for the year reduced by 16.1% in the Group's reporting currency (SGD) as a result of competitive selling prices and weakening of Renminbi (RMB) against SGD as compared to FY2018. Nevertheless, total sales volume (sqm) of China's operations rose by 3.2% against the previous year.

Consequently, the Group's gross profit reduced by 14.8% to S$51.6 million for the year.

Other income also declined by S$0.2 million as compared to FY2018 mainly due to a S$0.7 million decrease in net exchange gain. This was partially offset by a one-off insurance compensation and amortisation of deferred income by S$0.2 million and S$0.1 million respectively.

Distribution and selling expenses rose by 3.0% as a result of a moderate surge in delivery costs that was in tandem with a volume increase.

General and administrative expenses fell by S$2.6 million mainly due to a decrease in provision of social and pension fund with reduced contribution rate for China's subsidiaries and lower provision of incentives bonus on Senior Management as a result of lower PBT achieved for FY2019 against FY2018.

Other expenses dropped by S$0.8 million mainly due to reduction of impairment losses on property, plant and equipment.

Separately, finance costs increased by S$0.6 million as incurred by financing for the capital expenditure of the new plant of Nantong Tat Seng Packaging Co., Ltd. ("**Nantong Tat Seng**") and finance cost from the lease liabilities arising from the adoption of SFRS(I) 16.

In view of the above, net profit attributable to owners of the Company decreased by 25.9% in FY2019 as compared to FY2018. However, net asset value per ordinary share increased from S$0.82 as at 31 December 2018 to S$0.85 as at 31 December 2019.

Cash and cash equivalents excluding bank balances pledged as security reduced by S$5.9 million to S$42.6 million as at 31 December 2019. The decrease was primarily due to net cash used in financing activities of S$34.1 million with higher repayment on borrowings and partly due to net cash used in investing activities of S$9.2 million attributable to payment made for purchase of property, plant and equipment. However, it was partially offset by net cash generated from operating activities of S$38.4 million.

PERFORMANCE REVIEW

In FY2019, we forged ahead with our automation initiatives by acquiring new machines with advance technology and upgrading existing ones. This enabled us to enhance our production efficiency and product quality, while allowing us greater flexibility in production scheduling. With this, we managed to enjoy the benefit of low set-up cost and reduced production cost per unit. More importantly, it helped to reduce our manpower reliance and resolved our manpower shortage challenge. Meanwhile, we continued to invest in staff training and reskilling to achieve higher productivity and efficiency, which led to more cost-effective in management of human capital.

EXECUTIVE CHAIRMAN'S STATEMENT

During the year, we also expanded our major raw material network sources beyond our traditional suppliers to ensure the sufficiency of paper stock at reasonable costs, so as to maintain our profit margin. Additionally, Nantong Tat Seng new plant has commenced operation in March 2019, giving us access to new business opportunities in Nantong and greater market share around the area.

As testament to the effectiveness of our strategies, we saw an increase in sales volumes from both new and existing customers in our Singapore and China markets as our capabilities improved to give rise to greater customer satisfaction.

SINGAPORE OPERATIONS

Despite negative growth in Singapore's manufacturing sector in 2019, total revenue of the Singapore entities gained by 4.0% to S$46.9 million. This was mainly attributed to higher demands from our customers. We continuously engage new customers, maintain good rapport and achieve better satisfaction from customers.

During the year, we have upgraded our corrugator stacker to complement our corrugator machine, thereby enhancing our capacity and enabling us to achieve higher production output and meet new requirements of customers.

CHINA OPERATIONS

Trade tensions between US and China as well as other global factors have contributed to two continuous years of slowing growth in China. With China's 2019 GDP standing at 6.1%, the lowest ever since 1990, weakened demand for corrugated packaging coupled with excess production surplus has led to a decrease in our China's operations revenue.

In line with China's economic development, total revenue of our China's operations decreased by 16.1% to S$241.8 million largely due to competitive selling prices and partially attributed to weakening of RMB against SGD as compared to FY2018. This was in spite of an increase in total sales volume by 3.2%.

As part of our strategy to enhance efficiency, our Suzhou plant has replaced conventional printer with a four-colour high speed flexo printer slotter rotary die-cutter machines in order to enhance the printing capability.

Meanwhile in Hefei, we focused on business collaboration and business excellence in the form of automation, quality control, as well as price and order modification to expand sales and maintain profit margins in response to falling product demand and prices.

Separately, Tianjin plant continued to achieve higher output as driven by stable demand derived from our existing and new customers, maintaining its profitability.

DIVIDEND ANNOUNCEMENT

The Board is pleased to propose a final dividend of S$0.01 per ordinary share as appreciation for the continuous support of our shareholders. This is subject to shareholders' approval at the upcoming Annual General Meeting. If approved, this will bring the total dividend payout for FY2019 to S$0.02 per ordinary share, taking into account an interim ordinary dividend of S$0.01 paid on 27 September 2019.

EXECUTIVE CHAIRMAN'S STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

As we build on our economic performance, we remain committed to our social causes through upholding sustainability in various aspects of our business.

For Singapore, we sponsored the Rajan Menon Foundation Charity Golf 2019 tournament, the Singapore Cancer Society, and funded one scholarship under the Republic Polytechnic Education Fund for a Diploma in Social Enterprise Management for graduation in 2019.

Concurrently in Nantong, we donated to the charity to help funds the educational costs of students from low-income families.

This is our way of contributing to the different social causes for the betterment of the society and the community.

RECOGNITION AND AWARDS

The Company is honoured to be awarded the 20th Investors' Choice Awards 2019 – Runner up of Most Transparent Company Award ("**MTCA**") for Material Category by the Securities Investors Association (Singapore) ("**SIAS**"). This is an award that recognises the efforts of public listed companies for being transparent to investors.

The Straits Times and Statista also conferred the Company as distinguished member of "Singapore's Fastest-Growing Company 2020" in January 2020.

We are pleased to report that, the district authority in Suzhou had carried out a safety audit on Suzhou plant and awarded us RMB30,000 (approximately SGD5,924) in recognition of our efforts in promoting workplace safety. We are humbled and encouraged by this affirmation of our strong commitment to safety in our work culture.

For Tianjin plant, it has been accredited as a High and New Technology Enterprise ("HNTE") for the first time and it is entitled to preferential income tax rate of 15% for a period of three (3) years from 2019 to 2021. In addition, Hefei plant has also successfully renewed its HNTE for another three (3) years from 2019 to 2021.

BUSINESS OUTLOOK

Considering a myriad of factors in the near future, the year of 2020 presents an environment of great uncertainty. Coupled with the recent outbreak of COVID-19 gripping global markets and exacerbating economic worries, both our Singapore and China business segments are expected to be affected, although the extent of the impact cannot be ascertained at this stage. International Monetary Fund has lowered its 2020 forecast for China's economic growth to 5.6%. Singapore's Ministry of Trade and Industry (MTI) has also downgraded its 2020 GDP forecast to "-4.0% to -1.0%".

In light of this COVID-19 pandemic, the Group will monitor the evolving situation closely, while taking all necessary precautionary measures to safeguard the health and safety of our employees, and complying with directives from the relevant local authorities.

Meanwhile, economic uncertainty is further aggravated by the ongoing US-China trade dispute. Fluctuations in raw material prices due to increasingly stringent regulations on the import of waste paper in China may also impact our results.

Singapore's business environment may experience challenges on the back of the weakened manufacturing sector, falling demand in packaging, and rising cost in raw material due to weakening currency exchange of SGD against USD.

We will work towards expanding our sales base and actively seek new business opportunities as we continue to improve operational efficiencies through automation and enhancing staff capabilities, as well as mitigate risks from market fluctuations by expanding our raw material sources. These measures will ensure that we maintain our competitive edge and remain well-poised to capitalise on the economic recovery.

ACKNOWLEDGEMENTS

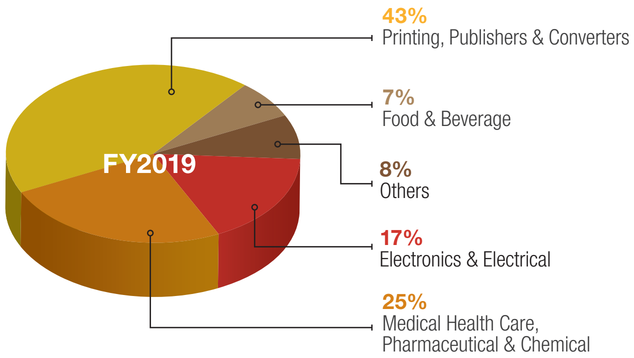
I would like to take this opportunity to extend my gratitude to Mr Lee Po On Mark who retired from his position as Non-Executive and Independent Director on 26 April 2019. We are grateful for his contribution during his term of service. At the same time, I would like to welcome Mr Goh Yang Jun, Jasper, Mr Siu Wai Kam and Mr Kong WeiLi who joined us as Non-Executive and Independent Directors on 1 March 2019. We look forward to working closely together as a Group to scale greater heights.

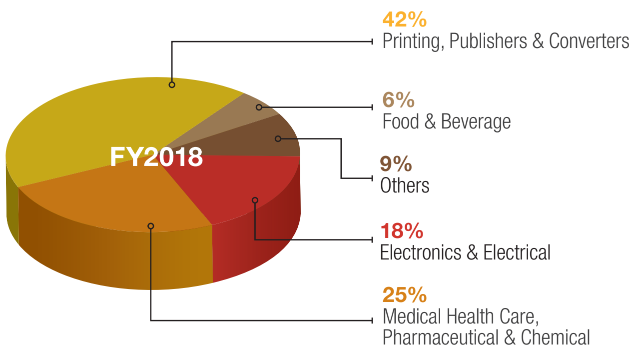
On behalf of the Board, I would like to thank our management team and staff for their relentless commitment and dedication towards helping the Group overcome obstacles in these challenging times. I would also like to express my appreciation to our Board of Directors, valued shareholders, business associates and customers for their faith and trust in us. We will strive to achieve substantial development in our business as we seek to enhance shareholders' value in the future ahead.

Dr Allan Yap
Executive Chairman

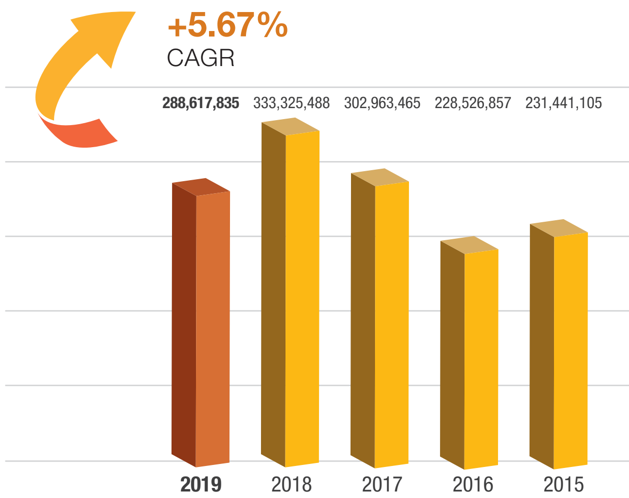
FINANCIAL HIGHLIGHTS

SALES ANALYSIS BY CUSTOMER INDUSTRY SECTOR FOR FY2019 & FY2018

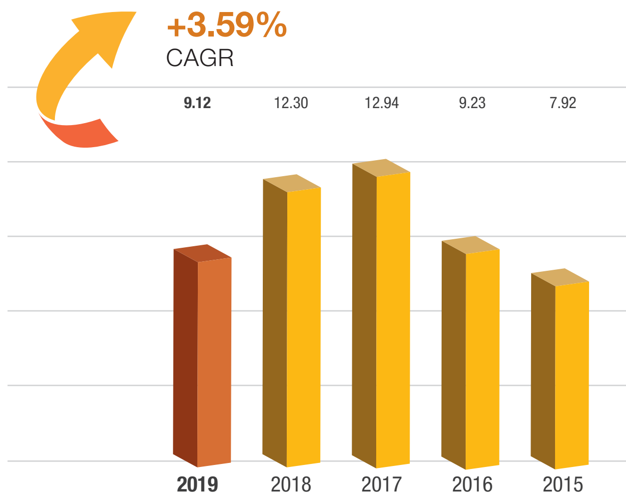




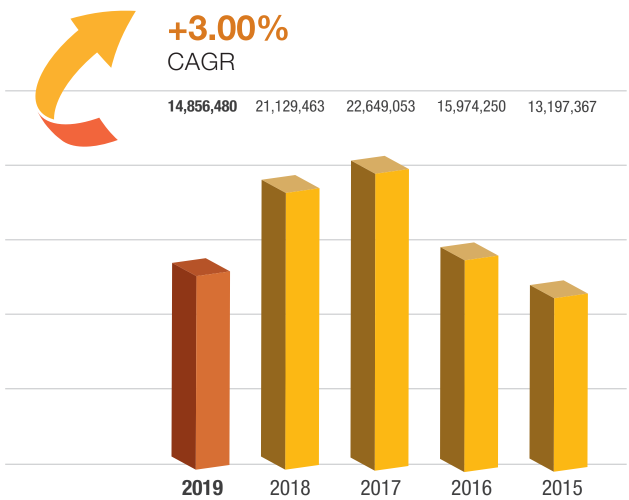
TURNOVER (S$)



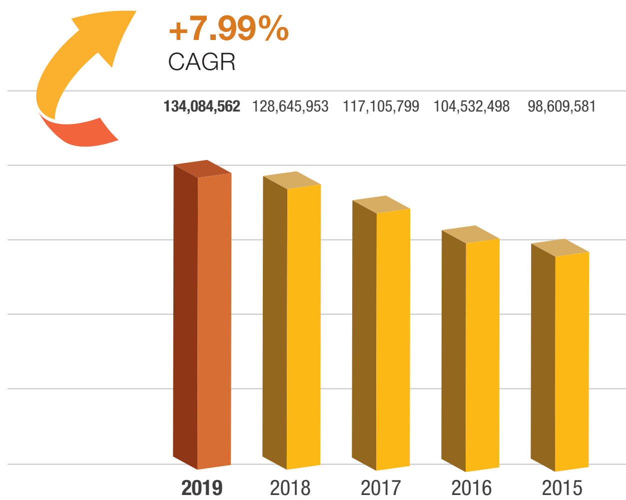
EARNINGS PER SHARE (CENTS)



PROFIT FOR THE YEAR (S$)



SHAREHOLDERS' EQUITY (S$)



FIVE-YEAR
FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 31 DECEMBER

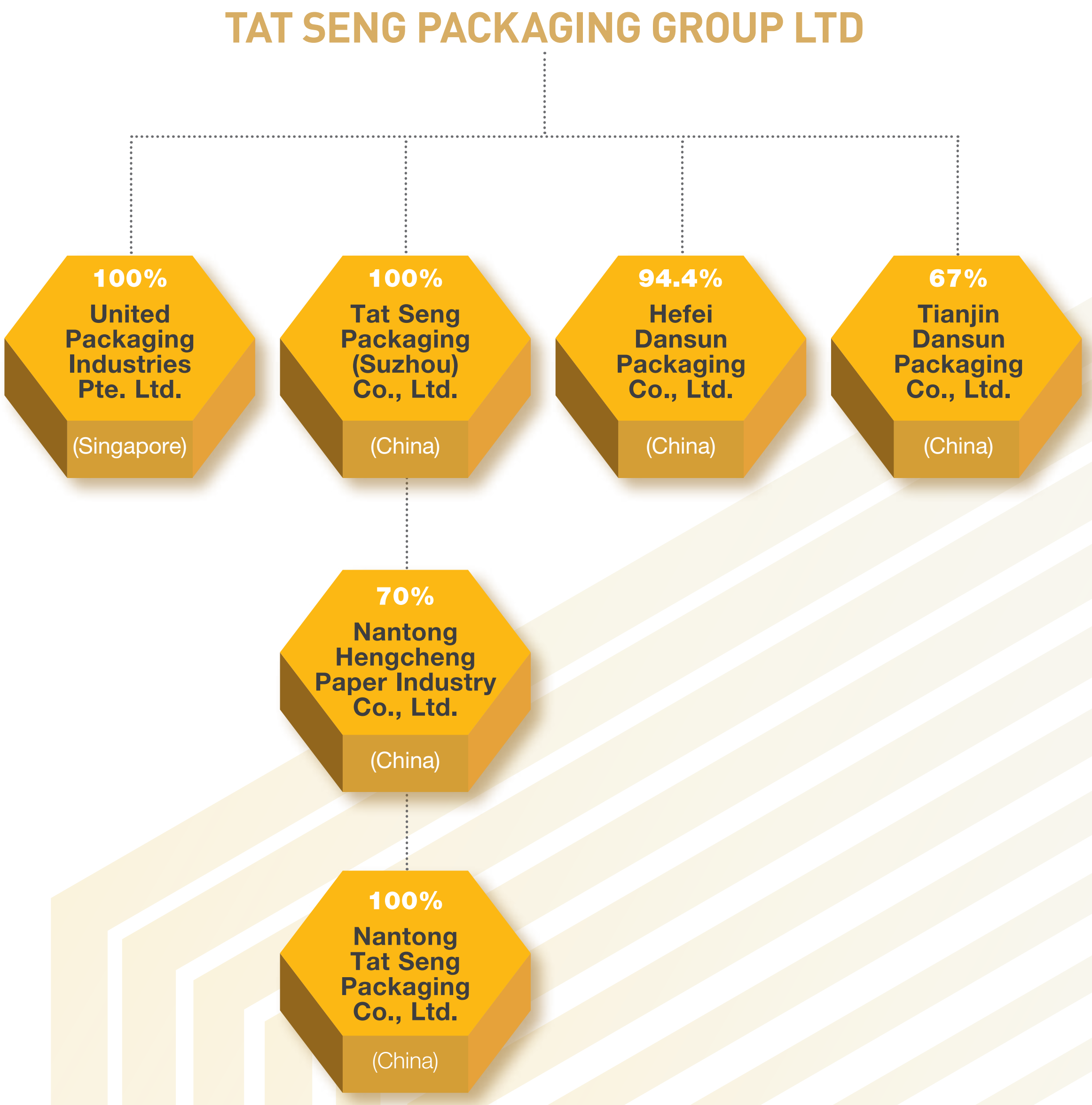
Results of Operations		2019	2018	2017	2016	2015
Revenue	(S$)	**288,617,835**	333,325,488	302,963,465	228,526,857	231,441,105
Gross profit	(%)	**17.9**	18.2	20.3	22.6	21.1
Profit before tax	(S$)	**18,983,593**	25,913,051	27,476,442	21,455,308	17,227,214
Profit attributable to owners of the Company	(S$)	**14,336,604**	19,337,618	20,348,862	14,514,700	12,442,243
Profit for the year	(%)	**5.1**	6.3	7.5	7.0	5.7
EBITDA	(S$)	**31,385,432**	34,551,099	35,188,270	28,809,325	25,424,230

Financial Indicators		2019	2018	2017	2016	2015
Return on shareholders equity	(%)	**10.7**	15.0	17.4	13.9	12.6
Earnings per share	(cents)	**9.12**	12.30	12.94	9.23	7.92
Net asset value per share	(cents)	**85.30**	81.84	74.49	66.50	62.73
Dividend per share*	(cents)	**2.00**	3.00	3.00	4.00	3.00
Cash and bank balances	(S$)	**51,842,338**	59,492,185	40,022,193	45,447,739	37,359,540
Net debt to equity ratio	(%)	**3.9**	19.9	17.0	-7.5	-3.2

* Based on dividend declared for the financial year

GROUP STRUCTURE

AS AT 31 DECEMBER 2019



BOARD OF DIRECTORS

Dr Allan Yap, 64
Executive Chairman

Date of first appointment as Director : 21 November 2005
Date of last re-election as Director : 21 April 2017

Dr Allan Yap is the Executive Chairman of the Company and he has drawn over 30 years of experience in finance, investment and banking.

Dr Yap is the Executive Chairman of Hanwell Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited. He also serves as the Chairman and Executive Director of Master Glory Group Limited and Greater Bay Area Dynamic Growth Holding Limited (formerly known as Rosedale Hotel Holdings Limited), both are companies listed on The Stock Exchange of Hong Kong Limited.

Dr Yap is also the Chairman, Chief Executive Officer and Director of China Enterprises Limited whose shares are traded on the OTC Securities Market in the United States of America.

