TAT SENG PACKAGING GROUP LTD

BUILDING **CAPABILITIES**, SHAPING **GROWTH** 提升核心能力，塑造成长动力

ANNUAL REPORT 2023

OUR VISION

TO BE THE PREFERRED CORRUGATED PACKAGING SOLUTION PROVIDER

OUR MISSION

- GENERATE WIN-WIN SOLUTIONS WITH CUSTOMERS
- PROVIDE GROWTH OPPORTUNITIES FOR EMPLOYEES
- CREATE VALUES FOR SHAREHOLDERS
- CARE FOR OUR COMMUNITIES AND ENVIRONMENT

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CHAIRMAN'S **STATEMENT**

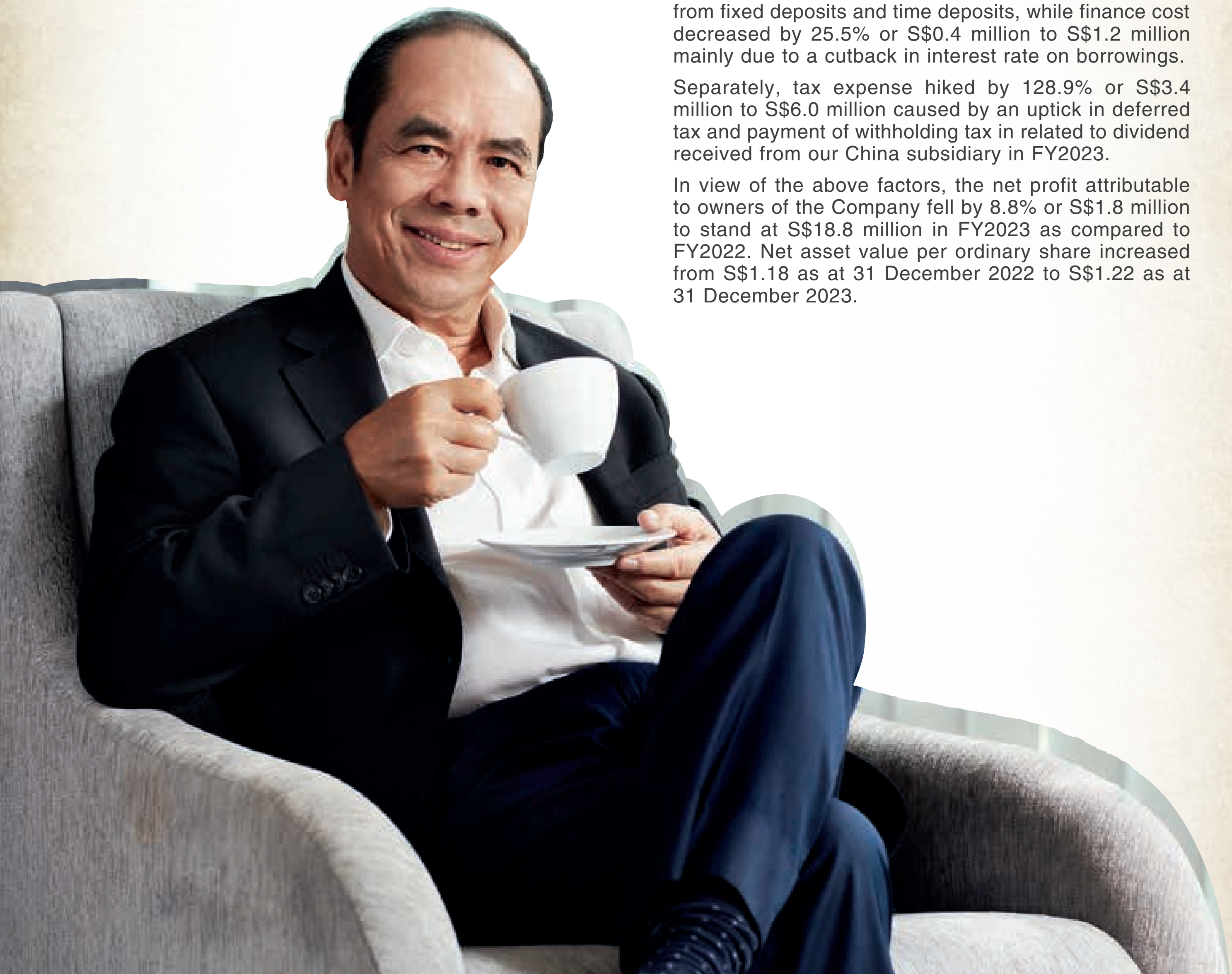
Dear Shareholders,

On behalf of the Group, I am pleased to present the annual report for the full year ended 31 December 2023 ("**FY2023**").

FY2023 has been a year shaped by growing uncertainty as there is falling demand due to a weakening economy alongside excess production capacity. Additionally, raw material prices also experienced significant volatility during the year.

As the risks became more pronounced, the business environment in our two main markets, namely Singapore and China, are affected. With global growth grinding to a halt amidst slowing demand, there is significant downward pressure on the pricing of corrugated paper products.

To address this, we continued in our rigorous upgrading efforts and regularly assess and evaluate the performance of our existing equipment and facilities to increase production efficiency. Our business is built on the economies of scale which helps to enhance our cost advantage, so that we can reap lower manufacturing cost per unit from higher utilisation of our existing facilities.



FINANCIAL REVIEW FY2023

In view of the challenging environment, the Group reported revenue of S$258.9 million in FY2023, which was 23.0% or S$77.4 million lower as compared to S$336.3 million registered in FY2022. This is mainly due to various contributing factors in our respective Singapore and China market.

In line with the reduced revenue, cost of sales was also down 27.2% to S$201.8 million during the year. As such, gross profit only declined slightly by 3.1% to register at S$57.1 million.

Concurrently, other income decreased by 36.3% or S$1.0 million to S$1.7 million mainly attributed to a decline in foreign exchange gain and gain on derecognition of right-of-use assets and lease liabilities in FY2023.

Meanwhile, distribution and selling expenses fell by 10.5% to S$16.8 million as a result of the decrease in carriage outward and staff cost in FY2023 as compared to FY2022. General and administrative expenses dipped 7.1% to S$16.4 million mainly due to the reversal of excess provision of staff bonus in respect of prior year and reduction of staff cost in the reporting year.

During the year, finance income increased by 161.4% to S$2.4 million with contribution of interest income derived from fixed deposits and time deposits, while finance cost decreased by 25.5% or S$0.4 million to S$1.2 million mainly due to a cutback in interest rate on borrowings.

Separately, tax expense hiked by 128.9% or S$3.4 million to S$6.0 million caused by an uptick in deferred tax and payment of withholding tax in related to dividend received from our China subsidiary in FY2023.

In view of the above factors, the net profit attributable to owners of the Company fell by 8.8% or S$1.8 million to stand at S$18.8 million in FY2023 as compared to FY2022. Net asset value per ordinary share increased from S$1.18 as at 31 December 2022 to S$1.22 as at 31 December 2023.

CHAIRMAN'S **STATEMENT**

On the cash flow front, the Group's net cash from operating activities was S$43.8 million due to operating profit reaped and net increase in working capital. Net cash used in investing activities registered S$25.3 million mainly attributed to the acquisition of other financial assets and property, plant and equipment. Concurrently, net cash from financing activities stood at S$6.4 million as a result of net proceeds from loans and borrowings, which were partially offset by payment of dividends during the year.

After taking into account the unfavourable exchange rate fluctuations on cash held by our China subsidiaries, the Group reported cash and cash equivalents of S$94.6 million as at 31 December 2023. This figure excluded bank balances pledged as security and translated to a year-on-year increase of 32.9% or S$23.4 million.

KEY DEVELOPMENTS IN FY2023

During the year, the Group continued to enhance our business continuity plan through implementing initiatives to ensure the continuity of our operations and mitigate business risks. To achieve this, we continue to reassess our contingency plan to ascertain whether it is feasible and effective. For example, we continue to re-establish the optimal inventory level and expand our raw material supply sources to moderate the impact from any unforeseen supply chain disruption.

As part of our ongoing plan to enhance operational efficiency, we further reinforced our automation efforts by upgrading our existing machines to enhance our production processes for better product quality and greater flexibility in production scheduling. Concurrently, automation also helped us reduce our reliance on manpower for production and solved our challenge in recruiting new staff, helping us to maintain our competitive edge to achieve long-term sustainability for both our Singapore and China's operations.

The Group also invested in our human resources. Besides sending our management staff for relevant training, we also developed in-house training programs to ensure our teams stay in touch with the challenging operating environment and customers' expectations.

Where our supply sources were concerned, we have been actively maintaining multiple sources of paper suppliers and continuously made efforts to expand our supply network to include FSC certified suppliers, in order to minimise disruptions and support our supply chain for smoother operation.

In FY2023, we continue to work towards sustainable growth by working closely with our customers to expand our business together as we develop new sales from potential customer and increase sales order from existing customer to achieve higher sales target sustainably. Towards this end, the Group is Environmental, Social, and Governance ("**ESG**") driven and is prepared to seek business opportunities offered by multinational corporations which require their supply chain business partners to adopt ESG practices in their business operations.

In view of the challenging environment, the Group has been prudently managing its working capital and controlling costs. As such, we have reduced our inventory level and the variety of paper types used to manage the downward pressure on paper material pricing during the year.

We also monitored our accounts receivables closely to lower our credit risk and effect better collection.

SINGAPORE OPERATIONS

Total revenue delivered by the Group's Singapore operations decreased by 13.4% or S$7.3 million from S$54.6 million in FY2022 to S$47.3 million in the reporting year as a result of a 15.9% decrease in total sales volume (sqm), which was in line with shrinking market demand.

Despite the challenging environment, our Singapore operations implemented a series of measures which included efforts to reduce material costs and improve efficiency of energy consumption, such as installation of solar panels, commissioning of new boilers and a waste water treatment system.

CHAIRMAN'S **STATEMENT**

CHINA OPERATIONS

Due to the volatilities in raw material prices and uncertainty in the market, total revenue of our China operations contracted by 24.9% or S$70.1 million from S$281.6 million in FY2022 to S$211.6 million in FY2023. The decrease was also partially attributed to the weakening of Renminbi ("**RMB**") against Singapore Dollars ("**SGD**") by 7.4% and the reduction of total sales volume (sqm) by 2.9%.

Moving ahead, the Group will strive to create new revenue streams in our China market through forging new strategic partnerships and fostering collaborations with customers and industry players. As we remain committed to meet our customers' expanded needs, our Hefei plant has begun trial-runs to supply value-added innovative packaging solutions, such as pulp mould and gift box packaging. This is part of our plan to harness synergy from our existing business.

DIVIDEND ANNOUNCEMENT

As a display of our gratitude towards our shareholders for their unwavering support, the Board is pleased to announce that the Group has declared a final tax-exempt dividend of S$0.020 per ordinary share for the financial year ended 31 December 2023, which is subjected to shareholders' approval at the upcoming Annual General Meeting ("**AGM**"). If approved, the proposed dividend will be paid on 24 May 2024, bringing the total dividends for the year to be S$0.045 after taking into consideration the interim dividend of S$0.025 per ordinary share that was paid on 29 September 2023.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Group has always embraced corporate social responsibility as part of our business plan and actively integrated it into our business model. We believe in sharing our gains and giving back to the society because it makes us a more socially conscious, environmentally aware and responsible organisation. When we help to better lives and create a better environment for everyone through our sustainable business approach, we uplift all stakeholders to create greater value for both business and society where everyone can benefit.

During the year, we sponsored our employees to participate in a marathon organised by the Singapore Cancer Society and extended a cash donation to the Jiangsu Provincial Social Assistance Foundation as a gesture of our commitment towards societal contribution.

In the near future and beyond, the Group will also strive to promote more socially responsible activities to contribute to the society where the Group operates in.

RECOGNITION AND AWARDS

Our Hefei plant has successfully obtained the silver status recognition from the Responsible Business Alliance (RBA), which is the world's largest industry coalition dedicated to responsible business conduct in global supply chains.

Our Suzhou plant has also successfully renewed its High and New Technology Enterprise status for another three years period from 2023 to 2025 and is entitled to the preferential income tax rate of 15% during this period.

BUSINESS PROSPECTS

The environment in which the Group operates has become increasingly challenging in FY2023 as certain events evolve to heighten risks of uncertainty, including protracted geopolitical tensions, longer than anticipated inflationary pressure and volatility in raw material prices. These risks will continue to influence the business environment of both Singapore and China segments. Specifically, the China market is very competitive due to significant excess capacity amidst slowing demand resulting in severe price competition.

Against the backdrop of sluggish demand and a slowing economy, our Singapore segment remains committed to our goal of improving efficiency and driving cost reduction across our operations through streamlining our production processes and optimising our resources.

Our China segment will strive to optimise our processes and strengthen our internal controls to address the challenges of excess capacity and falling demand. Our China plants will also work to leverage and sharpen our respective competitive advantages to enhance customer loyalty and manage competitive pressure.

In addition, the Group is also constantly seeking ways to strengthen our core competencies and will continue to adopt prudent financial management and explore suitable business opportunities to drive our business growth.

Notwithstanding the cautious outlook, the management team will make every effort to mitigate various factors that could adversely impact the performance of the Group and strive to overcome all challenges.

IN APPRECIATION

On behalf of the Board, I would like to express my gratitude to our Directors, Dr Chen Seow Phun, John, Mr Lien Kait Long and Madam Cheong Poh Hua who will be stepping down during the upcoming AGM, for their contributions. We wish them success in their future endeavours.

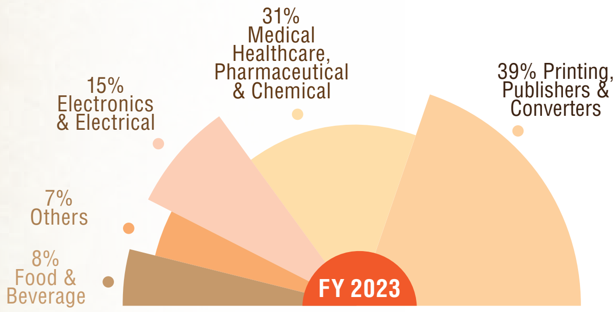
Concurrently, I would like to thank our management team and staff for their steadfast dedication and contribution in the Group's strive towards excellence despite the growing challenges that we faced. I would also like to extend my gratitude to our Board of Directors, valued shareholders, business associates and customers for being our trusted pillar of support even when the going gets tough. We will strive to overcome all odds and emerge stronger together from this period of uncertainty, as we persevere to deliver business growth.

