普威集团
PSC Corporation Ltd

FIRST IN FAMILY ESSENTIALS

首 屈 一 指 的 家 庭 必 需 品

ANNUAL REPORT 2022

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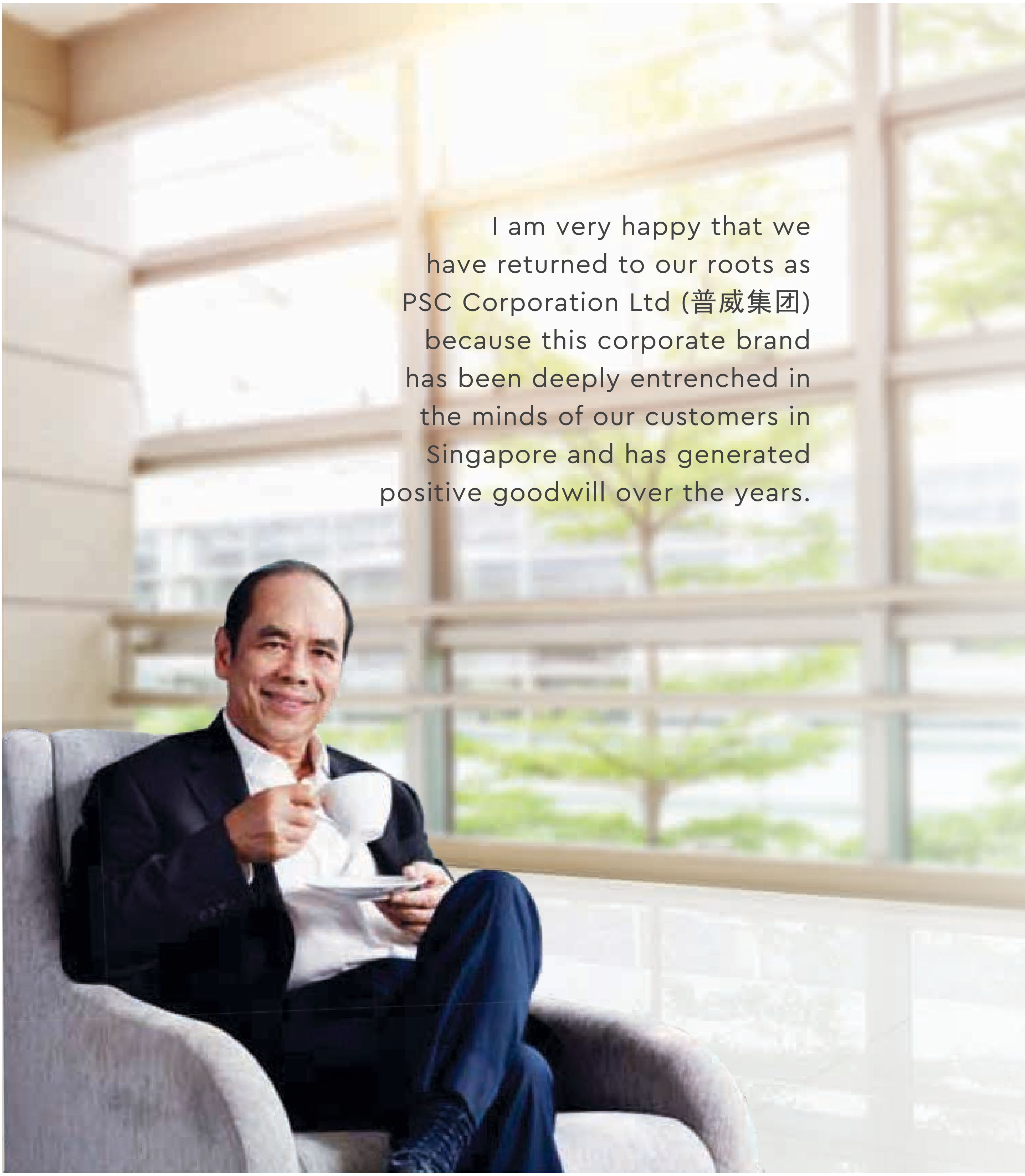
OUR **VISION**

To be a multi-faceted consumer essentials company with strategic investments in the region

OUR **MISSION**

- Building strong partnerships, growing new markets
- Fostering an open and creative culture, attracting and nurturing talents
- Providing innovative products, portfolio building, meeting stakeholders' needs
- Achieving operational excellence
- Building strong financial capabilities

CHAIRMAN'S STATEMENT



I am very happy that we have returned to our roots as PSC Corporation Ltd (普威集团) because this corporate brand has been deeply entrenched in the minds of our customers in Singapore and has generated positive goodwill over the years.

DEAR SHAREHOLDERS,

The Group reached another significant milestone on 5 May 2022 when it traded on the Mainboard of the Singapore Exchange after switching back to its original name – **PSC Corporation Ltd (普威集团)** – which was unanimously approved by shareholders at an Extraordinary General Meeting held on 28 April 2022.

I am very happy that we have returned to our roots as **PSC Corporation Ltd (普威集团)** because this corporate brand has been deeply entrenched in the minds of our customers in Singapore and has generated positive goodwill over the years. We want to build on this positive legacy and establish an even greater connection with our customer base, even as we reach out to the younger generations of consumers.

Moving ahead, PSC will scale up, expand our market footprint and enlarge the mindshare of our brands. We hope that through PSC, we will continue to harness our existing strengths such as our brands, network and operational capabilities to accelerate our growth in the years ahead.

In tandem with this strategy, we have adopted a new corporate identity reflecting our values of innovation, adaptability, dependability and trustworthiness, as well as PSC's ability in fostering strong relationships with our customers and partners since its inception.

These are the values that, we hope, will position the Group for the future which is looking to be full of uncertainties and challenges. Just as we thought that we were on our way to recovery after the pandemic, the war in Ukraine set the stage for an intense macro-economic environment headlined by escalating inflation, interest hikes and even the prospect of a global recession.

FINANCIAL HIGHLIGHTS

Despite such challenging times, our Group's Consumer Business continued to benefit from the lifting of pandemic measures in the region, especially the reopening of travel in Singapore and Malaysia in April 2022. The higher revenue from Consumer Business was, however, offset by lower sales from Packaging Business which continued to be impacted by China's pandemic curbs.

Overall, the Group achieved a 3.7% uplift in revenue to S$553.0 million while net profit attributable to shareholders decreased marginally to S$19.5 million as higher operational costs have led to overall gross profit margin dipping slightly by 0.4 percentage point.

With the reopening of China's economy, we look forward to a better performance in FY2023 even though we remain cautious with the looming global economic uncertainties. As we move into FY2023, we continue to focus on our strengths to drive growth and exercise caution in exploring growth opportunities.

CHAIRMAN'S STATEMENT

BUILDING BRANDS

Royal Umbrella, our proprietary consumer brand, continued to enjoy strong top-of-mind recall and customer loyalty and has once again emerged as Singapore's number one rice brand*. In addition, it continues to be a Reader's Digest Trusted Brand and received accolades from key retail partners.

Both of our FMCG businesses, via our subsidiaries Topseller in Singapore and SOCMA in Malaysia, had a very busy year particularly after the reopening of the borders in both countries which spurred significant growth in demand from our B2B and B2C customers in the region.

SOCMA, in particular, has a lot of growth potential as it has extensive coverage across all channels in Malaysia. It markets and distributes well-known brands such as Mentos, Chupa Chups, TaoKaeNoi, Tai Sun, Meiji, Mazola, Gold Roast, Café 21 and Harmuni.

Fortune, another top-selling proprietary brand**, continued to innovate and develop new products in line with market demand and consumer feedback such as the original and almond-flavoured soya beancurd in ready-to-eat bowls that can either be served cold or warmed, as well as two new tofu products – traditional and deep-fried tau kwa.

**Topseller Pte Ltd calculation based in part on data reported by NielsenIQ through its Retail Index Service for the Rice category for the 52-weeks period ending December 2022, for the Total Singapore Modern Trade Market (Copyright © 2023, NielsenIQ)*

***Based on data reported by NielsenIQ Retail Index Service for Packaged Beancurd category from Dec '20-Nov '21, for Total Singapore (© 2021 Nielsen Consumer LLC)*

Our tissue paper business, through Tipex in Singapore and Tips in Malaysia, also experienced robust growth as a result of the economic reopening in the region. Beautex, our flagship tissue paper brand, underwent a visual identity and packaging revamp with bold contrasting colours to emanate a youthful vibe. It also introduced a new 4-ply tissue paper range, wet wipes and cleaning products.

CKH Food Trading, the leading food distributor to food and beverage establishments in Singapore which we acquired in 2021, contributed its earnings to the Group for the first year.

LOOKING AHEAD

Our future growth strategy is to scale up our business, as well as expand by way of mergers and acquisitions, joint ventures and strategic alliances.

We continue to look for other suitable targets in manufacturing, warehousing, logistics or food service which could bring upstream and downstream synergies and allow the Group to achieve greater scale of production and enjoy economies of scale. Companies that have strong-selling products will also be considered as they could open up new markets for the Group.

DIVIDEND

We are pleased to propose a final tax-exempt dividend of 1.0 Singapore cent per share, in appreciation of the support that we have continued to receive from our shareholders. Together with the interim dividend of 0.25 Singapore cent per ordinary share paid out on 31 August 2022, the total dividend payout would amount to 1.25 cent per share. If approved at the upcoming Annual General Meeting on 28 April 2023, the final dividend will be paid on 16 June 2023.

SUSTAINABILITY

Thanks to the global focus on sustainability, the Group continues to do its part in contributing positively to our environment and community. In 2023, we are installing more solar panels at our Singapore and Malaysia facilities to generate more green energy. In addition, our brands continue to support the less privileged in our communities through staff volunteers, product donations and fundraising initiatives.

APPRECIATION

This has been the first year for our new Board and management team. I would like to take this opportunity to express my appreciation to all of my fellow directors on the Board, senior management and staff for working so hard as a team amidst such trying times. I am also grateful for the support that we have received from our customers, business associates, suppliers and shareholders.

Let us look forward to a better 2023 ahead!

DR SAM GOI SENG HUI
Executive Chairman

BOARD OF DIRECTORS

DR GOI SENG HUI

EXECUTIVE CHAIRMAN

Date of first appointment as director: 8 March 2021

Date of last re-election as director: 29 April 2021

Dr Goi Seng Hui is the Executive Chairman of Tee Yih Jia Food Manufacturing Pte Ltd, Mainboard-listed GSH Corporation Limited and Tat Seng Packaging Group Ltd. He is also the Vice Chairman of Mainboard-listed Envictus International Holdings Limited, JB Foods Ltd and a Non-Executive and Non-Independent Director of Catalist-listed Tung Lok Group Restaurants (2000) Ltd.

Dr Goi, who was conferred an Honorary Doctorate from Singapore University of Technology & Design (SUTD) in 2021, is a self-made entrepreneur and has diverse business interests in Singapore, China, Malaysia, United States, Europe and other parts of the world.

He is a strong supporter of trade and serves as the Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry and Honorary Life President of the Enterprise 50 Club. Dr Goi is the Vice Chairman of International Enterprise Singapore's "Network China" Steering Committee, Council Member of the Singapore Jiangsu Cooperation Council, Singapore Tianjin Economic and Trade Council and Singapore-Shandong Business Council. He is also Senior Consultant to Su Tong Science and Technology Park in China.

Dr Goi serves in various community and grassroots organisations. He is the Honorary Chairman of Ulu Pandan Citizens' Consultative Committee; Dunman High School Advisory Committee; Singapore Futsing Association and Nanyang Gwee Clan Association. In addition, he is the Honorary President of Kong Hwa School Alumni, Honorary Chairman of Tan Kah Kee Foundation, Council Member of NTUC Club Management Council, and Standing Committee Member of NTUC Club Management.

Dr Goi was awarded the Public Service Star (Bar), or BBM (L), by the Singapore Government, and the Panglima Gemilang Darjah Kinabalu (Datuk) by the Sabah Government in 2014, as well as the Long Service Award by Singapore's People's Action Party in 2015. In 2022, he received the PAP Commendation Medal for his contributions to the People's Action Party and country. He also received a Long Service Award for 25 years of service to the Ministry of Social and Family Development in 2023.

He was lauded for his contributions and success as an overseas Chinese by People's Tribune Magazine in Beijing, China in 2017 and was conferred the "Businessman of the Year Award" by Singapore's Business Times in 2014.

One of SUTD's pioneer Board of Trustees, Dr Goi was appointed Patron for Advancement to help steer the University's efforts in providing scholarships and financial aid for deserving students.

Dr Goi was appointed Singapore's Non-Resident Ambassador to the Federative Republic of Brazil on 20 April 2018, and Justice of the Peace by the President of the Republic of Singapore in 2020.

DR CHEN SEOW PHUN, JOHN

DEPUTY CHAIRMAN, NON-EXECUTIVE AND INDEPENDENT DIRECTOR
Date of first appointment as director: 9 June 2003
Date of last re-election as director: 29 April 2021

Dr John Chen is the Deputy Chairman, Non-Executive and Independent Director, the Chairman of the Audit and Risk Committee and a member of the Nominating 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 Tat Seng Packaging Group Ltd, 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.

MR S. CHANDRA DAS

NON-EXECUTIVE AND INDEPENDENT DIRECTOR
Date of first appointment as director: 5 May 2021
Date of last re-election as director: 28 April 2022

Mr Das has over 40 years of experience primarily in companies involved in the trading and manufacturing industries.

Mr Das served as the Singapore Trade Representative to the USSR from 1970 to 1971, Chairman of the Trade Development Board from 1983 to 1986, Chairman of NTUC Fairprice Co-operative Ltd from 1993 to 2005, Chairman & Director of Nera Telecommunications Ltd from 1988 to 2013, Director of Yeo Hiap Seng (Malaysia) Berhad from 2004 to 2013, Director of Super Group Ltd from 2011 to 2017, Chairman of Travelex Holdings (S) Pte Ltd from 2017 to 2019 and Chairman of Hope Medical Services Group from 2019 to 2020.

Currently, Mr Das is the Chairman of TalkMed Group Ltd, a public company listed on the Singapore Stock Exchange. He is also the Managing Director of NUR Investment & Trading Pte Ltd, Chairman of Goodhope Asia Holdings Ltd, Chairman of Gashubunited Holding Private Limited, and High Street Hospitality Pte Ltd and Singapore's Non-Resident High Commissioner to Sri Lanka and Pro-Chancellor of Nanyang Technological University. He served as a Member of Parliament in Singapore from 1980 to 1996.

Mr Das received his Bachelor of Arts degree (with honours) from the University of Singapore in 1965.

Mr Das has been conferred numerous awards, such as the President's Medal by the Singapore Australian Business Council in 2000, the Distinguished Service (Star) Award by National Trades Union Congress in 2005, the Public Service Star in 2014, and Distinguished Alumni Service Award, National University of Singapore.

BOARD OF DIRECTORS

MR LIM SWEE SAY

NON-EXECUTIVE AND INDEPENDENT DIRECTOR
Date of first appointment as director: 1 May 2022
Date of last re-election as director: NA

Mr Lim was appointed to the Board on 1 May 2022. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee.

Mr Lim is a trustee and Adviser of the National Trades Union Congress (NTUC), the Chairman of the NTUC-Administration & Research Unit Board of Trustees, an Adviser and Director of NTUC Enterprise Cooperative Ltd and the Deputy Chairman of Singapore Labour Foundation. He is also a Director of SingTel, Tat Seng, Ho Bee Land Limited and Temasek Foundation.

Mr Lim joined the public sector in 1976. He held leadership positions in Singapore's National Computer Board and Economic Development Board. He joined the Labour Movement in 1996 and entered politics in 1997. He served in various ministries between 1999 and 2018. He also served as the Secretary General of NTUC from 2007 to 2015 and Minister for Manpower from 2015 to 2018. He retired from politics as a Member of Parliament in 2020.

Mr Lim graduated from Loughborough University with a First Class Honours degree in Electronics, Computer and Systems Engineering. He also holds a Master degree in Management from Stanford University.

MS YUI VIVIEN

NON-EXECUTIVE AND INDEPENDENT DIRECTOR
Date of first appointment as director: 1 July 2022
Date of last re-election as director: NA

Ms Yui is a Partner in the Mergers & Acquisitions Practice at WongPartnership LLP and co-heads its Employment Practice. She was admitted to the Singapore Bar in 1997 and her main practice areas are private mergers and acquisitions, employment, corporate governance and compliance and general corporate and commercial work. She is recommended as a leading practitioner for her areas of practice in several legal publications.

Ms Yui periodically tutors the Advanced Corporate Practice of the preparatory course leading to Part B of the Singapore Bar Examinations run by the Singapore Institute of Legal Education and is a frequent guest speaker at elective modules at The National University of Singapore Faculty of Law and The Singapore Management University Yong Pung How School of Law.

She holds a Bachelor of Law (Honours) from The National University of Singapore and is a member of the Singapore Bar.

MR TAN KIAN CHEW

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR
Date of first appointment as director: 5 May 2021
Date of last re-election as director: 28 April 2022

Mr Tan was appointed to our Board on 5 May 2021. He is currently a Director of Japfa Ltd., and Chairman of Central Co-operative Fund Committee (MCCY). Mr Tan is also advisor to Incofood Management Services Pte Limited.

Mr Tan served in the Republic of Singapore's Navy from 1975 to 1983. He was the Head of Naval Operations when he left to join Singapore Government's elite Administrative Service and was posted to the Ministry of Trade and Industry. In 1988, he was posted to the Prime Minister's Office where he served as the Principal Private Secretary to the then Deputy Prime Minister Ong Teng Cheong. In 1992, Mr Tan joined NTUC FairPrice as its Assistant General Manager. He was appointed as CEO in 1997 and left NTUC Fairprice in December 2015 after being its CEO for 18 years. Mr Tan joined Singapore Labour Foundation as its CEO in January 2016 and retired in December 2018.

Mr Tan was awarded a SAF (Overseas) Scholarship in 1972. He graduated with a degree (First Class Honours) in Mechanical Engineering from the University of Aston in Birmingham, UK in 1975. He also completed an Advanced Management Program from Harvard University in 2000. In 1991, he was awarded the Singapore Public Administration Medal (Silver) and in 2014, he received the NTUC May Day Award – Medal of Commendation (Gold).

MR GOI KOK MING (WEI GUOMING)

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR
Date of first appointment as director: 10 August 2012
Date of last re-election as director: 18 June 2020

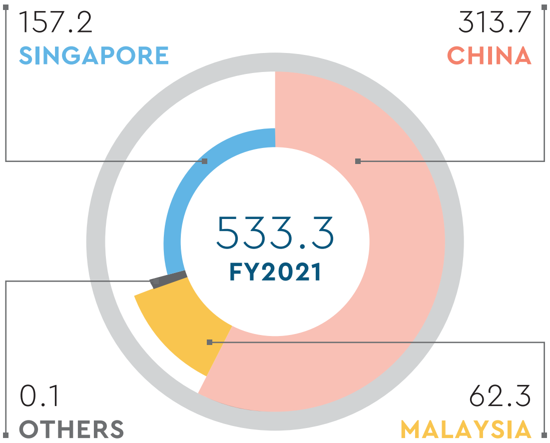
Mr Goi is the Executive Director of GSH Corporation Limited, a company listed on the Singapore Exchange Securities Trading Limited and Acelink Logistics Pte Ltd, a supply chain company with distribution networks in Singapore, Malaysia, Thailand, Hong Kong and China.

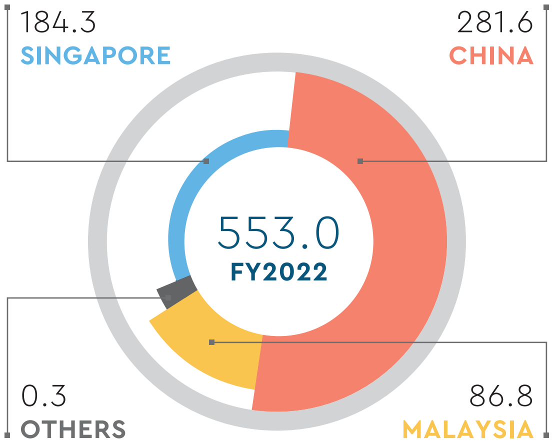
Mr Goi is also a Director of Tee Yih Jia Group, a global food and beverage group with operations in Singapore, Malaysia, USA, Europe, Japan and China.

Mr Goi is active in community service and is a member of the Community Development District Council, South East Region. Mr Goi holds a Bachelor Degree in Computer Information System from California State University, Pomona.

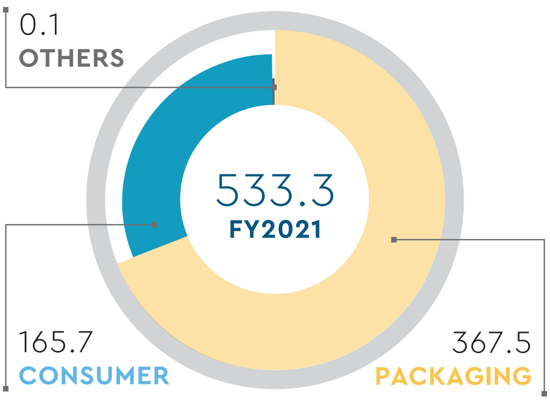
GROUP FINANCIAL SUMMARY

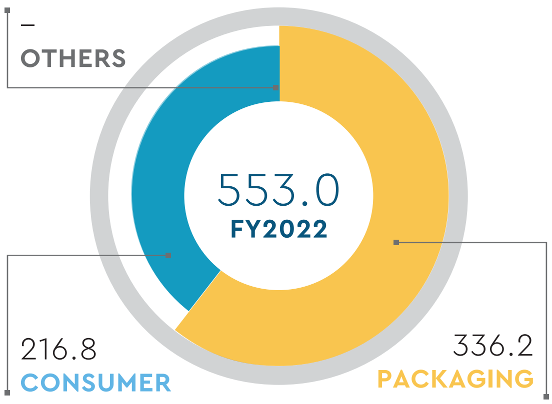
TURNOVER BY GEOGRAPHICAL SEGMENTS ($ MILLION)



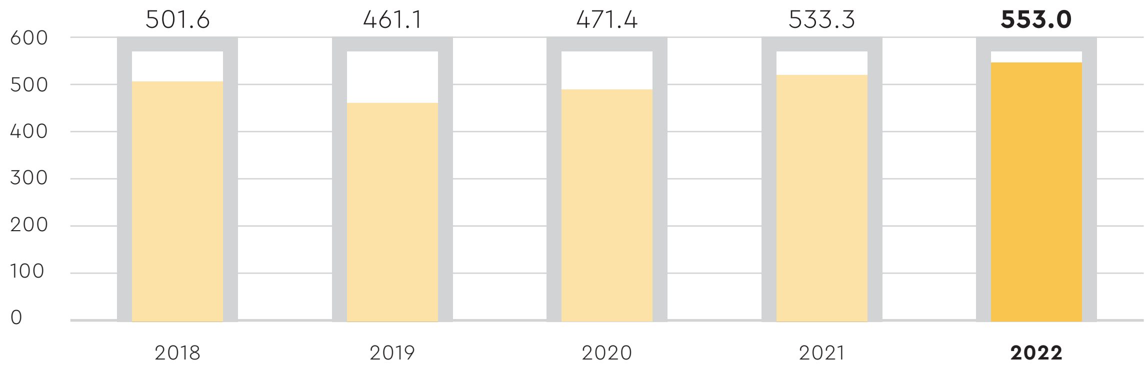


TURNOVER BY BUSINESS SEGMENTS ($ MILLION)

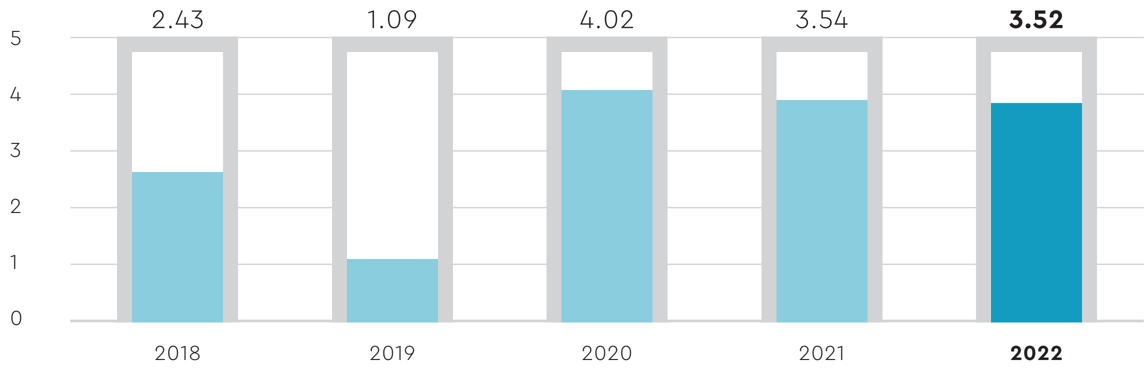




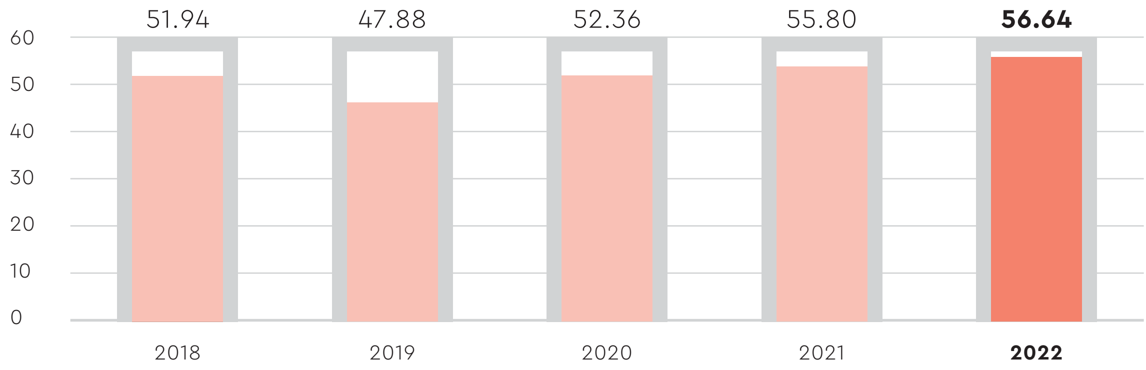
TURNOVER ($ MILLION)



BASIC EARNINGS PER SHARE (CENTS)



NAV PER SHARE (CENTS)



CONSUMER ESSENTIALS BUSINESS

The Group's consumer essentials business comprises:

- Distribution of fast-moving consumer goods (FMCG) in Singapore, through subsidiary Topseller Pte Ltd
- Distribution of FMCG in Malaysia through subsidiary, SOCMA Trading (M) Sdn Bhd
- Manufacturing of soybean-based products, noodles and Asian desserts through subsidiaries – Fortune Food Manufacturing Pte Ltd, Fortune Food Manufacturing Sdn Bhd, and Fresh Fruit Juice Manufacturing (M) Sdn Bhd
- Distribution of paper products and agency brands, through Tipex Pte Ltd (Singapore), manufacturing of paper products by its subsidiary Tips Industry (M) Sdn Bhd (Malaysia)
- Wholesale and distribution of food products to foodservice outlets by C.K.H. Food Trading Pte Ltd

In FY2022, the Consumer Essentials Business recorded revenue of S$216.8 million, accounting for 39.2% of Group revenue, generating Segment Profit of S$10.2 million.