Dr Yap is the spouse of Dr Tang Cheuk Chee, the Executive Director of the Company.

Dr Yap holds an Honorary Degree of Doctor of Laws from the University of Victoria, Canada.

Dr John Chen Seow Phun, 66
Deputy Chairman, Non-Executive and Independent Director

Date of first appointment as Director : 21 November 2005
Date of last re-election as Director : 20 April 2018

Dr John Chen Seow Phun is the Deputy Chairman, Non-Executive and Independent Director, the Chairman of the Remuneration Committee and the Nominating Committee and a member of the Audit Committee of the Company.

Dr Chen was a Member of Parliament from 1988 to 2006 and served as the Assistant Secretary General of the National Trades Union Congress from 1991 to 1997. He was a Minister of State for Communications from 1997 to 1999. From 1999 to 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development.

Dr Chen has been a Board member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd respectively. He taught at the National University of Singapore from 1983 to 1991.

Dr Chen is presently the Deputy Chairman, Non-Executive and Independent Director of Hanwell Holdings Limited, Executive Chairman of Pavillon Holdings Ltd and sits on the Board of a number of public listed companies in Singapore. He is also the Chairman of SAC Capital Pte Ltd.

Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada

BOARD OF DIRECTORS

Mr Loh See Moon, 68

Managing Director/ Chief Executive Officer

Date of first appointment as Director : 22 December 1977
Date of last re-election as Director : NA

Mr Loh See Moon was first appointed to the Board of the Company on 22 December 1977 as Director and was appointed as the Company's Managing Director on 21 November 2005. Subsequent to his appointment as the Managing Director of the Company, he is not subject to retirement by rotation. He has more than 40 years of experience in the corrugated packaging industry.

Mr Loh is a Director and Legal Representative of the Company's subsidiaries established in the People's Republic of China namely, Tianjin Dansun Packaging Co., Ltd., Hefei Dansun Packaging Co., Ltd., Nantong Hengcheng Paper Industry Co., Ltd., Nantong Tat Seng Packaging Co., Ltd. and Tat Seng Packaging (Suzhou) Co., Ltd. which have been actively involved in the corrugated packaging industry in the People's Republic of China.

Mr Loh is a member of the Risk Management Committee of the Company.

Mr Loh holds a Bachelor of Science Degree from Nanyang University, Singapore.

Dr Tang Cheuk Chee, 48

Executive Director

Date of first appointment as Director : 01 October 2011
Date of last re-election as Director : 20 April 2018

Dr Tang Cheuk Chee has a wealth of management experience and is well versed in marketing, business development and investments in property and securities.

Dr Tang is also an Executive Director of Hanwell Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited.

Dr Tang is the spouse of Dr Allan Yap, the Executive Chairman of the Company.

Dr Tang holds an Honorary Doctorate of Management from Lincoln University, United States and awarded Fellowship from the Asian College of Knowledge Management.

BOARD OF DIRECTORS

Madam Cheong Poh Hua, 63
Executive Director

Date of first appointment as Director : 01 July 2002
Date of last re-election as Director : 21 April 2017

Madam Cheong Poh Hua has extensive experience in accounting and finance, corporate management and business administration.

Madam Cheong is a Director of the Company's subsidiaries established in the People's Republic of China namely, Hefei Dansun Packaging Co., Ltd., Nantong Hengcheng Paper Industry Co., Ltd. and Tat Seng Packaging (Suzhou) Co., Ltd. which have been actively involved in the corrugated packaging industry in the People's Republic of China.

Madam Cheong is a member of the Risk Management Committee of the Company.

Madam Cheong holds a Bachelor of Commerce Degree in Accountancy from Nanyang University, Singapore. She is a member of the Institute of Singapore Chartered Accountants.

Mr Lien Kait Long, 72
Non-Executive and Lead Independent Director

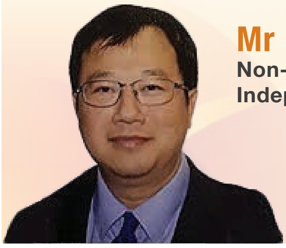
Date of first appointment as Director : 24 November 2005
Date of last re-election as Director : 26 April 2019

Mr Lien Kait Long is the Non-Executive and Lead Independent Director, the Chairman of the Audit Committee and the Risk Management Committee and a member of the Nominating Committee and Remuneration Committee of the Company. Mr Lien has more than 40 years' experience in accounting and finance, corporate management and business investment.

Mr Lien sits on the Board of several Singapore and Chinese companies listed on the Singapore Exchange Securities Trading Limited namely China Jishan Holdings Limited, Falcon Energy Group Limited and China Real Estate Grp Ltd. He is also a Director of China Enterprises Limited, a company listed on the OTC Securities Market in the United States of America.

Mr Lien holds a degree in Bachelor of Commerce from Nanyang University, Singapore. He is a fellow of the Institute of Singapore Chartered Accountants and CPA Australia since July 2004 and May 2004 respectively.

BOARD OF DIRECTORS



Mr Kong WeiLi, 53

Non-Executive and Independent Director

Date of first appointment as Director : 1 March 2019
Date of last re-election as Director : 26 April 2019

Mr Kong WeiLi is the Non-Executive and Independent Director, a member of Audit Committee, Remuneration Committee, Risk Management Committee and Nominating Committees of the Company.

Currently, Mr Kong is the Financial Advisor of Hudson Sembawang Engineering Pte. Ltd. Mr Kong is also a Non-Executive and Independent Director of Hanwell Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited.

Before joining Hudson Sembawang Engineering, Mr Kong was the Plant Financial Controller of Sanmina-SCI Systems Singapore Pte. Ltd. from 2018 to 2019 and during the period from 2008 to 2015, Mr Kong worked as Financial Controller of SMOE Pte Ltd (a subsidiary of Sembcorp Marine Ltd) a company specializing in Turnkey EPCIC, Offshore platforms and Topside modules fabrication, installation and integration. Mr Kong has more than 25 years' experience and leadership skills in accounting, finance and risk management.

Mr Kong is a Fellow member of the Institute of Singapore Chartered Accountants and CPA Australia.

Mr Siu Wai Kam, 48

Non-Executive and Independent Director

Date of first appointment as Director : 1 March 2019
Date of last re-election as Director : 26 April 2019

Mr Siu Wai Kam is the Non-Executive and Independent Director, a member of Audit Committee, Remuneration Committee, Risk Management Committee and Nominating Committee of the Company.

Since June 2013, Mr Siu has been the Assistant Director, Communications & IT of the Singapore Institute of Technology. Mr Siu has more than 20 years of experience in the information technology field. His expertise includes project management, system architecture and security, cloud computing, IT governance, strategy planning and risk management. Mr Siu is also a Non-Executive and Independent Director of Hanwell Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited.

Mr Siu holds a Master of Philosophy in Electronic Engineering and a Bachelor degree in Electronic Engineering, both from City University of Hong Kong.

BOARD OF DIRECTORS

Mr Goh Yang Jun, Jasper, 38
Non-Executive and Independent Director

Date of first appointment as Director : 1 March 2019
Date of last re-election as Director : 26 April 2019

Mr Goh Yang Jun, Jasper is the Non-Executive and Independent Director, a member of Audit Committee, Remuneration Committee, Risk Management Committee and Nominating Committee of the Company.

Mr Goh has more than 10 years of work experience since graduating from the National University of Singapore in 2007 with a Bachelor of Science – Applied Mathematics & Economics, specialising in Financial Mathematics and Operation Research (Management Science).

Mr Goh is currently the Managing Partner of Back Office Partners Pte Ltd and Lead Business Development, Asterisk Computer (FE) Pte Ltd. Mr Goh is also a Non-Executive and Independent Director of Hanwell Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited.

CORPORATE **REPORTS**

CORPORATE GOVERNANCE STATEMENT

Tat Seng Packaging Group Ltd (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") are committed to setting and maintaining high standards of corporate governance as well as promoting corporate transparency by adhering closely to the principles and guidelines set out in the Code of Corporate Governance 2018 ("**2018 Code**") which was revised on 6 August 2018 and accompanying the Practice Guidance, which supersedes the existing Code of Corporate Governance issued in 2012.

This Statement describes the practices the Company has adopted and undertaken with respect to each of the principles and guidelines and the extent of its compliance with the 2018 Code and should be read as a whole, instead of being read separately under the different principles of the 2018 Code. The Company has complied in all material aspects with the principles and guidelines set out in the 2018 Code and any deviations are explained in this report.

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.

The Company is headed by an effective Board, comprising individuals with diversified backgrounds and who collectively bring with them a wide range of experience, to lead and control the Group. The Board is responsible for the overall management and success of the Group. The primary role of the Board is to oversee the Group's business performance and affairs, and to protect and enhance long-term shareholders' and stakeholders' values. To fulfil this, apart from its statutory responsibilities, the Board performs the following roles and functions:

- providing entrepreneurial leadership and setting strategic directions and objectives of the Group;
- approving major funding proposals, investment and divestment proposals of the Group;
- reviewing the performance of management by establishing management's goals and monitoring the achievement of such goals;
- reviewing and endorsing the remuneration framework as may be recommended by the Remuneration Committee;
- supervising management in ensuring that the Company has the necessary resources to meet its goals and establish a framework of prudent and effective controls to assess and manage risks;
- overseeing the processes of risk management, financial reporting and compliance and evaluating the adequacy of internal controls;
- considering sustainability issues, such as environmental and social factors, as and when necessary, as part of its strategic formulation; and
- assuming the responsibilities for corporate governance.

All Directors discharge their duties and responsibilities objectively at all times as fiduciaries in the interests of the Company. The Board puts in place a code of conduct and ethics, and also sets the tone for the Company in respect of ethics, values and desired organisational culture, and ensure proper accountability within the Group. The Board has clear policies and procedures for dealing with conflict of interest. Where the Director faces conflict of interest, he or she would rescue himself or herself from discussions and decisions involving the issues of conflict.

CORPORATE **GOVERNANCE STATEMENT**

The Directors are provided with extensive background information about the Group's history, mission, values and business operations with their roles as Executive and Independent Directors. The Directors have the opportunity to visit the Group's operations facilities and meet with Management for further explanations, briefings or discussions on key aspects, to gain insight for a better understanding of the Group's business and operations.

The Directors are encouraged to attend relevant training programmes, courses, conferences and seminars on new laws, regulations and updates on commercial areas conducted by relevant professional organisation from time to time. Changes to regulations and accounting standards are monitored closely by the Management. In order to keep pace with such laws and regulatory changes, the Company will provide and fund the appropriate trainings and development programmes for the Directors and/or officer(s) of the Company, where relevant. Directors are updated periodically on industry trends and development of sustainability issues, relevant laws, regulations, accounting standards and changing business risks during Board meetings/Board Committees meetings or at specifically-convened sessions to enable them to properly discharge their duties effectively.

Newly appointed Directors are briefed on the business and organizational structure of the Group and its strategic directions and are encouraged to go for site visits of the Group's operating units to familiarise themselves with the Group's business practices.

The Directors have identified a few areas for which the Board has direct responsibility for decision making (which are embodied in its internal guidelines) such as the following:

- approval of annual budgets and financial plans of the Group;
- approval of annual and quarterly results announcements;
- approval of annual report and financial statements;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy;
- authorisation of major transactions;
- approval of changes to the composition to the Board and Board Committees;
- investments and divestments decisions including the Group's capital commitments; and
- commitments to term loans and lines of credit from banks and financial institutions by the Company.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, Management is responsible for the day to day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

To ensure that specific issues are subject to considerations and review before the Board makes its decision, the Board has established a number of Board Committees to assist the Board in carrying out more effectively its oversight function. These Board Committees consist of Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Risk Management Committee ("**RMC**") (collectively the "**Board Committees**").

CORPORATE GOVERNANCE STATEMENT

As of the date of this Statement, the composition of the Board Committees are as follows:

Directors	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee
John Chen Seow Phun	Member	Chairman	Chairman	–
Lien Kait Long	Chairman	Member	Member	Chairman
Kong WeiLi	Member	Member	Member	Member
Siu Wai Kam	Member	Member	Member	Member
Goh Yang Jun, Jasper	Member	Member	Member	Member
Loh See Moon	–	–	–	Member
Cheong Poh Hua	–	–	–	Member

These Board Committees function within clear Board-approved written terms of reference. Such terms of reference will be reviewed by the Board and Board Committees on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees. The minutes of all Board and Board Committees meetings which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meetings, are circulated and available to the Board and Board Committees. The Chairman of each of the Board Committees reports to the Board the outcome of the Board Committees meetings.

The compositions, authorities, roles and responsibilities of these Board Committees are set out in the subsequent sections of this Statement.

The attendance of the Directors at scheduled meetings of the Board and Board Committees during financial year 2019 is disclosed below:

	Board	Board Committees			
		Audit	Nominating	Remuneration	Risk Management
Number of scheduled meetings held	**4**	**4**	**1**	**1**	**2**
Directors	Attendance				
Allan Yap	–	–	–	–	–
Loh See Moon	4	4*	1*	1*	2
Tang Cheuk Chee	4	4*	–	–	–
Cheong Poh Hua	4	4*	–	1*	2
John Chen Seow Phun	4	4	1	1	–
Lien Kait Long	4	4	1	1	2
Lee Po On Mark[(1)]	1	1	1	1	–
Kong WeiLi[(2)]	3	3	–	–	1
Siu Wai Kam[(2)]	3	3	–	–	1
Goh Yang Jun, Jasper[(2)]	3	3	–	–	1

* Attendance by invitation of the relevant committee

Notes:

(1) Retired as Non-Executive, Independent Director and a member of Nominating, Remuneration and Audit Committees respectively on 26 April 2019.

(2) Appointed as Non-Executive and Independent Directors and a member of Nominating, Remuneration, Audit and Risk Management Committees respectively on 1 March 2019.

CORPORATE
GOVERNANCE STATEMENT

The schedules of the Board and Board Committees meetings are given to all Directors well in advance. The Board meets at least four (4) times in a year. Besides the scheduled quarterly Board meetings, the Board also meets on an ad-hoc basis as warranted by circumstances. Board meetings will be convened when they are deemed necessary, to review the Group's business operations, conduct strategic review of the business affairs and address other specific significant matters that arise.

Despite some of the Directors having multiple Board representations, the NC has reviewed the Directorships of the Directors and is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and other principal commitments of these Directors. The NC and the Board agreed that as a guide, the maximum number of the listed company Board representations which any Independent Director may hold should not exceed eleven (11), and both the NC and the Board will review and determine the maximum number of listed company Board representations as and when they deem appropriate.

The Constitution of the Company provides for the convening of the Board meetings by way of telephonic, tele-conferencing or other similar means of electronic communication. The Board also approves material and/or significant transactions by way of written resolutions which are circulated to the Directors together with all relevant and supporting information.

The agendas for meetings are prepared in consultation with the Executive Chairman, Managing Director/Chief Executive Officer, the Executive Director and/or the Chairman of the respective Board Committee. The agendas and meeting materials are circulated in advance of the scheduled meetings to the members of the Board and/or Board Committees and on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities.

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committees meetings.

During the financial year, the Board has been briefed by the Company's external consultant on the compliance and disclosure requirements of Sustainability Reporting prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the revision to 2018 Code and amendments to the Listing Rules of the SGX-ST.

The Company Secretary regularly informs the Directors of any upcoming conferences, training and seminars relevant to their roles as a Director of the Company. The external auditors would update the AC and the Board on new and revised accounting standards that are applicable to the Company or the Group during AC meetings. The Board has separate and independent access to the Senior Management team and the Company Secretary at all times. The appointment and removal of the Company Secretary are subject to the Board's approval.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Directors may seek and obtain independent professional advice to discharge the responsibilities effectively, the cost of which will be borne by the Company.

CORPORATE GOVERNANCE STATEMENT

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.

During the financial year, the NC has reviewed the Board structure, size and composition of the Company. As of the date of this Statement, the Board of the Company consists of nine (9) members comprising the Executive Chairman, Managing Director/Chief Executive Officer ("**CEO**"), two (2) Executive Directors and five (5) Non-Executive and Independent Directors which is set out as follows:–

Name of Director	Functions	Date of First Appointment as Director	Date of last re-election as Director	Present Directorships in other listed companies	Past Directorships in listed companies held over the preceding three years
Allan Yap	• Executive Chairman	21 Nov 2005	21 Apr 2017	• China Enterprises Limited (Chairman, CEO and Director) • Master Glory Group Limited (Chairman and Executive Director) • Greater Bay Area Dynamic Growth Holding Limited (formerly known as Rosedale Hotel Holdings Limited) (Chairman and Executive Director) • Hanwell Holdings Limited (Executive Chairman)	• Burcon NutraScience Corporation (Chairman, CEO and Director)
John Chen Seow Phun	• Deputy Chairman, Non-Executive and Independent Director • Chairman of Nominating and Remuneration Committees • Member of Audit Committee	21 Nov 2005	20 Apr 2018	• Fu Yu Corporation Limited (Non-Executive Chairman and Independent Director) • Hiap Seng Engineering Ltd (Independent Director) • HLH Group Limited (Independent Director) • Matex International Limited (Non-Executive Chairman and Independent Director) • OKP Holdings Limited (Lead Independent Director) • Pavillon Holdings Ltd (Executive Chairman) • Hanwell Holdings Limited (Deputy Chairman, Non-Executive and Independent Director)	–
Loh See Moon	• Managing Director/CEO • Member of Risk Management Committee	Date of appointment as Director: 22 Dec 1977 Date of appointment as Managing Director/CEO: 21 Nov 2005	–	–	–
Tang Cheuk Chee	• Executive Director	01 Oct 2011	20 April 2018	• Hanwell Holdings Limited (Executive Director)	–
Cheong Poh Hua	• Executive Director • Member of Risk Management Committee	01 Jul 2002	21 April 2017	–	–

CORPORATE GOVERNANCE STATEMENT

Name of Director	Functions	Date of First Appointment as Director	Date of last re-election as Director	Present Directorships in other listed companies	Past Directorships in listed companies held over the preceding three years
Lien Kait Long	• Non-Executive and Lead Independent Director • Chairman of Audit and Risk Management Committees • Member of Nominating and Remuneration Committees	24 Nov 2005	26 April 2019	• China Enterprises Limited (Director) • China Real Estate Grp Ltd (Director) • China Jishan Holdings Limited (Lead Independent Director) • Falcon Energy Group Limited (Lead Independent Director)	• Viking Offshore and Marine Limited (Independent Director) • Pacific Healthcare Holdings Ltd (Non-Independent Non-Executive Director) • 8Telecom International Holdings Co., Ltd (Lead Independent Director) • Hanwell Holdings Limited (Lead Independent Director) • IPC Corporation Limited (Independent Director) • Renewable Energy Asia Group Limited (Independent Director)
Kong WeiLi	• Non-Executive and Independent Director • Member of Audit, Nominating, Remuneration and Risk Management Committees	1 March 2019	26 April 2019	• Hanwell Holdings Limited (Non-Executive and Independent Director)	–
Siu Wai Kam	• Non-Executive and Independent Director • Member of Audit, Nominating, Remuneration and Risk Management Committees	1 March 2019	26 April 2019	• Hanwell Holdings Limited (Non-Executive and Independent Director)	–
Goh Yang Jun, Jasper	• Non-Executive and Independent Director • Member of Audit, Nominating, Remuneration and Risk Management Committees	1 March 2019	26 April 2019	• Hanwell Holdings Limited (Non-Executive and Independent Director)	–

Profiles of the Directors are found in the "Board of Directors" section of the Annual Report.

The criteria for independence are based on the definition given in the 2018 Code, which considers an Independent Director as one who has no relationship (direct or indirect) 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 interest of the Company. The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a director's independence checklist annually to confirm his independence based on the guidelines set out in the 2018 Code. All Directors exercise independent judgement and make decisions objectively in the best interest of the Company.

CORPORATE GOVERNANCE STATEMENT

Currently, the Board consists of nine (9) Directors, five (5) of whom are Non-Executive and Independent Directors, which represent more than half of the Board, the Company is in compliance of Provision 2.2 and 2.3 of the 2018 Code. There is no individual or small group of individuals that dominate the Board's decision-making process and matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The Board recognised the need to embrace tenets of good corporate governance that includes refreshing the composition of the Board by appointing additional independent directors. The Company believes that such efforts are more likely to engender investor confidence and in achieving long term sustainable business performance. All major decisions are based on collective decisions of the Board.