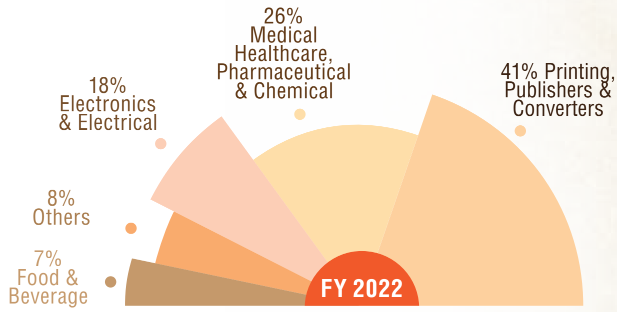
Dr Sam Goi Seng Hui

Executive Chairman

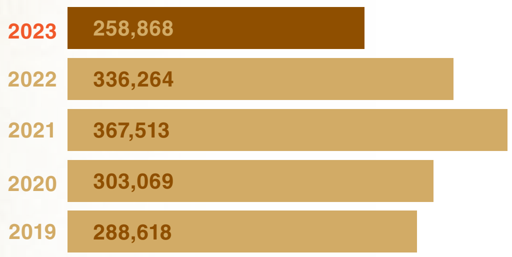
FINANCIAL **HIGHLIGHTS**

SALES ANALYSIS BY CUSTOMER INDUSTRY SECTOR



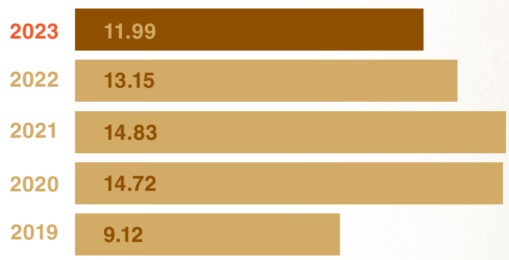


TURNOVER (S$'000)



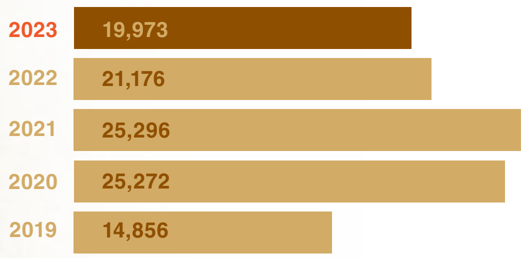
CAGR ↓ –2.68%

EARNINGS PER SHARE (CENTS)



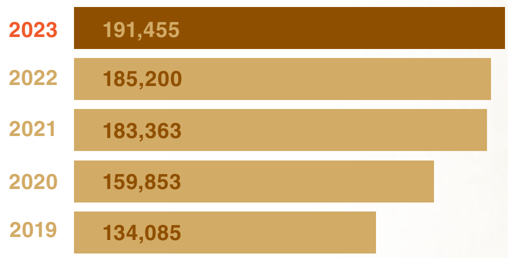
CAGR ↑ 7.08%

PROFIT FOR THE YEAR (S$'000)



CAGR ↑ 7.68%

SHAREHOLDERS' EQUITY (S$'000)



CAGR ↑ 9.31%

FIVE-YEAR **FINANCIAL SUMMARY**

FINANCIAL YEAR ENDED 31 DECEMBER

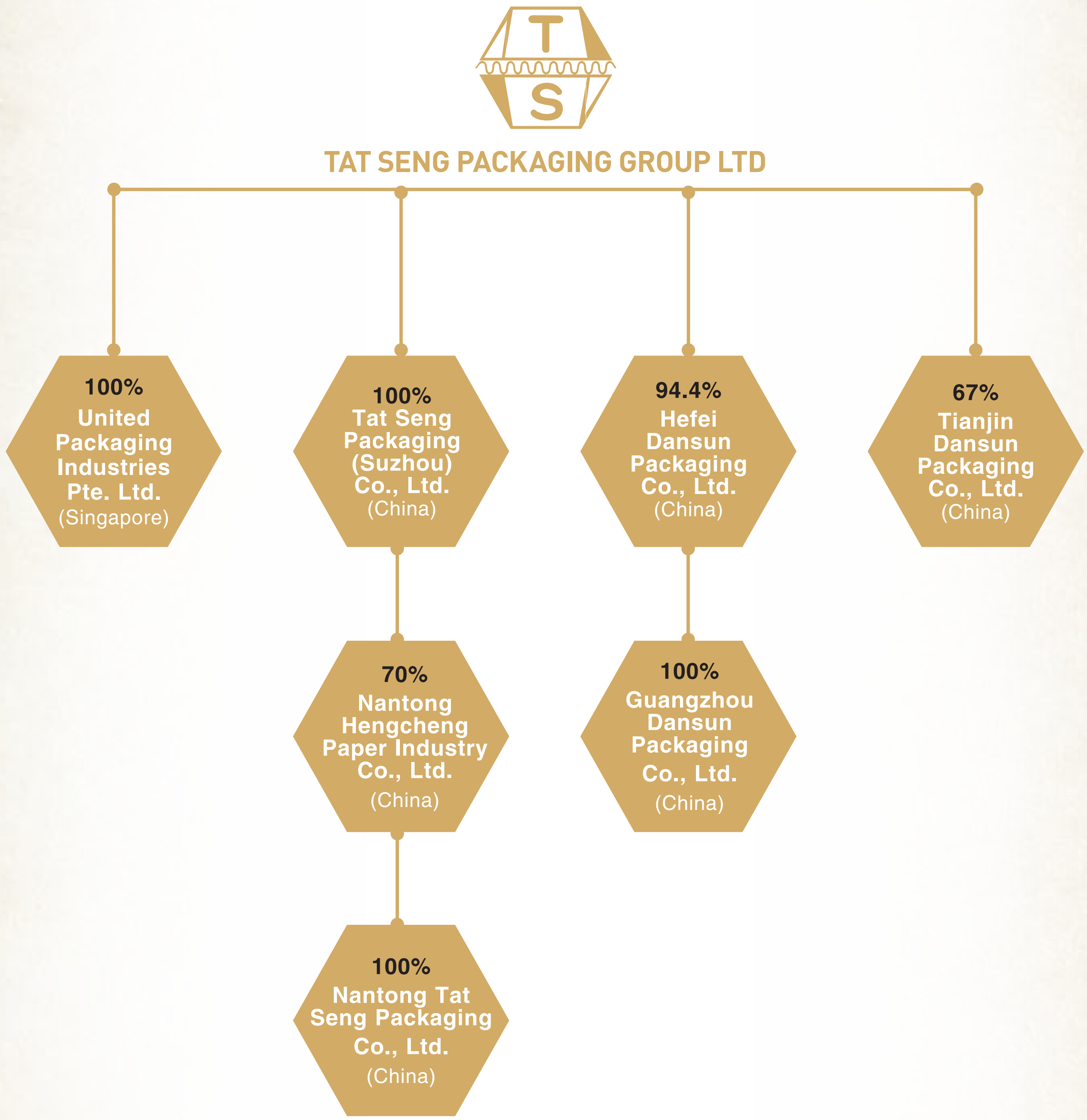
RESULTS OF OPERATIONS		2023	2022	2021	2020	2019
Revenue	(S$'000)	**258,868**	336,264	367,513	303,069	288,618
Gross profit	(%)	**22.1**	17.5	18.8	21.2	17.9
Profit before tax	(S$'000)	**25,977**	23,799	31,047	30,165	18,983
Profit attributable to owners of the Company	(S$'000)	**18,844**	20,668	23,313	23,134	14,336
Profit for the year	(S$'000)	**19,973**	21,176	25,296	25,272	14,856
	(%)	**7.7**	6.3	6.9	8.3	5.1
EBITDA	(S$'000)	**37,645**	36,417	44,098	42,936	31,384

FINANCIAL INDICATORS		2023	2022	2021	2020	2019
Return on shareholders equity	(%)	**9.8**	11.2	12.7	14.5	10.7
Earnings per share	(cents)	**11.99**	13.15	14.83	14.72	9.12
Net asset value per share	(cents)	**121.79**	117.81	116.64	101.69	85.30
Dividend per share*	(cents)	**4.50**	4.00	4.00	3.00	2.00
Cash and bank balances	(S$'000)	**104,240**	82,784	93,703	72,089	51,842
Net debt to equity ratio	(%)	**4.4**	11.6	22.9	27.3	44.7

* Based on dividend declared for the financial year

GROUP **STRUCTURE**

AS AT 31 DECEMBER 2023



BOARD OF **DIRECTORS**

Dr Goi Seng Hui

Executive Chairman

Date of first appointment as Director:
23 June 2021

Date of last re-election as Director:
28 April 2023

Dr Goi Seng Hui is the Executive Chairman of Tee Yih Jia Food Manufacturing Pte Ltd, Mainboard-listed GSH Corporation Limited and PSC Corporation Ltd. He is also the Vice Chairman of Mainboard-listed Envictus International Holdings Limited, JB Foods Limited 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, Honorary Chairman of Sian Chay Medical Institution, 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.

BOARD OF DIRECTORS

Dr Chen Seow Phun, John

Deputy Chairman, Non-Executive and Independent Director

Date of first appointment as Director: 21 November 2005

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

Dr Chen Seow Phun, John is the Deputy Chairman, Non-Executive and Independent Director, the Chairman of the Remuneration Committee, a member of the Nominating Committee and Audit and Risk 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 PSC Corporation 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 Loh See Moon

Managing Director / Chief Executive Officer

Date of first appointment as Director: 22 December 1977

Date of last re-election as Director: 27 April 2022

Mr Loh See Moon was first appointed to the Board of the Company on 22 December 1977 as Director and was appointed as the Company's Managing Director on 21 November 2005. He has more than 40 years of experience in the corrugated packaging industry.

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

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

BOARD OF DIRECTORS

Madam Cheong Poh Hua

Executive Director

Date of first appointment as Director:
1 July 2002

Date of last re-election as Director:
27 April 2022

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

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

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

Mr Lien Kait Long

Non-Executive and
Lead Independent Director

Date of first appointment as Director:
24 November 2005

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

Mr Lien Kait Long is the Non-Executive and Lead Independent Director, the Chairman of the Audit and Risk Committee, and a member of the Nominating Committee and Remuneration Committee of the Company. Mr Lien has more than 50 years' experience in accounting and finance, corporate management, business strategy and investment.

Mr Lien has garnered 20 years of experience served as Independent Director cum Chairman of Audit Committee on the Board of several Singapore and Chinese companies listed on the Singapore Exchange Securities Trading Limited. Mr Lien is currently the Lead Independent Director cum Chairman of the Audit Committee of Falcon Energy Group Limited. He is also the Independent Director cum Chairman of the Audit Committee of Asia-Pacific Strategic Investments Limited and H2G Green Limited. He is also the Singapore representative of DL Family Office Pte Ltd.

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

BOARD OF **DIRECTORS**

Mr Lim Swee Say

Non-Executive and
Independent Director

Date of first appointment as Director:
1 October 2021

Date of last re-election as Director:
28 April 2023

Mr Lim Swee Say is the Non-Executive and Independent Director of the Company, the Chairman of the Nominating Committee, and a member of the Remuneration Committee and Audit and Risk Committee of the Company.

Mr Lim is a trustee and Adviser of the National Trades Union Congress (NTUC), an Adviser and Director to NTUC Enterprise Co-operative Ltd and the Deputy Chairman of Singapore Labour Foundation. He chairs NCS Pte Ltd and NTUC LearningHub, and serves as Director of Singapore Telecommunications Limited, PSC Corporation Ltd., 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 Kong WeiLi

Non-Executive and
Independent Director

Date of first appointment as Director:
1 March 2019

Date of last re-election as Director:
28 April 2023

From March 2019 to February 2021, Mr Kong WeiLi was a Non-Executive and Independent Director of Tat Seng Packaging Group Ltd.

Mr Kong WeiLi was re-appointed as Director on 23 June 2021. He is the Non-Executive and Independent Director, a member of Nominating Committee, Remuneration Committee, and Audit and Risk Committee of the Company.

Currently, Mr Kong is a Financial Advisor.

Mr Kong was the Plant Financial Controller of Sanmina-SCI Systems Singapore Pte. Ltd. from 2018 to 2019 and during the period from 2008 to 2015, Mr Kong worked as Financial Controller of SMOE Pte Ltd (a subsidiary of Sembcorp Marine Ltd), a company specializing in Turnkey EPCIC, Offshore platforms and Topside modules fabrication, installation and integration. He has more than 30 years' experience and leadership skills in accounting, finance and risk management.

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

Mr Kong is also a member of the Singapore Institute of Directors.

CORPORATE REPORTS

CORPORATE GOVERNANCE **STATEMENT**

Tat Seng Packaging Group Ltd (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") are committed to setting and maintaining high standards of corporate governance as well as promoting corporate transparency by adhering closely to the principles and guidelines set out in the Code of Corporate Governance 2018 (last amended on 11 January 2023) (the "**2018 Code**") and accompanying the Practice Guidance.

This Statement describes the practices the Company has adopted and undertaken with respect to each of the principles and guidelines and the extent of its compliance with the 2018 Code. The Company has complied in all material aspects with the principles and guidelines set out in the 2018 Code and where there are deviations from the 2018 Code, the reasons for the deviations are explained accordingly in this report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

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

- providing entrepreneurial leadership, setting strategic directions and objectives of the Group;
- approving major funding proposals, investment and divestment proposals of the Group;
- reviewing the performance of management by establishing management's goals and monitoring the achievement of such goals;
- reviewing and endorsing the remuneration framework as may be recommended by the Remuneration Committee;
- supervising management in ensuring that the Company has the necessary resources to meet its goals and establish a framework of prudent and effective controls to assess and manage risks;
- overseeing the processes of risk management, financial reporting and compliance and evaluating the adequacy of internal controls;
- considering and overseeing sustainability issues, such as environmental, social and climate-related 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 conflict of interest. Where the Director faces conflict of interest, he or she would rescue himself or herself from discussions and decisions involving the issues of conflict.

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 the roles on the Board and Board Committees effectively. The Directors are invited to visit the Group's operations and facilities and meet with Management for further explanations, briefings or discussions on key aspects, to gain insight for a better understanding of the Group's business and operations.

CORPORATE GOVERNANCE **STATEMENT**

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

The Company had arranged for all the Directors to undergo training on the sustainability. All Directors of the Company have attended and completed the sustainability training courses conducted by providers that represent different constituencies in the capital markets.

The Management with the assistance from 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 2023, the Directors attended seminars that they find useful to better perform their duties physically and/or through electronic means.

During the financial year, the Board has been briefed by the Company's external consultant on the revision to the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and accounting standards.

Newly appointed Directors are briefed on the business and organisational structure of the Group and its strategic directions and are encouraged to go for site visits of the Group's operating units to familiarise themselves with the Group's business practices. There is no new Director appointed during the financial year.