FMCG DISTRIBUTION – SINGAPORE

TOPSELLER
Builds Brands. Grows Business

Our subsidiary, **Topseller Pte Ltd**, continues to be a key contributor to the Group's performance through the distribution of leading consumer essentials such as rice (Royal Umbrella, Golden Peony, Gitangkim, Taj, Origrains, Okome, Harmuni); sugar (Harmuni); cooking oil (Golden Circle, Soyalite, Harmuni); tofu, noodle, and Asian dessert (Fortune, Hosei, Golden). It also distributes non-food categories such as laundry detergent (Promax and Singpo) and dishwashing liquid (TP706).

By capitalizing on Topseller's extensive distribution network, these brands enjoy strong presence in supermarkets, convenience stores, minimarts, petrol marts, caterers, ship chandlers, hotels, restaurants, food courts, hawker centres and online retailers in Singapore.

ROYAL UMBRELLA

Thanks to customers' support, Royal Umbrella has retained its leadership position as Singapore's number one rice brand*. The brand has been endorsed for the last 19 years by Reader's Digest for being one of its Trusted Brands (from 2004 to 2022) – it has also won the Platinum Award in 2017 and 2019. In addition, Royal Umbrella received the Top Brand Excellence Award and People's Choice Award at the Fairprice Partners Excellence Awards in 2021, as well as Top Customer Favourites Award in 2022 by Dairy Farm International – the group who owns Cold Storage, 7-Eleven and Giant stores.


DFI

TOP CUSTOMER FAVORITES AWARDS

This certificate is proudly presented to

TOPSELLER PTE LTD

ROYAL UMBRELLA

JAMIE WALKER

*Topseller Pte Ltd calculation based in part on data reported by NielsenIQ through its Retail Index Service for the Rice category for the 52-weeks period ending December 2022, for the Total Singapore Modern Trade Market. (Copyright © 2023, NielsenIQ)

GOLDEN PEONY

Our second top selling brand of rice – Golden Peony – which was first launched more than 20 years ago, has a growing stable of loyal customers. With more consumers dining out, the brand continues to focus its marketing efforts to food service segments, as well as via online and bus advertisements to continue engaging customers.

FORTUNE

The No. 1 Tofu Brand in Singapore*, Fortune continues to innovate and develop new products in line with market demand and consumer feedback. Some of the products launched in 2022 include its original and almond-flavoured soya beancurd in ready-to-eat bowls that can either be served cold or heated in the microwave. Fortune also released two new tofu products – traditional and deep-fried tau kwa.

Based on data reported by NielsenIQ Retail Index Service for Packaged Beancurd category from Dec '20-Nov '21, for Total Singapore (© 2021 Nielsen Consumer LLC)

OPERATIONAL REVIEW

COMMUNITY OUTREACH

In 2022, Royal Umbrella contributed 3,600 (500g) packs of Royal Umbrella rice to the Community Food Pack programme of Singapore-based food charity, Food From The Heart.

We also supported SAFRA's Swim For Hope 2022 outreach by contributing 1,000 sets of Royal Umbrella Thai Hom Mali rice (500g) and Golden Circle Canola cooking oil (250ml) to raise funds for people with special needs.

During the Christmas season, Topseller partnered with Care Corner Singapore in reaching out and raising funds for the disadvantaged in the community. Topseller sponsored 1,000 sets of Christmas Gift Pack comprising a pack of Royal Umbrella Thai Hom Mali rice (500g) and a bottle of Golden Circle Canola cooking oil (250ml) in support of the fundraising efforts.

Our team also brought joy to the patients of Sheng Hong Temple-NKF Dialysis Centre. Other than packing and distributing goodie bags, they chatted and played Bingo with the patients. It was such a unique experience that we hope to organize more of such meaningful engagements in the near future.

NEW AGENCY APPOINTMENTS

July 2022 saw the appointment of Topseller as the distributor for 3M products such as 3M Scotch Brite Sponge, 3M Command Hook, 3M Post-it Note, 3M Nexcare, and 3M N95 Mask for e-commerce channels.

Other than its retail distribution, Topseller also took over Greenfields' foodservice business in July 2022.

SOYA BEAN-BASED PRODUCTS

Fortune Food Manufacturing Pte Ltd

Fortune Food Manufacturing Pte Ltd is a wholly-owned subsidiary that specializes in the production of soya bean-based products such as Japanese Silken Tofu, Chinese Tofu, Egg Tofu and Tau Kwa under the Fortune brand. Currently, its products are distributed by Topseller and are exported to more than 15 countries including Europe, South Africa, Middle East, Israel and other parts of Asia.

Fortune's tofu proudly bears the "Made-in-Singapore" stamp and is FSSC22000-certified and halal-certified to ensure the best quality to fit anyone's dietary needs. Having one of the strongest chilled distribution networks in Singapore, its chilled trucks deliver freshly made tofu products to over 200 retail and food service distribution points such as hypermarkets, supermarkets, minimarts, provision stores, wet markets, restaurants, institutions and online retailers.

FSSC 22000 HACCP CERTIFIED

While its Singapore plant produces soya bean-based products, Fortune's Malaysia factories manufacture noodles and grass jelly desserts.

FMCG DISTRIBUTION – MALAYSIA

SOCMA

SOCMA Trading (M) Sdn Bhd distributes and markets a wide range of products including confectionery, snacks, beverages, groceries, paper and toiletries for well-known brands such as Mentos, Chupa Chups, TaoKaeNoi, Tai Sun, Meiji, Mazola, Gold Roast, Café21, and Harmuni. Its distribution network extends to more than 20,000 retail points in Peninsular Malaysia, East Malaysia and Brunei.

Its marketing activities in 2022 included campaigns and promotions for brands such as TaoKaeNoi seaweed snacks, Mentos and Chupa Chups sweets, Meiji snacks, Tai Sun nuts and Mazola cooking oil.

PAPER & PET CARE PRODUCTS

TIPEX
Choices for better lives

Group subsidiary **Tipex Pte Ltd** is an established and reputable manufacturer and distributor of tissue paper products for the Singapore market. Some of its household brands include Beautex, Mood, Hibis, Comfy and Parity. It also distributes a variety of washroom hygiene products, such as cleaning agents and dispensers. Tipex has also diversified into the household and automobile cleaning industry segments through reputable Australian brand, Mr. CLEAN. It is also the agency for brands such as EyeMo eye drops (for general trade channel only) and Kit Cat, an award-winning range of cat nutrition and accessories.

BEAUTEX

In 2022, as Singapore transitioned into the new normal and reopened its economy and borders, the Group's flagship tissue paper brand, Beautex, underwent a revamp of visual identity and packaging, with bold and contrasting colours with a youthful, funky vibe. In addition, new products were launched during the year.

These include:

- A new 4-ply premium range of tissue paper
- Wet wipes range that are hypoallergenic and of superior quality
- Limited-edition "Mr Men Little Miss" paper products
- 4-in-1 laundry capsules which are convenient to use compared to conventional laundry liquid detergents and powders
- Beautex foaming handwash, floor cleaning liquid and dishwashing liquid

In tandem, Beautex enhanced its 360° marketing outreach with a new tagline "There's always a reason for Beautex".

OPERATIONAL REVIEW

As part of its ongoing efforts to build its brand in the community, Beautex organised its 13th Annual Art Competition in August 2022 with the theme "Reunion with Friends & Relatives". More than 200 schools and educational institutions participated, enabling young students to express their creativity through art. The 6 winning entries were printed on special-edition box tissues that were sold during the Lunar New Year festivities from December 2022 to March 2023. For every pack of 5-box tissue pack sold, Tipex will contribute 20 cents to the Straits Times School Pocket Money Fund.

KIT CAT

Tipex took on the distribution rights for an award-winning homegrown brand of cat nutrition and accessories products – Kit Cat – in November 2021.

Since then, Kit Cat's products are available in more than 200 distribution points via Fairprice, Giant, Cold Storage, Sheng Siong and various minimarts in Singapore as at 31 December 2022.

TIPS INDUSTRY (MALAYSIA)

TIPS
Choices for better lives

Tips Industry (Malaysia), the Group's subsidiary across the Causeway, experienced positive growth during the year especially with its OEM business. Its retail, F&B and hospitality sectors experienced high demand for paper napkins, bathroom tissues and kitchen towels, thanks to Malaysia's re-opening of the economy earlier in 2022.

Moving forward, to cope with rising demand, Tips will be procuring a new kitchen towel machine and an automated napkin machine in its production facility. It is also looking into the installation of solar panels in 2023 to increase usage of clean energy. In August 2022, Tips launched a new travel-pack tissue, with five times more sheet count versus pocket tissue, which it expects to be of higher demand in 2023 as more people start travelling.

BUSINESS-TO-BUSINESS (B2B) DISTRIBUTION – SINGAPORE

Established in 2004, **C.K.H Food Trading Pte Ltd** is a leading food distributor that supplies an extensive range of food products to 1,500 food and beverage establishments in Singapore, including hawker centres, foodcourts, restaurants, school canteens, catering organizations, commercial buildings, supermarkets, MRT stations, bus interchanges, and home-based businesses. In addition, it also distributes to wholesalers and its own website at www.ckhfoodtrading.com.

To ensure its product offerings are competitively priced, CKH sources from local and overseas suppliers to serve its network of customers.

CKH ceased its 123 Mart's operations in October 2022 in response to rising operating and logistics costs.

OPERATIONAL REVIEW

CORRUGATED PAPER PACKAGING BUSINESS

Our corrugated paper packaging business is through our 64% subsidiary, **Tat Seng Packaging Group Ltd ("Tat Seng").**

In FY2022, Tat Seng reported sales of S$336.3 million, which dipped 8.5% year-on-year due to the continued impact from China's zero-COVID curbs. Its China operations accounted for 83.8% of the Group's total sales while Singapore contributed 16.2% according to the latest results.

Its Singapore operations reported a 1.3% rise in sales to S$54.6 million from higher selling prices despite lower sales volume, while its China operations registered a decline of 10.2% in revenue to S$281.6 million mainly due to reduction of sales volume.

The weak economic performance, coupled with higher energy costs, resulted in 14.8% drop in the Group's overall gross profit to S$58.9 million.

However, foreign exchange gains from trade receivables denominated in United States Dollars helped to uplift other income by 33.7% to S$3.6 million.

Separately, tax expense lowered by 54.4% to S$2.6 million mainly attributed to lower provision for income tax expenses in tandem with the lower profit before tax achieved and partly attributed to the reduction of deferred tax.

In view of the above, the net profit attributable to owners of Tat Seng decreased by 11.3% to S$20.7 million.

Tat Seng's directors have recommended a final cash dividend of 2.5 Singapore cent per ordinary share. Together with the interim dividend of 1.5 Singapore cent per ordinary share paid out on 27 September 2022, the total dividend payout for FY2022 would be 4.0 Singapore cent per ordinary share.

OUTLOOK

Looking ahead, Tat Seng expects inflationary pressures, supply chain disruptions, rising interest rates and falling exports in China to dominate the business landscape. Tat Seng will step up its efforts to capture new business opportunities by satisfying new packaging requirements from established corporations. Tat Seng will also continue to adopt prudent financial management and cost control even as it focuses on exploring suitable investment opportunities to boost its sustainable growth.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DR GOI SENG HUI	Executive Chairman
DR CHEN SEOW PHUN, JOHN	Deputy Chairman, Non-Executive and Independent Director
MR CHANDRA DAS S/O RAJAGOPAL SITARAM	Non-Executive and Independent Director
MR LIM SWEE SAY	Non-Executive and Independent Director
MS YUI VIVIEN	Non-Executive and Independent Director
MR TAN KIAN CHEW	Non-Executive and Non-Independent Director
MR GOI KOK MING (WEI GUOMING)	Non-Executive and Non-Independent Director

SENIOR MANAGEMENT

MS KOH POH YEOK	Chief Financial Officer	PSC Corporation Ltd
MS WONG YUEN MAY	Group Financial Controller	PSC Corporation Ltd
MR YEO SEE LIANG	Executive Director	SOCMA Trading (M) Sdn Bhd
MR CHING YONG HAI	Vice President	Topseller Pte Ltd
MR SIM SEE HIANG	Vice President	Tipex Pte Ltd
MR LOH SEE MOON	Managing Director/ Chief Executive Officer	Tat Seng Packaging Group Ltd
MDM CHEONG POH HUA	Executive Director	Tat Seng Packaging Group Ltd

COMPANY SECRETARY
MS SIAU KUEI LIAN

AUDIT AND RISK COMMITTEE
DR CHEN SEOW PHUN, JOHN (Chairman)
MR LIM SWEE SAY (Member)
MR CHANDRA DAS S/O RAJAGOPAL SITARAM (Member)
MR TAN KIAN CHEW (Member)
MR GOI KOK MING (WEI GUOMING) (Member)

NOMINATING COMMITTEE
MR CHANDRA DAS S/O RAJAGOPAL SITARAM (Chairman)
DR CHEN SEOW PHUN, JOHN (Member)
MR GOI KOK MING (WEI GUOMING) (Member)

REMUNERATION COMMITTEE
MR LIM SWEE SAY (Chairman)
MR CHANDRA DAS S/O RAJAGOPAL SITARAM (Member)
MS YUI VIVIEN (Member)
MR GOI KOK MING (WEI GUOMING) (Member)

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Company Registration Number: 197400888M

SHARE REGISTRAR
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AUDITORS
KPMG LLP
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

(Engagement Partner since financial year ended 31 December 2022 Ms Teo Han Jo)

PRINCIPAL BANKERS
MALAYAN BANKING BERHAD, SINGAPORE BRANCH
OVERSEA-CHINESE BANKING CORPORATION LIMITED
UNITED OVERSEAS BANK LIMITED
DBS BANK LIMITED
STANDARD CHARTERED BANK

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "**Board**") and Management of PSC Corporation Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") place great importance on high standard of corporate conduct to uphold good corporate governance by adhering to the principles and guidelines set out in the Code of Corporate Governance 2018 (last amended on 11 January 2023) (the "**2018 Code**") and accompanying Practice Guidance. The Board and Management are mindful of the tenets of good governance that includes accountability, transparency and sustainability. The Company believes that embracing such efforts are more likely to engender investor confidence and achieving long-term sustainable business performance.

In accordance with Rule 710 of the listing rules of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), this Corporate Governance Statement sets out the Company's corporate governance practices with specific reference to the principles and the provisions of the Code, which have been adopted based on 2018 Code. The Company believes that it has complied with the spirit and intent of the 2018 Code except in areas where the Company's practices have deviated from the 2018 Code; explanation of which is provided herein.

SECTION (A): 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 brings 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 shareholder value. To fulfil this, apart from its statutory responsibilities, the Board performs the following roles and functions:

- providing entrepreneurial leadership, 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 evaluates 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.

Fiduciaries: 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 conflicts of interest. Where Director faces a conflict of interest, he/she would recuse himself/herself from discussions and decisions involving the issues of conflict.

Induction, Training and Development: The Directors are provided with extensive background information about the Group's history, mission, values and business operations. The Nominating Committee ensures that all Directors are equipped with the appropriate skills and relevant industry knowledge to perform their roles on the Board and Board Committees effectively.

In line with the requirement by the Task Force on Climate-related Financial Disclosures on climate related disclosure, the Company has arranged for all the Directors including the newly appointed Directors to undergo a one-time training on sustainability reporting.

The Directors make visits to the Group's operations facilities with Management providing explanations, briefings or discussions on key aspects to gain insight for a better understanding of the Group's businesses and operations.

The Company will brief newly appointed Directors of their duties and obligations including the business and organisational structure of the Group and its strategic directions. Such Directors go for site visits of the Group's operating units to familiarise themselves with the Group's business practices.

Mr Lim Swee Say and Ms Yui Vivien are appointed as the Non-Executive and Independent Directors during FY2022 and they have been briefed on their roles and obligations as Directors of the Company under listing rules as well as the relevant laws and regulation of Directors of a public listed company in Singapore. They have also been briefed to familiarise with the various businesses and operations of the Group. Mr Lim Swee Say has attended the mandatory training in accordance with Rule 210(5)(a) of the Listing Rules of the SGX-ST. Ms Yui Vivien will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Directors are updated periodically on industry trends and development of sustainability issues, relevant laws, regulations and changing business risks during Board meetings/committee meetings or at specifically-convened sessions so as to enable them to properly discharge their duties effectively. In the year under review, the Board has been briefed on the compliance and disclosure requirements of the amendments to the Listing Rules of the SGX-ST and accounting standards.

The Company Secretary and her representatives regularly inform the Directors of any upcoming conferences, training and seminars relevant to their roles as Directors of the Company. The external auditors would update the Audit and Risk Committee and the Board on new and revised accounting standards that are applicable to the Company or the Group annually.

The Directors and key management personnel of the Company are encouraged to attend relevant training programmes, courses, conference 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 key management personnel of the Company, where relevant.

Management and the Company Secretary and her representatives assisted Directors in ensuring compliance with their obligations under the relevant rules and regulations, and in the Directors' professional development. During the financial year ended 31 December 2022, the Directors attended seminars that they find useful to better perform their duties physically and/or through electronic means.

Matters reserved for the Board: 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:

- annual budgets and financial plans of the Group;
- approval of the annual and half yearly results announcements;
- approval of the 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 Board changes and appointments to Board Committees;
- investments and divestments decisions including the Group's capital commitment; and
- commitments to term loans and lines of credit from banks and financial institutions by the Group.

CORPORATE GOVERNANCE STATEMENT

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.

Board Committees: To ensure that specific issues are subject to consideration 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 and Risk Committee ("**ARC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively the "**Board Committees**").

The composition of the Board Committees as at the date of this report are as follows:

Directors	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Chen Seow Phun, John	Chairman	Member	–
Chandra Das S/O Rajagopal Sitaram	Member	Chairman	Member
Tan Kian Chew	Member	–	–
Goi Kok Ming (Wei Guoming)	Member	Member	Member
Lim Swee Say[1]	Member	–	Chairman
Yui Vivien[2]	–	–	Member
Siu Wai Kam[3]	–	–	–
Goh Yang Jun, Jasper[3]	–	–	–

Notes:

1 Appointed as Non-Executive and Independent Director on 1 May 2022
2 Appointed as Non-Executive and Independent Director on 1 July 2022
3 Stepped down as Non-Executive and Independent Directors on 28 April 2022

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 discussions and key deliberations and decisions taken during the meetings, are circulated and made available to the Board and Board Committees.

The roles and responsibilities of these Board Committees are set out in subsequent sections of this Corporate Governance Statement of the Company.

Board and Board Committees Meetings held in FY2022

Meetings: The attendance of the Directors at scheduled meetings of the Board and Board Committees during FY2022 is disclosed below:

		Board Committees		
	Board	**Audit and Risk**	**Nominating**	**Remuneration**
Name of Directors				
Goi Seng Hui	4/4	2*/2	–	–
Chen Seow Phun, John	4/4	2/2	2/3	1/1
Chandra Das S/O Rajagopal Sitaram[1]	3/4	1 + 1*/2	3/3	1/1
Tan Kian Chew	4/4	2/2	2/2	1*/1
Goi Kok Ming (Wei Guoming)	4/4	2/2	2/2	1/1
Lim Swee Say[2]	3/3	1/1	–	–
Yui Vivien[3]	2/2	1*/1	–	–
Siu Wai Kam[4]	1/1	1/1	–	–
Goh Yang Jun, Jasper[4]	1/1	1/1	–	–

Notes:
* Attendance by invitation of the relevant committees
1 Appointed as Member of ARC on 1 July 2022
2 Appointed as Non-Executive and Independent Director, Chairman of RC and Member of ARC on 1 May 2022
3 Appointed as Non-Executive and Independent Director and Member of ARC on 1 July 2022
4 Stepped down as Non-Executive and Independent Directors on 28 April 2022

The schedules of the Board and Board Committees meetings are given to all Directors well in advance. The Board meets at least two (2) times in a year. Besides the scheduled half yearly 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.

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

The agendas for meetings during 2022 were prepared in consultation with the Executive Chairman and/or Deputy Chairman and/or the Chairman of the respective Board Committees. The agendas and meeting materials are circulated in advance of the scheduled meetings to the members of the Board and/or Board Committees.

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 Committee meetings.

Despite some of the Directors having multiple board representations, the NC had reviewed the Directorship of the Directors and is satisfied that these Directors are able to ensure that sufficient time and attention are given to the affairs of the Company 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 Board agreed that as a guide, the maximum number of the listed company board representations which any Independent Director may hold should not exceed ten (10), 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.

Board Information: Management provides the Board and Board Committees with relevant, complete, adequate and timely information relating to matters to be brought before the Board and Board Committees, prior to Board and Board Committee meetings. Management has put in place a procedure for papers to be circulated to the Board and Board Committee or to be submitted at Board and Board Committee meetings.

To give Directors sufficient time to prepare for Board and Board Committee meetings, the agenda, papers and presentation slides are usually circulated to them electronically before the relevant meetings. Directors can access these materials via their personal computers or laptops prior to, during and after meetings. Hard copies of these materials are also distributed to the Directors. Management provides the Board with explanation and information as the Board may require, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. This is to give Directors sufficient time to review and consider the matters to be discussed so that it can be meaningful and productive. The Board is also apprised of any significant developments on business initiatives, industry developments and regulatory updates.

A presentation is made to the Directors at the Board meeting on budgets, forecasts and variances. In respect of budgets, any material variance between the projections and actual results would be disclosed and explained during the meeting. Directors are also informed of any significant developments or events relating to the Group. The external consultants engaged on specific projects are invited to brief the Board during the Board meeting. The Board and Board Committees have unfettered access to information which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities. However, sensitive matters may be table at the meeting itself or discussed without any papers being distributed.

The Management ensures that any information or materials requested by the Directors to make informed decisions will be provided in a timely manner.

Board's access: The Directors have separate and independent access to the advice and services of the Management, Company Secretary, the key management personnel and external advisers (where necessary) at the Company's expense at all times. Furthermore, there is no restriction of access to the key management personnel when the Directors have to carry out their duties. As a matter of good corporate governance practice, the role of the Company Secretary has been clearly defined.