The NC reviews annually, and as and when circumstances require, if a Director is independent. The independence of each Director is assessed based on their business relationships with the Group, relationships with members of Management, relationships with the Company's substantial shareholder as well as the Director's length of service. A rigorous review was carried out internally in 2019 for Dr John Chen Seow Phun ("**Dr John Chen**") and Mr Lien Kait Long ("**Mr Lien**"), who have been on the Board for more than nine (9) years and the NC is satisfied that there has been no change to the circumstance since the findings and documents presented by the external consultant and unanimously agree and confirm that Dr John Chen and Mr Lien are independent. The factors that were taken into consideration in determining the independence of Dr John Chen and Mr Lien are set out under Principle 2 of the 2018 Code on page 18 of this report. Dr John Chen, being the Chairman of the NC and Mr Lien, being member of the NC have abstained from voting on any resolution relating to their independence and re-election.

Dr John Chen and newly appointed Directors on 1 March 2019 namely Mr Kong WeiLi ("**Mr Kong**"), Mr Siu Wai Kam ("**Mr Siu**") and Mr Goh Yang Jun, Jasper ("**Mr Jasper Goh**") are Independent Directors of Hanwell Holdings Limited ("**Hanwell**"), a controlling shareholder of the Company to which the Company has made payment to Hanwell for the provision of consultancy services of less than S$50,000 in FY2019. This consultancy services provided by Hanwell to the Company will cease on 31 December 2019. The Board believes that having gained in-depth understanding of the business and operating environment of the Group, the independent directors provide much needed experience and knowledge of the industry. Therefore, their directorships in Hanwell have not and will not interfere, or be reasonably perceived to interfere, with their ability to excise independent judgement and act in the best interests of the Company.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, to enable Management to benefit from a diverse perspective of issues that are brought before the Board. The Board regularly examines its size and, with a view to determine the impact of its number upon effectiveness, decides on what is considered an appropriate size taking into account the scope and nature of the Company's operations. The NC is of the view that the Board comprises Directors with diverse expertise and experience in business and management, accounting and financial and are capable of exercising objective judgement on the corporate affairs of the Company independently of management are appropriate. The Company has adopted a board diversity policy on 8 November 2019, and embraced all aspects of diversity in the current Board composition. The Board recognises the importance and value of gender diversity, however, the Board collectively view that it should not be considered the main selection and that merit of candidates, the right blend of skills, industry knowledge, needs of the Company, shall remain as priority.

Non-Executive and Independent Directors ("**Independent Directors**") of the Board exercise no management functions but have equal responsibility for the performance of the Group. The role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Independent Directors also help to evaluate proposals on strategy, various policies and review the performance of the Management in meeting agreed goals and objectives of the Group.

CORPORATE **GOVERNANCE STATEMENT**

The Independent Directors meet periodically without the presence of Management to discuss and facilitate a more effective check on the Management. The feedback of the meeting is provided to the Executive Chairman, Managing Director/CEO, Executive Directors and the Management. The Executive Chairman will thereafter act on the feedback, take necessary steps to advise Management on the way forward to improve and implement recommendations submitted by the Non-Executive and Independent Directors.

To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiaries.

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.

There is a distinct separation of responsibilities between the Executive Chairman and the Chief Executive Officer ("**CEO**"), which ensures that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The position of Executive Chairman is held by Dr Allan Yap and Mr Loh See Moon ("**Mr Loh**") holds the position of the Managing Director/CEO.

The Board established and set out the division of responsibilities between the Chairman and CEO. As the Executive Chairman, Dr Allan Yap is responsible to lead the Board and to ensure effective working of the Board including:

- determining the Group's strategies;
- with the assistance of the Company Secretary, scheduling of meetings to enable the Board to perform its duties while not interfering with the flow of the Group's operations;
- with the assistance of the Company Secretary, approving the meeting agenda of the Board and ensures adequate time is available for discussion of all agenda items;
- with the assistance of the Company Secretary, ensuring that Board meetings are held when necessary;
- facilitating effective contributions from the Non-Executive Directors and encouraging constructive relationships within the Board and between the Board and the Management;
- exercising control over the quality, quantity and timeliness of information flow from the Management to the Board, promoting effective communication with the Company's shareholders;
- ensuring, fostering constructive and effective communication with shareholders; and
- promoting high standards of corporate governance with full support of the Directors and the Management.

In view that Dr Allan Yap and the Executive Director, Dr Tang Cheuk Chee ("**Dr Tang**"), are immediate family members, the Board has appointed Mr Lien as the Lead Independent Director of the Company since February 2015 to lead and coordinate the meetings and activities of the Independent Directors. The Independent Directors, led by Mr Lien, meet amongst themselves without the presence of the other Directors when required. Hence, Mr Lien will contribute to a balance of views from the Board. Mr Lien is the principal liaison on Board issues between the Independent Directors and the Chairman of the Board. The Lead Independent Director is available to Shareholders where they have concerns and if contact through the normal channels of communication with the Executive Chairman or Managing Director/CEO, the Executive Directors or Chief Financial Officer ("**CFO**") has failed to resolve, or such contact is inappropriate or inadequate. Currently, the function of the CFO is subsumed by Madam Cheong Poh Hua ("**Madam Cheong**"), an Executive Director of the Company.

CORPORATE GOVERNANCE STATEMENT

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.

As at the date of this Statement, the NC comprises of five (5) members all of whom are independent:

Dr John Chen Seow Phun	(Chairman, Non-Executive and Independent Director)
Mr Lien Kait Long	(Member, Non-Executive and Lead Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)
Mr Siu Wai Kam	(Member, Non-Executive and Independent Director)
Mr Goh Yang Jun, Jasper	(Member, Non-Executive and Independent Director)

The NC Chairman has no relationship (direct or indirect) 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 his independent judgement in the best interest of the Company.

The terms of reference of NC provides that the NC shall comprise at least three (3) members of the Board, a majority of whom, including the Chairman of the NC shall be independent. The Lead Independent Director, Mr Lien is also a member of the NC.

The principal responsibilities of the NC are set out in the terms of reference and its key functions include:

- reviewing of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- reviewing, assessing and recommending nominees or candidates for appointment or election to the Board and the various Board Committees;
- assessing the effectiveness and contributions of the Board as a whole, its Board Committees and the individual Directors;
- assessing the contribution of each individual Director to the effectiveness of the Board, in particular when a Director has multiple listed company board representations and having regard to the Director's contribution and performance;
- reviewing the independence of the Directors on an annual basis;
- reviewing the performance of the Directors and recommending on the re-election and re-appointments (including alternate Directors, if any) of the Board at the AGM;
- conducting a rigorous review and determining whether an Independent Director who has served on the Board for a period exceeding nine (9) years from the date of his first appointment, can still consider as independent;
- deciding a Director is able to and has been adequately carrying out his duties as Director of the Company based on internal guidelines such as attendance, contractibility and responsiveness; and
- reviewing the training and development programmes for the Directors.

CORPORATE GOVERNANCE STATEMENT

The Chairman of the NC acts on the results of the performance evaluation and where appropriate, proposes new members to be appointed to the Board or seeks the resignation of directors, in consultation with the NC.

In appointing Directors, the Board considers the range of skills and experience required in the light of:

- geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment and re-appointment of Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independent status of each Director.

When a vacancy exists, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out their responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for re-election at the next Annual General Meeting ("**AGM**") of shareholders. Particulars of interests of Directors who held office at the end of the financial year in shares of the Company and/or its related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

The Constitution of the Company provides that, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation, candour and any other factors as may be determined by the NC.

The NC considers and recommends to the Board the appropriate structure, size and needs of the Board, with regard to the appropriate balance and diversity of skills, personal qualities and experience required for the effective performance of the Board. The NC also recommends all appointments and retirements of Directors and considers candidates to fill new positions created by expansion, as the Board may benefit therefrom, and vacancies that occur by resignation, retirement or for any other reasons to the Board. The NC may engage consultants to undertake research on, or assess, candidate(s) applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities.

Candidates are selected based on their character, judgment, business experience and acumen. The NC also ensures that the Directors have the relevant core competencies in areas such as finance, accounting and law, in order for them to discharge their duties effectively. Where a Director has multiple board representations, the NC will evaluate if a Director is able to and has been adequately carrying out his or her duties as Director of the Company. Though some of the Board members have multiple board representations, the NC is satisfied that the Directors have devoted sufficient time and attention to the Company.

CORPORATE GOVERNANCE STATEMENT

The NC is responsible to determine the independence of Directors annually by taking into account the circumstances set forth in Provision 2.1 of the 2018 Code and any other salient factors. In considering the independence of an Independent Director who has served on the Board beyond nine (9) years, the NC has taken into consideration the following factors:

(i) There were changes to the composition of the Board Committees in 2019;

(ii) The extensive knowledge and experience contributed by the Independent Directors to the Company;

(iii) The attendance, preparedness, participation and contribution in the meetings of the Board and Board Committees;

(iv) Provision of continuity and stability to the new Management at the Board level by facilitating smooth communication between old and new Management;

(v) Provision of reasonable checks and balances for the Management;

(vi) The Independent Directors have devoted adequate attention and sufficient time to the affairs of the Group; and

(vii) The Independent Directors provide overall guidance to the Management and act as safeguard for the protection of Company's assets and shareholders' interests.

The Board and the NC had developed a process of evaluation of performance of the Board and Board Committees and individual Directors through establishment of quantifiable performance criteria. The evaluation performance checklist is drawn up based on the guidelines provided in the 2018 Code.

Taking into account, among others, these Directors' participation during and outside the formal Board and Board Committees meetings as well as other contributions. The Board has accepted the NC's nomination of the retiring Directors, who have given their consent for re-election at the forthcoming AGM of the Company. In FY2019, the retiring Directors are Dr Allan Yap, Mr Loh and Madam Cheong who will retire pursuant to Regulation 91 of the Constitution of the Company. The details of the retiring Directors seeking for re-election are found in Table A set out on page 38 to page 43 of this Annual Report.

Key information regarding the Directors such as academic and professional qualifications, Board Committees served, Directorship or Chairmanship for present and past held in other listed companies, other major appointments and principal commitments, whether the appointment is executive or non-executive are set out on pages 38 to 43 of this Annual Report.

Currently, the Company does not appoint any alternate director.

CORPORATE GOVERNANCE STATEMENT

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.

Based on the recommendations of the NC, the Board has an annual performance evaluation process, carried out by the NC, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director.

(a) Assessment of the effectiveness of the Board as a whole – The NC uses an objective performance criteria to conduct Board assessments via the circulation of assessment evaluation forms to the Directors annually for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for the financial year ended 31 December 2019.

(b) Assessment of the effectiveness of the Board Committees – The NC has implemented a process to be carried out by the NC via the circulation of assessment evaluation forms to assess the effectiveness of the respective Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the NC. The results of the Board and Board Committees assessments are reviewed and discussed by the NC and, any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken. The NC has reviewed and is satisfied with the performance and effectiveness of the respective Board Committees as a whole for the financial year ended 31 December 2019.

(c) Assessment of the contribution of individual Directors to the effectiveness of the Board – The Individual Director's assessments implemented by the NC are based on the Director's self-assessment which is evaluated annually and informally on a continual basis by the NC. The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and any appropriate action taken. The NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for the financial year ended 31 December 2019.

The NC is of the view that such assessments by the Directors are useful and constructive and this collective process has provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board. The assessments also help the NC to determine whether the Directors with multiple Board representations are able to and have adequately discharged their duties as Directors of the Company. The NC has full authority to engage an external facilitator to assist the NC to carry out the evaluation process, if the need arises.

In general, the selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. In consultation with the NC, the Executive Chairman will act on the results of the Board performance and propose, where appropriate, new members to be appointed to the Board or propose changes to the Board.

CORPORATE GOVERNANCE STATEMENT

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.

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and key management personnel.

As at the date of this Statement, the RC comprises of five (5) members all of whom are independent:

Dr John Chen Seow Phun	(Chairman, Non-Executive and Independent Director)
Mr Lien Kait Long	(Member, Non-Executive and Lead Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)
Mr Siu Wai Kam	(Member, Non-Executive and Independent Director)
Mr Goh Yang Jun, Jasper	(Member, Non-Executive and Independent Director)

The principal responsibilities of the RC are set out in the terms of reference and its key functions include:

- reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel (including the Executive Chairman, Managing Director/CEO, Executive Directors and other persons having authority and responsibility for planning, directing and controlling activities of the Company and Group), and the specific remuneration packages and terms of employment (where applicable) for each Director as well as key management personnel;

- carrying out its duties in the manner that it deems expedient. Subject always to any regulations or restriction that may be imposed upon the RC by the Board from time to time;

- ensuring that all aspects of remuneration are covered, including termination terms, to ensure they are fair;

- the remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and are commensurate with their respective job scopes and levels of responsibility; and

- reviewing and recommending to the Board, the terms of renewal of service agreements of Directors and/or key management personnel and ensuring the service agreements contain fair and reasonable termination clauses which are not overly generous in the event of termination.

The RC members are knowledgeable in the field of executive compensation and have access to independent expert advice from external consultants, where necessary.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Chairman, Managing Director/CEO and Executive Directors.

CORPORATE GOVERNANCE STATEMENT

The RC is responsible for recommending to the Board a framework of remuneration for the Directors which is submitted to the whole Board for endorsement. The RC reviews recommendations on remuneration policies and packages for Directors in the interests of improved corporate performance. The RC's review of remuneration packages takes into consideration pay and employment conditions within the industry and in comparable companies, the Company's relative performance, the performance of the individual Directors, the long-term interests of the Group and ensures that the interests of the Directors align with that of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, profit sharing (where applicable) and benefits-in kind.

Each member of the Board shall abstain from voting on any resolution concerning or making any recommendations and/or participating in any deliberations in respect of his/her own remuneration.

The RC, in considering the remuneration of all directors, has not sought external advice nor appointed remuneration consultants.

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.

The remuneration packages of the Executive Directors (include Executive Chairman and Managing Director/CEO) are determined based on the framework recommended by the RC. In doing so, the RC reviews the length of appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company. The Executive Directors' framework of remuneration includes a fixed element as well as a variable element in the form of a bonus and a profit-sharing incentive which is linked to the Company's performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

The Company has no employee share option schemes or other long-term incentive schemes in place and will consider adopting the same as and when the Board deem necessary.

All Non-Executive and Independent Directors have no service agreements with the Company. They are paid with Directors' fees, additional fees paid for serving as the Chairman or members of Board Committees as well as attendance at each Board and Board Committees meetings. These fees are recommended by the RC and submitted to the Board for endorsement. Directors' fees are recommended by the Board for approval at the Company's AGM. The remuneration of Non-Executive and Independent Directors should be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities of the Directors. The Non-Executive and Independent Directors should not be over-compensated to the extent that their independence may be compromised and no Director is involved in deciding his/her own remuneration.

The Executive Chairman, Managing Director/CEO and each of the Executive Directors have a separate formal service agreement with the Company and they do not receive Directors' fees. The remuneration packages of the Executive Chairman, Managing Director/CEO and Executive Directors comprise primarily a basic salary component and a variable component which include bonuses, profit sharing incentive and other benefits. The service agreements of the Executive Chairman and Managing Director/CEO are for a period of three (3) years respectively, and the two (2) Executive Directors are for a period of two (2) to three (3) years, depending on their service agreements. These service agreements are subject to review by the RC and provide for termination by either party giving to the other an appropriate prior written notice.

CORPORATE GOVERNANCE STATEMENT

The RC is of the view that the variable component of the remuneration packages of the Executive Chairman, Managing Director/CEO, Executive Directors and key management personnel, where applicable are moderate. Although the Company did not institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Chairman, Managing Director/CEO and Executive Directors, the RC will review the necessity to include such contractual provisions to reclaim such incentive components of remuneration paid in prior years to the Executive Chairman, Managing Director/CEO and Executive Directors where incidents occur in exceptional circumstances such as misstatement of financial statements, or of misconduct resulting in financial loss to the Company. The Company remunerates key management personnel based on a balanced assessment of each individual's performance and the performance of the Group, taking into account industry benchmarking without setting excessive bonuses.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Director. No individual Director is involved in deciding his or her own remuneration. No remuneration consultants were engaged during the financial year.

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.

Summary compensation table of the Directors receiving remuneration from the Company for the financial year ended 31 December 2019 is set out below:–

Directors	Base Salary	Bonus	Profit Sharing	Directors' Fee[2]	Allowance[1]	TOTAL
Range S$250,000 and below						
John Chen Seow Phun	–	–	–	100.00%	–	100.00%
Lien Kait Long	–	–	–	100.00%	–	100.00%
Kong WeiLi	–	–	–	100.00%	–	100.00%
Siu Wai Kam	–	–	–	100.00%	–	100.00%
Goh Yang Jun, Jasper	–	–	–	100.00%	–	100.00%
Range S$250,001 to S$500,000						
Tang Cheuk Chee	39.85%	3.32%	51.66%	–	5.17%	100.00%
Cheong Poh Hua	47.63%	4.98%	40.71%	–	6.68%	100.00%
Range S$750,000 to S$1,000,000						
Allan Yap	40.26%	3.36%	55.35%	–	1.03%	100.00%
Range S$2,250,000 to S$2,500,000						
Loh See Moon	24.82%	2.07%	66.07%	–	7.04%	100.00%

(1) Employer's CPF contribution and other compensation are included.

(2) Directors' fee was approved on 26 April 2019 at the AGM of the Company (to be paid quarterly in arrears).

CORPORATE GOVERNANCE STATEMENT

The Company has decided not to disclose information on the remuneration of the Directors in dollars' terms because of the confidentiality and prevention of upward pressure or remuneration due to market competition.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 23 April 2020 for the payment of Directors' fees proposed (to be paid quarterly in arrears) for the financial year ending 31 December 2020 amounting to an aggregate of S$214,500.

Remuneration of Top Five (5) Key Management Personnel & Employees Related to Directors

The Company does not have any key management personnel who is not a director or the CEO during the financial year ended 31 December 2019.

There are no employees of the Group who are substantial shareholders and/or immediate family members of any Director or the CEO of the Company and whose remuneration exceed S$100,000 for the financial year ended 31 December 2019. The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is mainly linked to the performance of the Company and each individual's performance across a balanced set of key performance indicators including financial, operational, compliance and information technology focus areas to drive value creation.

No termination, retirement and post-employment or other long-term incentives have been granted to the Directors during the financial year ended 31 December 2019.

The RC and the Board have considered and are of the view that the Company's remuneration packages are appropriate and fair.

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.

The Board recognises that it is responsible for the overall risk management and internal control framework, but acknowledges that no cost-effective risk management and internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk assessment and evaluation has become an essential part of business planning and monitoring process. The Management having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigation actions in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation.

CORPORATE GOVERNANCE STATEMENT

Risk Management Committee ("**RMC**")

The Group has put in place a RMC chaired by Mr Lien (Lead Independent Director) and members comprising of five (5) Directors namely, Mr Loh (Managing Director/CEO), Madam Cheong (Executive Director), Mr Kong (Non-Executive and Independent Director), Mr Siu (Non-Executive and Independent Director) and Mr Jasper Goh (Non-Executive and Independent Director) to assist the Board in its oversight of risk governance, risk management framework and policies of the Group. The RMC is regulated by its terms of reference. Together with the AC, the RMC helps to ensure that Management maintains a sound system of risk management and internal controls to safeguard the interests of shareholders and the assets of the Group.

The RMC oversees the risk management framework and policies of the Group and report to the Board. Together with the Management, the RMC has established investment policies. These policies are an essential part of the business planning and monitoring process.

The meetings of the RMC are attended not only by the members but also Management and it serves as a forum to review and discuss material risks and exposures of the Group's business and the strategy to mitigate risks in general.

The risk management process that is in place covers, inter alia, financial, operational, compliance and information technology risks faced by the Group. The key risks identified are deliberated by Management, and reported to the RMC on an annual basis or such other period as may be determined by RMC.

The Group has put in place a system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. The Group has engaged Messrs Ernst & Young Advisory Pte. Ltd. as internal auditors to assess annually the effectiveness of such a system in ensuring that the Company has adequate safeguards as well as an effective robust risk management framework (including policies, procedures and processes) embedded within the Company's infrastructure that could support the Group's operations, IT system and financial reporting structure.