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:

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

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

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

CORPORATE GOVERNANCE **STATEMENT**

During the financial year 2023 ("**FY2023**"), the composition of the Board Committees are as follows:

Directors	Nominating Committee	Remuneration Committee	Audit and Risk Committee
Goi Seng Hui	–	–	–
Chen Seow Phun, John	Member	Chairman	Member
Lien Kait Long	Member	Member	Chairman
Lim Swee Say	Chairman	Member	Member
Kong WeiLi	Member	Member	Member
Loh See Moon	–	–	–
Cheong Poh Hua	–	–	–

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

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

Meetings: The attendance of the Directors at scheduled meetings of the Board and Board Committees during financial year 2023 is disclosed below:

		Board Committees		
	Board	Audit and Risk	Nominating	Remuneration
Number of scheduled meetings held	**2**	**2**	**1**	**1**
Directors	Attendance			
Goi Seng Hui	2	2*	–	–
Loh See Moon	2	2*	1*	1*
Cheong Poh Hua	2	2*	–	1*
Chen Seow Phun, John	2	1	1	1
Lien Kait Long	2	2	1	1
Kong WeiLi	2	2	1	1
Lim Swee Say	2	2	1	1

* Attendance by invitation of the relevant committee

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

CORPORATE GOVERNANCE **STATEMENT**

The agendas for meetings during FY2023 were prepared in consultation with the Executive Chairman and/or Managing Director/Chief Executive Officer, the Executive Director 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 and on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities.

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

Despite the Directors having multiple board representations, the NC has reviewed the Directorships of the Directors and is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company board representations and other principal commitments of these Directors. The NC and the Board agreed that as a guide, the maximum number of the listed company board representations which any Independent Director may hold should not exceed ten, 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 prior to Board and Board Committee meetings. Management has put in place a procedure for meeting materials to be circulated to the Board and Board Committees 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, meeting materials and presentation slides are usually circulated to them electronically in advance 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.

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 will be 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 tabled at the meeting itself or discussed without any materials 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 and attend Board and Board Committee meetings. 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. 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.

CORPORATE GOVERNANCE **STATEMENT**

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.

During the financial year, the NC has reviewed the board structure, size and composition of the Company. As of the date of this report, the Board of the Company consists of seven members comprising the Executive Chairman, Managing Director/Chief Executive Officer ("**CEO**"), Executive Director and four Non-Executive and Independent Directors which is set out as follows:

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	23 June 2021	28 April 2023	• Envictus International Holdings Limited (Vice Chairman) • GSH Corporation Limited (Executive Chairman) • PSC Corporation Ltd. (Executive Chairman) • JB Foods Limited (Vice Chairman) • Tung Lok Restaurants (2000) Ltd (Non-Executive and Non-Independent Director)	–
Chen Seow Phun, John	• Deputy Chairman, Non-Executive and Independent Director • Chairman of Remuneration Committee • Member of Audit and Risk and Nominating Committees	21 November 2005	29 April 2021	• Cosco Shipping International (Singapore) Co Ltd (Independent Non-Executive Director) • Matex International Limited (Non-Executive Chairman and Independent Director) • OKP Holdings Limited (Lead Independent Director) • Pavillon Holdings Ltd. (Executive Chairman) • PSC Corporation Ltd. (Deputy Chairman, Non-Executive and Independent Director) • Sinostar Pec Holdings Limited (Lead Independent Director)	• Fu Yu Corporation Limited (Non-Executive Chairman and Independent Director) • Hong Lai Huat Group Limited (Independent Director) • Hiap Seng Engineering Ltd (Lead Independent Director)
Loh See Moon	Managing Director/ CEO	Date of appointment as Director: 22 December 1977 Date of appointment as Managing Director/CEO: 21 November 2005	27 April 2022	–	–

CORPORATE GOVERNANCE **STATEMENT**

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
Cheong Poh Hua	Executive Director	1 July 2002	27 April 2022	–	–
Lien Kait Long	• Non-Executive and Lead Independent Director • Chairman of Audit and Risk Committee • Member of Nominating and Remuneration Committees	24 November 2005	29 April 2021	• Asia-Pacific Strategic Investments Limited (Independent Director) • Falcon Energy Group Limited (Lead Independent Director) • H2G Green Limited (Independent Director)	• China Enterprises Limited (Director)
Kong WeiLi	• Non-Executive and Independent Director • Member of Audit and Risk, Nominating and Remuneration Committees	First appointed: 1 March 2019 and resigned on 18 February 2021 Re-appointed on: 23 June 2021	28 April 2023	• Pavillon Holdings Ltd. (Independent Director)	–
Lim Swee Say	• Non-Executive and Independent Director • Chairman of Nominating Committee • Member of Audit and Risk and Remuneration Committees	1 October 2021	28 April 2023	• Singapore Telecommunications Limited (Independent Director) • Ho Bee Land Limited (Independent Director) • PSC Corporation Ltd. (Independent Director)	–

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 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 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**") and Mr Lien Kait Long ("**Mr Lien**") (who have served on the Board beyond nine years and had sought approval from the shareholders in the annual general meeting of the Company held on 29 April 2021 of their continued appointment as Independent Directors pursuant to Rule 210(5)(d)(iii) of the Listing Rules of SGX-ST), none of the Independent Director has served on the Board beyond nine years from the date of his appointment. Notwithstanding that Dr John Chen and Mr Lien have served the Board beyond nine years, the NC with the concurrence of the Board, is satisfied that Dr John Chen and Mr Lien have 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 and Mr Lien had abstained from the discussions relating to the review of their independence and abstained from voting on any resolution in relation to their independence.

Similarly, the NC has reviewed the independence status of the Independent Directors during FY2023, and is satisfied that Mr Kong WeiLi ("**Mr Kong**") and Mr Lim Swee Say ("**Mr Lim**") are independent in accordance with Provision 2.1 of the 2018 Code and Rule 210(5)(d) of the Listing Rules of SGX-ST. Each NC member has abstained from participating in the discussion and voting on any resolution in relation to his independence.

With the removal of Rule 210(5)(d)(iii) of the Listing Rules of SGX-ST on 11 January 2023, Dr John Chen and Mr Lien have expressed their intentions not to seek for re-election at the forthcoming Annual General Meeting ("**AGM**"). The Board and the NC will endeavour to search for new replacement Independent Director(s) and reconstitute the composition of Board Committees in due course.

Independent Directors: As at the date of this statement, the composition of the Board complies with Provision 2.2 of the 2018 Code as Independent Directors make up a majority of the Board.

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. There is no individual or small group of individuals that dominate the Board's decision-making process. The Board recognised the need to embrace tenets of good corporate governance that includes refreshing the composition of the Board by appointing additional independent directors. The Company believes that such efforts are more likely to engender investor confidence and in achieving long term sustainable business performance.

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, banking and financial, engineering, chemistry, 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 have the appropriate structure, size, diversity and composition to provide effective guidance and make decisions in the best interests of the Group. The Board has one female Executive Director in recognition of the importance of gender diversity. In terms of age diversity, the composition of the board comprises Directors from different age group. The current board composition reflects a diversity of gender, age, skills and knowledge.

The Board has adopted a Board Diversity Policy on 8 November 2019 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.

CORPORATE GOVERNANCE **STATEMENT**

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 ought to be mindful of related regulatory requirements (including the Listing Rules issued by the SGX-ST, Companies Act 1967 and the 2018 Code), and to give due consideration to characteristics, such as gender, age, ethnicity and geographic representation, which contribute to board diversity.

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 in different age group. 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, a private session among the Non-Executive and Independent Directors without Executive Directors and Management's presence is scheduled to review the performance and effectiveness of Management and feedback is thereafter provided to Executive Directors and Management.

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

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

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

There is a distinct separation of responsibilities between the Executive Chairman and the Chief Executive Officer ("**CEO**"), to ensure that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. Dr Goi Seng Hui ("**Dr Goi**") is the Executive Chairman of the Company to oversee, plan, direct, control the activities; and to develop and execute the Group's strategic and business objectives as part of the Company's future growth and transformation of the Group. Mr Loh See Moon ("**Mr Loh**") holds the position of the Managing Director/CEO in terms of overseeing and managing the overall daily operations, strategic growth and business development of the Group.

CORPORATE GOVERNANCE **STATEMENT**

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

- determining the Group's strategies;
- with the assistance of the Company Secretary and her representatives, 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 and her representatives, 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 and her representatives, ensuring that Board meetings are held when necessary;
- facilitating effective contributions from the Non-Executive and Independent Directors and encouraging constructive relationships within the Board and between the Board and the Management;
- exercising control over the quality, quantity and timely flow of information 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.

Lead Independent Director: The Independent Directors, led by Mr Lien, meet amongst themselves without the presence of the Executive Directors when required. Hence, Mr Lien will contribute to a balance of views from the Board. Mr Lien is the principal liaison on Board issues between the Independent Directors and the Chairman of the Board. Mr Lien also led and coordinated the meetings and activities of the Independent Directors.

The Lead Independent Director is available to shareholders where they have concerns and if contact through the normal channels of communication with the Executive Chairman or Managing Director/CEO, the Executive Director or Chief Financial Officer ("**CFO**") has failed to resolve, or such contact is inappropriate or inadequate. Currently, the function of the CFO is subsumed by Madam Cheong Poh Hua ("**Madam Cheong**"), an Executive Director of the Company.

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 of four members, all of whom are independent:

Mr Lim Swee Say	(Chairman of the NC, Non-Executive and Independent Director)
Dr Chen Seow Phun, John	(Member, Deputy Chairman, Non-Executive and Independent Director)
Mr Lien Kait Long	(Member, Non-Executive and Lead Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)

The NC Chairman has no relationship (direct or indirect) with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent judgement in the best interest of the Company.

The terms of reference of NC provides that the NC shall comprise at least three members of the Board, the majority of whom, including the Chairman of the NC shall be independent.

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

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

The Chairman of the NC acts on the results of the performance evaluation and where appropriate, proposes new members to be appointed to the Board or 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.

CORPORATE GOVERNANCE **STATEMENT**

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

In accordance to Regulation 91 of the Constitution of the Company provides that, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation, candour and any other factors as may be determined by the NC.

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

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

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

(i) Changes to the composition of the Board Committees in 2023;

(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 act as safeguard for the protection of Company's assets and shareholders' interests.

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The NC has conducted rigorous review for Dr John Chen and Mr Lien, who have been on the Board for more than nine years, the NC with the concurrence of the Board is satisfied that Dr John Chen and Mr Lien have been able to objectively guide and oversee the Management of the Group, provide the check and balance and exercise independent business judgement to the best interests of the Group and its stakeholders. Dr John Chen and Mr Lien have at all times, expressed their individual viewpoints, objectively debated issues brought up at meetings of the Board and/or Board Committees and closely scrutinised Board matters and Board Committee matters. Dr John Chen and Mr Lien have no relationship with the Company, its related corporation, its substantial shareholders which could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement in the best interest of the Company. They had sought clarification and advice, as and when they considered necessary, from Management and external advisors, and exercised strong independence in character and impartial judgment whilst discharging their duties as a member of the Board and Board Committees.

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

Taking into account, among others, these Directors' participation during and outside the formal Board and Board Committees meetings as well as other contributions, the Board has accepted the NC's nomination of the retiring Directors, for re-election at the forthcoming AGM of the Company. In FY2023, the retiring Directors are Madam Cheong, Dr John Chen and Mr Lien who will retire pursuant to Regulation 91 of the Constitution of the Company. Madam Cheong, Dr John Chen and Mr Lien, while eligible for re-election, have expressed their intentions not to seek for re-election at the forthcoming AGM.

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, 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 pages 17 to 18 of this Annual Report.

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

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

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

(a) Assessment of the effectiveness of the Board as a whole – The NC uses an objective performance criteria to conduct Board assessments via the circulation of assessment evaluation forms to the Directors annually for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for the financial year ended 31 December 2023.

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(b) Assessment of the effectiveness of the Board Committees – The NC has implemented and carried out a process through the circulation of assessment evaluation forms to assess the effectiveness of the respective Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the NC. The results of the Board and Board Committees assessments are reviewed and discussed by the NC and, any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken. The NC has reviewed and is satisfied with the performance and effectiveness of the respective Board Committees as a whole for the financial year ended 31 December 2023.

(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 and any appropriate action to be taken are discussed by the NC. The NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for the financial year ended 31 December 2023.

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

In general, the selected performance criteria will not change from year to year unless they are deemed necessary, and the Board is able to justify the changes. In consultation with the NC, the Executive Chairman, Managing Director/CEO and/or the Executive Director 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.

No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual Directors. However, if need arises, the NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and Executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

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

Remuneration Committee composition: As at the date of this report, the RC comprises of four members, all of whom are independent:

Dr Chen Seow Phun, John	(Chairman of the RC, Deputy Chairman, Non-Executive and Independent Director)
Mr Lien Kait Long	(Member, Non-Executive and Lead Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)
Mr Lim Swee Say	(Member, Non-Executive and Independent Director)

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

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

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

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

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

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

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

Termination clauses: The RC reviews the Company's obligations arising in the event of termination of Executive Directors and key management personnel's contracts of service to ensure such contracts of service contain fair and reasonable termination clauses. The RC will have access to independent expert advice from external consultants, where necessary.

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's reviews of remuneration packages take 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, 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 during the financial year.

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 Directors (include Executive Chairman and Managing Director/CEO) are determined based on the framework recommended by the RC. In doing so, the RC reviews the length of appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Director's service agreements to ensure that the terms of such clauses are not onerous to the Company. The Executive Directors' framework of remuneration includes a fixed element and/or a variable element which is linked to the Group'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.

CORPORATE GOVERNANCE **STATEMENT**

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

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

Executive Director and Key Management Personnel remuneration: Each of the Executive Director has a separate formal service agreement with the Company and they do not receive Directors' fees. For FY2023, the remuneration packages of Executive Directors comprise primarily a fixed component and a variable component. The service agreement of the Executive Chairman and Managing Director/CEO is for a period of three years, and Executive Director is for a period of two years, depending on their service agreements. These service agreements are subject to review by the RC and provide for termination by either party giving to another an appropriate prior written notice.

The RC seeks to ensure that the level and mix of remuneration for the Executive Directors and key management personnel are competitive, aligned with shareholders' interests and promote the Group's long-term success.

The Company adopts the same remuneration policy for the Executive Directors comprising both a fixed and/or variable component. The fixed component is in the form of base salary, fixed bonus and/or allowances and is applicable to the Executive Chairman. The variable component is in the form of cash-based incentive (profit-sharing) that is linked to the Group's performance and is applicable to the Managing Director/CEO and the Executive Director.