The Company Secretary and her representatives attend to corporate secretarial administration matters. They assist the Board and Management in implementing and strengthening corporate governance policies and procedures. The Company Secretary and her representatives ensure that Board procedures are properly followed. They prepare the agenda for Board and Board Committee meetings in consultation with the Executive Chairman and/or Deputy Chairman and the respective Board Committees Chairman, and attended Board and Board Committee meetings during 2022. The appointment and removal of the Company Secretary is subject to the Board's approval.

The Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties, the expenses of which are borne by the Company.

BOARD COMPOSITION AND GUIDANCE

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

Board Composition: As at the date of this report, the Board consists of seven (7) Directors of whom one (1) Executive Chairman, two (2) are Non-Executive and Non-Independent Director and four (4) are Non-Executive and Independent Directors:

Name of Director	Designation	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
Goi Seng Hui	• Executive Chairman	8 March 2021	29 April 2021	• Envictus International Holdings Limited (Vice Chairman) • GSH Corporation Limited (Executive Chairman) • JB Foods Limited (Vice Chairman) • Tat Seng Packaging Group Ltd (Executive Chairman) • Tung Lok Restaurants (2000) Ltd (Non-Executive and Non-Independent Director)	–

Name of Director	Designation	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
Chen Seow Phun, John	• Deputy Chairman, Non-Executive and Independent Director • Chairman of Audit and Risk Committee • Member of Nominating Committee	9 June 2003	29 April 2021	• Hiap Seng Engineering Ltd (Lead Independent Director) • Matex International Limited (Non-Executive Chairman and Independent Director) • OKP Holdings Limited (Lead Independent Director) • Pavillon Holdings Ltd (Executive Chairman) • Tat Seng Packaging Group Ltd (Deputy Chairman, Non-Executive and Independent Director) • Sinostar Pec Holdings Limited (Lead Independent Director)	• Hong Lai Huat Group Limited (Independent Director) • Fu Yu Corporation Limited (Non-Executive Chairman and Independent Director)
Chandra Das S/O Rajagopal Sitaram	• Non-Executive and Independent Director • Chairman of Nominating Committee • Member of Remuneration and Audit and Risk Committees	5 May 2021	28 April 2022	• Talkmed Group Limited (Non-Executive Chairman and Independent Director)	–
Tan Kian Chew	• Non-Executive and Non-Independent Director • Member of Audit and Risk Committee	5 May 2021	28 April 2022	• Japfa Ltd. (Non-Executive and Independent Director)	• CapitaLand Mall Trust Management Limited (Non-Executive Director)
Goi Kok Ming (Wei Guoming)	• Non-Executive and Non-Independent Director • Member of Nominating, Remuneration and Audit and Risk Committees	10 August 2012	18 June 2020	• GSH Corporation Limited (Executive Director) • Union Steel Holdings Limited (Non-Executive Director) • Serial System Ltd (Non-Executive Director)	–

Name of Director	Designation	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
Lim Swee Say	• Non-Executive and Independent Director • Chairman of Remuneration Committee • Member of Audit and Risk Committees	1 May 2022	N.A.	• Tat Seng Packaging Group Ltd (Non-Executive and Independent Director) • Ho Bee Land Limited (Lead Independent Director) • Singapore Telecommunications Limited (Non-Executive and Independent Director)	–
Yui Vivien	• Non-Executive and Independent Director • Member of Remuneration Committee	1 July 2022	N.A.	–	–

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

Board Independence: The Board assesses the independence of each Director in accordance with the guidance provided in the 2018 Code. The criteria for independence are based on the definition given in Provision 2.1 of the 2018 Code. As at the date of this report, the Board has four (4) Non-Executive and Independent Directors whose independence has been reviewed by the NC.

The NC reviews annually, and as and when circumstances require, if a Director is independent. Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his/her independence based on the Listing Rules of the SGX-ST, Principles and Provisions as set out in the 2018 Code. None of the Non-Executive and Independent Directors and their immediate family member are a substantial shareholder of or partner in or an executive officer of or a director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or materials services aggregated over any financial year in excess of S$50,000 (to an individual) or S$200,000 (to a firm), which may include auditing, banking, consulting, and legal services, in the current or immediate past financial year.

CORPORATE GOVERNANCE STATEMENT

Save for Dr Chen Seow Phun, John ("**Dr John Chen**") (who has served on the Board beyond nine (9) years and had sought approval from the shareholders in the annual general meeting of the Company held on 29 April 2021 of his continued appointment as Independent Director pursuant to Rule 210(5)(d)(iii)), none of the Independent Director has served on the Board beyond nine years from the date of his/her appointment. Notwithstanding that Dr John Chen has served the Board beyond nine (9) years, the NC with the concurrence of the Board, is satisfied that Dr John Chen has been able to objectively guide and oversee the Management of the Group, provide the check and balance and exercise an independent business judgement to the best interests of the Group. Dr John Chen had abstained from the discussions pertaining to the review of his independence, and being member of the NC has abstained from voting on any resolution in relation to his independence.

Similarly, the NC has reviewed the independence status of the Independent Directors for FY2022, and is satisfied that Mr Chandra Das S/O Rajagopal Sitaram ("**Mr Das**"), Mr Lim Swee Say ("**Mr Lim**") and Ms Yui Vivien ("**Ms Yui**") are independent in accordance with Provision 2.1 of the 2018 Code and Rule 210(5)(d) of the Listing Rules of SGX-ST. As NC members, Dr John Chen and Mr Das have abstained from voting on any resolution in relation to their independence.

Rule 210(5)(d)(iii) of the Listing Rules of SGX-ST was removed on 11 January 2023 with immediate effect. The Singapore Exchange Regulation will limit to nine years the tenure of independent director serving on the boards of listed issuers. As a transition, independent director whose tenure exceeds the nine-year limit can continue to be deemed independent until the issuer's next AGM to be held in 2024, for the financial year ending 31 December 2023.

In view of the above rule change, Dr John Chen will continue to be deemed independent until the Company's next AGM to be held in 2024. This will allow the Board and the Nominating Committee a one-year time frame to search for a new replacement Independent Director.

As at the date of this report, Dr Goi Seng Hui ("**Dr Goi**"), Dr John Chen and Mr Lim sit on the board of Tat Seng Packaging Group Ltd ("**Tat Seng**"), a listed subsidiary of the Company. The Board believes that their directorships in Tat Seng have not and will not interfere, or be reasonably perceived to interfere, with their ability to exercise independent judgement and act in the best interest of the Company. In addition, having gained in-depth understanding of the business and operating environment of the Group, they provide much needed experience and knowledge of the industry.

During the year, the NC had conducted interviews to ascertain the suitability of several candidates' qualities and capabilities, taking into consideration the appropriate skills and relevant industry knowledge to perform his/her roles on the Board and Board Committees effectively. After due deliberation, the NC recommended to the Board the appointment of Mr Lim and Ms Yui as the Independent Directors on 1 May 2022 and 1 July 2022 respectively.

Independent Directors: The composition of the Board in FY2022 complies with Provision 2.2 of the 2018 Code as Independent Directors make up a majority of the Board where the Chairman is not independent.

Non-Executive Directors: The current board composition complies with Provision 2.3 of the 2018 Code where Non-Executive Directors make up a majority of the Board, in terms of character and judgement, objectivity on issues deliberated is assured.

Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively without any individual or small group of individuals influencing or dominating the process.

Board size: The size and composition of the Board is reviewed on annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board. The Board also regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what is considered an appropriate size for itself taking into account the scope and nature of the Company's operation.

Board diversity: The Board consists of Directors with diverse expertise and experience in business management, accounting, legal, banking and financial, IT, engineering, economics and industry knowledge. They are capable in exercising objective and independent judgment on the corporate affairs of the Company. In concurrence with the NC, the Board is of the view that the current board members have the appropriate structure, size, diversity and composition to provide effective guidance and make decisions in the best interests of the Group. In terms of age diversity, the composition of the board comprises of members in their fifties to eighties. The current board composition reflects a diversity of age, skills and knowledge in FY2022.

The Board has adopted a Board Diversity Policy on 9 November 2018 (revision made on 17 September 2021) to assist the NC and the Board in identifying prospective candidates for Directorship that meet the criteria as determined by the NC and that support the diversity's objectives. The Board Diversity Policy promotes the diversity among the Directors in order to improve performance. This diversity includes the range of skills, business and industry experience, gender, age, ethnicity, geographic background, length of service, and other distinctive qualities of the board members.

The Company recognises that an effective board requires Directors to possess not only integrity, commitment, relevant experience, qualifications and skills in carrying out their duties effectively but also include diverse background towards promoting good corporate governance.

In identifying qualified candidates for nomination to the board, the NC will consider prospective candidates based on merit, having regard to their character, competencies, expertise, skills, track record, background and other qualities as being important in fostering a diverse and inclusive culture which solicits multiple perspectives and views and is free of conscious or unconscious bias and discrimination. The NC is mindful of related regulatory requirements (including the Listing Rules issued by the SGX-ST, Companies Act 1967 and the 2018 Code), and will give due consideration to characteristics, such as gender, age, ethnicity and geographic representation, which contribute to board diversity.

CORPORATE GOVERNANCE STATEMENT

The NC may, in addition to conducting its own search and selection process, engage qualified independent advisors to assist in identifying prospective candidates for directorship that meet the criteria as determined by the NC and that support the Company's diversity objectives.

The Board has established that at least 10% of the total number of board seats be reserved for women and that the composition of the board shall comprise at least one (1) director each in the age group of his/her fifties and sixties respectively. The NC will review these objectives when necessary and recommend changes to the Board Diversity Policy, as appropriate.

In implementing the Board Diversity Policy, the NC will take into account the Company's diversity objectives and the diverse nature of the business environment in which the Company operates whilst maintaining flexibility to address succession planning and to ensure that the Company continues to attract and retain qualified individuals to serve on the Board.

Adherence to the Board Diversity Policy will form part of the annual performance of the Board and/or the Board Committees of the Company. The Board Diversity Policy shall be read in conjunction with the prevailing terms of reference of the NC.

Regular meetings for Independent Directors: Directors and Management discuss and debate issues at Board meetings. Non-executive and Independent Directors are kept apprised of the Group's business (which include financial highlights, operational performance indicators and key risks monitoring indices) at the meeting. During the Board Meeting for year-end results deliberation held on 24 February 2023, a private session among the Non-Executive and Independent Directors without the Executive Director and Management's presence was scheduled to review the performance and effectiveness of Management and feedback was thereafter provided to the Executive Director and Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

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.

During FY2022, there was a distinct separation of responsibilities between the role of Chairman and the Chief Executive Officer ("**CEO**"), to ensure that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. On 10 May 2021, Mr Henry Chu Heng Hwee ("**Mr Henry Chu**") was appointed as the CEO of the Group to manage the overall operations and resources, including making major corporate decisions. He also acts as the main point of communication between the Directors and operations as well as fronting the Company in terms of investor relations and corporate communications. Mr Henry Chu was also involved in overseeing, planning, directing, controlling these activities; and to develop and execute the Group's strategies and business objectives.

As the Executive Chairman, Dr Goi provides close oversight, guidance, advice and leadership to the CEO and Management. His responsibilities include:

- 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.

The Independent Directors make up majority of the Board and exercise objective judgement on corporate matters impartially, thus ensuring a balance of power and authority. All decisions are made in consultation with the Board and the Board is of the opinion that the process of decision making by the Board has a strong independent element and provides for collective decisions without any individual or small group of individuals dominating the Board's decision making.

On 18 December 2022, Mr Henry Chu resigned as the CEO of the Group. The NC in consultation with the Board, had taken steps to source for a suitable candidate and shall determine the selection criteria for such position based on the relevant skills, knowledge and industry experiences.

Lead Independent Director:

Under the 2018 Code, the Board should have a Lead Independent Director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. Notwithstanding the Company does not have a Lead Independent Director, the Board is of the view that with the majority of Independent Directors, shareholders who have concerns could seek to approach them where contact through the normal channels of the Executive Chairman has failed to resolve or such contact is inappropriate.

In view of the above, the Board is cognizant of the variation from Provision 3.3 of the 2018 Code and would be taking steps to comply with the 2018 Code as soon as it is practicable.

Notwithstanding that the Company does not have a Lead Independent Director, the Board is of the view that 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.

In view that the Executive Chairman and the Non-Executive Director, Mr Goi Kok Ming (Wei Guoming) ("**Mr Kenneth Goi**") are immediate family members, the Company has appointed Non-Executive and Independent Directors who form a majority of the Board and Board Committees. Major proposals and decisions made by the Board are subject to majority approval by the members of the Board and reviewed by the relevant Board Committees.

Dr Goi and Mr Kenneth Goi will recuse themselves where either has a material personal interest. In such cases, deliberations would be led by the Deputy Non-Executive and Independent Chairman. Upon both their recusal, the remaining Non-Executive Director and Independent Directors would decide such matters and would be in a strong position to safeguard the interests of the Company, especially when there is a conflict of views.

The NC conducts annual board performance appraisal including review of any changes to the Board members. On the other hand, remuneration packages are reviewed periodically by the RC. The Board believes that there are adequate safeguards to ensure an appropriate balance of power and authority within the spirit of good corporate governance. In addition, all Directors take decisions objectively and in the interests of the Company.

BOARD MEMBERSHIP

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

Nominating Committee composition: As at the date of this report, the NC comprises three (3) members, majority of whom are independent:

Mr Chandra Das S/O Rajagopal Sitaram (Chairman, Non-Executive and Independent Director)
Dr Chen Seow Phun, John (Member, Non-Executive and Independent Director)
Mr Goi Kok Ming (Wei Guoming) (Member, Non-Executive and Non-Independent Director)

The NC Chairman has no relationship (direct or indirect) with the Company, its related corporations, its five percent (5%) 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 the NC provides that NC shall comprise at least three (3) members of the Board, the majority of whom, including the Chairman of the NC shall be Independent Directors.

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

- To review succession plans for Directors, in particular make recommendations to the Board on the appointment and/or replacement of the Chairman, CEO, key management personnel, Non-Executive Directors and Alternate Directors (if applicable).
- To regularly review 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. The NC shall make recommendations to the Board with regards to any adjustments that are deemed necessary.
- To establish and review the criteria on the determination of the maximum number of directorships of listed companies any Director may hold.
- To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations and other principal commitments.
- To identify gaps in the mix of skills, experiences and other qualities required in an effective Board and nominate or recommend suitable candidate(s) to fill in these gaps.
- To review, assess and recommend nominee(s) or candidate(s) for appointment or election to the Board, having regard to his/her qualifications, competencies, other principal commitments and whether or not he/she is independent and in the case of a re-nomination, to his/her contribution and performance.
- To determine, on an annual basis, if a Director is independent bearing in mind the circumstances set forth in the Listing Rules of the SGX-ST and the 2018 Code.
- To make recommendations on the re-appointment to the Board for the continuation (or not) in services of an Independent Director who has served for an aggregate period of more than nine (9) years for re-election in a general meeting.
- To recommend Directors who are retiring by rotation to be put forward for re-election and to conduct a rigorous review and determine whether an Independent Director who has served the Board for a period of nine (9) years since his/her date of appointment, can still remain independent.
- To review training and professional development programs for the Board and to ensure that all board members undergo an appropriate induction programme, where applicable.
- To assess the effectiveness of the Board as a whole, its Board Committees and the contribution of each Director to the effectiveness of the Board.

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

Director appointment and re-appointment: In appointing Directors, the Board considers the range of skills and experiences 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
- 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 the criteria as set out in the Board Diversity Policy. The NC will make a recommendation to the Board on the appointment. The Board 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 the capital of the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

In accordance to Regulation 87 of the Company's Constitution 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 greater 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 details of the retiring Directors seeking for re-election are found in Table A set out on page 60 to page 65 of this Annual Report.

The NC is also responsible to determine the independence of Directors annually by taking into account the circumstances set forth in 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) Changes to the composition of the Board and Board Committees in FY2022;

(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 Management at the board level by facilitating smooth communication between the 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 acts 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 Practice Guidance 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. The retiring Directors are Dr Goi and Mr Kenneth Goi who will retire pursuant to Regulation 87 of the Constitution of the Company, and Mr Lim and Ms Yui who will retire pursuant to Regulation 93 of the Constitution of the Company (the "**Retiring Directors**"). The Retiring Directors, being eligible, have offered themselves for re-election at the forthcoming AGM to be held on 28 April 2023.

Multiple directorships: The NC is responsible for reviewing the ability of the Directors to devote sufficient time and attention to the affairs of the Company and in particular to take into account multiple directorships and significant principal commitments held by the Directors. The NC requires each Director to declare any additional directorships or significant principal commitments during the year to enable the ongoing monitoring of the time commitments, attendances and contributions of the Directors to the Company. The NC is satisfied that the other directorships and principal commitments of the Directors had not hindered them from carrying out their duties as Directors of the Company.

The NC and Board agreed that as a guide, the maximum number of the listed company board representations which any Independent Director may hold should not exceed ten (10), 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.

In respect of disclosure of each Director on the listed company directorships and other principal commitments are set out in page 29 to page 31 of this Annual Report.

Alternate Directors: Currently, the Company does not appoint any Alternate Director.

BOARD PERFORMANCE

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

We believe that Board performance is ultimately reflected in the performance of the Group and the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interest of the Group and the shareholders. In addition to these fiduciary duties, the Board is charged with two (2) key responsibilities of setting strategic direction and ensuring that the Group is ably led. The Board, through the delegation of its authority to the NC, will review the Board's composition annually to ensure that the Board has the appropriate mix of expertise and experience to lead the Group.

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 FY2022.

(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 for FY2022.

(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 FY2022.

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.

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 Board 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.

SECTION (B): 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 own remuneration.

Remuneration Committee composition: As at the date of this report, the RC comprises four (4) members, majority of whom are independent:

Mr Lim Swee Say (Chairman, Non-Executive and Independent Director)
Mr Chandra Das S/O Rajagopal Sitaram (Member, Non-Executive and Independent Director)
Ms Yui Vivien (Member, Non-Executive and Independent Director)
Mr Goi Kok Ming (Wei Guoming) (Member, Non-Executive and Non-Independent Director)

Remuneration Committee role: 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. The RC is established for the purposes of ensuring that there is a formal and transparent process for fixing the remuneration packages for individual Directors and key management personnel and makes recommendation to the Board on all remunerations. The RC has a formal set of terms of reference approved by the Board. A summary of the RC 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, CEO 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. The RC's recommendations should cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;

- 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, taking into consideration the Principles and Provisions of the 2018 Code;

- the remuneration packages of employees related to Executive Chairman, CEO, substantial shareholders 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 Executive Chairman, CEO 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 also have access to independent expert advice from external consultants, where necessary.

Termination clauses: The RC has reviewed the fairness and reasonableness of the termination clauses of the service agreements of the Executive Chairman, CEO and key management personnel. The RC will have access to independent expert advice from external consultants, where necessary. There was no termination of any key management personnel during FY2022.

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key management personnel which is submitted to the Board for endorsement. The RC reviews recommendations on remuneration policies and packages for Directors and key management personnel in the interests of improved corporate performance. The RC reviews 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 and key management personnel, 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, options, profit sharing (where applicable) and benefits-in-kind.

The RC's recommendations are submitted to the Board for endorsement. Each member of the Board shall abstain from voting on any resolution concerning or making any recommendation and/or participating in any deliberations of the RC in respect of his/her own remuneration.

Remuneration experts: The RC, in considering the remuneration of all Directors, has not sought external advice or 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.

Remuneration framework: The remuneration packages of the Executive Chairman and 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 termination of Executive Chairman and CEO's service agreements to ensure that the terms of such clauses are not onerous to the Company. The Executive Chairman and CEO's 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, the performance of the individuals and value creation as enumerated under the 2018 Code.

Long-term incentives: Currently, the Company has no employee share option schemes or other long-term incentives since the share option scheme expired on 8 July 2013 ("**Scheme**"). The expiry of the Scheme will not affect any option granted and duly accepted but not yet exercise, whether in whole or in part by the Directors or the employees of the Group. The share options previously granted had expired on 21 January 2019.

Non-Executive Director remuneration: Save for Mr Tan Kian Chew, who is a Non-Executive and Non-Independent Director, with an advisory fee of S$51,000 in FY2022, other Directors have no service agreements with the Company. They are paid Directors' fees, with additional fees paid for serving as the Chairman or members of Board Committees. 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 and in accordance to the Directors' fees framework adopted by the RC, taking into account factors such as effort and 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.

Contractual provisions to reclaim incentives: The RC is of the view that the variable component of the remuneration packages of the Executive Chairman, CEO and key management personnel, where applicable are moderate. Although the Company did not institute contractual provisions in the service agreements or agreements to reclaim incentive components of remuneration paid in prior years from the Executive Chairman, CEO and key management personnel, the Company is in the process of reviewing the necessity to include such contractual provisions to reclaim such incentive components of remuneration paid in prior years to the Executive Chairman, CEO and key management personnel where incidents occur in exceptional circumstances such as misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

Executive Director and Key Management Personnel Remuneration

The Executive Chairman has a separate formal service agreement with the Company. For FY2022, the remuneration packages of the Executive Chairman, CEO and the key management personnel comprise primarily a basic salary component and a variable component which is the bonuses and other benefits. The service agreement of the Executive Chairman is for a period of three (3) years. This service agreement is subject to review by the RC and provide for termination by either party giving to another an appropriate prior written notice.

The RC seeks to ensure that the level and mix of remuneration for the Executive Chairman, CEO and key management personnel are competitive, aligned with shareholders' interests and promote the Group's long-term success. The Company adopts a remuneration policy 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 linked to the Company and each individual's performance.

During FY2022, there was no termination, retirement or post-employment benefits or other long-term incentives granted to the Directors, the Executive Chairman, CEO and key management personnel. Subsequent to the expiration of the Scheme, the Company is exploring other mode of long-term incentives.

Remuneration for the Executive Chairman, CEO, and key management personnel comprises a fixed component, variable cash component and market-related benefits.

A. Fixed Component

The fixed component comprises the base salary and fixed allowances.

B. Variable Cash Component

Variable component is given in the form of an Annual Variable Bonus ("**AVB**"). This AVB is a cash-based incentive for the Executive Chairman, CEO and key management personnel, which is linked to the achievement of annual performance targets.

Corporate and individual performance objectives are set at the beginning of each financial year. The objectives are aligned to the Group's overall strategic, financial and operational goals, and are cascaded down to a select group of key management personnel, creating alignment between the performance of the Group and the individual. Profit sharing is for the Executive Chairman, CEO and key management personnel.

Disclosure on Remuneration

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

Remuneration disclosure: The remuneration framework is based on policies which are aligned with Company's interests to support the Group's business with the aim of retaining key capabilities, provide sound and structured funding of remuneration in ensuring affordability and sustainable value creation. Competitive remuneration packages are offered to attract and retain experienced individuals. The remuneration policies, the procedures for setting remuneration and the relationships between remuneration, performance and value creation are described in Principle 7 above.

Summary compensation table of the Directors receiving remuneration from the Group for the financial year ended 31 December 2022 is set out below:

Directors	Base Salary (%)	Bonus (%)	Profit Sharing (%)	Directors' Fee[6] (%)	Allowance[5] (%)	TOTAL (%)
S$750,001 to S$1,000,000						
Goi Seng Hui	33.86[8]	2.82[8]	61.48	1.12[4]	0.72[8]	100.00
S$250,000 and below						
Chen Seow Phun, John	–	–	–	100.00[4]	–	100.00
Siu Wai Kam[1]	–	–	–	100.00	–	100.00
Goh Yang Jun, Jasper[1]	–	–	–	100.00	–	100.00
Goi Kok Ming (Wei Guoming)[7]	–	–	–	100.00	–	100.00
Chandra Das S/O Rajagopal Sitaram	–	–	–	100.00	–	100.00
Tan Kian Chew	–	–	–	100.00	–	100.00
Lim Swee Say[2]	–	–	–	100.00[4]	–	100.00
Yui Vivien[3]	–	–	–	100.00	–	100.00

Notes:

1 Stepped down as Non-Executive and Independent Directors on 28 April 2022
2 Appointed as Non-Executive and Independent Director on 1 May 2022
3 Appointed as Non-Executive and Independent Director on 1 July 2022
4 Directors' fee from the Company and Tat Seng Packaging Group Ltd, its listed subsidiary
5 Employer's CPF contribution and other compensation are included
6 Directors' fee was approved at the respective AGMs of the Company and its listed subsidiary, Tat Seng Packaging Group Ltd
7 Mr Kenneth Goi is the son of Dr Goi (Executive Chairman and substantial shareholder of the Company) and his remuneration is in the form of Directors' fee only
8 Including remuneration from its listed subsidiary, Tat Seng Packaging Group Ltd

The Company is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Directors and the factors taken into account for the remuneration of the Independent Directors. The Company has decided not to disclose information on the remuneration of the Directors and CEO in dollars terms because of the confidentiality and prevention of upward pressure on remuneration due to market competition. The Company is of the view that the disclosure of the indicative range of the Directors' and CEO's remuneration provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the Directors and CEO.