Further, the Company has procured undertakings in the format set out in Appendix 7.7 from all its Directors pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

The AC, RMC and Board recognise the need for a robust and effective system of internal control. To ensure that the risk management and internal controls and risk management processes are adequate and effective, the AC has access to independent professional consultants. With the assistance of the RMC, internal and external auditors, AC has carried out assessments of the adequacy and effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls are regularly reported to AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

For FY2019, the Board has received assurances from Dr Allan Yap (Executive Chairman), Mr Loh (Managing Director/CEO), Dr Tang (Executive Director) and Madam Cheong (Executive Director), that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the CEO and other key management personnel who are responsible regarding the adequacy and effectiveness of the Group's risk management and internal control systems. As the Company does not have a CFO, Madam Cheong, an Executive Director of the Company oversees the finance function of the Group.

CORPORATE GOVERNANCE STATEMENT

During the course of audit by the internal and external auditors, their recommendations, the various management controls and the reports from the internal and external auditors have been taken into consideration by the Company. The Board, with the concurrence of the AC and RMC, is of the opinion that the Group's system of internal controls and risk management procedures in addressing financial, operational, compliance and information technology controls and risk management systems maintained by the Group during the year are adequate and effective as at 31 December 2019. In general, there is no material weakness finding for FY2019. The Board will continue to enhance and improve the existing internal control framework to identify and mitigate these risks from time to time.

Audit Committee

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

As of the date of this Statement, the AC comprises of five (5) members all of whom are independent:

Mr Lien Kait Long	(Chairman, Non-Executive and Lead Independent Director)
Dr John Chen Seow Phun	(Member, Non-Executive and Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)
Mr Siu Wai Kam	(Member, Non-Executive and Independent Director)
Mr Goh Yang Jun, Jasper	(Member, Non-Executive and Independent Director)

The AC members were selected based on their expertise and prior experience in the area of financial management and at least two (2) of the AC members have the relevant accounting or financial management expertise and/or experience. The Board is of the view that majority of the AC members have the relevant expertise and experience to discharge their responsibilities as members of the AC.

In line with Provision 10.3 of the 2018 Code, no former partner or Director of the Company's existing auditing firm has acted as a member of the AC.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the internal and external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

The principal responsibilities of the AC are set out in the terms of reference and its key functions include:

- reviewing the audit plans of the external and internal auditors;
- reviewing the external and internal auditors' reports;
- reviewing the co-operation given by the Company's officers to the external and internal auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the external and internal audit function;
- evaluating the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, information technology controls, and risk management systems by reviewing the written reports from internal and external auditors, and Management responses and actions to correct any deficiencies;

CORPORATE GOVERNANCE STATEMENT

- reviewing the financial statements of the Company and the Group before their submission to the Board;

- reviewing non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;

- nominating external auditors for appointment or re-appointment and approve the remuneration and terms of engagement of the external auditors;

- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual of SGX-ST, and by such other amendments made thereto from time to time;

- reviewing interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way; and

- reviewing whistle-blowing policy and arrangements.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC will:

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;

- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating and compliance controls, information technology controls and risk management is conducted at least annually. Such reviews can be carried out by internal auditors/external auditors;

- ensure that the internal control recommendations made by internal and external auditors have been implemented by the Management; and

- ensure the Board is in a position to comment on the adequacy of the risk management and internal controls of the Group.

The AC met four (4) times in the financial year ended 31 December 2019 and the Managing Director/CEO and Executive Directors were invited to attend the meetings, as and when necessary. The AC also meets from time to time with the Group's external and internal auditors and the management to review accounting, auditing and financial reporting matters to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. At least annually, the AC meets with the internal auditors and the external auditors, without the presence of the Company's Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

The AC is satisfied that, although the Internal Audit function has been outsourced, it is adequately and effectively managed by persons with the relevant qualifications and experience. The AC is also satisfied that the internal audit function is adequately resourced and the Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including the AC and has appropriate standing within the Company and the Group.

CORPORATE
GOVERNANCE STATEMENT

The Internal Auditors report functionally to the Chairman of the AC. On an annual basis, AC with the assistance of RMC assesses the effectiveness of the Internal Audit function. During the AC meetings, the Internal Audit's summary of key audit findings, recommendations and Management's related responses were being discussed. The AC ensure that procedures are in place to follow up on the recommendations by Internal Audit in a timely manner and to monitor any outstanding issues.

The Internal Auditors plan its internal audit schedules in consultation with, but independently of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. Internal Auditors has a direct and primary reporting line to the AC and assist the AC in overseeing and monitoring measures that have been implemented to detect and correct internal control weaknesses that have been identified.

The AC has reviewed and approved the annual internal audit plan FY2019 and is satisfied that the Internal Audit has been adequately and effectively carried out in line with the International Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC continuously studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the AC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports. Based on the information provided to the AC, nothing has come to the AC's attention indicating that the system of internal controls and risk management is inadequate.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC had reviewed all the non-audit services carried out by the external auditors to the Group and confirmed that such services would not, in its opinion prejudice the independence and objectivity of the external auditors. The fees that are charged to the Group by the external auditors for audit and non-audit services were approximately S$288,695 and S$7,024 respectively for the financial year ended 31 December 2019.

The AC noted that Messrs KPMG LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with Accounting & Corporate Regulatory Authority ("**ACRA**") and provided a confirmation of their independence to the AC. Apart from this, the AC also received feedback from Management on their evaluation of the performance and effectiveness of the work of the external auditors. Having assessed the external auditors, the AC is satisfied that Messrs KPMG LLP is able to meet the audit requirements and statutory obligation of the Company.

Accordingly, Messrs KPMG LLP is recommended for re-appointment as the Company's external auditors at the forthcoming AGM.

Furthermore, AC noted that in appointing the external auditors of the Company, its subsidiaries and significant associated companies, it is satisfied that the appointment of auditors did not compromise the standard and effectiveness of the audit of the Group. Therefore, the Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their meetings with the AC.

CORPORATE GOVERNANCE STATEMENT

With the introduction of the new and revised Auditor Reporting Standards applicable to the audit of financial statements for periods ending on or after 15 December 2016, the external auditors are required to include the KAM in the Company's Annual Report. KAM typically include significant risk areas of the financial statements most susceptible to misstatements, involving key judgements and estimates, as well as major transactions that require extensive auditing efforts.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key financial reporting matters as follows:

AC's commentary on key financial reporting matters

The AC has discussed the KAM for FY2019 with Management and the external auditors. The AC concurs with the basis and conclusions included in the Independent Auditors' Report with respect to the KAM.

For more information on the KAM, please refer to pages 48 to 50 of this Annual Report.

Whistle-Blowing Policy

The Group has adopted a constructive whistle-blowing policy and guideline in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statements, financial reports and records of the Company.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to raise their concerns to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the AC or any other committees established by the AC for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors.

There were no reported incidents pertaining to whistle-blowing for FY2019. The whistle-blowing policy can be found at the Company's website at http://www.tspg.sg.

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.

In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Company is committed that all shareholders should be equally informed of all major developments of the Group which would be likely to materially affect the price or value of the Company's shares.

The Company does not practice selective disclosure as all material and price-sensitive information are released through SGXNet and the Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company.

CORPORATE GOVERNANCE STATEMENT

The information is disseminated to shareholders of the Company on a timely basis through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- quarterly announcements containing a summary of the financial information and affairs of the Group for the financial year 2019;
- notices of and explanatory memoranda for AGM and EGM;
- press releases on major developments of the Company and/or Group;
- disclosure to the SGX-ST; and
- the Company's website at http://www.tspg.sg at which our shareholders can access information on the Group.

The Company recognises the importance of actively engaging with shareholders to promote effective and fair communication. All registered shareholders are invited to participate at shareholders' meetings. The Company disseminates information on general meetings through notices in its annual reports or circulars (if required) to all its shareholders.

Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings. These notices are also released via SGXNet, published in local newspapers and posted in the Company's website ahead of the meetings to give ample time for shareholders to review the documents. The annual reports and circulars (if required) may also be viewed on the Company's website. However, we are mindful that some shareholders may prefer to receive a printed copy and we have arranged for printing of the annual reports to all shareholders for the time being.

To keep all shareholders of the Company informed on various announcements of the Company, the shareholders can access the Company's announcements and annual reports through the Company's website at http://www.tspg.sg.

Board members, senior Management and the Company Secretary are present at shareholders' meeting to respond to questions from shareholders. The Company's external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the meetings.

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with the responses from the Board and Management, are prepared by the Company Secretary. The Company will make available minutes of meetings to shareholders on its corporate website as soon as practicable.

CORPORATE GOVERNANCE STATEMENT

Dividend Policy

The Company has in place a dividend policy at present. The frequency, form and amount of any dividend to be declared are not fixed and are dependent on the Group's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate.

Although declaring and recommending dividend is not fixed, the Board aims to recommend dividends consistent with the Company's objective, inter alia of maximising shareholders' values. The Board will carefully consider and evaluate the aforementioned before proposing any dividend. In compliance with Rule 704(24) of the Listing Rules of the SGX-ST, in the event that the Board decides not to declare a dividend in respect of the full financial year, the Company will disclose the reason(s) for the decision with the announcement of the financial statements for the full financial year.

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.

The Company has in place an Investor Relations Policy outlines the practices adopted by the Company in the course of its investor relations activities. The 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.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company communicates with its shareholders during general meetings and other dialogues to allow shareholders to raise their views on various matters affecting the Company.

Although the Company does not have an investor relations team, the Company's Managing Director/CEO and Executive Directors are responsible for the Company's communication with shareholders. The Board acknowledges that not only does the Company has to fulfill its obligation to furnish timely and material information to shareholders but also to ensure that full and appropriate disclosure of such information is made for complying with statutory requirements as well as rules prescribed under the Listing Manual of the SGX-ST. Any price sensitive information will be publicly released through SGXNet.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report with an accompanying notice of AGM by post. The notice of AGM is also published in the Business Times as well as released through company website within the mandatory period, the AGM of which is to be held within four (4) months after the close of the financial year.

All disclosures, including announcements, press releases are updated on the Company's website and investors can contact the Company through its corporate website at https://www.tspg.sg.

CORPORATE GOVERNANCE STATEMENT

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.

The Board is fully committed to actively engaging the Company's material stakeholders in addition to fulfilling its obligations to shareholders. It believes that the Company's relationships with material stakeholders will have an impact on its long-term sustainability. Such stakeholders will include customers, contractors, suppliers, employees, landlords, investors, media, government, institutions and communities. They may be affected by the Company's activities and in turn their actions can affect the Company's operations.

The Company's corporate website (http://www.tspg.sg) is an important conduit for communicating with and engaging stakeholders. In addition, the Company will issue its Sustainability Report for FY2019 to share with stakeholders its strategy, main focus areas and specific efforts to meet sustainability development goals.

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Company has adopted its own internal Code of Conduct to provide guidance to all officers of the Company and its subsidiaries with regard to dealings in the Company's securities.

The Directors and officers of the Company and of the Group are advised for each close window period, and periodically reminded, not to deal in the Company's shares for the period commencing one (1) month before the announcement of the Company's financial results for the year and for the period of two (2) weeks before the announcement of the Company's quarterly results during the year. The Company will notify Directors and employees of the commencement date for each close window period.

The Company has also issued a policy on Insider Trading to all employees which sets out the principles of relevant laws relating to insider trading which are applicable at all times.

Directors, officers and connected persons are expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period and they are not to deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST for interested person transactions. To ensure compliance with Chapter 9, the AC meets quarterly during the financial year of 2019 to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders. There were no interested person transactions entered into by the Group during the year under review.

When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

CORPORATE GOVERNANCE STATEMENT

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder subsisting at the end of the FY2019.

TABLE A

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:–

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Date of Appointment	21 November 2005	22 December 1977	01 July 2002
Date of last re-appointment (if applicable)	NA	NA	NA
Age	64	68	63
Country of principal residence	Hong Kong	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 accepted the NC's recommendation, who has reviewed and considered Dr Allan Yap performance as Executive Chairman of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Loh See Moon performance as Chief Executive Officer of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Madam Cheong Poh Hua performance as Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive To lead the Board and to ensure effective working of the Board.	Executive Oversees the Group operations and sets the strategies and policies for the Group's business development.	Executive Subsumed the function of Chief Financial Officer.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Chief Executive Officer	Executive Director
Professional qualifications	Dr Yap holds an Honorary Degree of Doctor of Laws from the University of Victoria, Canada.	Mr Loh holds a Bachelor of Science Degree from the Nanyang University, Singapore.	Madam Cheong holds a Bachelor of Commerce Degree in Accountancy from the Nanyang University, Singapore. Madam Cheong is a member of the Institute of Singapore Chartered Accountants.
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	The spouse of Dr Tang Cheuk Chee, the Executive Director of the Company.	NIL	NIL

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Conflict of interest (including any competing business)	NIL	NIL	NIL
Working experience and occupation(s) during the past 10 years	Dr Yap is the Executive Chairman of the Company and he has drawn over 30 years of experience in finance, investment and banking. During the past 10 years, Dr Yap has been the Executive Chairman of the Company and Hanwell Holdings Limited. He also serves as the Chairman & Executive Director of Master Glory Group Limited and Greater Bay Area Dynamic Growth Holding Limited (f.k.a. Rosedale Hotel Holdings Limited), both are companies listed on The Stock Exchange of Hong Kong Limited. Further, Dr Yap is also the Chairman, Chief Executive Officer and Director of China Enterprises Limited whose shares are traded on the OTC Securities Market in the United States of America.	Mr Loh, Managing Director/ Chief Executive Officer of the Company, has more than 40 years of experience in the corrugated packaging industry	Madam Cheong, Executive Director of the Company, has extensive experience in accounting and finance, corporate management and business administration
Undertaking (in the format set out in Appendix 7.7) under Rule 702(1) has been submitted to the listed issuer	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	NIL	23,580,000	Direct Interest 524,000 Deemed interest 260,000

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Past (for the last 5 years) Burcon NutraScience Corporation Long Legend International Limited Nation Field Limited (registered in BVI) Nation Field Limited (registered in Samoa) Present Adrian Realty Limited Albany Holdings Limited Allied Harbour Investments Limited Ally Fortune Investments Limited Asia Will Limited Asian Bright Investments Limited Billion Gold Limited Bonusgo Enterprises Limited Budget Well Limited China Data Center Limited China Enterprises Limited China Good Investments Limited China University Online Limited	Past (for the last 5 years) None Present Tat Seng Packaging (Suzhou) Co., Ltd. Hefei Dansun Packaging Co., Ltd. Nantong Hengcheng Paper Industry Co., Ltd. Nantong Tat Seng Packaging Co., Ltd. Tianjin Dansun Packaging Co., Ltd. Sesame Holdings Pte Ltd.	Past (for the last 5 years) None Present Tat Seng Packaging (Suzhou) Co., Ltd. Hefei Dansun Packaging Co., Ltd. Nantong Hengcheng Paper Industry Co., Ltd.

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	China WTO.com Limited Cobble Hill Holdings Limited Earnful Industrial Limited Fanfare Global Limited Fantasino Investments Limited Far Bright Limited Given Honour Limited Gold Avenue Limited Gold Regent Limited Greater Bay Area Dynamic Growth Holding Limited (f.k.a. Rosedale Hotel Holdings Limited) Group Dragon (B.V.I.) Limited Group Dragon Investments Limited Group Dragon Limited Hanwell Holdings Limited Honest Goodwill Property Limited Jentop Limited Kanlord Limited Leaptop Investments Limited		

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Loyal Concept Limited Master Glory Development (China) Company Limited Master Glory Development (China) Limited Master Glory Group Management Limited Master Glory Group (B.V.I) Limited Master Glory Group Limited Master Glory Investment Group Limited Master Glory Management Limited Master Glory Strategic Investment Limited Master Solution Investments Limited Micro-Tech Ltd Mutual Top Limited Ocean Dynasty Limited Powervote Technology Limited Precious Cave Limited Precise Skill Investments Limited PSC (China) Property Co., Limited Pure Delight Assets Limited Rapid Growth Profits Limited		

CORPORATE GOVERNANCE STATEMENT

Name of Director	Allan Yap	Loh See Moon	Cheong Poh Hua
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Rich Dynamic Limited Rich Globe Investments Limited Richeast Holdings Limited Sino Echo Limited Sky Clover Limited Smartshine Ventures Limited Top Achieve International Development Limited Topack Group Limited Travoo Asia Limited Treasure Way Services Limited True Oasis Limited Vanilla King Holdings Limited Victory Lucky Limited Well Orient Limited Wellink Real Estate Sales and Marketing Consultancy Company Limited World Fortune International Development Limited Zhuhai Zhongce Property Investment Limited		

Disclose the information concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank.

The retiring Directors have responded negative to the disclosure listed in Rule 720(6) of the Listing Rules of the SGX-ST.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 53 to 127 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 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International); and

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

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

DIRECTORS

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

Allan Yap
John Chen Seow Phun
Loh See Moon
Tang Cheuk Chee
Cheong Poh Hua
Lien Kait Long
Kong WeiLi
Siu Wai Kam
Goh Yang Jun, Jasper

DIRECTORS' INTERESTS

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

	Direct Interest		Deemed Interest	
Name of director	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Ordinary shares of the Company				
Loh See Moon	23,580,000	23,580,000	–	–
Cheong Poh Hua[@]	524,000	524,000	260,000	260,000

@ Cheong Poh Hua's deemed interest arises from shareholding of the Company held by her spouse, Ee Heng Huat.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS (CONTINUED)

Name of director	Direct Interest At beginning of financial year	Direct Interest At end of financial year	Deemed Interest At beginning of financial year	Deemed Interest At end of financial year
Ordinary shares of the ultimate holding company (Hanwell Holdings Limited)				
Allan Yap#	1,000,000	1,000,000	97,947,500	97,947,500
Loh See Moon	403,000	403,000	–	–
Tang Cheuk Chee*	49,449,500	49,449,500	49,498,000	49,498,000
Lien Kait Long	172,430	30	–	–

\# Allan Yap's deemed interest arises from shareholding of the ultimate holding company, Hanwell Holdings Limited, held by his spouse, Tang Cheuk Chee.

* Tang Cheuk Chee's deemed interest arises from shareholding of the ultimate holding company, collectively held by Sino Diamond International Co., Ltd, Widelead International Limited, and her spouse, Allan Yap.

Name of director	Direct Interest At beginning of financial year	Direct Interest At end of financial year	Deemed Interest At beginning of financial year	Deemed Interest At end of financial year
Share options of the ultimate holding company (Hanwell Holdings Limited)				
Allan Yap – options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	10,000,000	–	–	–

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2020.

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

DIRECTORS' STATEMENT

SHARE OPTIONS

During the financial year, there were:

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

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

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

AUDIT COMMITTEE

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

- Lien Kait Long (Chairman), Non-Executive and Lead Independent Director
- John Chen Seow Phun, Non-Executive and Independent Director
- Kong WeiLi, Non-Executive and Independent Director
- Siu Wai Kam, Non-Executive and Independent Director
- Goh Yang Jun, Jasper, Non-Executive and Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Code of Corporate Governance.

The Audit Committee has held four (4) meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONTINUED)

The Audit Committee 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 Listing Manual of the SGX-ST).

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

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of the SGX-ST.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Loh See Moon
Director

Cheong Poh Hua
Director

26 March 2020

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tat Seng Packaging Group Ltd (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of profit or loss, consolidated statement of comprehensive income, 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 as set out on pages 53 to 127.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ('SFRS(I)s') 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of property, plant and equipment
(Refer to Note 4 to the financial statements)

Risk

As at 31 December 2019, the market capitalisation of the Group was S$63.8 million lower than the net assets of the Group, which indicated a potential impairment on the Group's non-current assets.

At 31 December 2019, the Group has non-current assets of S$94.3 million (2018: S$91.1 million), of which S$85.2 million (2018: S$86.3 million) relates to property, plant and equipment.

The assessment for impairment loss on the property, plant and equipment is based on estimation of the recoverable amount of its cash-generating unit (CGU) based on the greater of value-in-use method and fair value less costs to sell method. The estimation of the recoverable amount of the CGU is dependent on the assumptions used in estimating the future cash flows of the Group and discount rate to be applied. The assessment of these assumptions is a key focus area of our audit.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our response

Value-in-use method

We evaluated the key assumptions used in the Group's cash flows projections. This included a comparison of forecast growth rate with historical results and expected market growth. We also performed our own assessment of other key inputs such as discount rate used and replacement costs. We performed an independent analysis around the key drivers of the forecasted cash flows, in particular, rate of revenue growth, replacement costs, material costs growth and direct labour costs.