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 selected group of key management personnel such as profit sharing, creating alignment between the performance of the Group and the individual.

Contractual provisions to reclaim incentives: The RC is of the view that the variable component of the remuneration packages of the Executive Directors are appropriate for FY2023. The Company had instituted contractual provisions in the service agreements of the Executive Directors to reclaim such incentive components of remuneration paid in prior years to the Executive Directors where incidents occur in exceptional circumstances such as misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

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.

CORPORATE GOVERNANCE **STATEMENT**

Summary compensation table of the Directors receiving remuneration from the Company for the financial year ended 31 December 2023 is set out below:

Directors	Base Salary	Bonus	Profit Sharing	Directors' Fee[2]	Allowance[1]	Total
Range S$2,500,001 to S$2,600,000						
Loh See Moon	21.04%	1.75%	69.50%	–	7.71%	100.00%
Range S$400,001 to S$500,000						
Cheong Poh Hua	33.28%	2.77%	46.02%	–	17.93%	100.00%
Range S$300,000 to S$400,000						
Goi Seng Hui	90.67%	7.56%	–	–	1.77%	100.00%
Range S$100,000 and below						
Chen Seow Phun, John	–	–	–	100.00%	–	100.00%
Lien Kait Long	–	–	–	100.00%	–	100.00%
Lim Swee Say	–	–	–	100.00%	–	100.00%
Kong WeiLi	–	–	–	100.00%	–	100.00%

Notes:

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

(2) Directors' fee was approved on 28 April 2023 at the AGM of the Company (to be paid half-yearly in arrears)

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

The RC has reviewed and approved the remuneration packages of the Executive Directors 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 Directors and key management personnel are adequate 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 are subject and make the necessary disclosures, if any.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 25 April 2024 for the payment of Directors' fees proposed (to be paid half-yearly in arrears) for the financial year ending 31 December 2024 amounting up to an aggregate of S$201,500.

Remuneration of Key Management Personnel & Employees Related to Directors

Save for the Directors who are also the key management personnel, there is no key management personnel who is not a Director or the CEO during the financial year ended 31 December 2023.

Save for the Directors of the Company, there are no employees of the Group who are substantial shareholders and/or immediate family members of any Director or the CEO of the Company and whose remuneration exceeds S$100,000 for the financial year ended 31 December 2023.

CORPORATE GOVERNANCE **STATEMENT**

No termination, retirement and post-employment or other long-term incentives have been granted to the Directors during the financial year ended 31 December 2023.

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

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.

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

The Group has put in place an 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, the ARC has established policies. These policies are an essential part of the business planning and monitoring process of the Group.

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

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

Annual review: The Group has put in place a system of internal controls, which includes the Code of Conduct, documented policies and procedures, approval procedures and authorities, as well as checks-and-balances built into the business processes. During the financial year, the Company has engaged Messrs Ernst & Young Advisory Pte. Ltd. as internal auditor. The objective of the internal audit function is to determine whether the internal controls established by the Group are adequate and functioning in the required manner in ensuring that the Group has adequate safeguards as well as an effective robust risk management system (including policies, procedures and processes) embedded within the Group's infrastructure that could support the Group's operations, IT system and financial reporting structure.

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

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

CORPORATE GOVERNANCE **STATEMENT**

CEO and CFO assurance: For FY2023, the Board has received assurances from Mr Loh (Managing Director/CEO) and Madam Cheong (Executive Director, presently subsumed the function of CFO of the Group), that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the CEO and key management personnel who are responsible regarding the adequacy and effectiveness of the Group's risk management and internal control systems in addressing the financial, operational, compliance and information technology risks. Save for the Directors who are also the key management personnel, there is no key management personnel who is not a Director or the CEO during the financial year ended 31 December 2023.

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 2023. In general, there is no material weakness finding for FY2023. The Board will continue to enhance and improve the existing internal control framework to identify and mitigate these risks from time to time.

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 and Risk Committee

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

Audit and Risk Committee composition: As at the date of this report, the ARC comprises of four members, all of whom are independent:

Mr Lien Kait Long	(Chairman of the ARC, Non-Executive and Lead Independent Director)
Dr Chen Seow Phun, John	(Member, Deputy Chairman, Non-Executive and Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)
Mr Lim Swee Say	(Member, Non-Executive and 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. In line with Provision 10.3 of the 2018 Code, 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 internal and external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the 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 internal and external auditors;
- reviewing the internal and external auditors' reports;
- reviewing the co-operation given by the Company's officers to the internal and external auditors;

CORPORATE GOVERNANCE STATEMENT

- reviewing the adequacy, effectiveness, independence, scope and results of the internal and external audit function;

- evaluating the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, information technology controls, and risk management systems by reviewing the written reports from internal and external auditors, and Management responses and actions to correct any deficiencies;

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

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

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

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

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

- reviewing 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 Messrs Ernst & Young Advisory Pte. Ltd. ("**Internal Auditors**") since FY2010. 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 programme. 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 has provided a confirmation of their independence to the ARC.

CORPORATE GOVERNANCE **STATEMENT**

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 internal audit 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 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 for FY2023 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 and Risk Committee activities: The ARC met two times in the financial year ended 31 December 2023 and the Executive Chairman, the Managing Director/CEO and Executive Director were invited to attend the meetings. The ARC also meets from time to time with the Group's internal and external 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 Annual Report. KAM typically include significant risk areas of the financial statements most susceptible to misstatements, involving key judgements and estimates, as well as major transactions that require extensive auditing efforts.

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In line with the recommendations by Accounting & Corporate Regulatory Authority ("**ACRA**"), Monetary Authority of Singapore and SGX-ST, the ARC helps to improve transparency and enhance the quality of corporate reporting by providing a commentary on key financial reporting matters as follows:

ARC's commentary on key financial reporting matters

The ARC has discussed the KAM for FY2023 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 pages 41 to 42 of this Annual Report.

Auditors: The ARC meets at least annually with the Internal Auditors and the external auditors, without the presence of the 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's recommendations are submitted to the Board for endorsement.

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 charged to the Group by the external auditors for audit and non-audit services for the financial year ended 31 December 2023 were approximately S$324,000 and S$8,000 respectively.

The ARC has undertaken a review of the service, scope, independence and objectivity of the external auditors. Messrs KPMG LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with 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. During the year, the ARC reviewed the performance of the external auditors by referencing to the Audit Quality Indicators Disclosure Framework published by ACRA. 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 Messrs KPMG LLP is able to meet the audit requirements and statutory obligation of the Company.

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

Furthermore, 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.

Whistleblowing Policy

The Group has adopted a constructive whistleblowing 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 whistleblowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors. The ARC 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 whistleblowing for FY2023. The whistleblowing policy can be found at the Company's website at http://www.tspg.sg.

CORPORATE GOVERNANCE **STATEMENT**

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 are released through SGXNet and the Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company.

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

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Companies Act 1967 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 Extraordinary General Meeting;

- press releases on major developments of the Company and/or Group;

- disclosures to the SGX-ST; and

- the Company's website at http://www.tspg.sg at which the shareholders can access information on the Group.

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

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

Voting procedure: The Constitution of the Company 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 the general 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.

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The Company conducts its electronic poll voting at the general 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.

The forthcoming AGM of the Company to be held in respect of FY2023 will be convened and held physically. 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 14 days before the meeting for ordinary resolutions and/or 21 days before the meeting for special resolutions. Board members, Senior Management and the Company Secretary are present and available to address questions from shareholders at the AGM. Furthermore, the external auditors are 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 of content of the auditor's report. Response to substantial and relevant questions raised by shareholders before the AGM would be released via SGXNet and published at the Company's website prior to the commencement of the AGM. Shareholders' questions raised after the upload of response to SGXNet will be dealt with and answered during the 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.

Minutes of general meetings: The Company Secretary and 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 AGM will be released via SGXNet and are also available to shareholders on its corporate website as soon as practicable. These minutes 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 in place a dividend policy. The frequency, form and amount of any dividend to be declared are not fixed and are dependent on the Group's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate.

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

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.

Investor Relations Policy: The Company has in place an Investor Relations Policy outlines the practices adopted by the Company in the course of its investor relations activities. The Investor Relations Policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

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

CORPORATE GOVERNANCE **STATEMENT**

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

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

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

MANAGING STAKEHOLDER'S RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

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

The Company's website (http://www.tspg.sg) is an important conduit for communicating with and engaging stakeholders. In addition, the Company will publish its Sustainability Report for FY2023 to share with stakeholders its strategy, main focus areas and specific efforts to meet sustainability development goals.

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 Company and the Group, and its Directors, officers and employees are periodically reminded not to deal in the Company's shares for the period commencing one month before the announcement of the Company's half year and full year financial results. The Company will notify Directors, officers and employees of the commencement date for each close window period.

The Company has put in place an insider trading policy which sets out the principles of relevant laws relating to insider trading which are applicable at all times.

The Company and the Group, and its Directors, officers, employees 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.

CORPORATE GOVERNANCE STATEMENT

INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual of the SGX-ST for interested person transactions. To ensure compliance with Chapter 9, the ARC meets half yearly during the financial year of 2023 to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Tee Yih Jia Food Manufacturing Pte Ltd	Associate of Director of the Company	S$1,515,096	Nil

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 shareholder subsisting at the end of FY2023.

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 2023.

In our opinion:

(a) the financial statements set out on pages 45 to 102 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 2023 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 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
Loh See Moon
Cheong Poh Hua
Lien Kait Long
Kong WeiLi
Lim Swee Say

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "**Act**"), the particulars of interests of directors who held office at the end of financial year (including those held by their spouses and infant children) in shares, debentures, warrants or share options in the Company and in related corporations are as follows:

	Direct Interest		Deemed Interest	
Name of director	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Ordinary shares of the Company				
Goi Seng Hui[1]	409,700	409,700	100,529,000	100,529,000
Loh See Moon	23,580,000	23,580,000	–	–
Cheong Poh Hua[2]	524,000	524,000	260,000	260,000

1 Goi Seng Hui ("**Dr Goi**") is deemed to have interest in shares of the Company that is held by its ultimate holding company, PSC Corporation Ltd.. As at 31 December 2023, Dr Goi is holding 165,411,004 shares of PSC Corporation Ltd., representing 30.33% of total shareholding of PSC Corporation Ltd.. PSC Corporation Ltd. is holding 100,529,000 shares of the Company, representing 63.95% of total shareholding of the Company.

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

DIRECTORS' STATEMENT

Name of director	Direct Interest At beginning of financial year	Direct Interest At end of financial year	Deemed Interest At beginning of financial year	Deemed Interest At end of financial year
Ordinary shares of the ultimate holding company (PSC Corporation Ltd.)				
Goi Seng Hui	164,802,904	165,411,004	–	–
Loh See Moon	403,000	403,000	–	–
Lien Kait Long	30	30	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year 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 2024.

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

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 of 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.

DIRECTORS' **STATEMENT**

Audit and Risk Committee

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

- Lien Kait Long, Non-Executive and Lead Independent Director
- Chen Seow Phun, John, Deputy Chairman, Non-Executive and Independent Director
- Kong WeiLi, Non-Executive and Independent Director
- Lim Swee Say, Non-Executive and Independent Director

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

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

The Audit and Risk Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

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

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

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

Auditors

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

On behalf of the Board of Directors

Loh See Moon
Director

Cheong Poh Hua
Director

28 March 2024

INDEPENDENT **AUDITORS' REPORT**

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tat Seng Packaging Group Ltd (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of material accounting policy information as set out on pages 45 to 102.

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 2023 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 matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets (collectively, the Group's non-financial assets)
(Refer to Note 4 and Note 6 to the financial statements)

Risk

As at 31 December 2023, the net carrying amount of the Group's non-financial assets amounted to S$94.0 million (2022: S$96.0 million), representing 82.9% (2022: 96.3%) of the Group's total non-current assets. Management concluded that there were indications of impairment on several cash generating units ("**CGUs**") whilst three other CGUs are subject to mandatory annual impairment testing.

In testing whether the Group's non-financial assets' carrying amounts are impaired, these being predominantly leasehold lands and building, plant and machinery and goodwill, the carrying amounts of all assets in the abovementioned CGUs are compared to the amounts that are expected to be recoverable from each CGU.

The recoverable amount of each of these CGUs is determined based on their value-in-use calculations. This required estimates to be made for each CGU of future revenues, operating costs, capital expenditure, timing of cash flows and discount rates applicable to these cash flows. There is inherent uncertainty involved in forecasting and discounting future cash flows. The assessment of the judgements made over these estimates is a key focus area of our audit.

INDEPENDENT **AUDITORS' REPORT**

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

Report on the Audit of the Financial Statements (CONTINUED)

Our response

We discussed impairment indicators with management. 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.

We evaluated the key assumptions used in the cash flow forecasts for the assessment of the recoverable amount of the CGUs. These key assumptions include revenue growth rate, gross profit margin and discount rate. We compared the forecast growth rate used to historical results. We also made inquiries with management regarding their future plans for the CGUs. We formed an independently expectation on the discount rate based on market inputs, and incorporating country risk premium.

We performed sensitivity analyses over significant inputs, being revenue growth rate, gross profit margin and discount rate used in estimating value-in-use of the respective CGUs.

Our findings

We found the key assumptions and estimates used by management under the value-in-use method to be within a supportable range, and that any reasonably possible change to these key assumptions and estimates is not likely to materially change the recoverable amount of the CGUs to be lower than its carrying amount.