CORPORATE GOVERNANCE STATEMENT

The RC has reviewed and approved the remuneration packages of the Executive Director and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Executive Director and key management personnel are adequately but not excessively remunerated. The RC will consider and deliberate on the performance conditions to which Executive Director's and key management personnel's entitlement to short term and long-term incentive schemes and will make the necessary disclosures, if any.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 28 April 2023 for the payment of Directors' fee proposed (to be paid semi-annually in arrears) for the financial year ending 31 December 2023 up to an aggregate of S$302,501.

There are no employees of the Group who are substantial shareholders of the Company, or are immediate family members of Directors, the CEO or substantial shareholders of the Company and whose remuneration exceed S$100,000 for the financial year ended 31 December 2022.

Remuneration of Key Management Personnel (Group)

A summary compensation table showing the level and mix remuneration of the CEO and key management personnel (who are not Directors of the Company) in the financial year ended 31 December 2022 is as follows:

Key Management Personnel	Base Salary (%)	Bonus (%)	Profit Sharing (%)	Directors' Fee (%)	Allowance[2] (%)	TOTAL (%)
S$2,000,001 to S$2,500,000						
Loh See Moon	22.38	1.87	66.63	–	9.12	100.00
S$250,001 to S$500,000						
Chu Heng Hwee[1]	96.29	–	–	–	3.71	100.00
Cheong Poh Hua	33.22	2.77	42.03	–	21.98	100.00
Yeo See Liang	44.77	3.73	38.98	0.84	11.68	100.00
S$250,000 and below						
Koh Poh Yeok	75.25	14.63	–	–	10.12	100.00
Ching Yong Hai	72.79	14.01	–	–	13.20	100.00

Notes:

1 Resigned as Chief Executive Officer on 18 December 2022

2 Employer's CPF contribution and other compensation are included

The aggregate total remuneration paid to the key management personnel (who are not Directors or CEO of the Company) for the financial year ended 31 December 2022 was S$3,656,000.

SECTION (C): 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.

Risk governance: 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.

The Board is accountable to the shareholders and announces the Company's half yearly and full year financial results that present a balanced and understandable assessment of the Company's performances, positions and prospects.

The Company believes that prompt compliance with statutory reporting requirements is imperative to maintaining shareholders' confidence and trust. In line with the requirements of the Listing Manual of the SGX-ST, negative assurance statements are issued by the Board in respect of the interim financial statements. For the financial year under review, the CEO (during his tenure), Chief Financial Officer and Group Financial Controller have provided assurance to the Board on the integrity of the Group's financial statements.

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

Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNet, press release and/or posted on the Company's website. The Company's Annual Report is accessible on the Company's website and SGXNet.

The Board is updated with significant events that have occurred or material to the Group during the year. The Management provides the Board with financial updates on the performance and position of the Group to keep Board members informed and updated on a monthly basis to enable the Board effectively discharge their duties.

Risk assessment and evaluation have 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 mitigating actions in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation.

Risk Management Committee ("RMC")

For FY2022, the Group has put in place a RMC (subsumed and merged with AC and known as Audit and Risk Committee ("**ARC**").

To assist the Board in its oversight of risk governance, risk management framework and policies of the Group. The ARC is regulated by its terms of reference. The ARC helps to ensure that the Management maintains a sound system of risk management and internal controls to safeguard the interests of shareholders and the assets of the Group.

Audit and Risk Committee role: The ARC oversees the risk management framework and policies of the Group and report to the Board. Together with the Management, ARC has established various policies in place including but not limited to (i) Business Continuity Policy, (ii) Succession Planning Policy and (iii) Investment Policies in relation to the Financial Assets Investments and Strategic Investment. These policies are essential part of the business planning and monitoring process.

The meetings of the ARC are attended not only by 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*, strategic, financial, operational, compliance and information technology risks faced by the Group. Having carefully considered the Risks and Controls Self-Assessment being carried out during the reporting period, the key risks identified are deliberated by Management and reported to the ARC on an annual basis or such other period as may be determined by ARC.

Annual Review: 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. During the financial year 2022, the Group's internal auditors, CLA Global TS Risk Advisory Pte. Ltd. assessed 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.

CEO and CFO assurance: For FY2022, the Board has received assurances from Dr Goi (Executive Chairman), Mr Henry Chu Heng Hwee (during his tenure as CEO) and Ms Koh Poh Yeok (Chief Financial Officer) 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

In addition, the CEO (during his tenure) and the key management personnel have also given assurance to the Board that:

(b) the Group's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

Board's conclusion: 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 ARC, 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 2022.

The Board recognises that the risk management and internal control systems established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also noted that all internal control systems contain inherent limitations and no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

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

Audit and Risk Committee composition: As at the date of this report, the ARC comprises five (5) members, majority of whom, including the ARC Chairman, are independent. All members, including the ARC Chairman, have relevant accounting or related financial management expertise or experience.

Dr Chen Seow Phun, John (Chairman, Non-Executive and Independent Director)
Mr Lim Swee Say (Member, Non-Executive and Independent Director)
Mr Chandra Das S/O Rajagopal Sitaram (Member, Non-Executive and Independent Director)
Mr Tan Kian Chew (Member, Non-Executive and Non-Independent Director)
Mr Goi Kok Ming (Wei Guoming) (Member, Non-Executive and Non-Independent Director)

The Board ensures that the members of the ARC are appropriately qualified to discharge their responsibilities. The Chairman and members of the ARC possess the requisite accounting and financial management expertise and experience. None of the ARC members is former partner or director of the Company's existing auditing firm or auditing corporation (a) within the period of two years commencing on the date of their ceasing to be a partner of the audit firm or director of the auditing corporation, and (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Audit and Risk Committee role: The ARC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the 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 ARC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

The principal responsibilities of the ARC 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 of the 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, by reviewing written reports from internal and external auditors, and Management responses and actions to correct any deficiencies;
- 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 the 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 whistleblowing policy and arrangements.

Apart from the duties listed above, the ARC 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 ARC 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.

Internal Audit function: The ARC selects and approves the appointment of internal auditors. The Group has outsourced its internal audit function to CLA Global TS Risk Advisory Pte. Ltd. ("**Internal Auditors**") since 2018. The Internal Auditors serves to provide the Board and Management with an independent appraisal in terms of the reliability, adequacy and effectiveness of the internal controls established by Management. The aim is to promote internal control in the Group and to monitor the performance and the effective application of internal audit procedures. Apart from this, Internal Auditors supports the ARC and the Board in assessing key internal controls through a structured review programmed. The Internal Auditors has unfettered access to the Board, the ARC and Management, where necessary, and has the right to seek information and explanations.

Review of Internal Audit function: The ARC is satisfied that, though the Internal Audit function has been outsourced, it is adequately and effectively managed by persons with the relevant qualifications and experiences.

The Internal Auditors reports functionally to the Chairman of the ARC. On an annual basis, ARC assesses the effectiveness of the Internal Audit function by examining:

- the scope of the internal auditors' work;

- the quality of the reports;

- the relationship with the external auditors; and

- the independence of the areas reviewed.

During the year, the summary of key internal audit findings, recommendations and Management's related responses were discussed at the ARC meetings. The ARC ensures that procedures are in place to follow up on the recommendations by Internal Auditors in a timely manner and to monitor any outstanding issues.

Internal Audit resources and experiences: The ARC is satisfied that the function is adequately resourced and has appropriate standing within the Company and the Group. Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company.

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

Internal Audit standards: The ARC has reviewed and approved the annual internal audit plan FY2022 and is satisfied that the internal audit has been adequately and effectively carried out in line with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The ARC reviews the activities of the internal audit on a regular basis, including overseeing and monitoring the implementation of the improvement required on internal control weaknesses that have been identified.

Summary of Audit Committee activities: The ARC met two (2) times in the financial year ended 31 December 2022 and the Executive Chairman and CEO were invited to attend the meetings, as and when necessary. The ARC 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 within the Group.

The ARC continuously studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the ARC 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 ARC, nothing has come to the ARC's attention indicating that the system of internal controls and risk management is inadequate.

The ARC 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.

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

With the introduction of the new and revised Audit 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 Key Audit Matters ("**KAM**") in the Company's Independent Auditors' 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. KAM for FY 2022 is included in page 69 to page 71 of this Annual Report.

The ARC has discussed the KAM for FY2022 with Management and the external auditors. The ARC 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 page 69 to page 71 of this Annual Report.

Auditors: The ARC meets annually 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 ARC also makes recommendations on the appointment, re-appointment of external auditors, and their remuneration.

The ARC 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$661,000 and S$194,000 respectively for the financial year ended 31 December 2022.

The ARC has undertaken a review of the service, scope, independence and objectivity of the external auditors. 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 ARC. Apart from this, the ARC 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 based on its own interactions with the external auditors, Management's evaluation and on factors such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the ARC is satisfied that KPMG LLP is able to meet the audit requirements and statutory obligation of the Company.

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

Furthermore, ARC 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.

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 ARC or any other committees established by the ARC 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. The Group has designated an independent function to investigate whistleblowing reports made in good faith and ensures that the identity of the whistleblower is kept confidential and the Group is committed to ensure protection of the whistleblower against detrimental or unfair treatment.

There were no reported incidents pertaining to whistle-blowing for FY2022. The whistle-blowing policy can be found at the Company's website at the URL http://www.psccorporation.com/whistle-blowing-policy/.

SECTION (D): 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.

Shareholder rights: 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 is 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.

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

- annual reports that are prepared and accessible to all shareholders on the Company's website. Since FY2018, hard copies of all annual reports and/or shareholders' circulars shall only be sent to shareholders upon specific requests by them for it. This will not only prevent unnecessary cutting down of trees, but also allow us to preach what we practice as part of the efforts to reducing reliance on paper;

- 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;

- half yearly and full year results announcements containing a summary of the financial information and affairs of the Group;
- notices of and explanatory memoranda for AGM and/or EGM (if applicable);
- press releases on major developments of the Company and the Group;
- disclosures to the SGX-ST; and
- the Company's website at the URL http://www.psccorporation.com where the shareholders can access information on the Group.

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 where rules governing meetings of shareholders are properly and clearly enumerated in accordance with the Companies Act 1967, Constitution of the Company and Listing Rules of the SGX-ST, where applicable. These notices are also released via SGXNet and published in local newspapers 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.

Voting procedure: The Company's Constitution allows (a) each shareholder who is not a relevant intermediary (as defined in the Companies Act 1967) the right to appoint up to two proxies and (b) each shareholder who is a relevant intermediary to appoint more than two proxies to attend and vote on their behalf in shareholders' meetings. Shareholders will be briefed on the rules governing such meetings and voting procedures of the general meetings. Voting in absentia by email, mail or fax is not implemented due to authentication of the shareholders' identity and other security and integrity related concerns.

The Company conducts its electronic poll voting at shareholders' meeting for greater transparency in the voting process. The total number of votes cast for or against each resolution is tallied and displayed live on-screen to shareholders immediately after the vote has been cast and is also announced after the meetings via SGXNet.

In view of the coronavirus disease 2019 (COVID-19) situation, the 48th AGM of the Company held in respect of FY2021 was convened and held by electronic means on 28 April 2022 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, were put in place for the 48th AGM of the Company.

The Company anticipates that the forthcoming 49th AGM of the Company to be held in respect of FY2022 will be convened and held physically, with the safe distancing measures in place to keep interactions and transmission risk to a minimum.

The notice of the AGM is announced via SGXNet within the mandatory period prior to the meetings (or as otherwise disseminated in accordance with such laws and regulations as may be applicable), together with explanatory notes, appendices or a circular on items of special business, at least fourteen (14) days before the meeting for ordinary resolutions and/or twenty-one (21) days before the meeting for special resolutions. The Chairmen of the board committees were normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors were also invited to attend the AGM and are available to assist the Board in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditor's report. Such situations are only applicable when the AGM is held in a physical environment. In situations when the AGM is held by electronic means, shareholders' questions would be dealt with in advance, thereafter having the shareholders' questions and answers released via SGXNet and published at the Company's website prior to the commencement of the virtual AGM.

Resolutions: Every matter requiring shareholders' approval is proposed as a separate resolution at the general meeting to address each distinct issue and all the resolutions to vote by poll. The Company has implemented the system of voting by poll at its upcoming AGM. Results of each resolution put to vote at the AGM with the detailed voting results, including the total number and/or percentage of votes cast for or against each resolution tabled in the AGM, will be announced immediately at the end of each AGM and via SGXNet after market close.

Attendance at general meetings: Board members, senior Management and the Company Secretary are present at shareholders' meeting to respond to questions from shareholders. The Company's external auditors were also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Such situations are only applicable when the AGM is held in a physical environment. In situations when the AGM is held by electronic means, shareholders would attend the Company's virtual AGM via an electronic platform. As to how the Company deal with shareholders' questions and answers, it has been addressed at the earlier paragraphs of this report.

Minutes of general meetings: The Company Secretary and/or her representatives prepare minutes of general meetings that include substantial and relevant queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. Minutes of the Company's AGM will be released via SGXNet as soon as practicable and are available to shareholders upon their request. The Company also ensures that all material information relating to the Group is disclosed in an accurate and timely manner through publication on SGXNet and is made available to the shareholders.

Dividend Policy: The Company has put in place a written dividend policy. Although declaring and recommending dividend are not fixed, the policy is to recommend dividends consistent with the Company's objective, *inter alia* of maximising shareholders' value.

Dividend payments are affected by internal and external factors such as level of the Company's earnings, results of operations, capital requirements, cash flows, financial conditions, plans for expansion, general political, economic and business conditions including legal or contractual restrictions that may impact the Company from time to time and matters which the Board may act in the best interest of the Company.

The Board will carefully consider and evaluate the aforementioned before proposing any dividend.

In compliance with Rule 704(24) of the Listing Rules of SGX-ST, in the event that the Board decides not to declare or recommend a dividend, the Company is mindful to disclose the reason(s) for the decision together with the announcement of the financial statements.

Engagement with Shareholders

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

Communication: The Company recognises the importance of actively engaging with shareholders to promote effective and fair communication.

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 on SGXNet.

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 the URL http://www.psccorporation.com.

Investor Relations Policy: The Company has in place an investor relations policy outlining the practices adopted by the Company in the course of its investor relations activities. The practices are designed to provide its shareholders community access to timely and material information which promotes regular, effective and fair communication with shareholders. Investors can contact the Company though its corporate website at the URL http://www.psccorporation.com.

The Company sets out in its investor relations policy the following communication mechanism:

- The Company is committed to making timely, full and accurate disclosures in accordance with the listing rules of SGX-ST.
- The Company uses clear and succinct language in its communication with its shareholders.
- The Company endeavours to provide a consistent level of disclosure on both positive and negative developments.
- All disclosures, including announcements, press releases and presentations, are submitted to the SGX-ST through SGXNet, and are updated on the Company's website, at the URL http://www.psccorporation.com/company-news/, as soon as practicable.
- The Company does not disclose classified information that may impact its competitive position in the market.
- The Company does not provide forward-looking statements including financial forecasts.
- The Company does not respond to market rumours or speculation, unless such publicly circulated information is likely to have or has had, an effect on its share price, or would be likely to have a bearing on the Company, it would be promptly clarified by the Company via announcements released to the SGX-ST through SGXNet to avoid unnecessary speculation.

Managing Stakeholders Relationships

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 Company takes a strategic and pragmatic approach in managing stakeholders' expectations to support its long-term strategy. A sustainability governance structure and framework was put in place to identify, engage with, and manage material environment, social and governance factors which are important to stakeholders and to the Group.

As a leading fast-moving consumer goods company in Singapore, the Company prides its ability to create sustainable value through numerous business activities with various stakeholders. Sustainability, in the manner to which the Company conducts in its day-to-day dealings with customers, suppliers, employees and society, has been and will always be one of the key corporate values motivating and inspiring itself to consistently do our best. Details of which could be found in the Company's Sustainability Report 2022.

The Corporate Governance Statement, together with the Annual Report, aim to provide comprehensive and transparent reporting of the Group's overall objectives and performance to the Company's stakeholders. The Company welcomes feedback on the Corporate Governance Statement and its sustainability performance. Please address all feedback to investor relations that can be found at the Company's website at the URL http://www.psccorporation.com that is maintained to communicate and engage with stakeholders.

More information on the Company's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found in the Company's Sustainability Report uploaded at the Company's website.

ADDITIONAL INFORMATION

DEALING 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 dealing in the Company's securities.

The Directors, officers and employees of the Company and of the Group are advised, and periodically reminded, not to deal in the Company's shares for the period commencing one (1) month before the Company's announcement of financial results for its half yearly and full year results ("**close window period**"). The Company will notify Directors, officers 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 in securities within the permitted trading period and they are not to deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST for IPTs. To ensure compliance with the IPTs listing rules of Chapter 9, the ARC meets half yearly to review if the Company will be entering into an interested person transaction in order to ensure that the IPTs are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders. There were no IPTs 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.

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 shareholders subsisting at the end of FY2022.

TABLE A

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

Name of Director	Dr Goi Seng Hui ("Dr Goi")	Mr Lim Swee Say ("Mr Lim")	Ms Yui Vivien ("Ms Yui")	Mr Goi Kok Ming (Wei Guoming) ("Mr Goi")
Date of Appointment	8 March 2021	1 May 2022	1 July 2022	10 August 2012
Age	77	68	50	50
Country of principal residence	Singapore	Singapore	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 is of the opinion that Dr Goi can contribute positively to the Company after reviewing the Nominating Committee's recommendation and Dr Goi's qualifications, extensive experiences and suitability	The Board of Directors of the Company is of the opinion that Mr Lim can contribute positively to the Company after reviewing the Nominating Committee's recommendation and Mr Lim's qualifications, extensive experiences and suitability	The Board of Directors of the Company is of the opinion that Ms Yui can contribute positively to the Company after reviewing the Nominating Committee's recommendation and Ms Yui's qualifications, extensive experiences and suitability	The Board of Directors of the Company is of the opinion that Mr Goi can contribute positively to the Company after reviewing the Nominating Committee's recommendation and Mr Goi's qualifications, extensive experiences and suitability
Whether appointment is executive, and if so, the area of responsibility	Executive – to provide leadership, stewardship and direction to the Board through making business recommendation and facilitating the overall strategic direction of the Company and deliberations of the Board	Non-Executive	Non-Executive	Non-Executive

Name of Director	Dr Goi Seng Hui ("Dr Goi")	Mr Lim Swee Say ("Mr Lim")	Ms Yui Vivien ("Ms Yui")	Mr Goi Kok Ming (Wei Guoming) ("Mr Goi")
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Non-Executive and Independent Director, Chairman of Remuneration Committee and Member of Audit and Risk Committee	Non-Executive and Independent Director, Member of Remuneration Committee	Non-Executive and Non-Independent Director, Member of Nominating, Remuneration and Audit and Risk Committees
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	Father of Mr Goi, the Non-Executive and Non-Independent Director of the Company	None	None	Son of Dr Goi, the Executive Chairman and Substantial Shareholder of the Company
Conflict of interest (including any competing business)	Dr Goi is a Director and Substantial Shareholder of listed companies, Envictus International Holdings Limited, GSH Corporation Limited, JB Foods Limited and Tung Lok Group Restaurants (2000) Ltd. Dr Goi is not aware of any competition with the Company in the business by his current list of directorships	None	None	None

CORPORATE GOVERNANCE STATEMENT

Name of Director	Dr Goi Seng Hui ("Dr Goi")	Mr Lim Swee Say ("Mr Lim")	Ms Yui Vivien ("Ms Yui")	Mr Goi Kok Ming (Wei Guoming) ("Mr Goi")
Working experience and occupation(s) during the past 10 years	Executive Chairman of Tee Yih Jia Food Manufacturing Private Limited and GSH Corporation Limited	– 2007 to 2015 – National Trades Union Congress, Secretary-General – 2007 to 2015 – Prime Minister's Office, Minister – 2015 to 2018 – Ministry of Manpower, Minister – 1997 to 2020 – Parliament, Member of Parliament	2003 to Present – WongPartnership LLP (Singapore)	– Chief Operating Officer and Executive Director of GSH Corporation Limited – Chief Operating Officer and Executive Director of Acelink Logistics Pte Ltd – Executive Director of Tee Yih Jia Group – Non-Executive Director, Serial System Ltd – Non-Executive Director, Union Steel Holdings Limited
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Dr Goi holds 164,802,904 shares in the capital of the Company and 409,700 shares in the capital of its listed subsidiary, Tat Seng Packaging Group Ltd	No, Mr Lim does not hold any shares in PSC Corporation Ltd. and its subsidiaries	No, Ms Yui does not hold any shares in PSC Corporation Ltd. and its subsidiaries	No, Mr Goi does not hold any shares in PSC Corporation Ltd. and its subsidiaries

Name of Director	Dr Goi Seng Hui ("Dr Goi")	Mr Lim Swee Say ("Mr Lim")	Ms Yui Vivien ("Ms Yui")	Mr Goi Kok Ming (Wei Guoming) ("Mr Goi")
Other Principal Commitments including Directorships	**Past (for the last 5 years)** Junhe Investment Pte Ltd Super Group Ltd Plaza Ventures Pte Ltd Singapore University of Technology and Design Tan Kah Kee Foundation TYJ Holdings (HK) Ltd Yangzhou Junhe Property Development Co Ltd	**Past (for the last 5 years)** Ministry of Manpower, Minister Parliament, Member of Parliament	**Past (for the last 5 years)** Council Member of Growing Together with Kidstart	**Past (for the last 5 years)** Junhe Investment Pte Ltd Plaza Ventures Pte Ltd Mandarin Food Manufacturing Pte Ltd
	Present Envictus International Holdings Limited GSH Corporation Limited GYP Properties Limited JB Foods Limited Tat Seng Packaging Group Ltd Tung Lok Restaurants (2000) Ltd Acelink Logistics Pte Ltd China World Agents Limited Chinatown Food Corporation Pte Ltd Desaru Property Development Sdn Bhd Fujian Guanhui Food Enterprise Co Ltd Fujian Mingwei Food Enterprise Co Ltd	**Present** National Trades Union Congress (NTUC), Trustee NTUC-Administration & Research Unit Board of Trustees, Chairman Singapore Labour Foundation, Deputy Chairman Ong Teng Cheong Institute, Governor	**Present** Partner of Wong Partnership LLP (Singapore) Director of Woodlands Health Fund Limited	**Present** GSH Corporation Limited Serial System Ltd Union Steel Holdings Limited Advanced Prestige Sdn Bhd Altheim International Limited Aspirasi Kukuh Sdn Bhd Borneo Ventures Pte Ltd City View Ventures Sdn Bhd Eastworth Source Sdn Bhd GSH (Middle East) Pte Ltd GSH Properties (PRC) Pte Ltd GSH (Xiamen) Property Development Pte Ltd

CORPORATE GOVERNANCE STATEMENT

Name of Director	Dr Goi Seng Hui ("Dr Goi")	Mr Lim Swee Say ("Mr Lim")	Ms Yui Vivien ("Ms Yui")	Mr Goi Kok Ming (Wei Guoming) ("Mr Goi")
Other Principal Commitments including Directorships	Guan Hui Food Enterprise Company Limited Hydrex International Pte Ltd Maker Food Manufacturing Pte Ltd New Straits Holdings Pte Ltd Oregold Pte Ltd Ritz Properties Sdn Bhd Rumah & Co. Pte Ltd Ryushobo (S) Pte Ltd T&T Gourmey Cuisine Pte Ltd Tee Yih Jia Food Manufacturing Pte Ltd Tee Yih Jia Food Manufacturing Sdn Bhd Twin Investment Pte Ltd TYJ Group Pte Ltd TYJ International Pte Ltd Vive La Sdn Bhd Advanced Prestige Sdn Bhd Altheim International Limited City View Ventures Sdn Bhd Eastworth Source Sdn Bhd Investasia Sdn. Bhd. Linyi Properties Sdn Bhd	NTUC (Digital Transformation), Advisor NTUC Enterprise Co-operative Ltd, Adviser & Director NTUC Learning Hub Pte. Ltd., Chairman NTUC Learning Hub Co-operative Ltd, Chairman Independent Director, Singapore Telecommunications Limited Independent Director, Ho Bee Land Limited Independent Director, Tat Seng Packaging Group Ltd Independent Director, NCS Pte. Ltd. Director, Temasek Foundation Ltd. Director, TF IPC Ltd.		GSH (Zhengzhou) Investments Pte Ltd GSH Facilities Management (Malaysia) Sdn Bhd GSH International Enterprise Pte Ltd GSH Island Investments Pte Ltd GSH Properties (Malaysia) Pte Ltd GSH Properties Pte Ltd Investasia Sdn Bhd Linyi Properties Sdn Bhd Mainfield Holdings Limited Mewabumi Sdn Bhd MXIM Holdings Pte Ltd Ocean View Point Pte Ltd Ocean View Ventures Pte Ltd Prime Peninsular Holdings Pte Ltd Rainbow Properties Sdn Bhd Sutera Harbour Golf & Country Club Berhad Sutera Harbour Resort Sdn Bhd Sutera Harbour Travel Sdn Bhd Sutera Yacht Services Sdn Bhd The Little Shop Sdn Bhd

Name of Director	Dr Goi Seng Hui ("Dr Goi")	Mr Lim Swee Say ("Mr Lim")	Ms Yui Vivien ("Ms Yui")	Mr Goi Kok Ming (Wei Guoming) ("Mr Goi")
Other Principal Commitments including Directorships	Mainfield Holdings Limited Mewabumi Sdn Bhd Mxim Holdings Pte Ltd Rainbow Properties Sdn Bhd Sutera Harbour Golf & Country Club Berhad Sutera Harbour Travel Sdn Bhd Sutera Yacht Services Sdn Bhd The Little Shop Sdn Bhd The Sutera Harbour Group Sdn Bhd Xing Asia Impel Sdn. Bhd.			The Sutera Harbour Group Sdn Bhd Twin Towers Properties Limited Xing Asia Impel Sdn Bhd Acelink Logistics Pte Ltd Super Elite Holdings Tee Yih Jia Food Manufacturing Pte Ltd TYJ Group Pte Ltd Vive La Sdn Bhd

The retiring Directors have responded negative to items (a) to (k) listed in Rule 720(6) of the Listing Rules of 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 2022.