Fair value less costs to sell method

We evaluated the qualifications and competence of the external valuer. We considered the valuation methodologies used in the valuations against those applied for similar property types and assessed the reasonableness of the methodology and key assumptions used by the external valuer.

We also reviewed whether the disclosures in the financial statements appropriately described the subjectivity and judgements inherent in the recoverable amount computation, including the inter-relationship between the key unobservable inputs and the recoverable amounts.

Our findings

We found the key assumptions used for the Group's cash flow projections to be cautious. The disclosures found to be appropriate in terms of their description of the assumptions and estimates made by management and the sensitivity to changes thereon.

The valuer is a member of generally-recognised professional body for valuers. The approach to the methodologies and in deriving the fair value using direct comparison method is in line with market practices and comparable properties used are within range of market data.

Valuation of trade receivables
(Refer to Note 10, 30 to the financial statements)

Risk

The Group has significant trade receivables with customers in China. The customers of the Group would typically request for longer payment terms, as such, the Group is exposed to a heightened risk of default in respect of trade receivables. The significant judgement is applied in determining an adequate amount of the provision to be set aside.

Our response

On the application of the expected credit loss model, we assessed the Group's estimation techniques and assumptions used to determine the amount of expected credit losses on the trade receivables outstanding as at reporting date.

We assessed management's assessment on the recoverability of these amounts, corroborating explanations with underlying documentation and correspondences with the management team, taking into consideration the historical receipt records and credit risk of each customer. We compared the historical allowance for bad debts to the actual amounts written off.

INDEPENDENT
AUDITORS' REPORT

MEMBERS OF THE COMPANY

TAT SENG PACKAGING GROUP LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our findings

The resulting estimates used by the Group were balanced.

Other Information

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

We have obtained the Our Mission, Corporate Information, Executive Chairman's Statement, Financial Highlights, Five-Year Financial Summary, Group Structure, Board of Directors, Corporate Governance Statement, Directors' Statement, Land & Buildings, 資產負債表, 合併損益表, and Shareholding Statistics, prior to the date of this auditors' report.

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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (Continued)

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

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

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

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

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY

TAT SENG PACKAGING GROUP LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Yap Wee Kee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Assets					
Property, plant and equipment	4	**85,177,467**	86,331,643	**1,991,227**	2,214,141
Right-of-use assets	5	**3,800,693**	–	**2,975,156**	–
Intangible assets	6	**1,072,364**	1,105,681	**9,000**	12,000
Investment in subsidiaries	7	**–**	–	**28,984,876**	28,506,540
Deferred tax assets	8	**3,726,124**	3,646,682	**2,080,111**	2,374,887
Trade and other receivables	10	**534,078**	–	**–**	–
Non-current assets		**94,310,726**	91,084,006	**36,040,370**	33,107,568
Inventories	9	**22,364,697**	26,151,315	**85,153**	101,386
Trade and other receivables	10	**96,230,193**	126,316,418	**4,575,314**	7,485,662
Cash and cash equivalents	11	**51,842,338**	59,492,185	**11,250,619**	1,292,107
Current assets		**170,437,228**	211,959,918	**15,911,086**	8,879,155
Total assets		**264,747,954**	303,043,924	**51,951,456**	41,986,723
Equity					
Share capital	12	**31,440,000**	31,440,000	**31,440,000**	31,440,000
Retained earnings		**94,239,551**	86,496,989	**11,395,993**	4,396,855
Other reserves	13	**8,405,011**	10,708,964	**–**	–
Equity attributable to owners of the Company		**134,084,562**	128,645,953	**42,835,993**	35,836,855
Non-controlling interests	32	**9,073,115**	10,128,324	**–**	–
Total equity		**143,157,677**	138,774,277	**42,835,993**	35,836,855
Liabilities					
Deferred income	14	**2,127,939**	1,433,462	**23,138**	27,222
Loans and borrowings	15	**14,572,187**	18,491,181	**–**	–
Lease liabilities	16	**3,270,660**	–	**2,640,930**	–
Deferred tax liabilities	8	**2,968,185**	1,529,900	**–**	–
Non-current liabilities		**22,938,971**	21,454,543	**2,664,068**	27,222
Deferred income	14	**297,462**	200,577	**4,084**	4,864
Loans and borrowings	15	**42,905,340**	68,677,688	**–**	13,254
Lease liabilities	16	**1,856,109**	–	**1,696,565**	–
Trade and other payables, including derivatives	17	**53,253,795**	73,144,142	**4,750,746**	6,104,528
Current tax payable		**338,600**	792,697	**–**	–
Current liabilities		**98,651,306**	142,815,104	**6,451,395**	6,122,646
Total liabilities		**121,590,277**	164,269,647	**9,115,463**	6,149,868
Total equity and liabilities		**264,747,954**	303,043,924	**51,951,456**	41,986,723

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

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS**

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
Revenue	18	**288,617,835**	333,325,488
Cost of sales		**(237,043,235)**	(272,810,484)
Gross profit		**51,574,600**	60,515,004
Other income	19	**2,657,966**	2,836,281
Distribution and selling expenses		**(15,962,650)**	(15,494,832)
General and administrative expenses		**(16,672,585)**	(19,311,285)
(Impairment losses)/reversal of allowance for impairment of trade and other receivables (net)		**(46,495)**	158,513
Other expenses	20	**(263,872)**	(1,096,765)
Results from operating activities		**21,286,964**	27,606,916
Finance costs	21	**(2,303,371)**	(1,693,865)
Profit before tax	22	**18,983,593**	25,913,051
Tax expense	23	**(4,127,113)**	(4,783,588)
Profit for the year		**14,856,480**	21,129,463
Profit attributable to			
Owners of the Company		**14,336,604**	19,337,618
Non-controlling interests		**519,876**	1,791,845
Profit for the year		**14,856,480**	21,129,463
Earnings per share attributable to owners of the Company (cents per share)	24	**9.12**	12.30

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	2019 $	2018 $
Profit for the year	**14,856,480**	21,129,463
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	**(3,446,389)**	(3,396,169)
Effective portion of changes in fair value of cash flow hedges	**9,861**	17,199
Other comprehensive income for the year, net of tax	**(3,436,528)**	(3,378,970)
Total comprehensive income for the year	**11,419,952**	17,750,493
Total comprehensive income attributable to:		
Owners of the Company	**11,175,997**	16,255,964
Non-controlling interests	**243,955**	1,494,529
Total comprehensive income for the year	**11,419,952**	17,750,493

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to owners of the Company					
		Share capital $	Retained earnings $	Other reserves $	Total $	Non-controlling interests $	Total equity $
At 1 January 2018		31,440,000	73,046,499	12,619,300	117,105,799	8,869,285	125,975,084
Total comprehensive income for the year							
Profit for the year		–	19,337,618	–	19,337,618	1,791,845	21,129,463
Other comprehensive income							
Foreign currency translation differences		–	–	(3,098,853)	(3,098,853)	(297,316)	(3,396,169)
Effective portion of changes in fair value of cash flow hedges		–	–	17,199	17,199	–	17,199
Total other comprehensive income		–	–	(3,081,654)	(3,081,654)	(297,316)	(3,378,970)
Total comprehensive income for the year		–	19,337,618	(3,081,654)	16,255,964	1,494,529	17,750,493
Transaction with owners of the Company, recognised directly in equity							
Distributions to owners of the Company							
Unclaimed dividend reversed		–	190	–	190	–	190
Dividends to owners of the Company	25	–	(4,716,000)	–	(4,716,000)	(235,490)	(4,951,490)
Total distributions to owners of the Company		–	(4,715,810)	–	(4,715,810)	(235,490)	(4,951,300)
Transfers between reserves							
Appropriation of retained earnings to statutory reserve fund		–	(1,171,318)	1,171,318	–	–	–
At 31 December 2018		31,440,000	86,496,989	10,708,964	128,645,953	10,128,324	138,774,277

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to owners of the Company					
		Share capital $	Retained earnings $	Other reserves $	Total $	Non-controlling interests $	Total equity $
At 1 January 2019		31,440,000	86,496,989	10,708,964	128,645,953	10,128,324	138,774,277
Impact on adoption of SFRS(I) 16	2.5	–	(1,021,488)	–	(1,021,488)	–	(1,021,488)
At 1 January 2019, restated		31,440,000	85,475,501	10,708,964	127,624,465	10,128,324	137,752,789
Total comprehensive income for the year							
Profit for the year		–	14,336,604	–	14,336,604	519,876	14,856,480
Other comprehensive income							
Foreign currency translation differences		–	–	(3,170,468)	(3,170,468)	(275,921)	(3,446,389)
Effective portion of changes in fair value of cash flow hedges		–	–	9,861	9,861	–	9,861
Total other comprehensive income		–	–	(3,160,607)	(3,160,607)	(275,921)	(3,436,528)
Total comprehensive income for the year		–	14,336,604	(3,160,607)	11,175,997	243,955	11,419,952
Transaction with owners of the Company, recognised directly in equity							
Distributions to owners of the Company							
Unclaimed dividend reversed		–	100	–	100	–	100
Dividends to owners of the Company	25	–	(4,716,000)	–	(4,716,000)	(1,299,164)	(6,015,164)
Total distributions to owners of the Company		–	(4,715,900)	–	(4,715,900)	(1,299,164)	(6,015,064)
Transfers between reserves							
Appropriation of retained earnings to statutory reserve fund		–	(856,654)	856,654	–	–	–
At 31 December 2019		31,440,000	94,239,551	8,405,011	134,084,562	9,073,115	143,157,677

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Profit before tax		**18,983,593**	25,913,051
Adjustments for:			
Amortisation of deferred income	14	**(295,301)**	(181,493)
Depreciation of property, plant and equipment	4	**8,731,483**	6,941,183
Depreciation of right-of-use assets	5	**1,363,985**	–
Impairment loss on property, plant and equipment	4	**6,406**	737,721
Interest expense	21	**2,121,826**	1,488,900
Interest income	19	**(452,484)**	(382,769)
Net (gain)/loss on disposal of property, plant and equipment	19,20	**(93,376)**	52,931
Net effect of exchange differences		**(46,877)**	146,480
Property, plant and equipment written off	20	**19,733**	90,067
Allowances made/(write-back) for impairment loss for inventories	9	**4,618**	(292,019)
Amortisation of intangible assets	6	**3,000**	3,000
Allowance/(reversal of allowance) for impairment losses of trade and other receivables (net)		**46,495**	(158,513)
		30,393,101	34,358,539
Changes in:			
– inventories		**3,239,544**	(617,033)
– trade and other receivables		**26,836,792**	3,472,724
– trade and other payables		**(16,743,087)**	(2,451,383)
Cash generated from operations		**43,726,350**	34,762,847
Interest paid		**(2,121,826)**	(1,489,959)
Tax paid		**(3,253,112)**	(5,601,768)
Net cash from operating activities		**38,351,412**	27,671,120
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**486,264**	189,617
Acquisition of property, plant and equipment		**(10,108,988)**	(30,439,145)
Interest received		**430,466**	382,769
Net cash used in investing activities		**(9,192,258)**	(29,866,759)
Cash flows from financing activities			
Dividends paid		**(4,716,000)**	(4,716,000)
Dividends paid to non-controlling interests		**(1,299,164)**	(235,490)
Proceeds from loans and borrowings		**108,529,370**	145,771,726
Repayment of loans and borrowings		**(136,380,882)**	(117,537,312)
Payment on lease liabilities		**(1,715,726)**	–
Decrease in pledged deposits		**1,487,734**	1,556,971
Net cash from financing activities		**(34,094,668)**	24,839,895
Net (decrease)/increase in cash and cash equivalents		**(4,935,514)**	22,644,256
Cash and cash equivalents at 1 January		**48,489,602**	27,129,533
Effect of exchange rate fluctuations on cash held		**(949,499)**	(1,284,187)
Cash and cash equivalents at 31 December	11	**42,604,589**	48,489,602

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2020.

1 DOMICILE AND ACTIVITIES

Tat Seng Packaging Group Ltd (the "**Company**") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 28 Senoko Drive, Singapore 758214.

The financial statements of the Group as at and for the year ended 31 December 2019 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. The principal activities of the subsidiaries are set out in note 7 to the financial statements.

The immediate and ultimate holding company is Hanwell Holdings Limited, incorporated in the Republic of Singapore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements

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

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

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.

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

- Note 4, 6 – impairment test: key assumptions underlying recoverable amounts of property, plant and equipment, and intangible assets
- Note 30 – measurement of impairment loss relating to financial assets

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. The Corporate Senior Finance Manager has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable.

The Corporate Senior Finance Manager regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuation reports, broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

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).

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

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 30 – Financial risk management.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

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

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

New standards and amendments (Continued)

SFRS(I) 16 Leases

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including leasehold land and buildings, plant and machinery, and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

New standards and amendments (Continued)

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified leasehold land and buildings, plant and machinery and furniture and fittings leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at either:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to one lease of building; or
- their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to all the other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases motor vehicles. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets, including reversal of trade and other receivables and trade and other payables, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019 $
Right-of-use assets	4,881,359
Trade and other receivables	(70,453)
Lease liabilities	(6,557,795)
Trade and other payables	725,401
Retained earnings	(1,021,488)

* For the impact of SFRS(I) 16 on profit or loss for the period, see Note 29. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.13.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rates applied are ranged from 3.9% to 5.4%.

	1 January 2019 $
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's financial statements	7,755,059
Discounted using the incremental borrowing rate at 1 January 2019	6,964,090
Recognition exemption for leases with less than 12 months of lease term at transition	(406,295)
Lease liabilities recognised at 1 January 2019	6,557,795

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES

Except for the changes in accounting policies mentioned in 2.5, the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

3.1 Basis of consolidation

Business combinations

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

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

- an investment in equity securities designated as at fair value through OCI (FVOCI); or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

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

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset 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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Construction and installation in progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	50 years
Leasehold buildings	20 years
Plant and machinery	5 – 10 years
Furniture and fittings	3 – 13 $^{1}/_{3}$ years
Motor vehicles	5 – 8 years

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

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have a finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets (Continued)

Other intangible assets (Continued)

The estimate useful lives for the current and comparative years are as follows:

Club membership	29 years

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

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured on a specific identification basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

Financial assets at amortised cost

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

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

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment

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

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

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

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

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

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

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

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

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

Financial assets at FVTPL

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Subsequent measurement and gains and losses (Continued)

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (‘forward points’) is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(vi) Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges (Continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(vii) Share capital

Ordinary shares

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

(viii) Intra-group financial guarantees in the separate financial statements

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- intra-group financial guarantee contracts (FGC).

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

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

Simplified approach

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

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

General approach (Continued)

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held).

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Loss allowances for FGC are recognised as financial liability to the extent that they exceed the initial carrying amount of the FGC less the accumulated income recognised.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Write-off

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

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Non-financial assets (Continued)

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

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

3.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.9 Government grants

Government grants are recognised initially as deferred income at their fair value where there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grants. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Employee benefits (Continued)

Retirement benefits

In accordance with the regulations of the People's Republic of China (the "**PRC**") Government, the subsidiaries are required to contribute employee retirement benefits to the relevant authority. The contributions are calculated based on directives issued by the relevant authority and are charged to profit or loss when incurred.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

Short-term employee benefits

Short-term employee benefit obligations 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 or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Revenue

Goods sold

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 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 standalone selling prices of the promised goods. The individual standalone selling price of a good that has not previously been sold on a standalone 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 with observable standalone 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Finance income and finance costs

Finance income and finance costs include:

- interest income; and
- interest expense on borrowings.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Leases (Continued)

Policy applicable from 1 January 2019 (Continued)

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The leases terms of the right-of-use assets are as follow:

Leasehold land and buildings	4 – 40 years
Plant and machinery	1 – 3 years
Office equipment	5 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Leases (Continued)

Policy applicable from 1 January 2019 (Continued)

(i) As a lessee (Continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Leases (Continued)

Leases – Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Tax

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

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

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

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Tax (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

3.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.16 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 Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1 and SFRS(I) 8)
- SFRS(I) 17 *Insurance Contracts*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $	Plant and machinery $	Furniture and fittings $	Motor vehicles $	Construction in progress $	Installation in progress $	Total $
Group							
Cost							
At 1 January 2018	36,352,330	71,810,887	5,195,860	2,881,189	4,553,671	5,203,465	125,997,402
Additions	61,126	3,944,463	518,994	556,902	6,691,926	18,843,798	30,617,209
Disposals/write-off	–	(3,018,513)	(79,998)	(46,500)	–	–	(3,145,011)
Reclassification	4,502,921	1,796,606	296,103	–	187,499	(6,783,129)	–
Effect of movements in exchange rates	(1,171,515)	(1,561,528)	(58,526)	(83,061)	(310,383)	(457,689)	(3,642,702)
At 31 December 2018	39,744,862	72,971,915	5,872,433	3,308,530	11,122,713	16,806,445	149,826,898
At 1 January 2019	**39,744,862**	**72,971,915**	**5,872,433**	**3,308,530**	**11,122,713**	**16,806,445**	**149,826,898**
Additions	**292,735**	**3,015,680**	**354,029**	**460,114**	**4,283,294**	**1,757,118**	**10,162,970**
Disposals/write-off	**–**	**(3,873,982)**	**(253,977)**	**(620,062)**	**–**	**–**	**(4,748,021)**
Reclassification	**15,111,585**	**15,644,641**	**844,603**	**–**	**(14,830,656)**	**(16,770,173)**	**–**
Effect of movements in exchange rates	**(1,460,699)**	**(1,779,070)**	**(70,699)**	**(76,446)**	**(80,040)**	**(132,550)**	**(3,599,504)**
At 31 December 2019	**53,688,483**	**85,979,184**	**6,746,389**	**3,072,136**	**495,311**	**1,660,840**	**151,642,343**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings $	Plant and machinery $	Furniture and fittings $	Motor vehicles $	Construction in progress $	Installation in progress $	Total $
Group							
Accumulated depreciation and impairment losses							
At 1 January 2018	14,057,270	41,893,953	2,770,104	1,341,334	–	–	60,062,661
Depreciation charge for the year	1,596,107	4,362,272	535,957	446,847	–	–	6,941,183
Disposals/write-off	–	(2,713,985)	(65,994)	(32,417)	–	–	(2,812,396)
Impairment loss	–	646,699	57,605	33,417	–	–	737,721
Effect of movements in exchange rates	(448,641)	(903,316)	(42,546)	(39,411)	–	–	(1,433,914)
At 31 December 2018	15,204,736	43,285,623	3,255,126	1,749,770	–	–	63,495,255
At 1 January 2019	**15,204,736**	**43,285,623**	**3,255,126**	**1,749,770**	**–**	**–**	**63,495,255**
Depreciation charge for the year	**1,944,862**	**5,714,556**	**605,191**	**466,874**	**–**	**–**	**8,731,483**
Disposals/write-off	**–**	**(3,717,855)**	**(224,785)**	**(392,760)**	**–**	**–**	**(4,335,400)**
Reclassification	**–**	**(256)**	**256**	**–**	**–**	**–**	**–**
Impairment loss	**–**	**40,617**	**(565)**	**(33,646)**	**–**	**–**	**6,406**
Effect of movements in exchange rates	**(471,447)**	**(882,468)**	**(41,207)**	**(37,746)**	**–**	**–**	**(1,432,868)**
At 31 December 2019	**16,678,151**	**44,440,217**	**3,594,016**	**1,752,492**	**–**	**–**	**66,464,876**
Carrying amounts							
At 1 January 2018	22,295,060	29,916,934	2,425,756	1,539,855	4,553,671	5,203,465	65,934,741
At 31 December 2018	24,540,126	29,686,292	2,617,307	1,558,760	11,122,713	16,806,445	86,331,643
At 31 December 2019	**37,010,332**	**41,538,967**	**3,152,373**	**1,319,644**	**495,311**	**1,660,840**	**85,177,467**

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and machinery $	Furniture and fittings $	Motor vehicles $	Installation in progress $	Total $
Company					
Cost					
At 1 January 2018	2,781,574	203,154	454,988	17,967	3,457,683
Additions	–	5,021	–	–	5,021
Reclassification	–	17,967	–	(17,967)	–
At 31 December 2018	2,781,574	226,142	454,988	–	3,462,704
At 1 January 2019	**2,781,574**	**226,142**	**454,988**	**–**	**3,462,704**
Additions	**–**	**2,181**	**–**	**156,260**	**158,441**
Disposals/write-off	**–**	**(640)**	**–**	**–**	**(640)**
At 31 December 2019	**2,781,574**	**227,683**	**454,988**	**156,260**	**3,620,505**
Accumulated depreciation					
At 1 January 2018	456,065	106,171	288,160	–	850,396
Depreciation charge for the year	278,158	29,012	90,997	–	398,167
At 31 December 2018	734,223	135,183	379,157	–	1,248,563
At 1 January 2019	**734,223**	**135,183**	**379,157**	**–**	**1,248,563**
Depreciation charge for the year	**278,157**	**26,940**	**75,830**	**–**	**380,927**
Disposal/write-off	**–**	**(212)**	**–**	**–**	**(212)**
At 31 December 2019	**1,012,380**	**161,911**	**454,987**	**–**	**1,629,278**
Carrying amounts					
At 1 January 2018	2,325,509	96,983	166,828	17,967	2,607,287
At 31 December 2018	2,047,351	90,959	75,831	–	2,214,141
At 31 December 2019	**1,769,194**	**65,772**	**1**	**156,260**	**1,991,227**

During the year, the Group acquired property, plant and equipment with an aggregate cost of $10,162,970 (2018: $30,617,209) and $600,417 (2018: $785,753) remained unsettled as of year end.