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 express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

INDEPENDENT **AUDITORS' REPORT**

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

Report on the Audit of the Financial Statements (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT **AUDITORS' REPORT**

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

Report on 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 Voo Poh Jee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2024

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Assets					
Property, plant and equipment	4	**86,124**	87,895	**14,027**	13,822
Right-of-use assets	5	**6,931**	7,130	**6,292**	6,493
Intangible assets	6	**1,024**	1,065	**–**	–
Investment in subsidiaries	7	**–**	–	**29,321**	28,942
Deferred tax assets	8	**2,981**	3,662	**982**	1,708
Other financial assets	9	**16,162**	–	**–**	–
Trade and other receivables	10	**205**	17	**–**	–
Non-current assets		**113,427**	99,769	**50,622**	50,965
Inventories	11	**21,245**	27,671	**63**	72
Bills receivable		**34,019**	36,443	**–**	–
Trade and other receivables	10	**48,959**	61,209	**10,594**	5,352
Cash on hand and in banks	12	**104,240**	82,784	**50,777**	19,303
Current assets		**208,463**	208,107	**61,434**	24,727
Total assets		**321,890**	307,876	**112,056**	75,692
Equity					
Share capital	13	**31,440**	31,440	**31,440**	31,440
Retained earnings		**156,307**	145,319	**67,081**	31,586
Other reserves	14	**3,708**	8,441	**–**	–
Equity attributable to owners of the Company		**191,455**	185,200	**98,521**	63,026
Non-controlling interests	34	**11,362**	11,790	**–**	–
Total equity		**202,817**	196,990	**98,521**	63,026
Liabilities					
Deferred income	15	**1,193**	1,295	**207**	11
Lease liabilities	17	**6,382**	6,526	**5,881**	6,004
Deferred tax liabilities	8	**3,604**	2,904	**–**	–
Non-current liabilities		**11,179**	10,725	**6,088**	6,015
Deferred income	15	**270**	276	**17**	4
Loans and borrowings	16	**68,890**	55,935	**–**	–
Lease liabilities	17	**453**	409	**305**	296
Trade and other payables	18	**37,467**	42,831	**7,125**	6,351
Current tax payable		**814**	710	**–**	–
Current liabilities		**107,894**	100,161	**7,447**	6,651
Total liabilities		**119,073**	110,886	**13,535**	12,666
Total equity and liabilities		**321,890**	307,876	**112,056**	75,692

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS**

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Revenue	19	**258,868**	336,264
Cost of sales		**(201,759)**	(277,326)
Gross profit		**57,109**	58,938
Other income	20	**1,677**	2,631
Distribution and selling expenses		**(16,830)**	(18,801)
General and administrative expenses		**(16,444)**	(17,706)
Allowance made for impairment losses of trade and other receivables (net)		**(59)**	(216)
Other expenses	21	**(678)**	(356)
Results from operating activities		**24,775**	24,490
Finance income	22	**2,402**	919
Finance cost	23	**(1,200)**	(1,610)
Net finance income/(costs)		**1,202**	(691)
Profit before tax	24	**25,977**	23,799
Tax expense	25	**(6,004)**	(2,623)
Profit for the year		**19,973**	21,176
Profit attributable to			
Owners of the Company		**18,844**	20,668
Non-controlling interests		**1,129**	508
Profit for the year		**19,973**	21,176
Earnings per share attributable to owners of the Company (cents per share)	26	**11.99**	13.15

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

YEAR ENDED 31 DECEMBER 2023

	2023 $'000	2022 $'000
Profit for the year	**19,973**	21,176
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	**(5,174)**	(13,687)
Other comprehensive income for the year, net of tax	**(5,174)**	(13,687)
Total comprehensive income for the year	**14,799)**	7,489
Total comprehensive income attributable to:		
Owners of the Company	**14,115**	8,124
Non-controlling interests	**684**	(635)
Total comprehensive income for the year	**14,799**	7,489

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2023

	Note	Attributable to owners of the Company					
		Share capital $'000	**Retained earnings $'000**	**Other reserves $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2022		31,440	131,000	20,923	183,363	12,645	196,008
Total comprehensive income for the year							
Profit for the year		–	20,668	–	20,668	508	21,176
Other comprehensive income							
Foreign currency translation differences		–	–	(12,544)	(12,544)	(1,143)	(13,687)
Total other comprehensive income		–	–	(12,544)	(12,544)	(1,143)	(13,687)
Total comprehensive income for the year		–	20,668	(12,544)	8,124	(635)	7,489
Transaction with owners, recognised directly in equity							
Distributions to owners							
Unclaimed dividend reversed		–	1	–	1	–	1
Dividends to owners of the Company	27	–	(6,288)	–	(6,288)	(220)	(6,508)
Total distributions to owners		–	(6,287)	–	(6,287)	(220)	(6,507)
Total transactions with owners		–	(6,287)	–	(6,287)	(220)	(6,507)
Transfers between reserves							
Appropriation of retained earnings to statutory reserve fund		–	(62)	62	–	–	–
At 31 December 2022		31,440	145,319	8,441	185,200	11,790	196,990

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2023

	Note	Attributable to owners of the Company					
		Share capital $'000	Retained earnings $'000	Other reserves $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2023		31,440	145,319	8,441	185,200	11,790	196,990
Total comprehensive income for the year							
Profit for the year		–	18,844	–	18,844	1,129	19,973
Other comprehensive income							
Foreign currency translation differences		–	–	(4,729)	(4,729)	(445)	(5,174)
Total other comprehensive income		–	–	(4,729)	(4,729)	(445)	(5,174)
Total comprehensive income for the year		–	18,844	(4,729)	14,115	684	14,799
Transaction with owners, recognised directly in equity							
Distributions to owners							
Dividends to owners of the Company	27	–	(7,860)	–	(7,860)	(1,112)	(8,972)
Total distributions to owners		–	(7,860)	–	(7,860)	(1,112)	(8,972)
Total transactions with owners		–	(7,860)	–	(7,860)	(1,112)	(8,972)
Transfers between reserves							
Appropriation of retained earnings to statutory reserve fund		–	4	(4)	–	–	–
At 31 December 2023		31,440	156,307	3,708	191,455	11,362	202,817

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Profit before tax		**25,977**	23,799
Adjustments for:			
Amortisation of deferred income	15	**(275)**	(292)
Depreciation of property, plant and equipment	4	**9,907**	10,435
Depreciation of right-of-use assets	5	**561**	573
Interest expense	23	**1,072**	1,458
Interest income	22	**(2,402)**	(919)
Loss on disposal of property, plant and equipment (net)	21	**408**	137
Loss/(gain) on derecognition of right-of-use assets and lease liabilities (net)	21,20	**1**	(262)
Net effect of exchange differences		**(528)**	(279)
Property, plant and equipment written off	21	**195**	138
(Write-back)/allowance made for impairment losses of inventories (net)	11	**(748)**	686
Allowance made for impairment losses of trade and other receivables (net)	32	**59**	216
		34,227	35,690
Changes in:			
– inventories		**6,381**	11,629
– bills receivable		**1,055**	2,026
– trade and other receivables		**10,616**	3,975
– trade and other payables		**(4,200)**	(6,406)
Cash generated from operations		**48,079**	46,914
Tax paid		**(4,291)**	(3,677)
Net cash from operating activities		**43,788**	43,237
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**178**	296
Acquisition of property, plant and equipment		**(11,361)**	(19,641)
Acquisition of other financial assets		**(15,811)**	–
Interest received		**1,664**	854
Net cash used in investing activities		**(25,330)**	(18,491)
Cash flows from financing activities			
Interest paid		**(1,125)**	(1,627)
Dividends paid		**(7,860)**	(6,288)
Dividends paid to non-controlling interests		**(1,112)**	(220)
Proceeds from loans and borrowings		**102,827**	126,965
Repayment of loans and borrowings		**(87,417)**	(148,801)
Payment on lease liabilities		**(462)**	(494)
Changes in pledged deposits		**1,520**	3,015
Net cash generated from/(used in) financing activities		**6,371**	(27,450)
Net increase/(decrease) in cash and cash equivalents		**24,829**	(2,704)
Cash and cash equivalents at 1 January		**71,183**	77,845
Effect of exchange rate fluctuations on cash held		**(1,441)**	(3,958)
Cash and cash equivalents at 31 December	12	**94,571**	71,183

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

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2024.

1 DOMICILE AND ACTIVITIES

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

The financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**" and individually as "**Group entities**").

The Group is primarily involved in the manufacturing and sales of corrugated paper products and other packaging products. The principal activities of the subsidiaries are set out in note 7 to the financial statements.

The immediate and ultimate holding company is PSC Corporation Ltd., incorporated in the Republic of Singapore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). The related changes to material accounting policy information are described in note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

Information about key assumptions and judgements that have a significant risk of resulting in material adjustment within the next financial year are in notes 4 and 6 – impairment test: key assumptions underlying recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets.

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values

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

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

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in note 32 – Financial risk management.

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies

New accounting 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 2023:

- SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*
- 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*

Other than the below, the application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

Material accounting policy information

The Group adopted Amendments to SFRS(I)1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

As a result of the adoption of the amendments, accounting policies relating to immaterial transactions are not disclosed.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in material accounting policies.

3.1 Basis of consolidation

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. 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.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Business combinations (Continued)

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

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

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

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

Subsidiaries

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

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

Loss of control

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Transactions eliminated on consolidation

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

Subsidiaries in the separate financial statements

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

3.2 Foreign currency

Foreign currency transactions

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

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

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

Foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

Recognition and measurement

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

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

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

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

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

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

Subsequent costs

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

Depreciation

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

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

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

Recognition and measurement (Continued)

Depreciation (Continued)

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

Leasehold land	50 years
Leasehold buildings	18 – 20 years
Plant and machinery	5 – 10 years
Furniture and fittings	3 – 13 1/3 years
Motor vehicles	5 – 8 years

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

3.4 Intangible assets

Goodwill

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

3.5 Inventories

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

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

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

Non-derivative financial assets comprise other financial assets, bills receivable, trade and other receivables (excluding prepayments and advances to suppliers, VAT/GST receivables and tax recoverable) and cash on hand and in banks.

Financial assets at amortised cost

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

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

Debt investments at FVOCI

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

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

Financial assets at FVTPL

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

NOTES TO THE FINANCIAL **STATEMENTS**
YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

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

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.

Debt investments at FVOCI

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

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.

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.

Other financial liabilities comprise loans and borrowings and trade and other payables (excluding derivatives).

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which 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.

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, pledged deposits and time deposits with maturity in more than one year 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 are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

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

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

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

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

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

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

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

Simplified approach

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

General approach

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

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

NOTES TO THE FINANCIAL **STATEMENTS**
YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

General approach (Continued)

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

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

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.

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs 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 amount of the other assets in the CGU (group of units) on a pro rata basis.

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

3.8 Provisions

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

3.9 Government grants

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

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Employee benefits

Defined contribution plans

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

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.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Revenue

Goods sold

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

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

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

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Finance income and finance costs

Finance income and finance costs include:

- interest income; and
- interest expense on borrowings.

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

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

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

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

3.13 Leases

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.

(i) As a lessee

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

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

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

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value.

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Leases (Continued)

(i) As a lessee (Continued)

The lease terms of the right-of-use assets are as follows:

Leasehold land and buildings	15 – 40 years
Plant and machinery	1 – 3 years
Office equipment	5 years

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

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

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.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

Short-term leases and leases of low-value assets

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

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 other comprehensive income.

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

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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

NOTES TO THE FINANCIAL **STATEMENTS**

YEAR ENDED 31 DECEMBER 2023

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Earnings per share

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

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director/Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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

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

3.17 New standards and interpretations not adopted

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*

- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*

- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*

- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*

The Group is in the process of assessing the potential impact of the amendments on adopting the new or amended accounting standards.

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4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $'000	Plant and machinery $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Installation in progress $'000	Total $'000
Group							
Cost							
At 1 January 2022	59,888	97,742	7,569	3,810	577	4,517	174,103
Additions	12,618	1,945	507	25	3,146	1,166	19,407
Disposals/write-off	–	(2,852)	(474)	(102)	–	–	(3,428)
Reclassification	558	2,841	466	70	–	(3,935)	–
Effect of movements in exchange rates	(5,334)	(6,651)	(292)	(298)	(230)	(177)	(12,982)
At 31 December 2022	67,730	93,025	7,776	3,505	3,493	1,571	177,100
At 1 January 2023	**67,730**	**93,025**	**7,776**	**3,505**	**3,493**	**1,571**	**177,100**
Additions	**21**	**2,278**	**2,000**	**257**	**5,703**	**1,201**	**11,460**
Disposals/write-off	**(657)**	**(3,353)**	**(458)**	**(321)**	**–**	**–**	**(4,789)**
Reclassification	**(22)**	**1,250**	**235**	**–**	**–**	**(1,463)**	**–**
Effect of movements in exchange rates	**(2,070)**	**(2,619)**	**(119)**	**(115)**	**(251)**	**(31)**	**(5,205)**
At 31 December 2023	**65,002**	**90,581**	**9,434**	**3,326**	**8,945**	**1,278**	**178,566**
Accumulated depreciation							
At 1 January 2022	22,895	57,536	5,110	2,494	–	–	88,035
Depreciation charge for the year	2,868	6,449	696	422	–	–	10,435
Disposals/write-off	–	(2,335)	(428)	(94)	–	–	(2,857)
Effect of movements in exchange rates	(2,162)	(3,848)	(198)	(200)	–	–	(6,408)
At 31 December 2022	23,601	57,802	5,180	2,622	–	–	89,205
At 1 January 2023	**23,601**	**57,802**	**5,180**	**2,622**	**–**	**–**	**89,205**
Depreciation charge for the year	**2,756**	**6,077**	**720**	**354**	**–**	**–**	**9,907**
Disposals/write-off	**(362)**	**(2,951)**	**(423)**	**(272)**	**–**	**–**	**(4,008)**
Reclassification	**–**	**25**	**(25)**	**–**	**–**	**–**	**–**
Effect of movements in exchange rates	**(910)**	**(1,585)**	**(83)**	**(84)**	**–**	**–**	**(2,662)**
At 31 December 2023	**25,085**	**59,368**	**5,369**	**2,620**	**–**	**–**	**92,442**
Carrying amounts							
At 1 January 2022	36,993	40,206	2,459	1,316	577	4,517	86,068
At 31 December 2022	44,129	35,223	2,596	883	3,493	1,571	87,895
At 31 December 2023	**39,917**	**31,213**	**4,065**	**706**	**8,945**	**1,278**	**86,124**

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold buildings $'000	Plant and machinery $'000	Furniture and fittings $'000	Motor vehicles $'000	Installation in progress $'000	Total $'000
Company						
Cost						
At 1 January 2022	–	2,781	244	455	600	4,080
Additions	12,619	–	195	–	163	12,977
Disposals/write-off	–	–	(31)	–	–	(31)
Reclassification	558	–	–	–	(558)	–
At 31 December 2022	13,177	2,781	408	455	205	17,026
At 1 January 2023	**13,177**	**2,781**	**408**	**455**	**205**	**17,026**
Additions	**–**	**–**	**1,320**	**–**	**–**	**1,320**
Disposals/write-off	**–**	**–**	**(140)**	**–**	**–**	**(140)**
Reclassification	**(8)**	**–**	**213**	**–**	**(205)**	**–**
At 31 December 2023	**13,169**	**2,781**	**1,801**	**455**	**–**	**18,206**
Accumulated depreciation						
At 1 January 2022	–	1,569	203	455	–	2,227
Depreciation charge for the year	700	278	30	–	–	1,008
Disposal/write-off	–	–	(31)	–	–	(31)
At 31 December 2022	700	1,847	202	455	–	3,204
At 1 January 2023	**700**	**1,847**	**202**	**455**	**–**	**3,204**
Depreciation charge for the year	**733**	**278**	**102**	**–**	**–**	**1,113**
Disposal/write-off	**–**	**–**	**(138)**	**–**	**–**	**(138)**
At 31 December 2023	**1,433**	**2,125**	**166**	**455**	**–**	**4,179**
Carrying amounts						
At 1 January 2022	–	1,212	41	–	600	1,853
At 31 December 2022	12,477	934	206	–	205	13,822
At 31 December 2023	**11,736**	**656**	**1,635**	**–**	**–**	**14,027**

During the year, the Group acquired property, plant and equipment with an aggregate cost of $11,460,047 (2022: $19,407,279), of which $336,562 (2022: $373,856) remained unsettled as of year-end.