In our opinion:

(a) the financial statements set out on pages 75 to 170 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and 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 Companies Act 1967 (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:

Goi Seng Hui	
Chen Seow Phun, John	
Chandra Das S/O Rajagopal Sitaram	
Lim Swee Say	(Appointed on 1 May 2022)
Yui Vivien	(Appointed on 1 July 2022)
Tan Kian Chew	
Goi Kok Ming (Wei Guoming)	

Change of Company name

On 5 May 2022, the Company changed its name from Hanwell Holdings Limited to PSC Corporation Ltd.

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 and share options in the Company and in related corporations (other than wholly-owned subsidiaries) 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				
Goi Seng Hui	164,802,904	164,802,904	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or share options of the Company, or of related corporations, either at the beginning, or at the date of appointment 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 2023.

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 the Company or any other body corporate.

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 and Risk Committee

The members of the Audit and Risk Committee ("ARC") at the date of this statement are:

- Chen Seow Phun, John, Non-Executive and Independent Director
- Lim Swee Say, Non-Executive and Independent Director
- Chandra Das S/O Rajagopal Sitaram, Non-Executive and Independent Director
- Tan Kian Chew, Non-Executive and Non-Independent Director
- Goi Kok Ming (Wei Guoming), Non-Executive and Non-Independent Director

The ARC 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.

DIRECTORS' STATEMENT

The ARC has held two (2) meetings since the last directors' statement. In performing its functions, the ARC met with the Company's external and internal auditors to discuss the scope of their work, the results of their respective examinations and evaluation of the Company's internal accounting control system.

The ARC also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- semi-annual financial information and annual financial statements of the Company and its subsidiaries (the "Group") 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 SGX-ST).

The ARC 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 ARC also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The ARC 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, subsidiaries and significant associates, we have complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

Auditors

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

On behalf of the Board of Directors

Goi Seng Hui
Director

Chen Seow Phun, John
Director

5 April 2023

INDEPENDENT AUDITORS' REPORT

Members of the Company
PSC Corporation Ltd (formerly known as Hanwell Holdings Limited)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PSC Corporation Ltd (formerly known as Hanwell Holdings Limited) (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 2022, 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 75 to 170.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*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.

Impairment assessment of property, plant and equipment, and right-of-use assets (collectively, the Group's non-financial assets)

(Refer to Note 4 to the financial statements)

Risk

Goodwill is subject to annual impairment test or more frequently if there are indicators of impairment. Other non-financial assets are subject to impairment tests if there are indicators of impairment.

As at 31 December 2022, the net carry value of the property, plant and equipment, including right-of-use assets held by the Group amounted to S$165.0 million, 95% of Group's total non-current assets.

The Group's net asset value exceeded its market capitalisation by $222 million as at 31 December 2022. This indicates that non-financial assets may be impaired. Impairment assessment involves estimating the recoverable amounts of the cash generating unit ("CGU") to which the non-financial assets belongs.

The determination of recoverable amounts involves judgement and is subject to estimation uncertainties.

The recoverable amount of each CGU is determined based on greater of value-in-use method and fair value less costs to sell method.

As at 31 December 2022, the recoverable amount for these CGUs were assessed to be in excess of the respective carrying amounts, no impairment was determined.

Refer to Note 4 to the financial statements for the impairment assessment.

Our response

We assessed the Group's process of identifying the respective CGUs. We evaluated whether the CGUs with impairment indicators were appropriately identified by management based on our understanding of the current business environment which the Group operates in.

Value-in-use method

We evaluated the key assumptions used in the cash flow forecasts. This included comparing forecast growth rate used in the cash flow forecasts to historical results and making inquiries with management on its future plan for the CGUs. We formed an independent expectation on the discount rate based on market inputs, and incorporating country risk premium.

We also considered the adequacy of disclosures in the financial statements in respect of key assumptions, estimates and discount rates used in the cash flow forecasts.

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 identification of the CGUs to be reasonable and those CGUs with impairment indicators to be appropriate.

We found the key assumptions and estimates used by management under the value-in-use method to be within a supportable range.

The valuers are 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.

The disclosures are appropriate in terms of their description of the assumptions and estimates made by management and the sensitivity to changes thereon.

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.

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 all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

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

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 Teo Han Jo.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Assets					
Property, plant and equipment	4	**164,802**	159,095	**45,623**	47,208
Intangible assets	5	**3,502**	1,157	**–**	–
Investment properties	6	**619**	678	**–**	–
Subsidiaries	7	**–**	–	**37,418**	40,001
Associates	8	**–**	–	**–**	–
Other financial assets	9	**73**	68	**73**	68
Deferred tax assets	10	**3,685**	3,669	**–**	–
Trade and other receivables	12	**17**	37	**–**	–
Non-current assets		**172,698**	164,704	**83,114**	87,277
Other financial assets	9	**601**	560	**601**	560
Current tax assets		**673**	387	**–**	–
Inventories	11	**52,855**	63,809	**–**	–
Trade and other receivables	12	**134,338**	145,952	**22,733**	20,435
Cash and cash equivalents	15	**194,007**	203,230	**97,163**	97,977
Current assets		**382,474**	413,938	**120,497**	118,972
Total assets		**555,172**	578,642	**203,611**	206,249
Equity					
Share capital	16	**180,099**	180,099	**180,099**	180,099
Reserves	16	**133,329**	128,682	**4,506**	(1,061)
Equity attributable to owners of the Company		**313,428**	308,781	**184,605**	179,038
Non-controlling interests	17	**84,777**	84,623	**–**	–
Total equity		**398,205**	393,404	**184,605**	179,038
Liabilities					
Loans and borrowings	18	**21,022**	19,302	**13,146**	13,419
Other payable	21	**800**	–	**–**	–
Deferred income	20	**1,727**	2,235	**206**	261
Deferred tax liabilities	10	**4,825**	5,063	**–**	–
Non-current liabilities		**28,374**	26,600	**13,352**	13,680
Loans and borrowings	18	**57,780**	81,975	**334**	323
Current tax liabilities		**4,038**	3,386	**–**	–
Trade and other payables	21	**66,417**	72,893	**5,264**	13,152
Deferred income	20	**358**	384	**56**	56
Current liabilities		**128,593**	158,638	**5,654**	13,531
Total liabilities		**156,967**	185,238	**19,006**	27,211
Total equity and liabilities		**555,172**	578,642	**203,611**	206,249

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	22	**553,044**	533,268
Cost of sales		**(437,890)**	(420,042)
Gross profit		**115,154**	113,226
Other income	23	**3,054**	5,607
Distribution expenses		**(48,157)**	(45,639)
Administrative expenses		**(36,386)**	(32,466)
Impairment losses of trade and other receivables (net)		**(521)**	(852)
Other expenses		**(475)**	(1,249)
Results from operating activities		**32,669**	38,627
Finance income		**2,186**	1,485
Finance costs		**(2,098)**	(2,567)
Net finance income/(costs)	25	**88**	(1,082)
Profit before tax		**32,757**	37,545
Tax expense	26	**(5,022)**	(7,652)
Profit for the year	24	**27,735**	29,893
Profit attributable to:			
Owners of the Company		**19,489**	19,566
Non-controlling interests		**8,246**	10,327
Profit for the year		**27,735**	29,893
Earnings per share			
Basic earnings per share (cents)	27	**3.52**	3.54
Diluted earnings per share (cents)	27	**3.52**	3.54

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	2022 $'000	2021 $'000
Profit for the year	**27,735**	29,893
Other comprehensive income – items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences of foreign operations	**(15,515)**	6,188
Translation differences of subsidiary reclassified to profit or loss upon de-consolidation/disposal	**(287)**	(31)
Effective portion of changes in fair value of cash flow hedges	**–**	3
Other comprehensive income for the year, net of tax	**(15,802)**	6,160
Other comprehensive income – items that will not be reclassified subsequently to profit or loss		
Equity investment FVOCI – net change in fair value	**5**	8
Other comprehensive income for the year, net of tax	**5**	8
Total comprehensive income for the year	**11,938**	36,061
Total comprehensive income attributable to:		
Owners of the Company	**9,815**	23,149
Non-controlling interests	**2,123**	12,912
Total comprehensive income for the year	**11,938**	36,061

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

Group	Share capital $'000	Treasury shares $'000	Other reserves $'000	Statutory reserves $'000
	--------------------	--------------------	--------------------	------Attributable to
At 1 January 2021	184,325	(4,226)	237	12,299
Total comprehensive income for the year				
Profit for the year	–	–	–	–
Other comprehensive income				
Foreign currency translation differences of foreign operations	–	–	–	–
Translation differences of subsidiary reclassified to profit or loss upon disposal	–	–	–	–
Net change in fair value – equity investments at FVOCI	–	–	–	–
Effective portion of changes in fair value of cash flow hedges	–	–	–	–
Total other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Transactions with owners, recognised directly in equity				
Distributions to owners				
Dividends paid (Note 16)	–	–	–	–
Total distributions to owners	–	–	–	–
Total transactions with owners	–	–	–	–
Transfer between reserves				
Appropriation of retained earnings to statutory reserve fund	–	–	–	369
At 31 December 2021	184,325	(4,226)	237	12,668

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

owners of the Company						
Fair value reserve $'000	Translation reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
39	(1,556)	(2)	98,667	289,783	74,301	364,084
–	–	–	19,566	19,566	10,327	29,893
–	3,604	–	–	3,604	2,584	6,188
–	(31)	–	–	(31)	–	(31)
8	–	–	–	8	–	8
–	–	2	–	2	1	3
8	3,573	2	–	3,583	2,585	6,168
8	3,573	2	19,566	23,149	12,912	36,061
–	–	–	(4,151)	(4,151)	(2,590)	(6,741)
–	–	–	(4,151)	(4,151)	(2,590)	(6,741)
–	–	–	(4,151)	(4,151)	(2,590)	(6,741)
–	–	–	(369)	–	–	–
47	2,017	–	113,713	308,781	84,623	393,404

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

Group	Share capital $'000	Treasury shares $'000	Other reserves $'000	Attributable to Statutory reserves $'000
At 1 January 2022	**184,325**	**(4,226)**	**237**	**12,668**
Total comprehensive income for the year				
Profit for the year	–	–	–	–
Other comprehensive income				
Foreign currency translation differences of foreign operations	–	–	–	–
Translation differences of subsidiary reclassified to profit or loss upon de-consolidation	–	–	–	–
Net change in fair value – equity investments at FVOCI	–	–	–	–
Total other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Transactions with owners, recognised directly in equity				
Distributions to owners				
Dividends paid (Note 16)	–	–	–	–
Unclaimed dividends reversed	–	–	–	–
Total distributions to owners	–	–	–	–
Changes in ownership interests in subsidiaries				
Acquisition of subsidiaries with non-controlling interests	–	–	–	–
Acquisition of non-controlling interests without a change in control	–	–	–	–
Recognition of put option granted to non-controlling interests (Note 21)	–	–	**(800)**	–
Total changes in ownership interests in subsidiaries	–	–	**(800)**	–
Total transactions with owners	–	–	**(800)**	–
Transfer between reserves				
Appropriation of retained earnings to statutory reserve fund	–	–	–	**63**
Other reserves reclassified to retained earnings on de-consolidation	–	–	**2,149**	–
	–	–	**2,149**	**63**
At 31 December 2022	**184,325**	**(4,226)**	**1,586**	**12,731**

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

owners of the Company --					
Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
47	2,017	113,713	308,781	84,623	393,404
–	–	19,489	19,489	8,246	27,735
–	(9,382)	–	(9,382)	(6,133)	(15,515)
–	(297)	–	(297)	10	(287)
5	–	–	5	–	5
5	(9,679)	–	(9,674)	(6,123)	(15,797)
5	(9,679)	19,489	9,815	2,123	11,938
–	–	(4,151)	(4,151)	(2,487)	(6,638)
–	–	1	1	–	1
–	–	(4,150)	(4,150)	(2,487)	(6,637)
–	–	–	–	300	300
–	–	(218)	(218)	218	–
–	–	–	(800)	–	(800)
–	–	(218)	(1,018)	518	(500)
–	–	(4,368)	(5,168)	(1,969)	(7,137)
–	–	(63)	–	–	–
–	–	(2,149)	–	–	–
–	–	(2,212)	–	–	–
52	(7,662)	126,622	313,428	84,777	398,205

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit for the year		**27,735**	29,893
Adjustments for:			
Amortisation of deferred income	20	**(436)**	(509)
Amortisation of intangible assets	5	**133**	–
Depreciation of investment properties	6	**19**	35
Depreciation of property, plant and equipment	4	**16,100**	16,018
Dividend income	9	**(3)**	(2)
Gain on de-consolidation of subsidiaries		**(708)**	–
Gain on disposal of subsidiary	29	**–**	(2,261)
(Gain)/loss on disposal of property, plant and equipment	24	**(130)**	67
Goodwill written off	5	**51**	–
Impairment loss on trade receivables		**521**	852
Interest income	25	**(2,077)**	(1,483)
Interest expense	25	**2,098**	2,072
Inventories written down	24	**1,085**	206
Net (increase)/decrease in fair value of financial assets at fair value through profit or loss	25	**(106)**	495
Property, plant and equipment written off	24	**193**	16
Tax expense		**5,022**	7,652
Unrealised exchange gain		**(715)**	(411)
		48,782	52,640
Changes in:			
– Inventories		**6,730**	(10,066)
– Trade and other receivables		**5,745**	(9,133)
– Trade and other payables		**(4,529)**	(1,189)
Cash generated from operations		**56,728**	32,252
Tax paid		**(5,123)**	(6,490)
Net cash from operating activities		**51,605**	25,762
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash	29	**(1,546)**	–
Interest received		**1,610**	825
Dividend received		**3**	2
Proceeds from disposal of a subsidiary	29	**–**	12,415
Proceeds from disposal of financial assets at fair value through profit or loss		**65**	–
Proceeds from disposal of property, plant and equipment		**348**	1,266
Purchase of property, plant and equipment		**(22,256)**	(10,788)
Net cash (used in)/from investing activities		**(21,776)**	3,720
Cash flows from financing activities			
Decrease/(Increase) in deposits pledged		**4,257**	(3,591)
Dividends paid		**(6,638)**	(6,741)
Interest paid		**(2,267)**	(2,191)
Payment of lease liabilities		**(1,499)**	(2,702)
Proceeds from loans and borrowings		**127,225**	135,840
Repayment of loans and borrowings		**(150,371)**	(117,100)
Net cash (used in)/from financing activities		**(29,293)**	3,515
Net increase in cash and cash equivalents		**536**	32,997
Cash and cash equivalents at 1 January		**187,372**	152,321
Effect of exchange rate fluctuations on cash held		**(5,502)**	2,054
Cash and cash equivalents at 31 December	15	**182,406**	187,372

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 April 2023.

1. DOMICILE AND ACTIVITIES

PSC Corporation Ltd (formerly known as Hanwell Holdings Limited) (the "Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is 348 Jalan Boon Lay, Singapore 619529.

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The Company is primarily involved in the supply of provisions and household consumer products. The Company also provides management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in note 7 to the financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) 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.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

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

Information about assumptions and judgement that have a significant risk of resulting in a material adjustment within the next financial year are included in notes 4 and 5 impairment test: key assumptions underlying recoverable amounts of property, plant and equipment and goodwill.

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 Chief Financial Officer has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable.

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market 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.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4 – Property, plant and equipment;

Note 19 – Financial instruments.

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 2022:

- Amendment to SFRS(I) 16: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments SFRS(I) 13: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018–2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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 Group and the Company, except as disclosed in Note 2.5.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- consideration transferred generally measured at fair value; 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.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

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.

(ii) 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.

(iii) 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 on 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iv) Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries and associates in the separate financial statements

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

3.2 Foreign currency

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

(i) Foreign currency transactions (Continued)

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.

(ii) 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 or 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables 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.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; 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.

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 other comprehensive income. This election is made on an investment-by-investment basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 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

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.

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 Company'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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

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

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.

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 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.

(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 either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - 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.

Transferred assets are not derecognised when 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(iii) Derecognition (Continued)

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.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(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.

For the purpose of the consolidated statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

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

Repurchase, disposal and reissue of share capital (treasury shares)

Where share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(vii) 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 and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

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'.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

(i) 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 cost 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.

(ii) 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)

3.4 Property, plant and equipment (Continued)

(iii) 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. Freehold land, installation-in-progress and construction-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:

• freehold buildings	50 years
• leasehold land and buildings	20 to 50 years
• leasehold improvements	22 to 44 years
• renovations	3 to 10 years
• furniture, fittings and office equipment	3 to 13 ⅓ years
• warehouse equipment	6 to 10 years
• motor vehicles	4 to 10 years
• plant and machinery	6 to 20 years
• computers	3 to 10 years

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets and goodwill

(i) 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(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

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.

(iv) Other intangible assets

Other intangible assets that are acquired by the Group and have a finite useful life 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.

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

Customer relationships	4 years

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are measured at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. The freehold land component of the investment properties is not depreciated. The freehold building component is depreciated on a straight-line basis over 50 years.

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

Depreciation method, useful life and residual value are reviewed at the end of each reporting period, and adjusted if appropriate.

3.7 Leases

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (Continued)

(i) As a lessee (Continued)

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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (Continued)

(i) As a lessee (Continued)

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, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception 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 their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Inventories

(i) Trading goods and manufactured consumer products

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production and 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 estimated costs necessary to make the sale.

(ii) Manufactured corrugated paper products

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.

3.9 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

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

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

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade and bill 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 borrower 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).

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 Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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 borrower 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 borrower 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment (Continued)

(ii) 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, then the asset's recoverable amount is 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 of disposal. 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.

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 amounts of the other assets in the CGU (group of CGUs) 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Employee benefits

(i) Defined contribution plans

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

(ii) 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.

(iii) 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.

(iv) 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

(i) Goods and services sold

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue (Continued)

(i) Goods and services sold (Continued)

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

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

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

(ii) Rental income

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as 'other income'.

3.12 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. 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, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income; and
- the net gain or loss on financial assets at FVTPL.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to 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.

3.14 Tax

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

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*.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Tax (Continued)

Current tax is the expected tax payable or receivable 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 also includes any tax arising from dividends.

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 and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Tax (Continued)

Deferred tax assets are recognised for unused tax losses, 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 utilised. 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 individual subsidiaries in 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.

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 effect of all dilutive potential ordinary shares, which comprise share options granted to employees.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Board of Directors 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 Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

3.17 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Group has not early adopted the following new or amended standards in preparing these financial statements and it is not expected to have a significant impact on the Group's financial statements.

- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I)1-1: *Classification of Liabilities as Current or Non-Current*
- SFRS(I) 17 Insurance Contracts and Amendments to SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Freehold buildings $'000	Leasehold land and buildings $'000	Leasehold improvements $'000	Renovations $'000
Cost					
At 1 January 2021	1,101	8,889	123,767	5,950	5,639
Additions	–	–	442	–	57
Disposals	–	–	–	–	–
Reclassification	–	–	314	–	–
Write-offs	–	–	–	–	–
Modification/Derecognition of right-of-use asset	–	–	–	–	–
Effect of movements in exchange rates	(24)	(78)	2,755	–	(12)
At 31 December 2021	1,077	8,811	127,278	5,950	5,684
At 1 January 2022	**1,077**	**8,811**	**127,278**	**5,950**	**5,684**
Additions	**–**	**–**	**19,524**	**–**	**85**
Disposals	**–**	**–**	**–**	**–**	**–**
Reclassification	**–**	**–**	**558**	**–**	**–**
Write-offs	**–**	**–**	**(3,585)**	**(1)**	**(577)**
Modification/Derecognition of right-of-use asset	**–**	**–**	**(4,219)**	**–**	**–**
Effect of movements in exchange rates	**(115)**	**(369)**	**(5,587)**	**–**	**(57)**
Acquisitions through business combinations (Note 29)	**–**	**–**	**–**	**–**	**–**
At 31 December 2022	**962**	**8,442**	**133,969**	**5,949**	**5,135**
Accumulated depreciation and impairment losses					
At 1 January 2021	–	3,205	32,462	2,511	4,900
Depreciation charge for the year	–	123	5,693	147	116
Disposals	–	–	–	–	–
Write-offs	–	–	–	–	–
Derecognition of right-of-use asset	–	–	–	–	–
Effect of movements in exchange rates	–	(7)	992	–	(5)
At 31 December 2021	–	3,321	39,147	2,658	5,011
At 1 January 2022	**–**	**3,321**	**39,147**	**2,658**	**5,011**
Depreciation charge for the year	**–**	**119**	**5,492**	**147**	**111**
Disposals	**–**	**–**	**–**	**–**	**–**
Write-offs	**–**	**–**	**(3,585)**	**(1)**	**(575)**
Derecognition of right-of-use asset	**–**	**–**	**(3,669)**	**–**	**–**
Effect of movements in exchange rates	**–**	**(45)**	**(2,045)**	**–**	**(27)**
At 31 December 2022	**–**	**3,395**	**35,340**	**2,804**	**4,520**
Carrying amounts					
At 1 January 2021	1,101	5,684	91,305	3,439	739
At 31 December 2021	1,077	5,490	88,131	3,292	673
At 31 December 2022	**962**	**5,047**	**98,629**	**3,145**	**615**