The carrying amount of motor vehicles held under finance leases at the reporting date was $1 (2018: $75,831). Leased assets are pledged as security for the related finance leases liabilities (note 15).

The following property, plant and equipment are pledged to banks to secure banking facilities granted to subsidiaries (note 15).

	Group 2019 $	Group 2018 $
Leasehold land and buildings	**35,338,748**	22,446,074
Plant and machinery	**13,736,843**	1,729,342
Construction in progress	**–**	11,122,714
Installation in progress	**–**	13,828,240
	49,075,591	49,126,370

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment losses of property, plant and equipment

In 2019, the Group carried out a review of the recoverable amounts of property, plant and equipment. This review led to the recognition of impairment losses of $6,406 (2018: $737,721) arising from the obsolescence of equipment.

The recoverable amounts of the property, plant and equipment is the greater of its value-in-use and its fair value less costs of disposal. Cash flow projections used in these calculations were over a period of 5 to 20 years (2018: 5 to 15 years), based on the 2020 financial budget approved by management.

The approach to determine the recoverable amounts of the CGUs is categorised as follows:

- CGUs that are loss making or marginally profitable but are expected to be able to generate economic benefits. The recoverable amounts of the CGUs have been determined based on fair value less costs of disposal of the assets. The fair value less costs of disposal is based on market valuation performed by independent valuers with experience in the location and category of the land and building being valued.

- The recoverable amount of all other CGUs have been determined based on the calculation of their value-in-use derived from management's cash flows projections for these CGUs.

Key assumptions used in the estimation of value-in-use were as follows:

	2019	2018
	%	%
Revenue growth rate		
Singapore	**2**	3
People's Republic of China	**6 – 8**	4 – 17
Pre-tax discount rate		
Singapore	**11**	12
People's Republic of China	**12 – 21**	16 – 17

The Group considers its asset impairment accounting policy to be a policy that requires extensive application of judgements and estimates by management.

The forecasted revenue growth rate is estimated based on past performance and the expectations of market developments. The discount rates are a pre-tax measure estimated based on the weighted average cost of capital of comparable companies. The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

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4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment losses of property, plant and equipment (Continued)

The fair value measurement is categorised as level 3 under the fair value hierarchy (see note 2.4). Details of valuation techniques and key inputs used for the estimation of the recoverable amounts of CGU based on fair value less costs of disposal:

Type	Valuation technique	Significant unobservable inputs
Long term leasehold land	Comparison Method of Valuation	Comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land.
Long term leasehold building and plant and machinery	Depreciated Replacement Cost Method	Aggregated amount of gross replacement cost of the building and plant and machinery from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.

5 RIGHT-OF-USE ASSETS

	Leasehold land and buildings $	Plant and machinery $	Office equipment $	Total $
Group				
Cost				
At 1 January 2019	–	–	–	–
Recognition of right-of-use assets on initial application of SFRS(I) 16	4,722,328	159,031	–	4,881,359
Adjusted balance at 1 January 2019	4,722,328	159,031	–	4,881,359
Additions	–	129,369	168,631	298,000
Effect of movements in exchange rates	(15,698)	–	–	(15,698)
At 31 December 2019	4,706,630	288,400	168,631	5,163,661
Accumulated depreciation				
At 1 January 2019	–	–	–	–
Depreciation charge for the year	1,236,030	99,850	28,105	1,363,985
Effect of movements in exchange rates	(1,017)	–	–	(1,017)
At 31 December 2019	1,235,013	99,850	28,105	1,362,968
Carrying amounts				
At 31 December 2019	3,471,617	188,550	140,526	3,800,693

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5 RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land and buildings $
Company	
Cost	
At 1 January 2019	**–**
Recognition of right-of-use assets on initial application of SFRS(I) 16	**4,165,218**
Adjusted balance at 1 January 2019/ at 31 December 2019	**4,165,218**
Accumulated depreciation	
At 1 January 2019	**–**
Depreciation charge for the year	**1,190,062**
At 31 December 2019	**1,190,062**
Carrying amounts	
At 31 December 2019	**2,975,156**

6 INTANGIBLE ASSETS

	Group			Company
	Goodwill $	Club membership $	Total $	Club membership $
Cost				
At 1 January 2018	1,125,783	95,000	1,220,783	95,000
Effect of movements in exchange rates	(32,102)	–	(32,102)	–
At 31 December 2018	1,093,681	95,000	1,188,681	95,000
At 1 January 2019	**1,093,681**	**95,000**	**1,188,681**	**95,000**
Effect of movements in exchange rates	**(30,317)**	**–**	**(30,317)**	**–**
At 31 December 2019	**1,063,364**	**95,000**	**1,158,364**	**95,000**
Accumulated amortisation				
At 1 January 2018	–	80,000	80,000	80,000
Amortisation charge for the year	–	3,000	3,000	3,000
At 31 December 2018	–	83,000	83,000	83,000
At 1 January 2019	**–**	**83,000**	**83,000**	**83,000**
Amortisation charge for the year	**–**	**3,000**	**3,000**	**3,000**
At 31 December 2019	**–**	**86,000**	**86,000**	**86,000**
Carrying amounts				
At 1 January 2018	1,125,783	15,000	1,140,783	15,000
At 31 December 2018	1,093,681	12,000	1,105,681	12,000
At 31 December 2019	**1,063,364**	**9,000**	**1,072,364**	**9,000**

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YEAR ENDED 31 DECEMBER 2019

6 INTANGIBLE ASSETS (CONTINUED)

Annual impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's CGU identified as included in the following reportable segment:

	Group	
	2019	**2018**
	$	**$**
Singapore	**17,684**	17,684
People's Republic of China		
– Hefei Dansun Packaging Co., Ltd	**594,224**	611,452
– Nantong group of entities	**451,456**	464,545
	1,063,364	1,093,681

The recoverable amount of the CGU is determined annually based on value-in-use calculations. These calculations use cash flow projections over a period of 5 years (2018: 5 years) based on the 2020 financial budget approved by management.

For the purpose of analysing each CGU, management used the following key assumptions:

	2019	**2018**
	%	**%**
Revenue growth rate		
Singapore	**2**	3
People's Republic of China	**6 – 8**	4 – 17
Pre-tax discount rate		
Singapore	**15**	16
People's Republic of China	**16 – 19**	19

The forecasted revenue growth rate is estimated based on past performance and the expectations of market developments relevant to each of the CGU. The discount rates are a pre-tax measure estimated based on the weighted average cost of capital of comparable companies. The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

7 INVESTMENT IN SUBSIDIARIES

	Company	
	2019	**2018**
	$	**$**
Equity investments at cost	**29,320,868**	29,320,868
Less: Accumulated impairment loss	**(335,992)**	(814,328)
	28,984,876	28,506,540

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7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

As at 31 December 2019, a reversal of impairment loss of $478,336 (2018: $469,575) was made as the recoverable amount of the investment was assessed to be higher than the prior year. The reason for the higher recoverable amount is Tianjin Dansun moving into a profit-making position for the year ended 31 December 2019 and 31 December 2018 from being loss-making for the past few years. The recoverable amount of the investment was estimated using the fair value less costs of disposal approach. The fair values of the underlying assets were estimated based on their estimated selling prices and the fair value of the underlying liabilities based on the estimated cash outflows to settle the obligations.

Name	Country of incorporation	Principal activities	Ownership interest 2019 %	Ownership interest 2018 %
Held by the Company:				
United Packaging Industries Pte. Ltd.[(i)]	Singapore	Manufacture and sales of corrugated boards, corrugated cartons and other packaging products	**100**	100
Tat Seng Packaging (Suzhou) Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards, corrugated cartons and other packaging products	**100**	100
Hefei Dansun Packaging Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated cartons and other packaging products	**94.4**	94.4
Tianjin Dansun Packaging Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated cartons and other packaging products	**67**	67
Held through Tat Seng Packaging (Suzhou) Co., Ltd:				
Nantong Hengcheng Paper Industry Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards	**70**	70
Held through Nantong Hengcheng Paper Industry Co., Ltd:				
Nantong Tat Seng Packaging Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards	**100**	100

(i) Audited by KPMG LLP, Singapore

(ii) Audited/limited review performed by KPMG Huazhen for group consolidation purposes

NOTES TO THE FINANCIAL STATEMENTS

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8 DEFERRED TAX ASSETS

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2019	2018	2019	2018
	$	$	$	$
Group				
Property, plant and equipment	**(591,671)**	(623,865)	**66,265**	–
Provisions	**(598,423)**	(1,120,355)	**–**	–
Investment in subsidiaries	**–**	–	**2,961,980**	1,529,900
Trade and other receivables	**(433,994)**	(181,182)	**–**	–
Tax loss carry-forwards	**(2,162,096)**	(1,721,280)	**–**	–
Deferred tax (assets)/liabilities	**(3,786,184)**	(3,646,682)	**3,028,245**	1,529,900
Set off of tax	**60,060**	–	**(60,060)**	–
Net deferred tax (assets)/liabilities	**(3,726,124)**	(3,646,682)	**2,968,185**	1,529,900
Company				
Property, plant and equipment	**(690,990)**	(639,221)	**–**	–
Provisions	**(49,680)**	(170,421)	**–**	–
Tax loss carry-forwards	**(1,339,441)**	(1,565,245)	**–**	–
Deferred tax assets	**(2,080,111)**	(2,374,887)	**–**	–

Unrecognised deferred tax assets

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

	Group	
	2019	2018
	$	$
Unutilised tax losses	**950,704**	7,685,156

The unutilised tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries concerned can utilise the benefit. Tax losses of the subsidiaries concerned amounting to $950,704 (2018: $7,685,156) will expire in 2024 (2018: Between 2018 and 2022).

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YEAR ENDED 31 DECEMBER 2019

8 DEFERRED TAX ASSETS (CONTINUED)

Unrecognised deferred tax assets (Continued)

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2019, deferred tax liabilities of $845,156 (2018: $2,370,832)/temporary differences of $16,903,120 (2018: $47,416,631) arising from undistributed earnings of certain subsidiaries of the Group were not recognised as the Group has determined that the undistributed profits of its overseas subsidiaries will not be remitted to Singapore in the foreseeable future, but be retained for organic growth and acquisitions.

Movements in deferred tax assets and liabilities during the year:

	At 1 January 2018 $	Recognised in profit or loss (note 23) $	Exchange differences $	At 31 December 2018 $	Recognised in profit or loss (note 23) $	Exchange differences $	At 31 December 2019 $
Group							
Property, plant and equipment	(420,081)	(200,511)	(3,273)	(623,865)	101,394	(2,935)	**(525,406)**
Provisions	(856,174)	(290,412)	26,231	(1,120,355)	505,119	16,813	**(598,423)**
Investment in subsidiaries	1,531,712	(1,812)	–	1,529,900	1,432,080	–	**2,961,980**
Trade and other receivables	(466,326)	278,872	6,272	(181,182)	(263,754)	10,942	**(433,994)**
Tax loss carry-forwards	(1,524,704)	(196,576)	–	(1,721,280)	(459,307)	18,491	**(2,162,096)**
Total	(1,735,573)	(410,439)	29,230	(2,116,782)	1,315,532	43,311	**(757,939)**

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8 DEFERRED TAX ASSETS (CONTINUED)

Unrecognised deferred tax assets (Continued)

Unrecognised temporary differences relating to investments in subsidiaries (Continued)

	At 1 January 2018 $	Recognised in profit or loss $	At 31 December 2018 $	Recognised in profit or loss $	At 31 December 2019 $
Company					
Property, plant and equipment	(583,551)	(55,670)	(639,221)	(51,769)	**(690,990)**
Provisions	(187,556)	17,135	(170,421)	120,741	**(49,680)**
Tax loss carry-forwards	(1,374,052)	(191,193)	(1,565,245)	225,804	**(1,339,441)**
Total	(2,145,159)	(229,728)	(2,374,887)	294,776	**(2,080,111)**

9 INVENTORIES

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
Raw materials	**18,613,341**	22,779,241	**–**	–
Work-in-progress	**414,789**	366,474	**–**	–
Finished goods	**1,773,899**	1,860,241	**–**	–
Goods-in-transit	**1,036,339**	477,643	**–**	–
Machinery parts	**526,329**	667,716	**85,153**	101,386
	22,364,697	26,151,315	**85,153**	101,386
Inventories recognised in cost of sales	**236,872,554**	271,691,695	**21,597,129**	20,540,739
Allowances made/(write-back) for impairment loss for inventories	**4,618**	(292,019)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Trade receivables	**53,428,058**	65,888,139	**4,402,863**	4,654,116
Bills receivables	**37,122,535**	55,081,528	**–**	–
Amounts due from subsidiary (trade)	**–**	–	**–**	230,837
Amounts due from subsidiary (non-trade)	**–**	–	**–**	2,471,643
Other receivables	**659,884**	593,454	**122,276**	104,807
Deposits	**425,716**	566,141	**5,572**	5,662
	91,636,193	122,129,262	**4,530,711**	7,467,065
Prepayments	**882,108**	379,417	**22,826**	18,597
Advances to suppliers	**4,245,970**	3,807,739	**21,777**	–
	96,764,271	126,316,418	**4,575,314**	7,485,662
Non-current	**534,078**	–	**–**	–
Current	**96,230,193**	126,316,418	**4,575,314**	7,485,662
	96,764,271	126,316,418	**4,575,314**	7,485,662

Non-trade balances with subsidiaries are unsecured, non-interest bearing and repayable on demand.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Fixed deposits	**9,000,000**	–	**9,000,000**	–
Cash at banks and in hand	**42,842,338**	59,492,185	**2,250,619**	1,292,107
	51,842,338	59,492,185	**11,250,619**	1,292,107

Cash and bank balances totalling $38,681,903 (2018: $56,782,816) are held in a country which operates foreign exchange controls.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following as at 31 December:

	Group	
	2019	2018
	$	$
Fixed deposits	**9,000,000**	–
Cash at banks and in hand	**42,842,338**	59,492,185
	51,842,338	59,492,185
Cash and bank balances pledged as security for bills payable granted to the Group	**(9,237,749)**	(11,002,583)
Cash and cash equivalents	**42,604,589**	48,489,602

NOTES TO THE FINANCIAL STATEMENTS

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12 SHARE CAPITAL

	Group and Company	
	2019	2018
	No.of shares	No. of shares
Fully paid ordinary shares, with no par value		
At 1 January and 31 December	**157,200,000**	157,200,000

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 restrictions.

13 OTHER RESERVES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Foreign currency translation reserve	**(7,727,873)**	(4,557,405)	**–**	–
Statutory reserve fund	**12,567,190**	11,710,536	**–**	–
Capital reserve	**3,565,694**	3,565,694	**–**	–
Hedging reserve	**–**	(9,861)	**–**	–
	8,405,011	10,708,964	**–**	–

(i) The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(ii) The statutory reserve for subsidiaries located in PRC. In accordance with the Foreign Enterprise Law applicable to the companies in the PRC, subsidiaries of the Group are required to make appropriation to statutory reserve fund (SRF). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders. Appropriation to SRF for subsidiaries that are not wholly-owned are at the discretion of the Board of Directors.

(iii) The capital reserve comprises:

- the capitalisation of retained earnings of a subsidiary of the Group. The subsidiary capitalised its retained earnings in 2002 and 2005 in view of its expansion plans.
- the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid arising from acquisition of non-controlling interests in a subsidiary.

(iv) The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flows hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

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14 DEFERRED INCOME

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Capital grants				
At 1 January	**1,634,039**	1,353,877	**32,086**	–
Grants received during the year	**1,149,247**	506,500	**–**	37,365
Amortisation charge for the year	**(295,301)**	(181,493)	**(4,864)**	(5,279)
Effect of movements in exchange rates	**(62,584)**	(44,845)	**–**	–
At 31 December	**2,425,401**	1,634,039	**27,222**	32,086
Current	**297,462**	200,577	**4,084**	4,864
Non-current	**2,127,939**	1,433,462	**23,138**	27,222
	2,425,401	1,634,039	**27,222**	32,086

Included in deferred income are deferred capital grants relating to subsidies received from government for the acquisition of factory building and plant and machinery by its subsidiaries. The grant is amortised to match the depreciation of the related property, plant and equipment acquired and is presented in other income. There are no unfulfilled conditions or contingencies attached to this grant.

15 LOANS AND BORROWINGS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Non-current				
Secured loans*	**14,572,187**	18,491,181	**–**	–
	14,572,187	18,491,181	**–**	–
Current				
Bills payable*	**31,645,288**	38,249,036	**–**	–
Unsecured loan from non-controlling interests	**386,193**	397,390	**–**	–
Unsecured loans	**7,591,818**	21,971,247	**–**	–
Secured loans*	**3,282,041**	8,046,761	**–**	–
Secured obligations under finance lease*	**–**	13,254	**–**	13,254
	42,905,340	68,677,688	**–**	13,254
Total loans and borrowings	**57,477,527**	87,168,869	**–**	13,254

* See note 4 for securities pledged.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

15 LOANS AND BORROWINGS (CONTINUED)

Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment and were fully repaid during the year. These leases have options to purchase the property, plant and equipment at an agreed price which is stated in the agreement.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Future minimum lease payment 2019 $	Present value of minimum lease payment 2019 $	Future minimum lease payment 2018 $	Present value of minimum lease payment 2018 $
Group and Company				
Within 1 year	–	–	14,820	13,254
After 1 year but within 5 years	–	–	–	–
Total minimum lease payments	–	–	14,820	13,254
Less: Amounts representing finance charges	–	–	(1,566)	–
Present value of minimum lease payments	–	–	13,254	13,254

15 LOANS AND BORROWINGS (CONTINUED)

Finance lease commitments (Continued)

Terms and conditions of outstanding interest-bearing liabilities are as follows:

	Nominal interest rate per annum	Maturity	2019 Face value $	2019 Carrying amount $	2018 Face value $	2018 Carrying amount $
Group						
Obligation under finance leases (secured)	4.48%	2019	–	–	14,820	13,254
Renminbi ("RMB") loan A (secured)	5.23%	2023	**17,468,035**	**17,468,035**	19,464,401	19,464,401
RMB loan B (secured)	5.13%	2020	**386,193**	**386,193**	–	–
RMB loan C (secured)	5.00%	2019	–	–	1,986,950	1,986,950
RMB loan D (secured)	4.79%	2019	–	–	5,086,591	5,086,591
Loan with non-controlling interests (unsecured)	4.79%	2020	**386,193**	**386,193**	–	–
Loan with non-controlling interests (unsecured)	4.79%	2019	–	–	397,390	397,390
RMB loan E (unsecured)	4.78%	2020	**1,798,925**	**1,798,925**	–	–
RMB loan F (unsecured)	4.57%	2020	**5,792,893**	**5,792,893**	–	–
RMB loan G (unsecured)	5.46%	2019	–	–	202,073	202,073
RMB loan H (unsecured)	4.87%	2019	–	–	4,607,056	4,607,056
RMB loan I (unsecured)	4.70%	2019	–	–	13,709,953	13,709,953
RMB loan J (unsecured)	4.79%	2019	–	–	2,539,322	2,539,322
RMB loan K (unsecured)	5.00%	2019	–	–	912,843	912,843
Bills payable (secured) [i]		2020	**31,645,288**	**31,645,288**	–	–
Bills payable (secured) [i]		2019	–	–	38,249,036	38,249,036
Total loans and borrowings			**57,477,527**	**57,477,527**	87,170,435	87,168,869
Lease liabilities (Note 16)	3.89% – 5.39%	2020 – 2036	**5,609,000**	**5,126,769**	–	–
Total interest-bearing liabilities			**63,086,527**	**62,604,296**	87,170,435	87,168,869
Company						
Obligation under finance leases (secured)	4.48%	2019	–	–	14,820	13,254
Total loans and borrowings			–	–	14,820	13,254
Lease liabilities (Note 16)	3.89%	2020 – 2022	**4,557,201**	**4,337,495**	–	–
Total interest-bearing liabilities			**4,557,201**	**4,337,495**	14,820	13,254

[i] The bills payable of the Group are secured by the leasehold land, certain leasehold buildings, certain plant and machinery, cash and bank balances of the Group, and are non-interest bearing and mature within 6 months from the financial year end.