The following property, plant and equipment are pledged to banks to secure banking facilities granted to subsidiaries (note 16).

	Group 2023 $'000	Group 2022 $'000
Leasehold land and buildings	**8,581**	19,408
Plant and machinery	**–**	8,194
	8,581	27,602

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4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment losses of property, plant and equipment

In 2023, the Group carried out a review of the recoverable amounts of cash generating units ("**CGU**") with impairment indicators and also CGUs with goodwill that are subject to mandatory annual impairment testing. The review resulted in no impairment made.

The approach to determine the recoverable amounts of CGUs is determined based on the calculation of their value-in-use derived from management's cash flows projections for these CGUs.

Cash flow projections used in the value-in-use calculations were over a period of 5 years (2022: 5 years), based on the 2024 financial budget approved by Board of Directors.

Value-in-use

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

	2023 %	**2022 %**
Revenue growth rate		
Singapore	**(13) – 2**	(13) – 2
People's Republic of China	**(2) – 29**	(5) – 18
Gross profit margin		
Singapore	**9 – 24**	10 – 19
People's Republic of China	**9 – 26**	9 – 20
Post-tax discount rate		
Singapore	**10**	10
People's Republic of China	**11**	11

The forecasted revenue growth rate is estimated based on past performance and the expectations of market developments. The discount rates are a post-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.

The pre-tax discount rates applied to the cash flow projections of CGUs in Singapore and People's Republic of China are 14% – 17% and 13% – 18% (2022 : 14% – 15% and 15% – 17%) respectively.

5 RIGHT-OF-USE ASSETS

	Leasehold land and buildings $'000	**Plant and machinery $'000**	**Office equipment $'000**	**Total $'000**
Group				
Cost				
At 1 January 2022	4,728	249	169	5,146
Additions	6,850	145	104	7,099
Derecognition	(4,165)	(162)	(169)	(4,496)
Effect of movements in exchange rates	(52)	–	–	(52)
At 31 December 2022	7,361	232	104	7,697
At 1 January 2023	**7,361**	**232**	**104**	**7,697**
Additions	**181**	**198**	**–**	**379**
Derecognition	**–**	**(90)**	**–**	**(90)**
Effect of movements in exchange rates	**(20)**	**–**	**–**	**(20)**
At 31 December 2023	**7,522**	**340**	**104**	**7,966**

5 RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land and buildings $'000	Plant and machinery $'000	Office equipment $'000	Total $'000
Group				
Accumulated depreciation				
At 1 January 2022	3,665	145	96	3,906
Depreciation charge for the year	432	108	33	573
Derecognition	(3,615)	(161)	(126)	(3,902)
Effect of movements in exchange rates	(10)	–	–	(10)
At 31 December 2022	472	92	3	567
At 1 January 2023	**472**	**92**	**3**	**567**
Depreciation charge for the year	**412**	**129**	**20**	**561**
Derecognition	**–**	**(86)**	**–**	**(86)**
Effect of movements in exchange rates	**(7)**	**–**	**–**	**(7)**
At 31 December 2023	**877**	**135**	**23**	**1,035**
Carrying amounts				
At 1 January 2022	1,063	104	73	1,240
At 31 December 2022	6,889	140	101	7,130
At 31 December 2023	**6,645**	**205**	**81**	**6,931**

	Leasehold land and buildings $'000
Company	
Cost	
At 1 January 2022	4,165
Addition	6,850
Derecognition	(4,165)
At 31 December 2022	6,850
At 1 January 2023	**6,850**
Addition	**181**
At 31 December 2023	**7,031**
Accumulated depreciation	
At 1 January 2022	3,570
Depreciation charge for the year	402
Derecognition	(3,615)
At 31 December 2022	357
At 1 January 2023	**357**
Depreciation charge for the year	**382**
At 31 December 2023	**739**
Carrying amounts	
At 1 January 2022	595
At 31 December 2022	6,493
At 31 December 2023	**6,292**

NOTES TO THE FINANCIAL **STATEMENTS**

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6 INTANGIBLE ASSETS

	Goodwill $'000
Group	
Cost	
At 1 January 2022	1,167
Effect of movements in exchange rates	(102)
At 31 December 2022	1,065
At 1 January 2023	**1,065**
Effect of movements in exchange rates	**(41)**
At 31 December 2023	**1,024**
Accumulated amortisation	
At 1 January 2022 and 31 December 2022 and 31 December 2023	–
Carrying amounts	
At 1 January 2022	1,167
At 31 December 2022	1,065
At 31 December 2023	**1,024**

Annual impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's CGU identified at individual entity level and within the group, as included in the following:

	Group	
	2023 $'000	**2022 $'000**
Singapore		
– United Packaging Industries Pte. Ltd.	**18**	18
People's Republic of China		
– Hefei Dansun Packaging Co., Ltd.	**572**	595
– Nantong group of entities	**434**	452
	1,024	1,065

The recoverable amount of the CGU is determined annually based on value-in-use calculations. These calculations use cash flow projections over a period of 5 years (2022: 5 years) and extrapolated into perpetuity. The cash flow projections are based on the 2024 financial budget that approved by Board of Directors. The review resulted in no impairment made.

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

	2023 %	2022 %
Revenue growth rate		
Singapore	**(12) – 2**	(13) – 2
People's Republic of China	**(2) – 4**	(5) – 4
Gross profit margin		
Singapore	**22 – 24**	18 – 19
People's Republic of China	**9 – 26**	9 – 20
Post-tax discount rate		
Singapore	**10**	10
People's Republic of China	**11**	11

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YEAR ENDED 31 DECEMBER 2023

6 INTANGIBLE ASSETS (CONTINUED)

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

The forecasted revenue growth rate is estimated based on past performance and the expectations of market developments relevant to each of the CGU. The discount rates are a post-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.

The pre-tax discount rates applied to the cash flow projections of CGUs in Singapore and People's Republic of China are 14% and 13% – 18% (2022: 14% and 15% – 17%) respectively.

7 INVESTMENT IN SUBSIDIARIES

	Company	
	2023	**2022**
	$'000	**$'000**
Equity investments at cost	**29,321**	29,321
Less: Accumulated impairment loss	**–**	(379)
	29,321	28,942

The Company assessed the carrying amount of its investments in subsidiaries for indicators of impairment. Based on the assessment, the Company recognised a reversal of impairment loss of $378,747 (2022: impairment loss of $378,747) on its investment in Tianjin Dansun Packaging Co., Ltd.. The recoverable amount of the Company's investment was estimated taking into consideration the fair values of the underlying assets and liabilities of the companies. The fair value measurement was categorised as a Level 3 in the fair value hierarchy based on the inputs in the valuation techniques used.

Name	Country of incorporation	Principal activities	Ownership interest	
			2023	**2022**
			%	**%**
Held by the Company:				
United Packaging Industries Pte. Ltd.[(i)]	Singapore	Manufacture and sales of corrugated boards, corrugated cartons and other packaging products	**100**	100
Tat Seng Packaging (Suzhou) Co., Ltd.[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards, corrugated cartons and other packaging products	**100**	100
Hefei Dansun Packaging Co., Ltd.[(ii)]	People's Republic of China	Manufacture and sales of corrugated cartons and other packaging products	**94.4**	94.4
Tianjin Dansun Packaging Co., Ltd.[(ii)]	People's Republic of China	Manufacture and sales of corrugated cartons and other packaging products	**67**	67

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7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Country of incorporation	Principal activities	Ownership interest 2023 %	2022 %
Held through Tat Seng Packaging (Suzhou) Co., Ltd.:				
Nantong Hengcheng Paper Industry Co., Ltd.[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards	**70**	70
Held through Nantong Hengcheng Paper Industry Co., Ltd.:				
Nantong Tat Seng Packaging Co., Ltd.[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards	**100**	100
Held through Hefei Dansun Packaging Co., Ltd.:				
Guangzhou Dansun Packaging Co., Ltd.[(iii)]	People's Republic of China	Manufacture and sales of corrugated boards, paper mould and other packaging products	**100**	100

(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 the Singapore-incorporated subsidiary. 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 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Property, plant and equipment	**–**	–	**1,223**	721
Provisions	**(578)**	(771)	**–**	–
Investment in subsidiaries	**–**	–	**2,887**	2,459
Trade and other receivables	**(66)**	(335)	**–**	–
Tax loss carry-forwards	**(2,859)**	(2,832)	**–**	–
Lease liabilities	**(1,156)**	–	**–**	–
Right-of-use assets	**–**	–	**1,172**	–
Deferred tax (assets)/liabilities	**(4,659)**	(3,938)	**5,282**	3,180
Set off of tax	**1,678**	276	**(1,678)**	(276)
Net deferred tax (assets)/liabilities	**(2,981)**	(3,662)	**3,604**	2,904
Company				
Property, plant and equipment	**–**	(64)	**357**	–
Provisions	**(91)**	(99)	**–**	–
Lease liabilities	**(1,052)**	–	**–**	–
Right-of-use assets	**–**	–	**1,070**	–
Tax loss carry-forwards	**(1,266)**	(1,545)	**–**	–
Deferred tax (assets)/liabilities	**(2,409)**	(1,708)	**1,427**	–
Set off of tax	**1,427**	–	**(1,427)**	–
Deferred tax assets	**(982)**	(1,708)	**–**	–

Unrecognised deferred tax assets

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

	Group	
	2023	**2022**
	$'000	**$'000**
Unutilised tax losses	**939**	1,013

The unutilised tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries concerned can utilise the benefit. Tax losses of the subsidiaries concerned amounting to $938,743 (2022: $1,013,189) will expire between 2024 and 2027 (2022: 2024 and 2027).

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2023, all temporary differences relating to undistributed earnings of certain subsidiaries of the Group has been recognised. As at 31 December 2022, deferred tax liabilities of $2,509,848 for temporary differences of $50,196,968 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.

NOTES TO THE FINANCIAL **STATEMENTS**

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8 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movements in deferred tax assets and liabilities during the year:

	At 1 January 2022 $'000	Recognised in profit or loss (note 25) $'000	Exchange differences $'000	At 31 December 2022 $'000	Recognised in profit or loss (note 25) $'000	Exchange differences $'000	At 31 December 2023 $'000
Group							
Property, plant and equipment	7	723	(9)	721	505	(3)	**1,223**
Provisions	(797)	(28)	54	(771)	175	18	**(578)**
Investment in subsidiaries	3,124	(665)	–	2,459	489	(61)	**2,887**
Trade and other receivables	(335)	(31)	31	(335)	261	8	**(66)**
Tax loss carry-forwards	(2,331)	(603)	102	(2,832)	(82)	55	**(2,859)**
Lease liabilities	–	–	–	–	(1,157)	1	**(1,156)**
Right-of-use assets	–	–	–	–	1,173	(1)	**1,172**
Total	(332)	(604)	178	(758)	1,364	17	**623**

	At 1 January 2022 $'000	Recognised in profit or loss $'000	At 31 December 2022 $'000	Recognised in profit or loss $'000	At 31 December 2023 $'000
Company					
Property, plant and equipment	(360)	296	(64)	421	**357**
Provisions	(95)	(4)	(99)	8	**(91)**
Tax loss carry-forwards	(1,411)	(134)	(1,545)	279	**(1,266)**
Lease liabilities	–	–	–	(1,052)	**(1,052)**
Right-of-use assets	–	–	–	1,070	**1,070**
Total	(1,866)	158	(1,708)	726	**(982)**

9 OTHER FINANCIAL ASSETS

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Other long term financial assets				
Time Deposits – at amortised cost	**16,162**	–	–	–

Time deposits of the Group have stated fixed interest rates and its maturity in more than one year.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Amount due from related parties – trade	**533**	420	**533**	420
Trade receivables	**46,594**	57,908	**4,263**	4,683
Impairment losses	**(351)**	(305)	**–**	–
Net trade receivables	**46,776**	58,023	**4,796**	5,103
Dividend receivables from subsidiary	**–**	–	**5,299**	–
Amounts due from subsidiary – non-trade	**–**	–	**20**	–
Other receivables	**903**	822	**434**	220
Deposits	**383**	563	**17**	3
Prepayments	**260**	457	**17**	20
Advances to suppliers	**710**	1,330	**11**	6
VAT/GST receivables	**132**	–	**–**	–
Tax recoverable	**–**	31	**–**	–
	49,164	61,226	**10,594**	5,352
Non-current	**205**	17	**–**	–
Current	**48,959**	61,209	**10,594**	5,352
	49,164	61,226	**10,594**	5,352

11 INVENTORIES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Raw materials	**17,139**	22,826	**–**	–
Work-in-progress	**181**	308	**–**	–
Finished goods	**1,923**	2,341	**–**	–
Goods-in-transit	**1,376**	1,578	**–**	–
Machinery parts	**626**	618	**63**	72
	21,245	27,671	**63**	72
Inventories recognised in cost of sales	**201,351**	275,100	**22,647**	24,778
(Write-back)/allowance made for impairment losses of inventories (net)	**(748)**	686	**–**	–

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 CASH ON HAND AND IN BANKS

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Fixed deposits	**56,500**	21,450	**47,800**	17,450
Cash at banks and in hand	**47,740**	61,334	**2,977**	1,853
	104,240	82,784	**50,777**	19,303

NOTES TO THE FINANCIAL **STATEMENTS**

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12 CASH ON HAND AND IN BANKS (CONTINUED)

Cash and bank balances totalling $41,908,302 (2022: $54,111,850) are held in a country which operates foreign exchange controls.