Furniture, fittings and office equipment $'000	Warehouse equipment $'000	Plant and machinery $'000	Motor vehicles $'000	Computers $'000	Construction in progress $'000	Installation in progress $'000	Total $'000
9,393	2,423	102,186	11,523	4,498	521	4,256	280,146
548	89	4,081	306	167	32	5,231	10,953
(15)	–	(2,241)	(1,396)	(7)	–	–	(3,659)
37	–	4,360	361	–	–	(5,072)	–
(48)	(119)	(89)	–	(929)	–	–	(1,185)
(128)	–	(176)	–	–	–	–	(304)
122	(8)	3,142	121	(17)	24	103	6,128
9,909	2,385	111,263	10,915	3,712	577	4,518	292,079
9,909	**2,385**	**111,263**	**10,915**	**3,712**	**577**	**4,518**	**292,079**
740	**60**	**3,662**	**808**	**139**	**3,145**	**1,166**	**29,329**
(225)	**–**	**(2,433)**	**(416)**	**–**	**–**	**–**	**(3,074)**
466	**–**	**2,841**	**70**	**–**	**–**	**(3,935)**	**–**
(562)	**–**	**(494)**	**(2)**	**(242)**	**–**	**–**	**(5,463)**
(250)	**–**	**(162)**	**–**	**–**	**–**	**–**	**(4,631)**
(318)	**(41)**	**(6,952)**	**(369)**	**(75)**	**(230)**	**(177)**	**(14,290)**
180	**–**	**–**	**1,218**	**–**	**–**	**–**	**1,398**
9,940	**2,404**	**107,725**	**12,224**	**3,534**	**3,492**	**1,572**	**295,348**
5,848	1,363	58,811	6,216	2,600	–	–	117,916
934	168	7,436	1,016	385	–	–	16,018
(9)	–	(2,010)	(302)	(3)	–	–	(2,324)
(158)	(119)	(77)	–	(815)	–	–	(1,169)
(90)	–	(176)	–	–	–	–	(266)
80	(7)	1,697	69	(10)	–	–	2,809
6,605	1,405	65,681	6,999	2,157	–	–	132,984
6,605	**1,405**	**65,681**	**6,999**	**2,157**	**–**	**–**	**132,984**
943	**176**	**7,406**	**1,324**	**382**	**–**	**–**	**16,100**
(216)	**–**	**(2,002)**	**(373)**	**–**	**–**	**–**	**(2,591)**
(506)	**–**	**(360)**	**(1)**	**(242)**	**–**	**–**	**(5,270)**
(189)	**–**	**(161)**	**–**	**–**	**–**	**–**	**(4,019)**
(217)	**(34)**	**(3,990)**	**(254)**	**(46)**	**–**	**–**	**(6,658)**
6,420	**1,547**	**66,574**	**7,695**	**2,251**	**–**	**–**	**130,546**
3,545	1,060	43,375	5,307	1,898	521	4,256	162,230
3,304	980	45,582	3,916	1,555	577	4,518	159,095
3,520	**857**	**41,151**	**4,529**	**1,283**	**3,492**	**1,572**	**164,802**

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land and buildings $'000	Leasehold improvements $'000	Renovations $'000	Furniture, fittings and office equipment $'000
Cost				
Balance at 1 January 2021	53,271	5,950	4,106	1,242
Additions	–	–	57	184
Disposals	–	–	–	(5)
Write-offs	–	–	–	(11)
Modification/Derecognition of right-of-use asset	–	–	–	(128)
At 31 December 2021	53,271	5,950	4,163	1,282
At 1 January 2022	**53,271**	**5,950**	**4,163**	**1,282**
Additions	**–**	**–**	**85**	**84**
Disposals	**–**	**–**	**–**	**–**
Write-offs	**(3,585)**	**(1)**	**(257)**	**(46)**
Derecognition of right-of-use asset	**–**	**–**	**–**	**(81)**
At 31 December 2022	**49,686**	**5,949**	**3,991**	**1,239**
Accumulated depreciation				
At 1 January 2021	8,959	2,511	4,009	797
Depreciation charge for the year	1,585	147	33	102
Disposals	–	–	–	(1)
Write-offs	–	–	–	(11)
Derecognition of right-of-use asset	–	–	–	(90)
At 31 December 2021	10,544	2,658	4,042	797
At 1 January 2022	**10,544**	**2,658**	**4,042**	**797**
Depreciation charge for the year	**1,585**	**147**	**38**	**96**
Disposals	**–**	**–**	**–**	**–**
Write-offs	**(3,585)**	**(1)**	**(257)**	**(45)**
Derecognition of right-of-use asset	**–**	**–**	**–**	**(63)**
At 31 December 2022	**8,544**	**2,804**	**3,823**	**785**
Carrying amounts				
At 1 January 2021	44,312	3,439	97	445
At 31 December 2021	42,727	3,292	121	485
At 31 December 2022	**41,142**	**3,145**	**168**	**454**

Warehouse equipment $'000	Plant and machinery $'000	Motor vehicles $'000	Computers $'000	Total $'000
395	76	1,179	1,694	67,913
–	–	192	74	507
–	–	(1,154)	(7)	(1,166)
(115)	–	–	(755)	(881)
–	–	–	–	(128)
280	76	217	1,006	66,245
280	**76**	**217**	**1,006**	**66,245**
–	**–**	**249**	**53**	**471**
–	**–**	**(217)**	**–**	**(217)**
–	**–**	**–**	**–**	**(3,889)**
–	**–**	**–**	**–**	**(81)**
280	**76**	**249**	**1,059**	**62,529**
289	62	304	1,137	18,068
17	8	68	145	2,105
–	–	(161)	(3)	(165)
(115)	–	–	(755)	(881)
–	–	–	–	(90)
191	70	211	524	19,037
191	**70**	**211**	**524**	**19,037**
16	**6**	**25**	**118**	**2,031**
–	**–**	**(211)**	**–**	**(211)**
–	**–**	**–**	**–**	**(3,888)**
–	**–**	**–**	**–**	**(63)**
207	**76**	**25**	**642**	**16,906**
106	14	875	557	49,845
89	6	6	482	47,208
73	**–**	**224**	**417**	**45,623**

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year, the Group acquired property, plant and equipment with an aggregate cost of $29,329,000 (2021: $10,953,000) of which $7,012,000 (2021: $277,000) was acquired under leases and $61,000 (2021: ($112,000)) was included in net increase/(decrease) of amount payables for purchase of property, plant and equipment.

Included in property, plant and equipment of the Group and Company are right-of-use assets with a total carrying amount of $21,235,000 and $12,657,000 (2021: $16,265,000 and $13,108,000), which are further disclosed under lease liabilities (Note 30).

The following property, plant and equipment are pledged as security for secured loans and borrowings (Note 18):

	Group	
	2022	**2021**
	$'000	**$'000**
Carrying amounts		
Leasehold buildings	**19,704**	23,335
Motor vehicles, plant and machinery	**8,501**	10,366
	28,205	33,701

Impairment of property, plant and equipment

In 2022, the Group carried out a review of the recoverable amounts of property, plant and equipment. The review did not result in additional or reversal of impairment loss during the year (2021: $Nil).

The recoverable amounts of the property, plant and equipment is the greater of its value-in-use ("VIU") and its fair value less costs of disposal. Cash flow projections used in these calculations were over a period of 5 to 20 years (2021: 5 to 20 years), based on the 2022 financial budget approved by the board of directors.

The approach to determine the recoverable amounts of the cash generating units ("CGU") is categorised as follows:

- The recoverable amounts of the CGUs with significant amount of land and buildings 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 properties 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.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment of property, plant and equipment (Continued)

Value-in-use

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

	2022 %	2021 %
Revenue growth rate		
Singapore	**(12.8) – 15.0**	3.0 – 15.0
People's Republic of China	**(5.0) – 18.0**	0 – 17.0
Malaysia	**3.0 – 50.0**	5.0 – 12.2
Discount rate		
Singapore	**6.6 – 9.7**	8.7 – 9.1
People's Republic of China	**10.8**	6.0
Malaysia	**6.6 – 8.3**	8.7

The discount rate was a post-tax measure estimated based on the weighted average cost of capital of comparable companies. The pre-tax discount rates applied to the cash flow projections of CGUs in Singapore, People's Republic of China and Malaysia are 7.9% to 11.7% (2021: 10.5% to 11.0%), 14.4% (2021: 8.0%) and 8.7% to 10.9% (2021: 11.4%) respectively.

The Group considers asset impairment assessment which 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.

Fair value less cost of disposal

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 for the estimation of the recoverable amounts of CGU based on fair value less cost 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 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.

NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS

	Note	Goodwill $'000	Customer relationships $'000	Total $'000
Group				
Cost				
At 1 January 2021		1,107	–	1,107
Effect of movements in exchange rates		50	–	50
At 31 December 2021		1,157	–	1,157
Acquisition through business combinations	29	2,100	532	2,632
Write-off		(51)	–	(51)
Effect of movements in exchange rates		(103)	–	(103)
At 31 December 2022		**3,103**	**532**	**3,635**
Accumulated amortisation				
At 1 January 2021 and 31 December 2021		–	–	–
Amortisation charge for the year		–	133	133
At 31 December 2022		**–**	**133**	**133**
Carrying amounts				
At 1 January 2021		1,107	–	1,107
At 31 December 2021		1,157	–	1,157
At 31 December 2022		**3,103**	**399**	**3,502**

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	
	2022 $'000	2021 $'000
Consumer business segment	**2,049**	–
Packaging segment	**1,054**	1,157
	3,103	1,157

The recoverable amount of the CGU is based on VIU calculations. The calculation for VIU is based on cash flow projections derived from financial budgets approved by management covering a period of 5 years (2021: 5 years).

5. INTANGIBLE ASSETS (CONTINUED)

Annual impairment tests for cash generating units containing goodwill (Continued)

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

	2022	**2021**
	%	**%**
Revenue growth rate		
Singapore	**(12.8) – 2.0**	3.0
People's Republic of China	**(5.0) – 4.0**	0 – 8.0

	2022	**2021**
	%	**%**
Discount rate		
Singapore	**8.3 – 9.7**	9.1
People's Republic of China	**10.8**	6.0

The forecasted revenue growth rate is estimated based on past performance and the expectations of market developments. The discount rate was a post-tax measure estimated based on the weighted average cost of capital of comparable companies. The pre-tax discount rates applied to the cash flow projections of CGUs in Singapore and People's Republic of China are 10.0% to 11.7% (2021: 11.0%) and 14.4% (2021: 8.0%) respectively. 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.

Goodwill written off

The goodwill written off amounting to $51,000 relates to liquidation of a subsidiary during the year.

6. INVESTMENT PROPERTIES

	Group	
	2022	**2021**
	$'000	**$'000**
Cost		
At 1 January	**966**	11,896
Disposal	**–**	(10,348)
Effect of movements in exchange rates	**(58)**	(582)
At 31 December	**908**	966
Accumulated depreciation		
At 1 January	**288**	372
Depreciation charge for the year	**19**	35
Disposal	**–**	(110)
Effect of movements in exchange rates	**(18)**	(9)
At 31 December	**289**	288
Carrying amounts		
At 1 January	**678**	11,524
At 31 December	**619**	678
Fair value		
At 31 December	**746**	874

The investment properties comprise a number of resort apartments in Malaysia.

In 2021, one of the company's subsidiary, Topseller Development Pte Ltd entered into a sales and purchase agreement to dispose the entire issued share capital of its wholly owned subsidiary, Nagomi Co. Ltd ("Nagomi"), which holds investment properties in Japan. The carrying amount of the investment properties at time of disposal was $10,238,000 and a gain on disposal of $2,261,000 was recognised from the disposal.

Measurement of fair value

Fair value hierarchy

The fair values for disclosure purpose are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations as at 31 December 2022 and 31 December 2021 were performed by independent professional valuers and based on the comparison method (2021: comparison method). In relying on the valuation reports, the directors have exercised their judgement and are satisfied that the valuation methods and estimates used are reflective of the current market conditions.

6. INVESTMENT PROPERTIES (CONTINUED)

Measurement of fair value (Continued)

Fair value hierarchy (Continued)

The fair value measurement for investment properties has been categorised as a Level 3 fair value.

The following table shows the key unobservable input used in the valuation of investment properties as at 31 December 2022:

Valuation technique	Unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Comparison Method of Valuation	Price per square foot	Significant increases in price per square foot would result in a significantly higher fair value measurement.

7. SUBSIDIARIES

	Company	
	2022 $'000	2021 $'000
Equity investments at cost	**39,518**	46,218
Impairment losses		
At 1 January	**(6,217)**	(6,217)
Impairment loss reversed	**900**	–
Amounts written off	**3,217**	–
At 31 December	**(2,100)**	(6,217)
	37,418	40,001

In 2022, the Company assessed the carrying amount of its investments in these subsidiaries to determine whether there is any indication of impairment. This review led to the net reversal of impairment loss of S$900,000 (2021: S$Nil). The recoverable amounts of the investments were estimated using the fair value less costs to sell approach. The fair values of the underlying assets were estimated based on their estimated selling prices and the fair values of the underlying liabilities were based on the estimated cash outflows to settle the obligations.

7. SUBSIDIARIES (CONTINUED)

Details of significant subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group 2022 %	2021 %
Held by the Company				
Topseller Pte Ltd[(i)]	Marketing and sale of agency lines and proprietary brands	Singapore	**100**	100
Tipex Pte Ltd[(i)]	Supply of provisions and household products	Singapore	**74**	74
Socma Trading (M) Sendirian Berhad[(ii)]	Marketing and sale of household and consumer products	Malaysia	**100**	100
Tat Seng Packaging Group Ltd[(i)]	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	**64**	64
Fortune Food Manufacturing Pte Ltd[(i)]	Manufacture of soya bean products and noodles	Singapore	**100**	100
C.K.H. Food Trading Pte. Ltd.[(i)]	Food trading and distribution	Singapore	**100**	–
Held by Fortune Food Manufacturing Pte Ltd:				
Fortune Food Manufacturing Sdn. Bhd.[(ii)]	Manufacture of soya bean products and noodles	Malaysia	**100**	100
Held by Tipex Pte Ltd:				
Tips Industry (M) Sdn Bhd[(ii)]	Packaging and sale of paper products	Malaysia	**74**	74
Held by Socma Trading (M) Sendirian Berhad:				
Fresh Fruit Juice Manufacturing (M) Sdn Bhd[(ii)]	Manufacture of grass jelly products	Malaysia	**100**	100

7. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group 2022 %	2021 %
Held by Tat Seng Packaging Group Ltd:				
United Packaging Industries Pte Ltd(i)	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	**64**	64
Tat Seng Packaging (Suzhou) Co., Ltd(ii)	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	**64**	64
Hefei Dansun Packaging Co., Ltd(ii)	Manufacture and sale of corrugated cartons and other packaging products	People's Republic of China	**60.4**	60.4
Tianjin Dansun Packaging Co., Ltd(ii)	Manufacture and sale of corrugated cartons and other packaging products	People's Republic of China	**64**	42.9
Held by Tat Seng Packaging (Suzhou) Co., Ltd:				
Nantong Hengcheng Paper Industry Co., Ltd(ii)	Manufacture and sale of corrugated boards	People's Republic of China	**44.8**	44.8
Held by Nantong Hengcheng Paper Industry Co., Ltd:				
Nantong Tat Seng Packaging Co., Ltd(ii)	Manufacture and sale of corrugated boards	People's Republic of China	**44.8**	44.8
Held by Hefei Dansun Packaging Co., Ltd:				
Guangzhou Dansun Packaging Co., Ltd(iii)	Manufacture and sale of corrugated boards, paper mould and other packaging products	People's Republic of China	**64**	–

(i) Audited by KPMG LLP, Singapore.

(ii) Audited by other member firms of KPMG International.

(iii) Not required to be audited by law of country of incorporation.

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

8. ASSOCIATES

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Investment in associates	**125**	1,698	**–**	8,044
Impairment losses				
At 1 January	**(1,698)**	(1,698)	**(8,044)**	(8,044)
Amounts written off on dissolution of associates	**1,573**	–	**8,044**	–
At 31 December	**(125)**	(1,698)	**–**	(8,044)
	–	–	**–**	–

Details of key associates are as follows:

Name of associate	Principal activities	Country of incorporation	Effective equity held by Group 2022 %	Group 2021 %	Company 2022 %	Company 2021 %
Held by the Company's subsidiaries						
Longkou Luzhibei Preserved Fruit Company Limited&	Manufacture and distribution of preserved fruits	People's Republic of China	**40**	40	**–**	–

& Not required to be audited by law of country of incorporation.

The associates are not significant as defined under the Listing Rule 718 of Singapore Exchange Listing Manual. For this purpose, an associated company is considered significant if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

In prior years, the Group assessed the carrying amount of the interests in associates and recognised impairment losses to write down the investment costs to nil. Since the Group has no obligation in respect of the losses of the associates that exceed the Group's interests in those associates, the equity accounting for loss recognition had been suspended in prior years.

There is no significant change to the financial condition of the associates in 2022. As such, the Group's interests in associates remained fully impaired at 31 December 2022.

9. OTHER FINANCIAL ASSETS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current investments				
Equity investments – at FVOCI	**73**	68	**73**	68
Current investments				
Equity investments – designated at FVTPL	**601**	560	**601**	560

Equity investments designated as at FVOCI

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

	Fair value at 31 Dec 2022 $'000	Dividend income recognised during 2022 $'000	Fair value at 31 Dec 2021 $'000	Dividend income recognised during 2021 $'000
Investment in listed company in Singapore	**73**	**3**	68	2

No strategic investments were disposed of during 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

10. DEFERRED TAX ASSETS AND LIABILITIES

Movements in temporary differences during the year are as follows:

	At 1 January 2021 $'000	Recognised in profit or loss (Note 26) $'000	Effect of movements in exchange rates $'000	Set off of tax $'000	At 31 December 2021 $'000	Recognised in profit or loss (Note 26) $'000	Effect of movements in exchange rates $'000	Acquired in business combination (Note 29) $'000	At 31 December 2022 $'000
Group									
Deferred tax assets									
Property, plant and equipment	305	(136)	(4)	–	165	(277)	9	–	**(103)**
Trade and other receivables	335	(15)	15	–	335	31	(32)	–	**334**
Tax value of loss carry forward	2,039	355	33	–	2,427	586	(102)	–	**2,911**
Trade and other payables	660	145	26	–	831	5	(54)	–	**782**
Set off of tax	–	–	–	(89)	(89)	(150)	–	–	**(239)**
Total	3,339	349	70	(89)	3,669	195	(179)	–	**3,685**
Deferred tax liabilities									
Property, plant and equipment	(1,564)	(377)	(45)	–	(1,986)	(557)	118	(79)	**(2,504)**
Investment in subsidiaries	(2,998)	(126)	–	–	(3,124)	665	–	–	**(2,459)**
Intangible assets	–	–	–	–	–	23	–	(90)	**(67)**
Other items	(78)	35	1	–	(42)	5	3	–	**(34)**
Set off of tax	–	–	–	89	89	150	–	–	**239**
Total	(4,640)	(468)	(44)	89	(5,063)	286	121	(169)	**(4,825)**

Unrecognised deferred tax assets

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

	Group 2022 $'000	Group 2021 $'000
Tax losses	**10,767**	18,584
Others	**(73)**	21
	10,694	18,605

10. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Unrecognised deferred tax assets (Continued)

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The tax losses and deductible temporary differences of $1,013,000 (2021: $1,029,000) will expire between 2024 and 2027 (2021: 2024 and 2026) and the remaining tax losses and deductible temporary differences do not expire. 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 Group can utilise the benefits therefrom.

As at 31 December 2022, deferred tax liabilities of $2,510,000 (2021: $1,318,000) for temporary differences of $50,197,000 (2021: $26,353,000) relating to undistributed earnings of certain subsidiaries of the Group were not recognised as the Group can control the distribution and 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.

11. INVENTORIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Finished goods	**22,207**	19,130	**–**	–
Packing materials	**1,089**	872	**–**	–
Raw materials	**29,184**	43,044	**–**	–
Work-in-progress	**375**	763	**–**	–
	52,855	63,809	**–**	–

In 2022, inventories of the Group amounting to $428,513,000 (2021: $412,374,000) were recognised as an expense during the period and included in cost of sales.

Inventories have been reduced by $1,085,000 (2021: $206,000) as a result of write-down to net realisable value. The write-downs are included in cost of sales.

In assessing the net realisable value of inventories, management takes into account the Group's recent transactions and expected future selling prices. Market conditions may, however, change which may affect the future selling prices of the inventories and accordingly, the carrying value of inventories may be subject to adjustments in future periods.

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Trade receivables		**93,061**	97,076	**–**	–
Bill receivables		**36,443**	42,106	**–**	–
Impairment losses		**(722)**	(1,149)	**–**	–
Net trade and bill receivables		**128,782**	138,033	**–**	–
Deposits		**876**	1,011	**6**	25
Non-trade receivables		**1,499**	11,993	**535**	89
Impairment losses		**–**	(11,400)	**–**	–
Net non-trade receivables		**1,499**	593	**535**	89
Amounts due from					
– Subsidiaries	13	**–**	–	**22,151**	18,386
– Associates	14	**–**	–	**–**	–
– Related companies		**410**	–	**–**	–
Advance to suppliers		**1,649**	2,950	**–**	–
Prepayments		**966**	2,979	**41**	1,935
VAT/GST receivables		**173**	423	**–**	–
		134,355	145,989	**22,733**	20,435
Non-current		**17**	37	**–**	–
Current		**134,338**	145,952	**22,733**	20,435
		134,355	145,989	**22,733**	20,435

13. AMOUNTS DUE FROM SUBSIDIARIES

	Company 2022 $'000	Company 2021 $'000
Amount due from subsidiaries	**22,181**	39,744
Impairment losses		
At 1 January	**(21,358)**	(22,497)
Impairment loss reversed	**–**	1,139
Amounts written off	**21,328**	–
At 31 December	**(30)**	(21,358)
	22,151	18,386

Amount due from subsidiaries are unsecured, interest-free and repayable on demand.

In 2021, the Company recorded a reversal of impairment loss of $1,139,000 arising from reduction in amount owed from a subsidiary. The reversal of impairment loss was included in impairment losses of trade and other receivables (net).

The amounts written off relates to receivables which were fully impaired in prior years and deemed to be irrecoverable by management.

14. AMOUNTS DUE FROM ASSOCIATES

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-trade	**–**	10,842	**–**	1,422
Impairment losses				
At 1 January	**(10,842)**	(10,842)	**(1,422)**	(1,422)
Amounts written off	**10,842**	–	**1,422**	–
At 31 December	**–**	(10,842)	**–**	(1,422)
	–	–	**–**	–

The non-trade amounts due from associates are unsecured, interest-free and repayable on demand.

15. CASH AND CASH EQUIVALENTS

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Cash at bank and in hand	**85,250**	170,725	**11,849**	85,384
Fixed deposits with banks	**108,757**	32,505	**85,314**	12,593
Cash and cash equivalents in the statement of financial position	**194,007**	203,230	**97,163**	97,977
Deposits pledged	**(11,601)**	(15,858)	**–**	–
Cash and cash equivalents in the statement of cash flows	**182,406**	187,372	**97,163**	97,977

Cash and bank balances totalling $54,112,000 (2021: $56,726,000) are held in a country which operates foreign exchange controls.

Bank deposits pledged represents amounts pledged as security by certain subsidiaries to obtain credit facilities (Note 18).

16. CAPITAL AND RESERVES

Share capital

	2022 No. of shares '000	2021 No. of shares '000
Group and Company		
In issue at 1 January and 31 December	**570,997**	570,997

At 31 December 2022, the Company held 17,581,000 (2021: 17,581,000) of its own uncancelled shares.

The total number of issued shares excluding treasury shares as at the end of the year ended 31 December 2022 was 553,415,746 (2021: 553,415,746).

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

All issued shares are fully paid, with no par value.

Reserves

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Other reserves	**1,586**	237	**–**	–
Statutory reserves	**12,731**	12,668	**–**	–
Fair value reserve	**52**	47	**52**	47
Foreign currency translation reserve	**(7,662)**	2,017	**–**	–
Retained earnings/ (Accumulated losses)	**126,622**	113,713	**4,454**	(1,108)
	133,329	128,682	**4,506**	(1,061)

Other reserves

Other reserves of the Group comprise mainly:

(i) the reserve arising from bonus shares issued by a subsidiary; and

(ii) the reserve arising from acquisition of non-controlling interests.

16. CAPITAL AND RESERVES (CONTINUED)

Statutory reserves

In accordance with the relevant People's Republic of China ("PRC") regulations, certain subsidiaries in the PRC are required to appropriate at least 10% of their profit after tax in their annual statutory financial statements, as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries, to the statutory reserve until such reserve reaches 50% of the registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders.

Fair value reserve

The fair value reserve of the Group and the Company comprises the cumulative net change in the fair value of equity investments designated at FVOCI until the assets are derecognised or reclassified.

Foreign currency translation reserve

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

Dividends

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

Paid by the Company to owners of the Company

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Final tax-exempt dividend paid of 0.50 cents (2021: 0.50 cent) per share in respect of financial year ended 31 December 2021 (2021: 31 December 2020)	**2,767**	2,767
Interim tax-exempt dividend paid of 0.25 cents (2021: 0.25 cents) per share in respect of financial year ended 31 December 2022 (2021: 31 December 2021)	**1,384**	1,384
	4,151	4,151

16. CAPITAL AND RESERVES (CONTINUED)

Paid by subsidiaries to non-controlling interests

	Group 2022 $'000	Group 2021 $'000
Final tax-exempt dividend paid of 2.50 cents (2021: 1.00 cents) per share in respect of financial year ended 31 December 2021 (2021: 31 December 2020)	**1,417**	567
Special tax-exempt dividend paid of Nil (2021: 1.00 cents) per share in respect of financial year ended 31 December 2021 (2021: 31 December 2020)	**-**	567
Interim tax-exempt dividend paid of 1.50 cents (2021: 1.50 cents) per share in respect of financial year ended 31 December 2022 (2021: 31 December 2021)	**850**	850
Final dividend in respect of the current financial year	**220**	606
	2,487	2,590

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been recognised as liabilities and there are no tax consequences.