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

15 LOANS AND BORROWINGS (CONTINUED)

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

	Liabilities		
	Lease liabilities (Note 16) $	Loans and borrowings $	Total $
Balance at 1 January 2018	–	61,445,819	61,445,819
Changes from financing cash flows			
Proceeds from loans and borrowings	–	145,771,726	145,771,726
Repayment of loans and borrowings	–	(117,537,312)	(117,537,312)
Total changes from financing cash flows	–	28,234,414	28,234,414
The effect of changes in foreign exchange rates	–	(2,511,364)	(2,511,364)
Balance at 31 December 2018	–	87,168,869	87,168,869
Balance at 1 January 2019	**6,557,795**	**87,168,869**	**93,726,664**
Changes from financing cash flows			
Proceeds from loans and borrowings	–	108,529,370	108,529,370
Repayment of loans and borrowings	–	(136,380,882)	(136,380,882)
Payment of lease liabilities	(1,715,726)	–	(1,715,726)
Total changes from financing cash flows	(1,715,726)	(27,851,512)	(29,567,238)
The effect of changes in foreign exchange rates	(13,300)	(1,839,830)	(1,853,130)
Other changes			
New leases	298,000	–	298,000
Total other changes	298,000	–	298,000
Balance at 31 December 2019	**5,126,769**	**57,477,527**	**62,604,296**

16 LEASE LIABILITIES

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
Non-current	**3,270,660**	–	**2,640,930**	–
Current	**1,856,109**	–	**1,696,565**	–
	5,126,769	–	**4,337,495**	–

NOTES TO THE FINANCIAL STATEMENTS
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17 TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Trade payables	**34,919,753**	51,995,020	**81,230**	80,122
Other payables	**4,953,279**	5,541,549	**207,621**	284,299
Financial derivatives liabilities	**–**	9,861	**–**	–
Accrued operating expenses	**4,830,042**	5,421,075	**407,633**	1,137,614
Accrued staff remuneration	**8,525,041**	10,150,957	**2,932,241**	3,747,963
Amounts due to subsidiaries				
– trade	**–**	–	**1,068,575**	797,573
– non-trade	**–**	–	**27,766**	31,277
Amounts due to holding company (non-trade)	**25,680**	25,680	**25,680**	25,680
	53,253,795	73,144,142	**4,750,746**	6,104,528

Non-trade balances with subsidiaries and holding company are unsecured, non-interest bearing and repayable on demand.

18 REVENUE

	Group	
	2019	2018
	$	$
Sale of goods	**288,617,835**	333,325,488

19 OTHER INCOME

	Group	
	2019	2018
	$	$
Interest income from fixed deposit and others	**452,484**	382,769
Government grants	**1,222,009**	1,130,825
Net foreign exchange gain	**99,010**	844,423
Amortisation of deferred income	**295,301**	181,493
Net gain on disposal of property, plant and equipment	**93,376**	–
Others	**495,786**	296,771
	2,657,966	2,836,281

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

20 OTHER EXPENSES

	Group	
	2019	2018
	$	$
Property, plant and equipment written off	**19,733**	90,067
Net loss on disposal of property, plant and equipment	**–**	52,931
Impairment loss on property, plant and equipment	**6,406**	737,721
Amortisation of intangible assets	**3,000**	3,000
Others	**234,733**	213,046
	263,872	1,096,765

21 FINANCE COSTS

	Group	
	2019	2018
	$	$
Interest expense on loans and borrowings	**1,879,489**	1,488,900
Interest expenses on lease liabilities	**242,337**	–
	2,121,826	1,488,900
Bank charges	**181,545**	204,965
	2,303,371	1,693,865

22 PROFIT BEFORE TAX

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

	Group	
	2019	2018
	$	$
Audit fees paid to:		
– auditors of the Company	**152,869**	128,642
– other auditors	**165,996**	146,830
Non-audit fees paid to:		
– auditors of the Company	**7,024**	7,000
– other auditors	**27,000**	26,000
Directors' fees	**219,670**	204,000
Staff costs	**35,358,991**	37,192,157
Contributions to defined contribution plans, included in staff costs	**2,067,356**	3,399,991
Depreciation of property, plant and equipment	**8,731,483**	6,941,183
Depreciation of right-of-use assets	**1,363,985**	–
Operating lease expenses	**669,221**	2,344,183

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

23 TAX EXPENSE

	Note	Group 2019 $	Group 2018 $
Current tax expense			
Current year		**3,530,082**	4,967,837
Adjustments for prior years		**(718,501)**	226,190
		2,811,581	5,194,027
Deferred tax expense			
Origination and reversal of temporary differences		**1,155,818**	(353,798)
Adjustments for prior years		**159,714**	(56,641)
	8	**1,315,532**	(410,439)
Total tax expenses		**4,127,113**	4,783,588
Reconciliation of effective tax rate			
Profit before tax		**18,983,593**	25,913,051
Tax at applicable rate of 17% (2018: 17%)		**3,227,211**	4,405,219
Non-deductible expenses		**355,357**	242,384
Income not subject to tax		**(5,948)**	(5,593)
Effects of tax rates in foreign jurisdiction		**(547,714)**	(75,246)
Tax incentives		**(390,905)**	(180,898)
Deferred tax assets not recognised		**237,676**	–
Recognition of previously unrecognised tax losses		**(808,247)**	(240,809)
Withholding tax		**2,163,010**	334,069
(Over)/under provided in prior years		**(558,787)**	169,549
Others		**455,460**	134,913
		4,127,113	4,783,588

The subsidiaries of the Group were accredited as "High and New Technology Enterprise" ("HNTE") and were entitled to preferential income tax rate of 15% for a period of three years as follows:

	Period
2019	
Tat Seng Packaging (Suzhou) Co., Ltd	2017 – 2019
Tianjin Dansun Packaging Co., Ltd	2019 – 2021
Hefei Dansun Packaging Co., Ltd	2019 – 2021 (Renew)
2018	
Tat Seng Packaging (Suzhou) Co., Ltd	2017 – 2019
Hefei Dansun Packaging Co., Ltd	2016 – 2018

24 EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

24 EARNINGS PER SHARE (CONTINUED)

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

	Group	
	2019	**2018**
	$	**$**
Profit, net of tax, attributable to owners of the Company	**14,336,604**	19,337,618

	No. of shares	
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**157,200,000**	157,200,000

As there are no share options and warrants in issue as at the financial year end, the basic and fully diluted earnings per share are the same.

25 DIVIDENDS

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

For the year ended 31 December

	Group and Company	
	2019	**2018**
	$	**$**
Paid by the Company to owner of the Company		
Final exempt (one-tier) dividend at $0.02 (2018: $0.02) per ordinary share in respect of the previous financial year	**3,144,000**	3,144,000
Interim exempt (one-tier) dividend at $0.01 (2018: $0.01) per ordinary share in respect of the current financial year	**1,572,000**	1,572,000
	4,716,000	4,716,000

	Group	
	2019	**2018**
	$	**$**
Paid by subsidiary to NCI		
Final dividend in respect of the current financial year	**1,299,164**	235,490

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

25 DIVIDENDS (CONTINUED)

For the year ended 31 December (Continued)

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2019	**2018**
	$	**$**
Final exempt (one-tier) dividend at $0.01 (2018: $0.02) per ordinary share in respect of current financial year	**1,572,000**	3,144,000

26 BANKING FACILITIES

The amounts of credit facilities granted by the banks to the Group and the Company at the reporting date were as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Loan and trade financing facilities	**151,881,898**	143,553,036	**6,100,000**	6,100,000
Overdraft facilities	**2,000,000**	2,000,000	**–**	–
Foreign exchange contracts	**5,000,000**	7,250,000	**1,000,000**	1,000,000

The banking facilities of its subsidiaries are secured by the leasehold land, certain leasehold buildings and certain plant and machinery of its subsidiaries (note 4).

27 RELATED PARTIES

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Holding company:				
Corporate service fee	**48,000**	48,000	**48,000**	48,000
Subsidiaries:				
Services rendered	**–**	–	**(841,359)**	(805,594)
Management fee income	**–**	–	**(523,389)**	(499,109)
Dividend income	**–**	–	**(6,095,148)**	(6,717,630)
Purchases	**–**	–	**20,106,004**	19,682,770
Related parties:				
Sales	**(53,787)**	(46,666)	**(53,787)**	(46,666)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

27 RELATED PARTIES (CONTINUED)

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2019	2018
	$	$
Short-term employee benefits	**3,999,490**	4,868,770
Defined contributions plan	**43,352**	43,352
Other short-term benefits	**78,778**	93,886
Total compensation paid to Executive Directors of the Company, included in staff costs	**4,121,620**	5,006,008

The management considers that there were no key management personnel other than the Executive Directors.

28 COMMITMENTS

Capital commitments

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

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Capital commitments in respect of purchase of property, plant and equipment	**3,395,198**	4,285,499	**308,075**	–

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $49,698,573 (2018: $50,835,079) to banks for banking facilities of $53,698,573 (2018: $54,835,079) made available to its subsidiaries, of which the subsidiaries has utilised $18,267,662 (2018: $32,185,757). The Company does not consider it probable that a claim will be made against the Company under the guarantee.

NOTES TO THE FINANCIAL STATEMENTS
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29 LEASES

Leases as lessee (SFRS(I) 16)

In prior year, the leases of leasehold land and buildings, plant and machinery and office equipment were classified as operating leases under SFRS(I) 1-17 except for motor vehicle which was classified as finance lease under SFRS(I) 1-17 in note 15. Some leases provide for additional rent payments that are based on changes in local price indices.

Information about leases for which the Group is a lessee is presented below and right-of-use assets as disclosed in note 5.

Amounts recognised in profit or loss

	$
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	**242,337**
Expenses relating to short-term leases	**669,221**
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	2,344,183

Amounts recognised in statement of cash flows

	2019 $
Total cash outflow for leases	**1,958,063**

Extension options

One of the leased property's agreement contains 5 years extension option to be exercisable by the Company before the expiry of the lease term and the lease rental price of the extension period to be determined in accordance with the prevailing market rate. The Group has not included the extension option in the computation of the right-of-use and lease liabilities for this particular lease as the Group is still assessing the various alternatives other than to exercise the lease option.

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FINANCIAL STATEMENTS
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30 FINANCIAL RISK MANAGEMENT

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's maximum exposure to credit risk arises primarily from trade and other receivables.

Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing with reputable counterparties. As at 31 December 2019, the Group's concentration of credit risk by geographical locations is in Singapore and the PRC.

The Group determines concentration of credit risk by monitoring the country of its trade and bills receivables on an on-going basis. The credit risk concentration profile of the Group's trade and bills receivables by country at the reporting date is as follows:

	2019 $	2019 %	2018 $	2018 %
Singapore	**9,726,190**	**11**	9,607,530	8
PRC	**80,824,403**	**89**	111,362,137	92
	90,550,593	**100**	120,969,667	100

Impairment losses

The ageing of trade and other receivables** that are not impaired at the reporting date is:

	2019 $	2018 $
Group		
Not past due	**84,793,807**	107,809,731
Past due 1 – 90 days	**5,660,398**	12,671,551
Past due 91 – 180 days	**96,388**	412,266
More than 180 days	**–**	76,121
No credit term	**1,085,600**	1,159,593
	91,636,193	122,129,262
Company		
Not past due	**3,395,489**	3,634,532
Past due 1 – 90 days	**1,007,374**	1,250,421
Past due 91 – 180 days	**–**	–
More than 180 days	**–**	–
No credit term	**127,848**	2,582,112
	4,530,711	7,467,065

** *excludes prepayments and advances to suppliers*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Impairment losses (Continued)

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

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
At 1 January	**427,544**	1,608,072	**–**	2,078
Allowance for impairment losses/(reversal of allowance) of trade and other receivables (net)	**46,495**	(158,513)	**–**	–
Amounts written off	**(119,128)**	(1,006,696)	**–**	(2,078)
Exchange differences	**(10,225)**	(15,319)	**–**	–
At 31 December	**344,686**	427,544	**–**	–

Trade and other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings.

Significant cash and cash equivalents balances of the Group are mainly placed with financial institutions with investment-grade credit ratings assigned by an international credit rating agency. The ECL for the remaining cash balances held by other financial institutions are immaterial.

The Management has implemented a credit risk policy to monitor and manage the credit risk arising from the bill receivables. The policy includes an analysis considering both quantitative and qualitative information in determining the ECL of the bill receivables. The ECL for bill receivables are considered immaterial after taking into consideration of the credit risk assessment and historical default rates.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. Liquidity risk arises in the general funding of the Group's operating activities. It includes the risk of not being able to fund operating activities at settlement dates and liquidate positions in a timely manner at a reasonable price.

The Group manages its liquidity risk by ensuring the availability of funding through diverse sources of committed and uncommitted credit facilities from various banks and maintaining adequate cash and cash equivalents.

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30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount $	Contractual cash flows $	Within 1 year $	After 1 year but within 5 years $	More than 5 years $
Group					
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables*	**53,253,795**	**(53,253,795)**	**(53,253,795)**	**–**	**–**
Loans and borrowings	**57,477,527**	**(59,433,109)**	**(43,982,669)**	**(15,450,440)**	**–**
Lease liabilities	**5,126,769**	**(5,609,000)**	**(2,029,645)**	**(3,100,279)**	**(479,076)**
Total	**115,858,091**	**(118,295,904)**	**(99,266,109)**	**(18,550,719)**	**(479,076)**
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables*	73,134,281	(73,134,281)	(73,134,281)	–	–
Loans and borrowings	87,168,869	(93,369,230)	(73,729,650)	(19,639,580)	–
	160,303,150	(166,503,511)	(146,863,931)	(19,639,580)	–
Derivative financial instruments					
Forward exchange contracts used for hedging (gross-settled)	9,861				
– outflow		(1,040,418)	(1,040,418)	–	–
– inflow		1,030,557	1,030,557	–	–
	9,861	(9,861)	(9,861)	–	–
Total	160,313,011	(166,513,372)	(146,873,792)	(19,639,580)	–

* *excludes financial derivative liabilities*

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

	Carrying amount	Contractual cash flows	Within 1 year	After 1 year but within 5 years
Company				
31 December 2019				
Non-derivative financial liabilities				
Trade and other payables	**4,750,746**	**(4,750,746)**	**(4,750,746)**	**–**
Lease liabilities	**4,337,495**	**(4,557,201)**	**(1,835,115)**	**(2,722,086)**
Recognised financial liabilities	**9,088,241**	**(9,307,947)**	**(6,585,861)**	**(2,722,086)**
Intra-group financial guarantee	**–**	**(49,698,573)**	**(49,698,573)**	**–**
Total	**9,088,241**	**(59,006,520)**	**(56,284,434)**	**(2,722,086)**
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables	6,104,528	(6,104,528)	(6,104,528)	–
Loans and borrowings	13,254	(14,820)	(14,820)	–
Recognised financial liabilities	6,117,782	(6,119,348)	(6,119,348)	–
Intra-group financial guarantee	–	(50,835,079)	(50,835,079)	–
Total	6,117,782	(56,954,427)	(56,954,427)	–

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks arise primarily from their loans and borrowings. The Group's policy is to maintain the bank borrowings to the minimum, and to obtain the most favourable interest rates available.

Surplus funds in the Group are placed in deposits with banks and are subject to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (Continued)

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Fixed rate instruments				
Financial assets	**9,000,000**	–	**9,000,000**	–
Financial liabilities	**(12,718,587)**	(2,000,204)	**(4,337,495)**	(13,254)
	(3,718,587)	(2,000,204)	**4,662,505**	(13,254)
Variable rate instruments				
Financial assets	**38,760,390**	56,814,786	**39,624**	30,782
Financial liabilities	**(18,240,421)**	(46,919,629)	**–**	–
	20,519,969	9,895,157	**39,624**	30,782

Fair value sensitivity analysis for fixed rate instruments

The Group does 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 the profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit or loss			
	Group		Company	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	$	$	$	$
2019				
Variable rate instruments	**205,200**	**(205,200)**	**396**	**(396)**
2018				
Variable rate instruments	98,952	(98,952)	308	(308)

NOTES TO THE FINANCIAL STATEMENTS

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30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

The Group is exposed to foreign exchange risk on sales, purchases and investments, including inter-company sales and purchases and inter-company balances that are denominated in a currency other than the functional currency of the respective companies in the Group. The currency giving rise to this risk is primarily the United States dollar.

Foreign currencies received are kept in foreign currency bank accounts and are used to make foreign currency payments so as to minimise the foreign exchange exposure. The Group is also exposed to currency translation risk arising from its net investments in PRC. The Group's net investments in PRC are not hedged as currency positions in RMB is considered long-term in nature.

The Group's exposures to foreign currencies (before inter-company elimination) are as follows:

	2019		**2018**	
	US Dollars ("USD") $	**Others $**	**US Dollars ("USD") $**	**Others $**
Group				
Trade and other receivables	**5,299,987**	**–**	3,600,209	–
Cash and cash equivalents	**8,636,326**	**7,799**	8,033,326	8,054
Trade and other payables	**(390,352)**	**(65,587)**	(768,559)	(33,238)
Net statement of financial position exposure	**13,545,961**	**(57,788)**	10,864,976	(25,184)
Forward foreign exchange contracts	**–**	**–**	1,030,557	–
Net exposure	**13,545,961**	**(57,788)**	11,895,533	(25,184)
Company				
Trade and other receivables	**6,800**	**–**	26,592	–
Cash and cash equivalents	**39,624**	**–**	30,782	–
Trade and other payables	**(2,752)**	**(945)**	(4,014)	(1,577)
Net exposure	**43,672**	**(945)**	53,360	(1,577)

NOTES TO THE FINANCIAL STATEMENTS

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30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

The contractual amounts of the derivative financial instruments and their corresponding gross positive and negative fair values at statement of financial position date are analysed below:

	Contract/ notional amount $	Positive fair values $	Negative fair values $
Group			
31 December 2019			
Forward exchange contracts used for hedging	**–**	**–**	**–**
31 December 2018			
Forward exchange contracts used for hedging	1,030,557	–	9,861

Sensitivity analysis

A 5% (2018: 5%) strengthening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Group		Company	
	Profit or loss $	Equity $	Profit or loss $	Equity $
31 December 2019				
USD	**677,298**	**–**	**2,184**	**–**
Others	**(2,889)**	**–**	**(47)**	**–**
31 December 2018				
USD	543,249	51,528	2,668	–
Others	(1,259)	–	(79)	–

A 5% (2018: 5%) weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. The analysis is performed on the same basis for 2018.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values

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. Further, for the current year the fair value disclosure of lease liabilities is also not required.