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

	Group	
	2023	**2022**
	$'000	**$'000**
Fixed deposits	**56,500**	21,450
Cash at banks and in hand	**47,740**	61,334
	104,240	82,784
Cash and bank balances pledged as security for bills payable granted to the Group	**(9,669)**	(11,601)
Cash and cash equivalents	**94,571**	71,183

13 SHARE CAPITAL

	Group and Company	
	2023	**2022**
	No. of shares	**No. of shares**
	'000	**'000**
Fully paid ordinary shares, with no par value		
At 1 January and 31 December	**157,200**	157,200

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

14 OTHER RESERVES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Foreign currency translation reserve	**(13,523)**	(8,794)	**–**	–
Statutory reserve fund	**13,665**	13,669	**–**	–
Capital reserve	**3,566**	3,566	**–**	–
	3,708	8,441	**–**	–

Foreign currency translation reserve

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

Statutory reserve fund

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

14 OTHER RESERVES (CONTINUED)

Capital reserve

The capital reserve comprises:

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

15 DEFERRED INCOME

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Grants				
At 1 January	**1,571**	2,022	**15**	19
Additional	**220**	–	**220**	–
Amortisation charge for the year	**(275)**	(292)	**(11)**	(4)
Effect of movements in exchange rates	**(53)**	(159)	**–**	–
At 31 December	**1,463**	1,571	**224**	15
Current	**270**	276	**17**	4
Non-current	**1,193**	1,295	**207**	11
	1,463	1,571	**224**	15

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 these grants.

16 LOANS AND BORROWINGS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Bills payable*	**35,128**	42,793	**–**	–
Unsecured loan from non-controlling interests	**–**	387	**–**	–
Unsecured loans	**21,025**	9,280	**–**	–
Secured loans*	**12,737**	3,475	**–**	–
	68,890	55,935	**–**	–

* See note 4 for securities pledged.

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16 LOANS AND BORROWINGS (CONTINUED)

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

	Nominal interest rate per annum	Maturity	2023 Face value $'000	2023 Carrying amount $'000	2022 Face value $'000	2022 Carrying amount $'000
Group						
Renminbi ("RMB") loan A (secured)	2.80%	2024	**5,578**	**5,578**	–	–
Renminbi ("RMB") loan B (secured)	3.20%	2024	**5,299**	**5,299**	–	–
Renminbi ("RMB") loan C (secured)	3.65%	2024	**1,860**	**1,860**	–	–
Renminbi ("RMB") loan D (secured)	5.08%	2023	**–**	**–**	3,475	3,475
Loan with non-controlling interests (unsecured)	4.79%	2023	**–**	**–**	387	387
RMB loan E (unsecured)	3.00%	2024	**9,576**	**9,576**	–	–
RMB loan F (unsecured)	2.90%	2024	**5,578**	**5,578**	–	–
RMB loan G (unsecured)	3.50%	2024	**2,457**	**2,457**	–	–
RMB loan H (unsecured)	3.33%	2024	**3,414**	**3,414**	–	–
RMB loan I (unsecured)	3.61%	2023	**–**	**–**	5,413	5,413
RMB loan J (unsecured)	3.65%	2023	**–**	**–**	1,933	1,933
RMB loan K (unsecured)	3.65%	2023	**–**	**–**	1,934	1,934
Bills payable (secured)[(i)]		2024	**35,128**	**35,128**	–	–
Bills payable (secured)[(i)]		2023	**–**	**–**	42,793	42,793
Total loans and borrowings			**68,890**	**68,890**	55,935	55,935
Lease liabilities (Note 17)	2.43% – 6.25%	2024 – 2039	**8,450**	**6,835**	–	–
Lease liabilities (Note 17)	2.63% – 6.69%	2023 – 2039	**–**	**–**	8,724	6,935
Total interest-bearing liabilities			**77,340**	**75,725**	64,659	62,870
Company						
Lease liabilities (Note 17)	2.75%	2023 – 2039	**7,648**	**6,186**	7,889	6,300
Total interest-bearing liabilities			**7,648**	**6,186**	7,889	6,300

(i) The bills payable of the Group are secured by the leasehold land, certain leasehold buildings, and cash and bank balances (2022: leasehold land, certain leasehold buildings, certain plant and machinery, and cash and bank balances) of the Group, and are non-interest bearing and mature within 6 months from the financial year end.

NOTES TO THE FINANCIAL STATEMENTS
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16 LOANS AND BORROWINGS (CONTINUED)

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

	Liabilities			
	Lease liabilities (Note 17) $'000	**Loans and borrowings $'000**	**Interest payables (Note 18) $'000**	**Total $'000**
Balance at 1 January 2022	1,515	84,019	271	85,805
Changes from financing cash flows				
Proceeds from loans and borrowings	–	126,965	–	126,965
Repayment of loans and borrowings	–	(148,801)	–	(148,801)
Payment on lease liabilities	(494)	–	–	(494)
Interest paid	–	–	(1,627)	(1,627)
Total changes from financing cash flows	(494)	(21,836)	(1,627)	(23,957)
Effect of changes in foreign exchange rates	(39)	(6,248)	(15)	(6,302)
Other changes				
New leases	6,809	–	–	6,809
Interest expense	–	–	1,458	1,458
Derecognition of lease liabilities	(856)	–	–	(856)
Total other changes	5,953	–	1,458	7,411
Balance at 31 December 2022	6,935	55,935	87	62,957
Balance at 1 January 2023	**6,935**	**55,935**	**87**	**62,957**
Changes from financing cash flows				
Proceeds from loans and borrowings	**–**	**102,827**	**–**	**102,827**
Repayment of loans and borrowings	**–**	**(87,417)**	**–**	**(87,417)**
Payment on lease liabilities	**(462)**	**–**	**–**	**(462)**
Interest paid	**–**	**–**	**(1,125)**	**(1,125)**
Total changes from financing cash flows	**(462)**	**15,410**	**(1,125)**	**13,823**
Effect of changes in foreign exchange rates	**(14)**	**(2,455)**	**(1)**	**(2,470)**
Other changes				
New leases	**379**	**–**	**–**	**379**
Interest expense	**–**	**–**	**1,072**	**1,072**
Derecognition of lease liabilities	**(3)**	**–**	**–**	**(3)**
Total other changes	**376**	**–**	**1,072**	**1,448**
Balance at 31 December 2023	**6,835**	**68,890**	**33**	**75,758**

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17 LEASE LIABILITIES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Non-current	**6,382**	6,526	**5,881**	6,004
Current	**453**	409	**305**	296
	6,835	6,935	**6,186**	6,300

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade payables	**20,455**	23,838	**–**	–
Other payables	**4,177**	4,587	**415**	439
Interest payables	**33**	87	**–**	–
Accrued operating expenses	**4,385**	4,156	**589**	636
Amounts due to holding company				
– non-trade	**2**	2	**2**	2
Amounts due to subsidiaries				
– trade	**–**	–	**3,283**	2,723
– non-trade	**–**	–	**24**	28
Accrued staff remuneration	**7,748**	9,080	**2,715**	2,434
VAT/GST payables	**667**	1,081	**97**	89
	37,467	42,831	**7,125**	6,351

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

19 REVENUE

	Group	
	2023 $'000	2022 $'000
Sale of goods	**258,868**	336,264

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:

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.

NOTES TO THE FINANCIAL STATEMENTS
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20 OTHER INCOME

	Group	
	2023	2022
	$'000	$'000
Government grants	**788**	754
Amortisation of deferred income	**275**	292
Gain on derecognition of right-of-use assets and lease liabilities (net)	**–**	262
Net foreign exchange gain	**217**	869
Others	**397**	454
	1,677	2,631

21 OTHER EXPENSES

	Group	
	2023	2022
	$'000	$'000
Property, plant and equipment written off	**195**	138
Loss on disposal of property, plant and equipment (net)	**408**	137
Loss on derecognition of right-of-use assets and lease liabilities (net)	**1**	–
Others	**74**	81
	678	356

22 FINANCE INCOME

	Group	
	2023	2022
	$'000	$'000
Interest income from fixed deposit and others	**2,402**	919

NOTES TO THE FINANCIAL **STATEMENTS**

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23 FINANCE COSTS

	Group	
	2023	**2022**
	$'000	**$'000**
Interest expense on loans and borrowings	**846**	1,253
Interest expenses on lease liabilities	**226**	205
Bank charges	**128**	152
	1,200	1,610

24 PROFIT BEFORE TAX

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

	Group	
	2023	**2022**
	$'000	**$'000**
Audit fees paid to:		
– auditors of the Company and other firms affiliated with KPMG International Limited	**324**	321
– other auditors	**35**	32
Non-audit fees paid to:		
– auditors of the Company and other firms affiliated with KPMG International Limited*	**8**	9
– other auditors	**32**	34
Directors' fees	**201**	232
Employee benefits expense (see below)	**34,802**	40,903
Depreciation of property, plant and equipment	**9,907**	10,435
Depreciation of right-of-use assets	**561**	573
Expenses relating to short-term leases	**449**	474
Employee benefits expense		
Salaries, bonuses and other costs	**33,132**	37,553
Contributions to defined contribution plans	**1,670**	3,350
	34,802	40,903

* Non-audit fees paid to auditors of the Company and other firms affiliated with KPMG International Limited include audit-related services of $nil (2022: $nil).

NOTES TO THE FINANCIAL **STATEMENTS**

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25 TAX EXPENSE

	Note	Group 2023 $'000	Group 2022 $'000
Current tax expense			
Current year		**2,517**	3,073
Withholding tax		**2,084**	244
Adjustments for prior years		**39**	(90)
		4,640	3,227
Deferred tax expense			
Origination and reversal of temporary differences		**1,485**	(665)
Adjustments for prior years		**(121)**	61
	8	**1,364**	(604)
Total tax expenses		**6,004**	2,623

Reconciliation of effective tax rate

	Group 2023 $'000	Group 2022 $'000
Profit before tax	**25,977**	23,799
Tax at applicable rate of 17% (2022: 17%)	**4,416**	4,046
Non-deductible expenses	**323**	220
Income not subject to tax	**(116)**	(69)
Effects of tax rates in foreign jurisdiction	**(500)**	(507)
Tax incentives	**(581)**	(614)
Withholding tax	**2,084**	244
Effects of taxable distribution from subsidiaries	**489**	(664)
Utilisation of previously unrecognised tax losses	**(36)**	–
Over provided in prior years, net	**(82)**	(29)
Others	**7**	(4)
	6,004	2,623

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

	Period
2023	
Tat Seng Packaging (Suzhou) Co., Ltd.	**2023 – 2025**
Tianjin Dansun Packaging Co., Ltd.	**2022 – 2024**
Hefei Dansun Packaging Co., Ltd.	**2022 – 2024**
2022	
Tat Seng Packaging (Suzhou) Co., Ltd.	2020 – 2022
Tianjin Dansun Packaging Co., Ltd.	2022 – 2024
Hefei Dansun Packaging Co., Ltd.	2022 – 2024

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26 EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2023	**2022**
	$'000	**$'000**
Profit, net of tax, attributable to owners of the Company	**18,844**	20,668
	No. of shares	
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**157,200**	157,200

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.

27 DIVIDENDS

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

For the year ended 31 December

	Group and Company	
	2023	**2022**
	$'000	**$'000**
Paid by the Company to owners of the Company		
Final exempt (one-tier) dividend at $0.025 (2022: $0.025) per ordinary share in respect of the previous financial year	**3,930**	3,930
Interim exempt (one-tier) dividend at $0.025 (2022: $0.015) per ordinary share in respect of the current financial year	**3,930**	2,358
	7,860	6,288

	Group	
	2023	**2022**
	$'000	**$'000**
Paid by subsidiaries to NCI		
Dividends in respect of the current financial year	**1,112**	220

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27 DIVIDENDS (CONTINUED)

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

	Group and Company	
	2023	2022
	$'000	$'000
Final exempt (one-tier) dividend at $0.020 (2022: $0.025) per ordinary share in respect of current financial year	**3,144**	3,930

28 BANKING FACILITIES

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

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Loan and trade financing facilities	**136,393**	157,855	**6,100**	6,100
Overdraft facilities	**2,000**	2,000	**–**	–
Foreign exchange contracts	**5,000**	5,000	**1,000**	1,000

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

29 RELATED PARTIES

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

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Holding company:				
Corporate service fee	**24**	8	**24**	8
Subsidiaries:				
Services rendered	**–**	–	**(743)**	(906)
Management fee income	**–**	–	**(502)**	(496)
Recharge of centralised cost	**–**	–	**(1,387)**	(1,189)
Dividend income	**–**	–	**(46,178)**	(4,889)
Rental expenses	**–**	–	**5**	7
Purchases	**–**	–	**21,132**	23,419
Companies in which a director have substantial financial interests:				
Sales of goods	**(1,655)**	(1,420)	**(1,655)**	(1,420)

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29 RELATED PARTIES (CONTINUED)

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2023	**2022**
	$'000	**$'000**
Short-term employee benefits	**3,413**	3,237
Defined contributions plan	**22**	23
Other short-term benefits	**2**	2
Total compensation paid to Executive Directors of the Company, included in staff costs	**3,437**	3,262

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

30 COMMITMENTS

Capital commitments

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Capital commitments in respect of purchase of property, plant and equipment	**1,918**	1,858	**–**	50

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $16,078,323 (2022: $35,632,429) to banks for banking facilities of $20,078,323 (2022: $39,632,429) made available to its subsidiaries, of which the subsidiaries has utilised $5,149,660 (2022: $4,929,171). The Company does not consider it probable that a claim will be made against the Company under the guarantee.

31 LEASES

Leases as lessee

The Group leases buildings, plant and machinery and office equipment. The lease period of the leases is disclosed in note 3.13. Some leases provide for additional or less rent payments that are based on changes in local price indices.

The Company entered into a land lease agreement for a period of 18 years. The lease rent payments are subject to revision based on the market rent for the property, but any increase will not exceed 5.5% of the land rent for the immediately preceding year. There are no extension or purchase options available within the lease agreement.

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

31 **LEASES** (CONTINUED)

Amounts recognised in profit or loss

	2023 $'000	2022 $'000
Interest on lease liabilities	**226**	205
Expenses relating to short-term leases	**449**	474

Amounts recognised in statement of cash flows

	2023 $'000	2022 $'000
Payment of lease liabilities	**462**	494
Interest on lease liabilities	**226**	205
Total cash outflow for leases	**688**	699

32 FINANCIAL RISK MANAGEMENT

Overview

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

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's maximum exposure to credit risk arises primarily from trade receivables, other receivables (excluding prepayments, advances to suppliers and VAT/GST receivables) and deposits.

Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. For other financial assets (including bills receivable, cash on hand an in banks and other financial assets), the Group minimises credit risk by dealing with reputable counterparties. As at 31 December 2023, the Group's concentration of credit risk by geographical locations is in Singapore and the PRC.

Trade 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 receivables.

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

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32 **FINANCIAL RISK MANAGEMENT** (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

Risk management policy (Continued)

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

	2023 $'000	2023 %	2022 $'000	2022 %
Singapore	**8,132**	**17**	9,176	16
PRC	**38,644**	**83**	48,847	84
	46,776	**100**	58,023	100

Impairment losses

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

	2023 $'000	2022 $'000
Group		
Not past due	**42,980**	50,922
Past due 1 – 90 days	**3,796**	7,101
Past due 91 – 180 days	**–**	–
More than 180 days	**–**	–
No credit term	**–**	–
	46,776	58,023
Company		
Not past due	**3,730**	3,994
Past due 1 – 90 days	**1,066**	1,109
Past due 91 – 180 days	**–**	–
More than 180 days	**–**	–
No credit term	**–**	–
	4,796	5,103

Management has implemented a credit risk policy to monitor and manage the credit risk arising from trade receivables. The policy includes an analysis considering both quantitative and qualitative information in determining the ECL of the trade receivables.