	Group and Company 2022 $'000	Group and Company 2021 $'000
Final tax-exempt dividend paid of 1.0 cents (2021: 0.50 cents) per share in respect of financial year ended 31 December 2022 (2021: 31 December 2021)	**5,534**	2,767

17. NON-CONTROLLING INTERESTS

The following summarises the financial information of each of the Group's subsidiaries with material non-controlling interests ("NCI"), based on their respective (consolidated) financial statements prepared in accordance with SFRS(I).

	Tat Seng Packaging Group Ltd and its subsidiaries $'000	Tipex Pte Ltd and its subsidiaries $'000	C.K.H. Food Trading Pte. Ltd. $'000	Other individually immaterial subsidiaries $'000	Consolidation adjustments $'000	Total $'000
31 December 2022						
Revenue	336,264	28,473	21,717			
Profit/(Loss)	21,177	39	810			
OCI	(13,687)	(937)	–			
Total comprehensive income	7,490	(898)	810			
Attributable to NCI:						
– Profit/(Loss)	7,959	10	162	193	(78)	8,246
– OCI	(5,665)	(244)	–	(143)	(71)	(6,123)
– Total comprehensive income	2,294	(234)	162	50	(149)	2,123
Non-current assets	99,769	8,744	593			
Current assets	208,107	14,980	4,208			
Non-current liabilities	(10,725)	(616)	(310)			
Current liabilities	(100,161)	(3,032)	(3,068)			
Net assets	196,990	20,076	1,423			
Net assets attributable to NCI	78,555	5,220	285	–	717	84,777
Cash flows from/(used in) operating activities	43,237	(1,335)	987			
Cash flows (used in) investing activities	(18,491)	(316)	(14)			
Cash flows (used in)/from financing activities (dividends to NCI: Note 16)	(27,450)	264	(1,850)			
Net decrease in cash and cash equivalents	(2,704)	(1,387)	(877)			

NOTES TO THE FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONTINUED)

	Tat Seng Packaging Group Ltd and its subsidiaries $'000	Tipex Pte Ltd and its subsidiaries $'000	Other individually immaterial subsidiaries $'000	Consolidation adjustments $'000	Total $'000
31 December 2021					
Revenue	367,513	21,274			
Profit/(Loss)	25,296	(46)			
OCI	6,218	(188)			
Total comprehensive income	31,514	(234)			
Attributable to NCI:					
– Profit/(Loss)	10,388	(12)	(5)	(44)	10,327
– OCI	2,572	(49)	5	57	2,585
– Total comprehensive income	12,960	(61)	–	13	12,912
Non-current assets	92,156	9,428			
Current assets	248,976	14,456			
Non-current liabilities	(9,354)	(387)			
Current liabilities	(135,771)	(2,524)			
Net assets	196,007	20,973			
Net assets attributable to NCI	78,748	5,453	(372)	794	84,623
Cash flows from/(used in) operating activities	18,403	(481)			
Cash flows used in investing activities	(8,376)	(1,045)			
Cash flows from financing activities (dividends to NCI: note 16)	5,540	–			
Net increase in cash and cash equivalents	15,567	(1,526)			

18. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current liabilities				
Secured bank loans	**237**	3,815	**–**	–
Lease liabilities	**20,785**	15,487	**13,146**	13,419
	21,022	19,302	**13,146**	13,419
Current liabilities				
Secured bank loans	**3,648**	6,897	**–**	–
Unsecured bank loans	**9,349**	24,642	**–**	–
Trust receipts/bankers' acceptance	**259**	–	**–**	–
Bills payable	**42,793**	48,241	**–**	–
Lease liabilities	**1,344**	1,771	**334**	323
Loan from non-controlling interests	**387**	424	**–**	–
	57,780	81,975	**334**	323
Total loans and borrowings	**78,802**	101,277	**13,480**	13,742

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	2022 Face value $'000	2022 Carrying amount $'000	2021 Face value $'000	2021 Carrying amount $'000
Group							
Bills payable (secured)(i)	RMB	–	2023	**42,793**	**42,793**	–	–
Bills payable (secured)(i)	RMB	–	2022	**–**	**–**	48,241	48,241
Trust receipts & bankers' acceptance (secured)	RM	–	2023	**259**	**259**	–	–
Lease liabilities	SGD	3.89 – 4.55	2022 – 2049	**21,580**	**13,480**	22,362	13,742
Lease liabilities	SGD	2.63 – 6.69	2023 – 2039	**8,724**	**6,936**	–	–
Lease liabilities	SGD	2.63 – 5.39	2022 – 2036	**–**	**–**	1,745	1,516
Lease liabilities	SGD	2.88 – 4.55	2023 – 2027	**228**	**207**	–	–
Lease liabilities	RM	4.40	2026	**1,619**	**1,506**	2,197	2,000
Loan A (secured)	RMB	5.08	2023	**3,475**	**3,475**	10,712	10,712
Loan B (unsecured)	RMB	3.61	2023	**5,414**	**5,414**	–	–
Loan C (unsecured)	RMB	3.65	2023	**1,933**	**1,933**	–	–
Loan D (unsecured)	RMB	3.65	2023	**1,933**	**1,933**	–	–
Loan E (unsecured)	RMB	3.70	2022	**–**	**–**	14,310	14,310
Loan F (unsecured)	RMB	3.84	2022	**–**	**–**	4,903	4,903
Loan G (unsecured)	RMB	3.59	2022	**–**	**–**	2,245	2,245
Loan H (unsecured)	RMB	4.08	2022	**–**	**–**	3,184	3,184
Loan (unsecured)	SGD	6.25	2023	**69**	**69**	–	–
Loan (secured)(ii)	SGD	2.50	2025	**410**	**410**	–	–
Loan from non-controlling interests (unsecured)	RMB	4.79	2023	**387**	**387**	–	–
Loan from non-controlling interests (unsecured)	RMB	4.79	2022	**–**	**–**	424	424
				88,824	**78,802**	110,323	101,277
Company							
Lease liabilities	SGD	3.89 – 4.55	2022 – 2049	**21,580**	**13,480**	22,362	13,742

(i) The bills payable are non-interest bearing and secured by certain cash and bank balances (see note 15), certain leasehold land and buildings and certain plant and machinery (see note 4) of the Group.

(ii) Secured by a joint and several guarantee from a shareholder and his spouse of a subsidiary. The shareholder is also a director of a subsidiary.

18. LOANS AND BORROWINGS (CONTINUED)

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

	Liabilities			
	Lease liabilities $'000	Loans and borrowings $'000	Interest payables (Note 21) $'000	Total $'000
Group				
Balance at 1 January 2021	19,733	62,082	374	82,189
Changes from financing cash flows				
Proceeds from loans and borrowings	–	135,840	–	135,840
Repayment of loans and borrowings	–	(117,100)	–	(117,100)
Payment of lease liabilities	(2,702)	–	–	(2,702)
Interest paid	–	–	(2,191)	(2,191)
Total changes from financing cash flows	(2,702)	18,740	(2,191)	13,847
The effect of changes in foreign exchange rates	(10)	3,197	16	3,203
Finance costs	–	–	2,072	2,072
New leases	277	–	–	277
Modification and derecognition of lease liabilities (Note 30)	(40)	–	–	(40)
Balance at 31 December 2021	17,258	84,019	271	101,548
Balance at 1 January 2022	17,258	84,019	271	101,548
Changes from financing cash flows				
Proceeds from loans and borrowings	–	127,225	–	127,225
Repayment of loans and borrowings	–	(150,371)	–	(150,371)
Payment of lease liabilities	(1,499)	–	–	(1,499)
Interest paid	–	–	(2,267)	(2,267)
Total changes from financing cash flows	(1,499)	(23,146)	(2,267)	(26,912)
The effect of changes in foreign exchange rates	(160)	(6,248)	(15)	(6,423)
Interest expense	–	–	2,098	2,098
New leases	7,012	–	–	7,012
Derecognition of lease liabilities (Note 30)	(877)	–	–	(877)
On acquisition of business combinations (Note 29)	395	2,048	–	2,443
Balance at 31 December 2022	**22,129**	**56,673**	**87**	**78,889**

18. LOANS AND BORROWINGS (CONTINUED)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities amounting to $3,117,000 (2021: $3,316,000) granted to two of its subsidiaries. There are no expiry dates on the financial guarantees. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group guarantees.

At the reporting date, the Company's listed subsidiary provided corporate guarantees amounting to $35,632,000 (2021: 38,090,000) to banks for banking facilities of $39,632,000 (2021: $42,090,000) made available to the subsidiaries of the listed subsidiary, of which the subsidiaries has utilised $4,929,000 (2021: $13,525,000). The listed subsidiary does not consider it probable that a claim will be made against them under the guarantee.

19. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the costs 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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Risk management framework (Continued)

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. The Group has appointed a third-party internal auditor to carry out their Internal Audit function. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

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.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held.

At the reporting date, credit risk is concentrated mainly in cash and fixed deposits with banks and trade and bill receivables and other receivables. Cash and fixed deposits are placed with banks which are regulated.

Trade and bill receivables

Risk management policy

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The Group establishes an allowance for impairment that represents its expected losses in respect of trade and bill receivables.

Credit risk relating to trade and bill receivables are limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities, and sell in a variety of end markets.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

Trade and bill receivables (Continued)

Exposure to credit risk

The maximum exposure to credit risk for trade and bill receivables at the reporting date (by type of customer) was as follows:

	Group			
	2022 Credit-impaired $'000	**2022 Not credit-impaired $'000**	**2021 Credit-impaired $'000**	**2021 Not credit-impaired $'000**
Consumer business	**83**	**35,069**	154	29,568
Packaging	**22**	**94,330**	11	108,683
Other	**–**	**–**	766	–
Total gross carrying amount	**105**	**129,399**	931	138,251
Loss allowance	**(105)**	**(617)**	(931)	(218)
	–	**128,782**	–	138,033

There are no trade and bill receivables and loss allowance at the Company level.

Impairment losses

The ageing of trade and bill receivables at reporting date was as follows:

	Gross 2022 $'000	**Impairment 2022 $'000**	**Gross 2021 $'000**	**Impairment 2021 $'000**
Group				
Not past due	**107,975**	**–**	121,993	(5)
Past due 0 – 90 days	**20,158**	**(49)**	16,007	–
Past due 91 – 180 days	**1,019**	**(401)**	76	(38)
Past due 181 – 365 days	**247**	**(167)**	175	(175)
More than one year	**105**	**(105)**	931	(931)
	129,504	**(722)**	139,182	(1,149)

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

Trade and bill receivables (Continued)

Impairment losses (Continued)

The following table provides information about the exposure to credit risk and ECLs for trade and bill receivables for individual customers as at 31 December 2022:

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
2022				
Current (not past due)	**–**	**107,975**	**–**	**No**
Past due 0 – 90 days	**0.24%**	**20,158**	**(49)**	**No**
Past due 91 – 180 days	**39.35%**	**1,019**	**(401)**	**No**
Past due 181 – 365 days	**67.61%**	**247**	**(167)**	**No**
More than one year	**100.00%**	**105**	**(105)**	**Yes**
2021				
Current (not past due)	0.004%	121,993	(5)	No
Past due 0 – 90 days	–	16,007	–	No
Past due 91 – 180 days	49.67%	76	(38)	No
Past due 181 – 365 days	100.0%	175	(175)	Yes
More than one year	100.0%	931	(931)	Yes

The movement in the allowance for impairment in respect of trade and bill receivables during the year was as follows:

	Group	
	2022 $'000	**2021 $'000**
At 1 January	**1,149**	1,122
Impairment loss recognised	**571**	198
Impairment loss reversed	**(50)**	(14)
Utilised	**(916)**	(155)
Effect of movements in exchange rates	**(32)**	(2)
At 31 December	**722**	1,149

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

Trade and bill receivables (Continued)

Impairment losses (Continued)

The allowance account in respect of trade and bill receivables is used to record impairment losses unless the Group is satisfied that no recovery of amount owing is possible, at which point the amounts are considered irrecoverable and are written off against the trade and bill receivables directly.

Non-trade receivables, deposits and amount due from subsidiaries and associates

The Group held non-trade receivables of $1,499,000 (2021: $11,993,000), deposits of $876,000 (2021: $1,011,000) and amount due from its associates of $Nil (2021: $10,842,000).

The Company held non-trade receivables of $535,000 (2021: $89,000), deposits of $6,000 (2021: $25,000) and amount due from its subsidiaries and associates of $22,151,000 (2021: $18,386,000). The balances due from its subsidiaries and associates are amount lent to satisfy short and long-term funding requirements.

The Group and Company use an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, if available, and applying experienced credit judgement).

The movement in the allowance for impairment in respect of non-trade receivables (including non-trade amounts due from associates and non-trade amount due from subsidiaries in the Company's statement of financial position) during the year was as follows:

	Group		**Company**	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
At 1 January	**22,242**	21,704	**22,780**	23,919
Impairment loss recognised/(reversed)	**–**	668	**–**	(1,139)
Amounts written off	**(22,242)**	(95)	**(22,750)**	–
Effect of movements in exchange rates	**–**	(35)	**–**	–
At 31 December	**–**	22,242	**30**	22,780

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $194,007,000 and $97,163,000 respectively at 31 December 2022 (2021: $203,230,000 and $97,977,000 respectively). These figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated Ba1 to Aa1, based on rating agency Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and readily realisable marketable securities and adequate lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

Exposure to liquidity risk

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group					
31 December 2022					
Non-derivative financial liabilities					
Bank loans	**13,234**	**(13,431)**	**(13,194)**	**(237)**	**–**
Bills payable	**42,793**	**(42,793)**	**(42,793)**	**–**	**–**
Trust receipts and bankers' acceptance	**259**	**(259)**	**(259)**	**–**	**–**
Lease liabilities	**22,129**	**(32,151)**	**(2,138)**	**(6,717)**	**(23,296)**
Loan from non-controlling interests	**387**	**(404)**	**(404)**	**–**	**–**
Trade and other payables*	**52,488**	**(52,488)**	**(51,688)**	**(800)**	**–**
	131,290	**(141,526)**	**(110,476)**	**(7,754)**	**(23,296)**

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group					
31 December 2021					
Non-derivative financial liabilities					
Bank loans	35,354	(36,317)	(32,403)	(3,914)	–
Bills payable	48,241	(48,241)	(48,241)	–	–
Lease liabilities	17,258	(26,304)	(2,419)	(5,274)	(18,611)
Loan from non-controlling interests	424	(445)	(445)	–	–
Trade and other payables*	58,686	(58,686)	(58,686)	–	–
	159,963	(169,993)	(142,194)	(9,188)	(18,611)

* Exclude VAT/GST payables and accrued staff remuneration.

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Company					
31 December 2022					
Non-derivative financial liabilities					
Lease liabilities	**13,480**	**(21,580)**	**(853)**	**(3,350)**	**(17,377)**
Trade and other payables	**4,007**	**(4,007)**	**(4,007)**	**–**	**–**
Recognised financial liabilities	**17,487**	**(25,587)**	**(4,860)**	**(3,350)**	**(17,377)**
Intra-group financial guarantee	**–**	**(3,117)**	**(3,117)**	**–**	**–**
	17,487	**(28,704)**	**(7,977)**	**(3,350)**	**(17,377)**
31 December 2021					
Non-derivative financial liabilities					
Lease liabilities	13,742	(22,362)	(853)	(3,330)	(18,179)
Trade and other payables	12,241	(12,241)	(12,241)	–	–
Recognised financial liabilities	25,983	(34,603)	(13,094)	(3,330)	(18,179)
Intra-group financial guarantee	–	(3,316)	(3,316)	–	–
	25,983	(37,919)	(16,410)	(3,330)	(18,179)

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.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices 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.

Currency risk

Risk management policy

The Group is exposed to currency 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 respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Hong Kong dollar and United States dollar. The Group does not have a policy to hedge its currency exposure but aims to minimise its exposure at any one time.

Exposure to currency risk

The Group's and Company's exposures to foreign currencies based on notional amounts are as follows:

	Group		Company	
	Hong Kong Dollar $'000	US Dollar $'000	Hong Kong Dollar $'000	US Dollar $'000
31 December 2022				
Other financial assets	**601**	**–**	**601**	**–**
Trade and other receivables	**64**	**10,016**	**64**	**–**
Cash and cash equivalents	**502**	**2,799**	**502**	**731**
Trade and other payables	**–**	**(2,829)**	**–**	**–**
Net statement of financial position exposure	**1,167**	**9,986**	**1,167**	**731**
31 December 2021				
Other financial assets	560	–	560	–
Trade and other receivables	65	9,025	68	–
Cash and cash equivalents	505	10,354	505	827
Trade and other payables	–	(2,794)	–	–
Net statement of financial position exposure	1,130	16,585	1,133	827

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Currency risk (Continued)

Sensitivity analysis

A strengthening of 10% in the following major currencies against the functional currency of each of the Group entities at 31 December would have increased/(decreased) equity and profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021, as indicated below.

	Group		Company	
	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000
2022				
Hong Kong Dollar	**–**	**117**	**–**	**117**
US Dollar	**–**	**999**	**–**	**73**
2021				
Hong Kong Dollar	–	113	–	113
US Dollar	–	1,659	–	83

A 10% (2021: 10%) 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 2021.

Interest rate risk

Risk management policy

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 arises primarily from the 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 without increasing its foreign exchange exposure.

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

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Interest rate risk (Continued)

Exposure to interest rate risk

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

	Group Nominal amount		Company Nominal amount	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Fixed rate instruments				
Financial assets	**52,496**	52,055	**11,849**	6,515
Financial liabilities*	**(9,280)**	(10,712)	**–**	–
	43,216	41,343	**11,849**	6,515
Variable rate instruments				
Financial assets	**141,511**	151,175	**85,314**	91,462
Financial liabilities*	**(3,863)**	(25,066)	**–**	–
	137,648	126,109	**85,314**	91,462

* Excludes lease liabilities and bills payable

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore in respect of fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. There is no impact on equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit or loss			
	Group		Company	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
2022				
Variable rate instruments	**1,376**	**(1,376)**	**853**	**(853)**
2021				
Variable rate instruments	1,261	(1,261)	915	(915)

Other market price risk

Risk management policy

The Group has an investment policy which sets out the types of strategic investments and investments in financial assets that may be undertaken and relevant evaluation criteria. Excess funds generated from operations, diversification of investments, proceeds from private placement of shares or rights issue may be invested in financial assets pending identification and evaluation of long term investments. Approvals are required from executive management or the Board of Directors depending on the size of each investment.

As described above, the Group may undertake investments in financial assets in accordance with its investment policy.

Sensitivity analysis – equity price risk

The financial assets designated at FVOCI and FVTPL of the Group and the Company relate to investments in quoted equity securities which are listed on the Singapore Stock Exchange and Hong Kong Stock Exchange respectively.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Sensitivity analysis – equity price risk (Continued)

A 10% increase/(decrease) in the underlying equity prices at the reporting date would increase/(decrease) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021.

	Group		Company	
	10% increase $'000	10% decrease $'000	10% increase $'000	10% decrease $'000
2022				
Profit before tax	**60**	**(60)**	**60**	**(60)**
Equity	**7**	**(7)**	**7**	**(7)**
2021				
Profit before tax	56	(56)	56	(56)
Equity	7	(7)	7	(7)

Other risks

'Climate-related risks' are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories, but due to their pervasive nature, they have been identified by the Group on an overall basis.

The Group is in the midst of developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. Capital consists of total equity attributable to owners of the Company.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the year.

As disclosed in note 16, subsidiaries of the Group which operated in People's Republic of China ("PRC") 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 2022 and 2021.

19. FINANCIAL INSTRUMENTS (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.

	Note	Carrying amount		
		Amortised cost $'000	FVOCI-equity instruments $'000	Designated at FVTPL $'000
Group				
31 December 2022				
Financial assets measured at fair value				
Equity investments – at FVOCI	9	–	73	–
Equity investments – at FVTPL	9	–	–	601
		–	73	601
Financial assets not measured at fair value				
Cash and cash equivalents	15	194,007	–	–
Trade and other receivables#	12	131,567	–	–
		325,574	–	–
Financial liabilities not measured at fair value				
Secured bank loans	18	–	–	–
Unsecured bank loans	18	–	–	–
Bills payable	18	–	–	–
Trust receipts and bankers' acceptance	18	–	–	–
Loan from non-controlling interests	18	–	–	–
Trade and other payables*	21	–	–	–
		–	–	–

Exclude advances to suppliers, prepayment and VAT/GST receivables

* Exclude VAT/GST payables and accrued staff remuneration

Other financial liabilities $'000	Total $'000	Fair value Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
–	73	73	–	–	73
–	601	601	–	–	601
–	674				
–	194,007				
–	131,567				
–	325,574				
(3,954)	(3,954)	–	(4,044)	–	(4,044)
(9,280)	(9,280)	–	(9,387)	–	(9,387)
(42,793)	(42,793)				
(259)	(259)				
(387)	(387)	–	(404)	–	(404)
(52,488)	(52,488)				
(109,161)	(109,161)				

19. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

	Note	Carrying amount Amortised cost $'000	 FVOCI-equity instruments $'000	 Designated at FVTPL $'000
Group				
31 December 2021				
Financial assets measured at fair value				
Equity investments – at FVOCI	9	–	68	–
Equity investments – at FVTPL	9	–	–	560
		–	68	560
Financial assets not measured at fair value				
Cash and cash equivalents	15	203,230	–	–
Trade and other receivables#	12	139,637	–	–
		342,867	–	–
Financial liabilities measured at fair value				
Foreign exchange contract	21	–	–	–
Financial liabilities not measured at fair value				
Secured bank loans	18	–	–	–
Unsecured bank loans	18	–	–	–
Bills payable	18	–	–	–
Loan from non-controlling interests	18	–	–	–
Trade and other payables*	21	–	–	–
		–	–	–

Exclude advances to suppliers, prepayment and VAT/GST receivables

* Exclude VAT/GST payables and accrued staff remuneration

Other financial liabilities $'000	Total $'000	Fair value Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
–	68	68	–	–	68
–	560	560	–	–	560
–	628				
–	203,230				
–	139,637				
–	342,867				
–	–	–	–	–	–
(10,712)	(10,712)	–	(11,283)	–	(11,283)
(24,642)	(24,642)	–	(25,034)	–	(25,034)
(48,241)	(48,241)				
(424)	(424)	–	(445)	–	(445)
(58,686)	(58,686)				
(142,705)	(142,705)				

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

	Note	Carrying amount Amortised cost $'000	FVOCI-equity instruments $'000	Designated at FVTPL $'000
Company				
31 December 2022				
Financial assets measured at fair value				
Equity investments – at FVOCI	**9**	**–**	**73**	**–**
Equity investments – at FVTPL	**9**	**–**	**–**	**601**
		–	**73**	**601**
Financial assets not measured at fair value				
Cash and cash equivalents	**15**	**97,163**	**–**	**–**
Trade and other receivables#	**12**	**22,692**	**–**	**–**
		119,855	**–**	**–**
Financial liabilities not measured at fair value				
Trade and other payables*	**21**	**–**	**–**	**–**
31 December 2021				
Financial assets measured at fair value				
Equity investments – at FVOCI	9	–	68	–
Equity investments – at FVTPL	9	–	–	560
		–	68	560
Financial assets not measured at fair value				
Cash and cash equivalents	15	97,977	–	–
Trade and other receivables#	12	18,500	–	–
		116,477	–	–
Financial liabilities not measured at fair value				
Trade and other payables*	21	–	–	–

Exclude prepayments

* Exclude accrued staff remuneration

		Fair value			
Other financial liabilities $'000	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
–	**73**	**73**	**–**	**–**	**73**
–	**601**	**601**	**–**	**–**	**601**
–	**674**				
–	**97,163**				
–	**22,692**				
–	**119,855**				
(4,007)	**(4,007)**				
–	68	68	–	–	68
–	560	560	–	–	560
–	628				
–	97,977				
–	18,500				
–	116,477				
(12,241)	(12,241)				

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (CONTINUED)

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial instruments measured at fair value

Equity securities

The fair value of Equity investments – at FVOCI and Equity investments – at FVTPL are based on their quoted closing bid price at the reporting date.

Financial instruments not measured at fair value

Type	**Valuation technique**	**Significant unobservable inputs**
Other financial liabilities*	Discounted cash flows: The valuation model considers the present value of expected payment discounted using a risk-adjusted discounted rate.	Not applicable.

* Other financial liabilities include loan from non-controlling interests, secured and unsecured bank loans.

During the financial years ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2.