		Carrying amount				Fair value		
	Note	At amortised cost $	Fair value – hedging instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Group								
31 December 2019								
Financial assets not measured at fair value								
Trade and other receivables*	10	**91,636,193**	**–**	**–**	**91,636,193**			
Cash and cash equivalents	11	**51,842,338**	**–**	**–**	**51,842,338**			
		143,478,531	**–**	**–**	**143,478,531**			
Financial liabilities not measured at fair value								
Loans and borrowings	15	**–**	**–**	**(57,477,527)**	**(57,477,527)**			
Trade and other payables#	17	**–**	**–**	**(53,253,795)**	**(53,253,795)**			
		–	**–**	**(110,731,322)**	**(110,731,322)**			

* *excludes prepayments and advances to suppliers*
# *excludes financial derivative liabilities*

		Carrying amount				Fair value		
	Note	At amortised cost $	Fair value – hedging instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Group								
31 December 2018								
Financial assets not measured at fair value								
Trade and other receivables*	10	122,129,262	–	–	122,129,262			
Cash and cash equivalents	11	59,492,185	–	–	59,492,185			
		181,621,447	–	–	181,621,447			
Financial liabilities measured at fair value								
Financial derivatives liabilities	17	–	(9,861)	–	(9,861)	–	(9,861)	–
Financial liabilities not measured at fair value								
Loans and borrowings	15	–	–	(87,168,869)	(87,168,869)			
Trade and other payables#	17	–	–	(73,134,281)	(73,134,281)			
		–	–	(160,303,150)	(160,303,150)			

* *excludes financial derivative assets, prepayments and advances to suppliers*
# *excludes financial derivative liabilities*

NOTES TO THE
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (Continued)

	Note	Carrying amount				Fair value		
		At amortised cost $	Fair value – hedging instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Company								
31 December 2019								
Financial assets not measured at fair value								
Trade and other receivables *	10	**4,530,711**	**–**	**–**	**4,530,711**			
Cash and cash equivalents	11	**11,250,619**	**–**	**–**	**11,250,619**			
		15,781,330	**–**	**–**	**15,781,330**			
Financial liabilities not measured at fair value								
Trade and other payables	17	**–**	**–**	**(4,750,746)**	**(4,750,746)**			
		–	**–**	**(4,750,746)**	**(4,750,746)**			
31 December 2018								
Financial assets not measured at fair value								
Trade and other receivables *	10	7,467,065	–	–	7,467,065			
Cash and cash equivalents	11	1,292,107	–	–	1,292,107			
		8,759,172	–	–	8,759,172			
Financial liabilities not measured at fair value								
Loans and borrowings	15	–	–	(13,254)	(13,254)			
Trade and other payables	17	–	–	(6,104,528)	(6,104,528)			
		–	–	(6,117,782)	(6,117,782)			

* *excludes prepayments and advances to suppliers*

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used, where applicable.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Forward exchange contracts	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.

During the financial years ended 31 December 2019 and 31 December 2018, there were no transfers between Level 1 and Level 2.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

31 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

As disclosed in note 12, subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2019 and 2018.

The Group monitors capital using net debt to total capital ratio. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the hedging reserve and the above mentioned restricted statutory reserve funds.

	Group	
	2019	**2018**
	$	**$**
Trade and other payables*	**53,253,795**	73,134,281
Loans and borrowings	**57,477,527**	87,168,869
Lease liabilities	**5,126,769**	–
Less: Cash and cash equivalents	**(51,842,338)**	(59,492,185)
Net debt	**64,015,753**	100,810,965
Equity attributable to owners of the Company	**134,084,562**	128,645,953
Less: Statutory reserve fund	**(12,567,190)**	(11,710,536)
Less: Hedging reserve	**–**	9,861
Total capital	**121,517,372**	116,945,278
Net debt to total capital ratio	**0.53**	0.86

* *excludes financial derivative liabilities*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

32 NON-CONTROLLING INTERESTS IN SUBSIDIARIES

The following table summarises the information relating to the Group's subsidiaries with material non-controlling interest ("NCI"), based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in Group's accounting policies.

	Material NCI in PRC $	Other individually immaterial NCI in PRC $	Intra-group elimination $	Total $
31 December 2019				
Revenue	66,023,773			
Loss	(1,642,757)			
Other comprehensive income	(578,071)			
Total comprehensive income	(2,220,828)			
Attributable to NCI:				
– (Loss)/profit	(492,827)	1,012,703	–	519,876
– Other comprehensive income	(173,421)	(102,500)	–	(275,921)
– Total comprehensive income	(666,248)	910,203	–	243,955
Non-current assets	42,609,245			
Current assets	28,591,222			
Non-current liabilities	(15,708,300)			
Current liabilities	(36,475,199)			
Net assets	19,016,968			
Net assets attributable to NCI	5,705,090	3,368,025	–	9,073,115
Cash flows from operating activities	5,631,907			
Cash flows used in investing activities	(6,242,192)			
Cash flows used in financing activities (dividend to NCI: note 25)	(10,228,996)			
Net decrease in cash and cash equivalents	(10,839,281)			

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

32 NON-CONTROLLING INTERESTS IN SUBSIDIARIES (CONTINUED)

	Material NCI in PRC $	Other individually immaterial NCI in PRC $	Intra-group elimination $	Total $
31 December 2018				
Revenue	73,238,799			
Profit	2,882,366			
Other comprehensive income	(705,982)			
Total comprehensive income	2,176,384			
Attributable to NCI:				
– Profit	864,710	927,135	–	1,791,845
– Other comprehensive income	(211,795)	(85,521)	–	(297,316)
– Total comprehensive income	652,915	841,614	–	1,494,529
Non-current assets	39,529,539			
Current assets	38,790,648			
Non-current liabilities	(18,733,279)			
Current liabilities	(35,703,996)			
Net assets	23,882,912			
Net assets attributable to NCI	7,164,874	2,963,451	–	10,128,325
Cash flows from operating activities	11,011,062			
Cash flows used in investing activities	(22,906,333)			
Cash flows used in financing activities (dividend to NCI: note 25)	24,388,446			
Net increase in cash and cash equivalents	12,493,175			

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

33 SEGMENT 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.

	Singapore $	PRC $	Group $
31 December 2019			
Revenue:			
Sales to external customers	46,845,664	241,772,171	288,617,835
Results from operating activities	1,202,868	20,084,096	21,286,964
Finance costs	(274,156)	(2,029,215)	(2,303,371)
Tax expense			(4,127,113)
Net profit for the year			14,856,480
Segment assets	39,771,320	221,250,510	261,021,830
Unallocated assets			3,726,124
Total assets			264,747,954
Segment liabilities	13,535,356	104,748,136	118,283,492
Unallocated liabilities			3,306,785
Total liabilities			121,590,277
Capital expenditure	2,140,790	8,320,180	10,460,970
Depreciation of property, plant and equipment	1,648,702	7,082,781	8,731,483
Depreciation of right-of-use assets	1,318,016	45,969	1,363,985
Impairment loss on property, plant and equipment	–	6,406	6,406
Amortisation of intangible assets	3,000	–	3,000

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

33 SEGMENT INFORMATION (CONTINUED)

	Singapore $	PRC $	Group $
31 December 2018			
Revenue:			
Sales to external customers	45,043,381	288,282,107	333,325,488
Results from operating activities	(2,301,696)	29,908,612	27,606,916
Finance costs	(63,628)	(1,630,237)	(1,693,865)
Tax expense			(4,783,588)
Net profit for the year			21,129,463
Segment assets	27,258,739	272,138,503	299,397,242
Unallocated assets			3,646,682
Total assets			303,043,924
Segment liabilities	10,108,131	151,838,919	161,947,050
Unallocated liabilities			2,322,597
Total liabilities			164,269,647
Capital expenditure	2,977,241	27,639,968	30,617,209
Depreciation of property, plant and equipment	1,421,496	5,519,687	6,941,183
Impairment loss on property, plant and equipment	–	737,721	737,721
Amortisation of intangible assets	3,000	–	3,000

34 SUBSEQUENT EVENT

Subsequent to 31 December 2019, a new virus ("COVID-19") emerged and infections started to occur around the globe. Subsequently, on 11 March, 2020, the World Health Organisation ("WHO") declared it a pandemic and national governments have implemented a range of policies and actions to combat it. The outbreak of COVID-19 has resulted in quarantines, supply chain disruptions, lower consumer demand, general market uncertainty which caused market volatility. Until the date of approval of the financial statements, there were disruptions to the Group's operations in China and Singapore. However, the long term impact of COVID-19 on world economies and the Group in particular is difficult to determine and not known at this time. Management will continue to monitor the developments and impact to the Group, including its operation, lending arrangements and debt covenants.

LAND & BUILDINGS

AS AT 31 DECEMBER 2019

CHINA, SUZHOU OPERATIONS

Location	:	Jiangsu Province, Suzhou City, Xiangcheng District, Wanting Town, Wendu Road, No. 88, The People's Republic of China 215155
Usage	:	Factory premises, office building, dormitory
Land area	:	58,798.6 square metres
Tenure	:	Leasehold – 50 years lease of 58,798.6 square metres expiring on 4 September 2047
Ownership	:	100% owned by Tat Seng Packaging (Suzhou) Co., Ltd.
Net carrying amount	:	RMB15.2 million (approximately S$2.9 million) as at 31 December 2019

CHINA, HEFEI OPERATIONS

Location	:	Anhui Province, Hefei Eco-Tech Development Zone, Zipeng Road, No. 105, The People's Republic of China 230601
Usage	:	Factory premises, office building
Land area	:	49,400 square metres
Tenure	:	Leasehold – 48 years lease of 35,800 square metres expiring in August 2053 – 49 years 8 months lease of 13,600 square metres expiring on 8 December 2056
Ownership	:	100% owned by Hefei Dansun Packaging Co., Ltd.
Net carrying amount	:	RMB20.4 million (approximately to S$3.9 million) as at 31 December 2019

CHINA, NANTONG TAT SENG OPERATIONS

Location	:	Jiangsu Province, Nantong City, Tongzhou District, Xiting Town, Ting Nan Heng Road, The People's Republic of China 226301
Usage	:	Factory premises, office building
Land area	:	26,586 square metres
Tenure	:	Leasehold – 50 years lease of 26,586 square metres expiring on 18 March 2060
Ownership	:	100% owned by Nantong Tat Seng Packaging Co., Ltd.
Net carrying amount	:	RMB17.5 million (approximately to S$3.4 million) as at 31 December 2019

Location	:	Jiangsu Province, Nantong City, Tongzhou District, Xiting Town, The People's Republic of China*
Usage	:	Factory premises, office building
Land area	:	74,115 square metres
Tenure	:	Leasehold – 50 years lease of 74,115 square metres expiring on 11 March 2068
Ownership	:	100% owned by Nantong Tat Seng Packaging Co., Ltd.
Net carrying amount	:	RMB99.2 million (approximately to S$19.1 million) as at 31 December 2019

CHINA, TIANJIN OPERATIONS

Location	:	Tianjin City, Airport Economic Zone, Jingyi Road, No. 257, The People's Republic of China 300308
Usage	:	Factory premises, office building
Land area	:	33,233.3 square metres
Tenure	:	Leasehold – 50 years lease of 33,233.3 square metres expiring on 3 April 2062
Ownership	:	100% owned by Tianjin Dansun Packaging Co., Ltd.
Net carrying amount	:	RMB41.8 million (approximately to S$8.1 million) as at 31 December 2019

** The address is still pending of finalization from the relevant authority.*

资产负债表

于2019年12月31日

	附注	集团 2019 $	集团 2018 $	公司 2019 $	公司 2018 $
非流动资产					
固定资产	4	**85,177,467**	86,331,643	**1,991,227**	2,214,141
使用权资产	5	**3,800,693**	–	**2,975,156**	–
无形资产	6	**1,072,364**	1,105,681	**9,000**	12,000
投资子公司	7	**–**	–	**28,984,876**	28,506,540
递延所得税资产	8	**3,726,124**	3,646,682	**2,080,111**	2,374,887
应收账款及其他应收款	10	**534,078**	–	**–**	–
		94,310,726	91,084,006	**36,040,370**	33,107,568
流动资产					
存货	9	**22,364,697**	26,151,315	**85,153**	101,386
应收账款及其他应收款	10	**96,230,193**	126,316,418	**4,575,314**	7,485,662
现金和现金等同物	11	**51,842,338**	59,492,185	**11,250,619**	1,292,107
		170,437,228	211,959,918	**15,911,086**	8,879,155
资产总计		**264,747,954**	303,043,924	**51,951,456**	41,986,723
股东权益					
股本	12	**31,440,000**	31,440,000	**31,440,000**	31,440,000
未分配利润		**94,239,551**	86,496,989	**11,395,993**	4,396,855
储备金	13	**8,405,011**	10,708,964	**–**	–
		134,084,562	128,645,953	**42,835,993**	35,836,855
少数股东权益	32	**9,073,115**	10,128,324	**–**	–
股东权益合计		**143,157,677**	138,774,277	**42,835,993**	35,836,855
非流动负债					
递延收入	14	**2,127,939**	1,433,462	**23,138**	27,222
长期借款	15	**14,572,187**	18,491,181	**–**	–
长期租赁	16	**3,270,660**	–	**2,640,930**	–
递延所得税负债	8	**2,968,185**	1,529,900	**–**	–
		22,938,971	21,454,543	**2,664,068**	27,222
流动负债					
递延收入	14	**297,462**	200,577	**4,084**	4,864
短期借款	15	**42,905,340**	68,677,688	**–**	13,254
短期租赁	16	**1,856,109**	–	**1,696,565**	–
应付账款及其他应付款	17	**53,253,795**	73,144,142	**4,750,746**	6,104,528
应交所得税		**338,600**	792,697	**–**	–
		98,651,306	142,815,104	**6,451,395**	6,122,646
负债合计		**121,590,277**	164,269,647	**9,115,463**	6,149,868
负债及股东权益总计		**264,747,954**	303,043,924	**51,951,456**	41,986,723

合并
损益表

至2019年12月31日止年度

	附注	2019 $	2018 $
销售收入	18	**288,617,835**	333,325,488
销售成本		**(237,043,235)**	(272,810,484)
毛利		**51,574,600**	60,515,004
其他营业收入	19	**2,657,966**	2,836,281
销售费用		**(15,962,650)**	(15,494,832)
管理费用		**(16,672,585)**	(19,311,285)
应收账款及其他应收款减值（损失）/转回（净）		**(46,495)**	158,513
其他营业费用	20	**(263,872)**	(1,096,765)
营业活动之盈利		**21,286,964**	27,606,916
财务费用	21	**(2,303,371)**	(1,693,865)
税前盈利	22	**18,983,593**	25,913,051
所得税费用	23	**(4,127,113)**	(4,783,588)
本期盈利		**14,856,480**	21,129,463
可归属			
母公司股东		**14,336,604**	19,337,618
少数股东权益		**519,876**	1,791,845
本期盈利		**14,856,480**	21,129,463
每股收益			
每股基本与稀释收益（分）	24	**9.12**	12.30

SHAREHOLDING STATISTICS

AS AT 16 MARCH 2020

Number of Issued and Fully Paid Shares	:	157,200,000
Class of Shares	:	Ordinary Share with equal voting rights
Treasury Shares	:	NIL
Issued and Fully Paid Share Capital	:	S$31,440,000

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2020

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD DIRECT INTEREST	DEEMED INTEREST	SHAREHOLDING PERCENTAGE %
Hanwell Holdings Limited	100,529,000	–	63.95
Loh See Moon	23,580,000	–	15.00
Violet Profit Holdings Limited[1]	–	100,529,000	63.95
Ku Yun-Sen[1]	–	100,529,000	63.95

Note:

[1] Violet Profit Holdings Limited and Ku Yun-Sen are deemed to be interested in 100,529,000 shares held by Hanwell Holdings Limited in the capital of the Company, by virtue of Section 7(4A) of the Companies Act, Chapter. 50.

DIRECTORS' SHAREHOLDING AS AT 21 JANUARY 2020

DIRECTORS	HOLDINGS IN THE NAME OF DIRECTOR OR IN WHICH DIRECTOR HAS A DIRECT INTEREST	HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST
Loh See Moon	23,580,000	–
Cheong Poh Hua	524,000	260,000*

* Cheong Poh Hua is deemed to be interested in 260,000 shares held by her spouse, Ee Heng Huat in the capital of the Company.

ANALYSIS OF SHAREHOLDINGS AS AT 16 MARCH 2020

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	2	0.18	4	0.00
100 – 1,000	335	29.65	311,229	0.20
1,001 – 10,000	422	37.34	2,341,266	1.49
10,001 – 1,000,000	366	32.39	24,196,201	15.39
1,000,001 AND ABOVE	5	0.44	130,351,300	82.92
	1,130	100.00	157,200,000	100.00

SHAREHOLDING **STATISTICS**

AS AT 16 MARCH 2020

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 March 2020, 20.55% of the issued ordinary shares of the Company is held by the public. Rule 723 of the Listing Manual issued by the SGX-ST is therefore complied with.

MAJOR SHAREHOLDERS LIST – TOP 20 AS AT 16 MARCH 2020

NO.	NAME	NO. OF SHARES HELD	%
1	HANWELL HOLDINGS LIMITED	100,529,000	63.95
2	LOH SEE MOON	23,580,000	15.00
3	DBS NOMINEES PTE LTD	2,626,500	1.67
4	PHILLIP SECURITIES PTE LTD	2,515,800	1.60
5	NG HOCK KON	1,100,000	0.70
6	RAFFLES NOMINEES (PTE) LIMITED	892,300	0.57
7	CITIBANK NOMINEES SINGAPORE PTE LTD	843,700	0.54
8	FSK INVESTMENT HOLDING PTE. LTD.	800,400	0.51
9	SKMC PRIVATE LTD	800,000	0.51
10	CHEE KWAI FUN (ZHU GUIFEN)	678,700	0.43
11	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	657,200	0.42
12	ABN AMRO CLEARING BANK N.V.	571,200	0.36
13	CHEONG POH HUA	524,000	0.33
14	TANG KAY HENG	423,600	0.27
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	409,800	0.26
16	OCBC SECURITIES PRIVATE LTD	406,100	0.26
17	YEO KIONG YONG (YANG GONGXIONG)	380,000	0.24
18	HOLT ASIA INVESTMENT PTE LTD	315,400	0.20
19	WU TIAK PONG	300,000	0.19
20	LIM GUAN CHEW	298,200	0.19
		138,651,900	88.20

CORPORATE **INFORMATION**

BOARD OF DIRECTORS	DESIGNATION
Dr Allan Yap	Executive Chairman
Dr John Chen Seow Phun	Deputy Chairman, Non-Executive and Independent Director
Mr Loh See Moon	Managing Director/Chief Executive Officer
Dr Tang Cheuk Chee	Executive Director
Madam Cheong Poh Hua	Executive Director
Mr Lien Kait Long	Non-Executive and Lead Independent Director
Mr Kong WeiLi	Non-Executive and Independent Director
Mr Siu Wai Kam	Non-Executive and Independent Director
Mr Goh Yang Jun, Jasper	Non-Executive and Independent Director

REGISTERED OFFICE

28 Senoko Drive, Singapore 758214
Tel : (65) 6891 9030
Fax : (65) 6758 0668
Email: admin@tspg.sg
Website: www.tspg.sg
Company Registration Number:
197702806M

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China Limited
Bank of Jiangsu Co., Ltd.
Bank of Nanjing Corporation Limited
China Citic Bank Corporation Limited
China Construction Bank Corporation
DBS Bank Ltd
Huishang Bank Corporation Limited
Industrial Bank Co., Ltd.
KBC Bank N.V.
Shanghai Pudong Development Bank Co., Ltd.
United Overseas Bank Limited

COMPANY SECRETARIES

Mr Chew Kok Liang
Ms Siau Kuei Lian

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel : (65) 6227 6660
Fax: (65) 6225 1452

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

AUDIT PARTNER

YAP WEE KEE
(Engagement partner since financial year ended 31 December 2017)

AUDIT COMMITTEE

Mr Lien Kait Long (Chairman)
Dr John Chen Seow Phun
Mr Kong WeiLi
Mr Siu Wai Kam
Mr Goh Yang Jun, Jasper

NOMINATING COMMITTEE

Dr John Chen Seow Phun (Chairman)
Mr Lien Kait Long
Mr Kong WeiLi
Mr Siu Wai Kam
Mr Goh Yang Jun, Jasper

REMUNERATION COMMITTEE

Dr John Chen Seow Phun (Chairman)
Mr Lien Kait Long
Mr Kong WeiLi
Mr Siu Wai Kam
Mr Goh Yang Jun, Jasper

RISK MANAGEMENT COMMITTEE

Mr Lien Kait Long (Chairman)
Mr Loh See Moon
Madam Cheong Poh Hua
Mr Kong WeiLi
Mr Siu Wai Kam
Mr Goh Yang Jun, Jasper

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