20. DEFERRED INCOME

	Group		**Company**	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Grants				
At 1 January	**2,619**	3,035	**317**	373
Grants received during the year	**62**	–	**–**	–
Amortisation charge for the year	**(436)**	(509)	**(55)**	(56)
Effect of movements in exchange rates	**(160)**	93	**–**	–
At 31 December	**2,085**	2,619	**262**	317
Current	**358**	384	**56**	56
Non-current	**1,727**	2,235	**206**	261
	2,085	2,619	**262**	317

Included in deferred income are deferred grants relating to subsidies received from government for the acquisition of factory building and plant and machinery by its subsidiaries. There are no unfulfilled conditions or contingencies attached to this grant.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables	**36,409**	41,473	**–**	–
Amounts due to subsidiaries (non-trade)	**–**	–	**982**	9,011
Other payables	**8,786**	8,790	**2,766**	2,755
Interest payable	**87**	271	**–**	–
Accruals	**7,206**	8,152	**259**	475
Accrued staff remuneration	**12,704**	13,183	**1,237**	907
VAT/GST payables	**2,025**	1,024	**20**	4
	67,217	72,893	**5,264**	13,152
Current	**66,417**	72,893	**5,264**	13,152
Non-current	**800**	–	**–**	–
	67,217	72,893	**5,264**	13,152

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Included in other payables are vendor put options $800,000 (2021: Nil) in connection with the Group's acquisition of the remaining 20% equity interest in C.K.H. Food Trading Pte. Ltd. ("CKH") from the non-controlling interests of CKH. The Group and the non-controlling interests agreed that three years after the acquisition of CKH, an independent valuer shall be appointed to value the remaining 20% equity interest. The vendor put option shall be exercisable by the non-controlling interests of CKH upon determination of the consideration payable for the remaining 20% equity interest and will expire on 31 December 2026.

22. REVENUE

	Group	
	2022 $'000	2021 $'000
Sale of goods		
– Consumer business	**216,840**	165,684
– Packaging business	**336,204**	367,454
– Others	**–**	130
	553,044	533,268

22. REVENUE (CONTINUED)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies:

Consumer Business

Nature of goods or services	Supply of provisions and household consumer products.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer.
Significant payment terms	30 to 60 days from invoice date.

Packaging Business

Nature of goods or services	Manufacturing and sales of corrugated paper products and other packaging products.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer.
Significant payment terms	Payment term granted to its customers is about 60 days.

23. OTHER INCOME

	Group	
	2022 **$'000**	**2021** **$'000**
Government grants	**1,023**	2,256
Amortisation of deferred income	**436**	509
Gain on disposal of property, plant and equipment	**130**	–
Gain on deconsolidation of subsidiaries	**708**	–
Gain on disposal of subsidiary	**–**	2,261
Others	**757**	581
	3,054	5,607

24. PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2022	**2021**
	$'000	**$'000**
Amortisation of deferred income	**(436)**	(509)
Amortisation of intangible assets	**133**	–
Audit fees paid to:		
– auditors of the Company	**479**	452
– other auditors	**223**	216
Non-audit fees paid to:		
– auditors of the Company	**36**	36
– other auditors	**225**	183
Depreciation of investment properties	**19**	35
Depreciation of property, plant and equipment	**16,100**	16,018
Employee benefits expenses (see below)	**73,505**	68,733
Exchange loss	**153**	989
(Gain)/Loss on disposal of property, plant and equipment	**(130)**	67
Goodwill written off	**51**	–
Government grants	**(1,023)**	(2,256)
Inventories written down	**1,085**	206
Operating expenses arising from investment properties	**29**	105
Operating lease expense – short term	**521**	515
Property, plant and equipment written off	**193**	16
Employee benefits expenses		
Salaries, bonuses and other costs	**67,603**	63,287
Contributions to defined contribution plans	**5,902**	5,446
	73,505	68,733

25. FINANCE INCOME AND FINANCE COSTS

	Group	
	2022 $'000	2021 $'000
Recognised in profit or loss		
Interest income:		
– other receivables	**–**	672
– fixed deposits	**2,077**	811
	2,077	1,483
Dividend income on equity investment – at FVOCI	**3**	2
Net increase in fair value of financial assets designated at FVTPL	**106**	–
Finance income	**2,186**	1,485
Interest expense:		
– bank borrowings	**(1,268)**	(1,330)
– lease liabilities	**(830)**	(742)
	(2,098)	(2,072)
Net decrease in fair value of financial assets designated at FVTPL	**–**	(495)
Finance costs	**(2,098)**	(2,567)
Net finance income/(costs) recognised in profit or loss	**88**	(1,082)
The above finance income and finance expense included the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:		
– Total interest income on financial assets	**2,077**	1,483
– Total interest expense on financial liabilities	**(2,098)**	(2,072)
Net finance expense in statement of cash flows	**(21)**	(589)

26. TAX EXPENSE

	Note	Group 2022 $'000	Group 2021 $'000
Tax recognised in profit or loss			
Current tax expense			
Current year		**5,441**	6,195
Withholding tax		**244**	1,393
Adjustments for prior years		**(182)**	(55)
		5,503	7,533
Deferred tax expense			
Origination and reversal of temporary differences		**(551)**	5
Adjustments for prior years		**70**	114
	10	**(481)**	119
Total tax expense		**5,022**	7,652
Reconciliation of effective tax rate			
Profit for the year		**27,735**	29,893
Total tax expense		**5,022**	7,652
Profit excluding tax		**32,757**	37,545
Tax calculated using Singapore tax rate of 17% (2021: 17%)		**5,569**	6,383
Effects of tax rates in foreign jurisdiction		**(124)**	276
Income not subject to tax		**(133)**	(549)
Non-deductible expenses		**655**	714
Tax rebates and incentives		**(640)**	(705)
Deferred tax assets not recognised		**395**	83
Recognition of tax effect of previously unrecognised tax losses		**(165)**	–
Withholding tax		**(420)**	1,393
Over provided in prior years, net		**(112)**	59
Others		**(3)**	(2)
		5,022	7,652

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

	Period
2022	
Tat Seng Packaging (Suzhou) Co., Ltd	**2020 – 2022**
Tianjin Dansun Packaging Co., Ltd	**2022 – 2024**
Hefei Dansun Packaging Co., Ltd	**2022 – 2024**
2021	
Tat Seng Packaging (Suzhou) Co., Ltd	2020 – 2022
Tianjin Dansun Packaging Co., Ltd	2019 – 2021
Hefei Dansun Packaging Co., Ltd	2019 – 2021

27. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2022 was based on the profit attributable to ordinary shareholders of $19,489,000 (2021: $19,566,000), and a weighted average number of ordinary shares outstanding of 553,415,746 (2021: 553,415,746), calculated as follows:

Weighted average number of ordinary shares (basic)

		Group	
	Note	2022	2021
Issued ordinary shares at 1 January	16	**553,415,746**	553,415,746
Weighted average number of ordinary shares during the year		**553,415,746**	553,415,746

Diluted earnings per share

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.

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.

28. OPERATING SEGMENTS

The Group has 2 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Board of Directors review internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

I	Consumer Essentials Consumer Business	:	Supply of provisions and household consumer products.
II	Strategic Investments Packaging	:	Manufacture and sale of corrugated paper products and other packaging products.

Other operations include investment holding, property investment, health solutions and property-related activities. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2022 and 2021.

Unallocated amounts comprise mainly corporate expenses (primarily the Company's headquarters).

28. OPERATING SEGMENTS (CONTINUED)

Information regarding the results of each reportable segment is included below. Performance is measured based on results from operating activities, as included in the internal management reports that are reviewed by the Board of Directors. Segment results from operating activities is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Consumer Essentials Consumer Business $'000	Strategic Investments Packaging $'000	Others $'000	Total operations $'000
Group				
31 December 2022				
Total segment revenue	216,840	336,264	–	553,104
Inter-segment revenue	–	(60)	–	(60)
External revenue	216,840	336,204	–	553,044
Results from operating activities	10,238	24,178	436	34,852
Finance income	1,266	919	1	2,186
Finance expense	(640)	(1,458)	–	(2,098)
Net finance costs	626	(539)	1	88
Unallocated amounts – Other corporate expenses, net of income				(2,183)
Profit before tax				32,757
Tax expense				(5,022)
Profit for the year				27,735
Other segment information				
Allowance made for impairment of trade receivables	305	216	–	521
Inventories written down	399	686	–	1,085
Depreciation of:				
– property, plant and equipment	4,940	11,160	–	16,100
– investment properties	–	–	19	19
Property, plant and equipment written off	49	138	6	193
Additions to non-current assets:				
– property, plant and equipment	2,825	26,504	–	29,329
– intangible assets	2,632	–	–	2,632
Segment assets	244,429	310,014	729	555,172
Segment liabilities	45,542	111,406	19	156,967

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (CONTINUED)

	Consumer Essentials Consumer Business $'000	Strategic Investments Packaging $'000	Others $'000	Total operations $'000
Group				
31 December 2021				
Total segment revenue	165,684	367,513	130	533,327
Inter-segment revenue	–	(59)	–	(59)
External revenue	165,684	367,454	130	533,268
Results from operating activities	9,468	31,713	(247)	40,934
Finance income	210	605	670	1,485
Finance expense	(1,134)	(1,433)	–	(2,567)
Net finance costs	(924)	(828)	670	(1,082)
Unallocated amounts				
– Other corporate expenses, net of income				(2,307)
Profit before tax				37,545
Tax expense				(7,652)
Profit for the year				29,893
Other segment information				
Allowance made for impairment of receivables:				
– trade receivables	77	107	–	184
– other receivables	–	–	668	668
Inventories written down	161	45	–	206
Depreciation of:				
– property, plant and equipment	4,456	11,562	–	16,018
– investment properties	–	–	35	35
Property, plant and equipment written off	3	13	–	16
Additions to non-current assets:				
– property, plant and equipment	1,808	9,145	–	10,953
Segment assets	234,098	343,658	886	578,642
Segment liabilities	38,927	145,759	552	185,238

28. OPERATING SEGMENTS (CONTINUED)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers or investments, where appropriate. Segment non-current assets are based on geographical location of the assets.

	Revenue		Non-Current Assets	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**184,280**	157,212	**88,827**	72,153
Malaysia	**86,822**	62,319	**12,093**	13,578
China	**281,643**	313,607	**71,778**	78,973
Others	**299**	130	**–**	–
	553,044	533,268	**172,698**	164,704

29. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

On 1 January 2022, the Group acquired 80% of the issued shares in C.K.H. Food Trading Pte. Ltd. ("CKH") and 123 Mart Pte. Ltd. ("123 Mart") for total cash consideration of $3,300,000. Both entities are principally engaged in food distribution and online retail in Singapore. The acquisition is in line with the Group's strategic plans to grow distribution network for consumer essentials.

For the twelve months ended 31 December 2022, CKH and 123 Mart contributed revenue of $22,135,000 and profit after tax of $750,000 to the Group's result.

The Group incurred acquisition-related costs of $20,000 on legal fees which have been included in 'administrative expenses'.

29. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries (Continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	$'000
Property, plant and equipment	1,398
Intangible assets	532
Inventories	92
Trade and other receivables	2,894
Cash and cash equivalents	1,754
Trade and other payables	(2,500)
Current tax liabilities	(58)
Loans and borrowings	(2,443)
Deferred tax liabilities	(169)
Total identifiable net assets	1,500
Goodwill	
Total consideration transferred	3,300
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	300
Fair value of identifiable net assets	(1,500)
Goodwill	2,100
Net cash outflow on acquisition	
Consideration paid in cash	3,300
Less: Cash and cash equivalents acquired	(1,754)
	1,546

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Relief-from-royalty method and multi-period excess earnings method:* The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

29. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) De-consolidation of subsidiary

During the year, the Group had lost control of a subsidiary, Health Solutions (Malaysia) Sdn Bhd as the subsidiary was undergoing a liquidation process. Hence, the Group had de-consolidated the subsidiary and recognised a gain on de-consolidation amounting to $708,000.

Effects of de-consolidation

Analysis of assets and liabilities of the subsidiary de-consolidated was as follows:

	$'000
Trade and other receivables	74
Trade and other payables	(495)
Net assets disposed	(421)
Realisation of translation reserve	(287)
Gain on de-consolidation of subsidiaries	(708)

(c) Disposal of subsidiaries

During the year ended 31 December 2021, Topseller Development Pte Ltd, one of the Company's subsidiary, entered into a sales and purchase agreement to dispose the entire issued share capital of its wholly owned subsidiary, Nagomi Co. Ltd., to a former director for a total cash consideration of $12,462,000. The transaction was completed in July 2021. The Group recognised a gain on disposal of the subsidiary on the profit or loss amounting to $2,261,000.

Effects of disposal

Analysis of assets and liabilities of the subsidiaries disposed of were as follows:

	Group 2021 $'000
Investment properties	10,238
Trade and other receivables	18
Cash and cash equivalents	47
Trade and other payables	(71)
Net assets disposed	10,232
Realisation of translation reserve	(31)
Gain on disposal of subsidiary	2,261
Sales consideration	12,462
Cash of subsidiary disposed	(47)
Cash inflow from disposal of subsidiary	12,415

30. LEASES

Leases as lessee (SFRS(I) 16)

The Group leases warehouse space with contract terms less than one year and these leases are considered short term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these short term leases.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 4).

	Land and buildings $'000	Production equipment $'000	Office equipment $'000	Total $'000
Balance at 1 January 2022	**15,933**	**105**	**227**	**16,265**
Depreciation charge for the year	**(1,356)**	**(108)**	**(78)**	**(1,542)**
Additions to right-of-use assets	**6,905**	**145**	**218**	**7,268**
Effect of derecognition of right-of-use asset*	**(549)**	**(2)**	**(61)**	**(612)**
Effect of movement in exchange rate	**(144)**	**–**	**–**	**(144)**
Balance at 31 December 2022	**20,789**	**140**	**306**	**21,235**

	Land and buildings $'000	Production equipment $'000	Office equipment $'000	Total $'000
Balance at 1 January 2021	18,101	96	202	18,399
Depreciation charge for the year	(2,160)	(124)	(81)	(2,365)
Additions to right-of-use assets	–	133	144	277
Effect of derecognition of right-of-use asset**	–	–	(38)	(38)
Effect of movement in exchange rate	(8)	–	–	(8)
Balance at 31 December 2021	15,933	105	227	16,265

* Modification of the right-of-use assets in 2022 is due to change of terms and conditions of a lease entered into by a subsidiary.

** Derecognition of the right-of-use assets in 2021 is due to cancellation of a lease by a subsidiary.

30. LEASES (CONTINUED)

Amounts recognised in profit or loss

	2022 $'000	2021 $'000
Interest on lease liabilities	**830**	742
Expenses relating to short-term leases	**521**	515

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 was considering alternative arrangement at the end of lease. The Group completed the acquisition of the leased property in January 2022.

31. CAPITAL COMMITMENTS

At 31 December, the Group and the Company have the following capital commitments in respect of purchase of property, plant and equipment:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Contracted but not provided for	**2,358**	1,051	**–**	8

32. RELATED PARTIES

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

	Group	
	2022 $'000	2021 $'000
Companies in which a director has substantial financial interests		
Sales of goods	**(1,525)**	(658)

32. RELATED PARTIES (CONTINUED)

Key management personnel compensation

Compensation paid/payable to key management personnel comprise:

	Group	
	2022	**2021**
	$'000	**$'000**
Director fees	**532**	567
Short-term employee benefits	**4,960**	5,951
Post-employment benefits	**110**	158
	5,602	6,676

The key management personnel comprise the executive and non-executive directors, chief executive officer, vice presidents and chief financial officer of the Company and the directors and vice presidents of certain major subsidiaries.

Group properties

Description of properties held by the Group is as follows:

Location	Description	Tenure
348 Jalan Boon Lay, Singapore 619529	Single storey warehouse with mezzanine (Block B) with annexed office block used by the Group both for its operations and for rental income and Two-storey factory (Block C) used for its operations	60-year lease from 1 May 1967 and was renewed for 22 years, 3 months and 30 days
No. 28 Senoko Drive Singapore 758214	Factory premises, office building	20,070.9 sq m on 18 years lease expiring on 15 December 2039
H.S. (M) 4187, PTD 32624 Mukim Bukit Batu, Daerah Kulaijaya, Johor, Malaysia	Factory used for its operations	Freehold
H.S. (M) 4272, PTD 32702 Mukim Bukit Batu, Daerah Kulaijaya, Johor, Malaysia	Factory used for its operations	Freehold
Lot 168710, GM 1904 (formerly H.S. (M) 4188, PTD 193211) Mukim of Tebrau, District of Johor Bahru, Johor, Malaysia	Factory used for its operations	Freehold
Jiangsu Province, Suzhou City, Xiangcheng District, Wanting Town, Wendu Road, No. 88, The People's Republic of China	Factory premises, office building, dormitory	58,798.6 sq m on 50 years lease expiring on 4 September 2047

SUPPLEMENTARY INFORMATION
(SGX LISTING MANUAL DISCLOSURE REQUIREMENTS)

Location	Description	Tenure
Anhui Province, HeFei Eco-Tech Development Zone, Zipeng Road, No. 105, The People's Republic of China	Factory premises, office building	35,800 sq m on 48 years lease expiring in August 2053 13,600 sq m on 49 years and 8 months lease expiring on 8 December 2056 7,647.6 sq m on 50 years lease expiring on 23 May 2055
Jiangsu Province, Nantong City, Tongzhou District, Xiting Town, Ting Nan Heng Road, The People's Republic of China	Factory premises, office building	26,586 sq m on 50 years lease expiring on 18 March 2060
Tianjin City, Airport Economic Zone, North of Weiliu Road, The People's Republic of China	Factory premises, office building	33,233.3 sq m on 50 years lease expiring on 3 April 2062
Jiangsu Province, Nantong City, Tongzhou District, Xiting Town The People's Republic of China	Factory premises, office building	74,115 sq m on 50 years lease expiring on 11 March 2068
Units 233, 237, 326, 358, 3A30, 3A31 Cinta Ayu Resort Apartments, all situated at 20 KM, Jalan Pontian Lama 81110 Pulai, Johor, Malaysia	Apartments	Freehold

资产负债表

于2022年12月31日

		集团		公司	
	附注	2022 $'000	2021 $'000	2022 $'000	2021 $'000
资产					
产业及机器设备	4	**164,802**	159,095	**45,623**	47,208
无形资产	5	**3,502**	1,157	**–**	–
物业投资	6	**619**	678	**–**	–
子公司	7	**–**	–	**37,418**	40,001
联营公司	8	**–**	–	**–**	–
其他金融资产	9	**73**	68	**73**	68
递延税款资产	10	**3,685**	3,669	**–**	–
应收账款及其他应收款	12	**17**	37	**–**	–
非流动资产合计		**172,698**	164,704	**83,114**	87,277
其他金融资产	9	**601**	560	**601**	560
税款资产		**673**	387	**–**	–
存货	11	**52,855**	63,809	**–**	–
应收账款及其他应收款	12	**134,338**	145,952	**22,733**	20,435
现金和现金等同物	15	**194,007**	203,230	**97,163**	97,977
流动资产合计		**382,474**	413,938	**120,497**	118,972
资产合计		**555,172**	578,642	**203,611**	206,249
股东权益					
股本	16	**180,099**	180,099	**180,099**	180,099
储备	16	**133,329**	128,682	**4,506**	(1,061)
归属于公司业主的股东权益		**313,428**	308,781	**184,605**	179,038
非控股权益	17	**84,777**	84,623	**–**	–
股东权益合计		**398,205**	393,404	**184,605**	179,038
负债					
贷款与借贷	18	**21,022**	19,302	**13,146**	13,419
其他应付款	21	**800**	–	**–**	–
递延收益	20	**1,727**	2,235	**206**	261
递延应付税款	10	**4,825**	5,063	**–**	–
非流动负债合计		**28,374**	26,600	**13,352**	13,680
贷款与借贷	18	**57,780**	81,975	**334**	323
本期应付税款		**4,038**	3,386	**–**	–
应付账款及其他应付款	21	**66,417**	72,893	**5,264**	13,152
递延收益	20	**358**	384	**56**	56
流动负债合计		**128,593**	158,638	**5,654**	13,531
负债合计		**156,967**	185,238	**19,006**	27,211
负债及股东权益合计		**555,172**	578,642	**203,611**	206,249

综合损益表
截至2022年12月31日止年度

	附注	集团 2022 $'000	 2021 $'000
收入	22	**553,044**	533,268
售出产品成本		**(437,890)**	(420,042)
毛利		**115,154**	113,226
其他收入	23	**3,054**	5,607
分销费用		**(48,157)**	(45,639)
行政费用		**(36,386)**	(32,466)
应收账款及其他应收款之减值损失		**(521)**	(852)
其他费用		**(475)**	(1,249)
营业活动之盈利		**32,669**	38,627
金融收入		**2,186**	1,485
金融费用		**(2,098)**	(2,567)
净金融收入/(费用)	25	**88**	(1,082)
税前盈利		**32,757**	37,545
税项	26	**(5,022)**	(7,652)
本期盈利	24	**27,735**	29,893
盈利归属于			
公司业主		**19,489**	19,566
非控股权益		**8,246**	10,327
本期盈利		**27,735**	29,893
每股盈利			
每股盈利基额(分)	27	**3.52**	3.54
每股盈利摊薄(分)	27	**3.52**	3.54

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2023

Number of issued and fully paid shares (excluding treasury shares)	:	553,221,546
Number/percentage of treasury shares held	:	17,775,200* (3.21%)
Number of subsidiary holdings held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

* *Excluded 89,700 treasury shares bought back on 14 March 2023 and 15 March 2023, which have not been entered in the Depository Register.*

SUBSTANTIAL SHAREHOLDERS

	Direct		Deemed interest	
Name	**Number of shares**	**%**	**Number of shares**	**%**
Goi Seng Hui	164,802,904	29.79%	–	–
Violet Profit Holdings Limited	134,112,551	24.24%	–	–
Ku Yun-Sen(1)	–	–	134,112,551	24.24%
Sin Huat Company Limited	68,000,000	12.29%	–	–
Bernard Cheng Koh Chuen(2)	–	–	68,000,000	12.29%
Cheng Chih Kwong @ Thie Tji Koang(2)	–	–	68,000,000	12.29%

Notes:

(1) Ku Yun-Sen is deemed to be interested in 134,112,551 shares held by Violet Profit Holdings Limited in the capital of the Company, by virtue of Section 7(4) of the Companies Act 1967.

(2) Bernard Cheng Koh Chuen and Cheng Chih Kwong @ Thie Tji Koang are deemed to be interested in 68,000,000 shares held by Sin Huat Company Limited in the capital of the Company, by virtue of Section 7(4) of the Companies Act 1967.

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 99	310	4.29	12,674	0.00
100 – 1,000	2,214	30.63	1,233,511	0.22
1,001 – 10,000	3,021	41.79	14,305,287	2.59
10,001 – 1,000,000	1,663	23.00	82,579,292	14.93
1,000,001 and above	21	0.29	455,090,782	82.26
Total	**7,229**	**100.00**	**553,221,546**	**100.00**

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2023

PUBLIC FLOAT

Based on information available to the Company as at 15 March 2023, 33.6% of the issued ordinary shares (excluding treasury shares) of the Company is held by the public. Rule 723 of the SGX-ST Listing Manual is complied with.

TOP 20 SHAREHOLDERS

No.	Name	Number of shares held	%#
1	Goi Seng Hui	164,802,904	29.79
2	CGS-CIMB Securities (Singapore) Pte Ltd	134,916,671	24.39
3	Raffles Nominees (Pte) Limited	69,790,821	12.61
4	UOB Kay Hian Pte Ltd	23,435,730	4.24
5	Citibank Nominees Singapore Pte Ltd	12,285,918	2.22
6	DBS Nominees Private Limited	9,584,673	1.73
7	United Overseas Bank Nominees Private Limited	8,188,169	1.48
8	Anita Hatta	4,979,600	0.90
9	Representations International (HK) Ltd	4,047,300	0.73
10	OCBC Nominees Singapore Pte Ltd	3,869,827	0.70
11	Heng Siew Eng	2,531,500	0.46
12	Phillip Securities Pte Ltd	2,398,826	0.43
13	Chew Ghim Bok	2,278,000	0.41
14	Jack Investment Pte Ltd	1,945,600	0.35
15	OCBC Securities Private Ltd	1,757,628	0.32
16	Lim Soh Hua	1,489,800	0.27
17	Oei Hong Leong	1,477,700	0.27
18	Moh Siew Cheong	1,413,300	0.26
19	Maybank Securities Pte. Ltd.	1,346,865	0.24
20	Ifast Financial Pte Ltd	1,293,950	0.23
		453,834,782	82.03

Percentage is based on 553,221,546 shares (excluding 17,775,200 treasury shares) as at 15 March 2023.

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