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

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
At 1 January	**305**	226	**–**	–
Allowance for impairment losses (net)	**59**	216	**–**	–
Amounts written off	**–**	(112)	**–**	–
Exchange differences	**(13)**	(25)	**–**	–
At 31 December	**351**	305	**–**	–

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

Impairment losses (Continued)

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

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

Other receivables and deposits

As at 31 December 2023, the Group held other receivables and deposits, in aggregate of $1,285,725 (2022: $1,384,369). The Company held other receivables and deposits of $450,932 (2022: $222,517).

The Group and the 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).

There was no allowance for impairment of other receivables and deposits during the years.

Cash on hand and in banks

The Group and the Company held cash on hand and in banks of $104,240,221 and $50,776,805 respectively as at 31 December 2023 (2022: $82,783,642 and $19,302,604 respectively). These figures represent their maximum credit exposures on these assets. Cash on hand and in banks are placed with reputable financial institutions with high credit ratings.

The Group considers that its cash on hand and in banks have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash on hand and in banks is negligible.

Amounts due from subsidiaries – non-trade

In 2023, the Company held non-trade receivables, mainly comprised of dividends and other non-trade receivables, from its subsidiaries of $5,319,456 (2022: $nil). These balances were unsecured, interest-free and have no fixed terms of repayment. The amounts were classified as current as the Company expected to receive payment within the next 12 months. There was no allowance for doubtful debts arising from these outstanding balances.

Bills receivable and other financial assets

As at 31 December 2023, the Group held bills receivables of $34,018,647 (2022: $36,443,422) and other financial assets of $16,161,799 (2022: $nil), comprising time deposits placed with reputable financial institutions and are considered to have low credit risk based on external ratings of the counterparties. The amount of the allowance on bills receivable and other financial assets is negligible.

Liquidity risk

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

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

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

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

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	More than 5 years $'000
Group					
31 December 2023					
Non-derivative financial liabilities					
Trade and other payables*	**29,052**	**(29,052)**	**(29,052)**	**–**	**–**
Loans and borrowings	**68,890**	**(69,770)**	**(69,770)**	**–**	**–**
Lease liabilities	**6,835**	**(8,450)**	**(643)**	**(2,252)**	**(5,555)**
Total	**104,777**	**(107,272)**	**(99,465)**	**(2,252)**	**(5,555)**
31 December 2022					
Non-derivative financial liabilities					
Trade and other payables*	32,670	(32,670)	(32,670)	–	–
Loans and borrowings	55,935	(56,149)	(56,149)	–	–
Lease liabilities	6,935	(8,724)	(612)	(2,194)	(5,918)
Total	95,540	(97,543)	(89,431)	(2,194)	(5,918)
Company					
31 December 2023					
Non-derivative financial liabilities					
Trade and other payables*	**4,313**	**(4,313)**	**(4,313)**	**–**	**–**
Lease liabilities	**6,186**	**(7,648)**	**(471)**	**(1,925)**	**(5,252)**
Recognised financial liabilities	**10,499**	**(11,961)**	**(4,784)**	**(1,925)**	**(5,252)**
Corporate guarantees	**–**	**(16,078)**	**(16,078)**	**–**	**–**
Total	**10,499**	**(28,039)**	**(20,862)**	**(1,925)**	**(5,252)**
31 December 2022					
Non-derivative financial liabilities					
Trade and other payables*	3,828	(3,828)	(3,828)	–	–
Lease liabilities	6,300	(7,889)	(465)	(1,861)	(5,563)
Recognised financial liabilities	10,128	(11,717)	(4,293)	(1,861)	(5,563)
Corporate guarantees	–	(35,632)	(35,632)	–	–
Total	10,128	(47,349)	(39,925)	(1,861)	(5,563)

* excludes VAT/GST payables and accrued staff remuneration

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 outflows disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

Market risk

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

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Interest rate risk

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

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

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial assets	**78,469**	28,580	**50,766**	19,246
Financial liabilities*	**(21,025)**	(9,280)	**–**	–
	57,444	19,300	**50,766**	19,246
Variable rate instruments				
Financial assets	**41,933**	54,204	**11**	57
Financial liabilities*	**(12,737)**	(3,862)	**–**	–
	29,196	50,342	**11**	57

* excludes trade and other payables, 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 fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss			
	Group		Company	
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
2023				
Variable rate instruments	**292**	**(292)**	**–**	**–**
2022				
Variable rate instruments	503	(503)	–	–

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Currency risk

The Group is exposed to foreign exchange risk on sales, purchases and investments, including inter-company sales and purchases and inter-company balances that are denominated in a currency other than the functional currency of the respective companies in the Group. The currency giving rise to this risk is primarily the US dollars ("**USD**").

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

The Group's exposures to foreign currencies are as follows:

	2023		2022	
	USD $'000	Others $'000	USD $'000	Others $'000
Group				
Trade and other receivables	**4,990**	**–**	9,676	–
Cash on hand and in banks	**451**	**–**	1,362	–
Trade and other payables	**(121)**	**(18)**	(72)	(38)
Net exposure	**5,320**	**(18)**	10,966	(38)

	2023		2022	
	USD $'000	Others $'000	USD $'000	Others $'000
Company				
Trade and other receivables	**3**	**–**	8	–
Cash on hand and in banks	**11**	**–**	57	–
Trade and other payables	**(5)**	**–**	–	–
Net exposure	**9**	**–**	65	–

Sensitivity analysis

A 5% (2022: 5%) strengthening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit or loss $'000	Company Profit or loss $'000
31 December 2023		
USD	**266**	**1**
Others	**(1)**	**–**
31 December 2022		
USD	548	3
Others	(2)	–

A 5% (2022: 5%) weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The fair value disclosure of lease liabilities is also not required.

		Carrying amount				Fair value		
	Note	At amortised cost $'000	FVOCI – debts instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group								
31 December 2023								
Financial assets measured at fair value								
Bills receivable		–	34,019	–	34,019		34,019	
Financial assets not measured at fair value								
Other financial assets	9	16,162	–	–	16,162		16,256	
Trade and other receivables*	10	48,062	–	–	48,062			
Cash on hand and in banks	12	104,240	–	–	104,240			
		168,464	34,019	–	202,483			
Financial liabilities not measured at fair value								
Secured loans	16	–	–	(12,737)	(12,737)		(13,283)	
Unsecured loans	16	–	–	(21,025)	(21,025)		(21,359)	
Bills payable	16	–	–	(35,128)	(35,128)			
Trade and other payables#	18	–	–	(29,052)	(29,052)			
		–	–	(97,942)	(97,942)			

* excludes prepayments and advances to suppliers, VAT/GST receivables and tax recoverable

\# excludes VAT/GST payables and accrued staff remuneration

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (Continued)

	Note	Carrying amount				Fair value		
		At amortised cost $'000	FVOCI – debts instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group								
31 December 2022								
Financial assets measured at fair value								
Bills receivable		–	36,443	–	36,443		36,443	
Financial assets not measured at fair value								
Trade and other receivables*	10	59,408	–	–	59,408			
Cash on hand and in banks	12	82,784	–	–	82,784			
		142,192	36,443	–	178,635			
Financial liabilities not measured at fair value								
Secured loans	16	–	–	(3,475)	(3,475)		(3,565)	
Unsecured loans	16	–	–	(9,280)	(9,280)		(9,387)	
Bills payable	16	–	–	(42,793)	(42,793)			
Unsecured loan from non-controlling interests	16	–	–	(387)	(387)		(404)	
Trade and other payables#	18	–	–	(32,670)	(32,670)			
		–	–	(88,605)	(88,605)			

* excludes prepayments and advances to suppliers, VAT/GST receivables and tax recoverable

\# excludes VAT/GST payables and accrued staff remuneration

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (Continued)

		Carrying amount			Fair value		
	Note	**At amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Company							
31 December 2023							
Financial assets not measured at fair value							
Trade and other receivables*	10	**10,566**	**–**	**10,566**			
Cash on hand and in banks	12	**50,777**	**–**	**50,777**			
		61,343	**–**	**61,343**			
Financial liabilities not measured at fair value							
Trade and other payables#	18	**–**	**(4,313)**	**(4,313)**			
31 December 2022							
Financial assets not measured at fair value							
Trade and other receivables*	10	5,326	–	5,326			
Cash on hand and in banks	12	19,303	–	19,303			
		24,629	–	24,629			
Financial liabilities not measured at fair value							
Trade and other payables	18	–	(3,828)	(3,828)			

* excludes prepayments and advances to suppliers
\# excludes VAT/GST payables and accrued staff remuneration

Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial instruments measured at fair value (Continued)

Type	Valuation technique	Significant unobservable inputs
Other financial assets (non-current)	*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*	*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 loans.

During the financial years ended 31 December 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2.

33 CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

As disclosed in note 14, subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2023 and 2022.

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

	Group	
	2023	**2022**
	$'000	**$'000**
Trade and other payables	**37,467**	42,831
Loans and borrowings	**68,890**	55,935
Lease liabilities	**6,835**	6,935
Less: Cash on hand and in banks	**(104,240)**	(82,784)
Net debt	**8,952**	22,917
Equity attributable to owners of the Company	**191,455**	185,200
Less: Statutory reserve fund	**(13,665)**	(13,669)
Total capital	**177,790**	171,531
Net debt to total capital ratio	**0.05**	0.13

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34 NON-CONTROLLING INTERESTS

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

	Material NCI in PRC $'000	Other individually immaterial NCI in PRC $'000	Total $'000
31 December 2023			
Revenue	**59,175**		
Profit	**(621)**		
Other comprehensive income	**(910)**		
Total comprehensive income	**(1,531)**		
Attributable to NCI:			
– Profit for the year	**(186)**	**1,315**	**1,129**
– Other comprehensive income	**(273)**	**(172)**	**(445)**
– **Total comprehensive income**	**(459)**	**1,143**	**684**
Non-current assets	**29,899**		
Current assets	**27,432**		
Non-current liabilities	**(505)**		
Current liabilities	**(34,190)**		
Net assets	**22,636**		
Net assets attributable to NCI	**6,791**	**4,571**	**11,362**
Cash flows from operating activities	**2,261**		
Cash flows from investing activities	**(1,808)**		
Cash flows from financing activities	**1,631**		
Net increase in cash and cash equivalents	**2,084**		

	Material NCI in PRC $'000	Other individually immaterial NCI in PRC $'000	Total $'000
31 December 2022			
Revenue	73,561		
Profit	(946)		
Other comprehensive income	(2,423)		
Total comprehensive income	(3,369)		
Attributable to NCI:			
– Profit for the year	(284)	792	508
– Other comprehensive income	(727)	(416)	(1,143)
– **Total comprehensive income**	(1,011)	376	(635)
Non-current assets	32,607		
Current assets	29,928		
Non-current liabilities	(679)		
Current liabilities	(37,690)		
Net assets	24,166		
Net assets attributable to NCI	7,250	4,540	11,790
Cash flows from operating activities	14,386		
Cash flows from investing activities	542		
Cash flows from financing activities	(17,225)		
Net decrease in cash and cash equivalents	(2,297)		

NOTES TO THE FINANCIAL **STATEMENTS**

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35 SEGMENT INFORMATION

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

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

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

	Singapore $'000	PRC $'000	Group $'000
31 December 2023			
Revenue:			
Sales to external customers	**47,288**	**211,580**	**258,868**
Results from operating activities	**3,923**	**20,852**	**24,775**
Finance income	**1,367**	**1,035**	**2,402**
Finance costs	**(236)**	**(964)**	**(1,200)**
Net finance cost	**1,131**	**71**	**1,202**
Tax expense			**(6,004)**
Net profit for the year			**19,973**
Segment assets	**102,837**	**216,072**	**318,909**
Unallocated assets			**2,981**
Total assets			**321,890**
Segment liabilities	**15,786**	**98,869**	**114,655**
Unallocated liabilities			**4,418**
Total liabilities			**119,073**
Capital expenditure	**2,761**	**8,699**	**11,460**
Depreciation of property, plant and equipment	**2,598**	**7,309**	**9,907**
Depreciation of right-of-use assets	**532**	**29**	**561**
31 December 2022			
Revenue:			
Sales to external customers	54,621	281,643	336,264
Results from operating activities	1,060	23,430	24,490
Finance income	218	701	919
Finance costs	(224)	(1,386)	(1,610)
Net finance cost	(6)	(685)	(691)
Tax expense			(2,623)
Net profit for the year			21,176
Segment assets	70,951	233,263	304,214
Unallocated assets			3,662
Total assets			307,876
Segment liabilities	15,386	91,886	107,272
Unallocated liabilities			3,614
Total liabilities			110,886
Capital expenditure	13,850	5,557	19,407
Depreciation of property, plant and equipment	2,511	7,924	10,435
Depreciation of right-of-use assets	542	31	573

Major Customer

Revenue from a customer of the Group's PRC segments represents approximately $35,226,000 (2022: $38,648,000) of the Group's total revenues.

LAND & BUILDINGS

SINGAPORE, TAT SENG PACKAGING OPERATIONS

Location	:	No. 28, Senoko Drive, Singapore 758214
Usage	:	Factory premises, office building
Land area	:	20,070.9 square metres
Tenure	:	Leasehold 18 years lease of 20,070.9 square metres expiring on 15 December 2039
Ownership	:	100% owned by Tat Seng Packaging Group. Ltd.
Net carrying amount	:	S$11.7 million as at 31 December 2023

CHINA, SUZHOU OPERATIONS

Location	:	Jiangsu Province, Suzhou City, Xiangcheng District, Wanting Town, Wendu Road, No. 88
Usage	:	Factory premises, office building, dormitory
Land area	:	58,798.6 square metres
Tenure	:	Leasehold 50 years lease of 58,798.6 square metres expiring on 4 September 2047
Ownership	:	100% owned by Tat Seng Packaging (Suzhou) Co., Ltd.
Net carrying amount	:	RMB9.8 million (approximately S$1.8 million) as at 31 December 2023

CHINA, HEFEI OPERATIONS

Location	:	Anhui Province, Hefei Eco-Tech Development Zone, Zipeng Road, No. 105
Usage	:	Factory premises, office building
Land area	:	57,047.6 square metres
Tenure	:	Leasehold – 48 years lease of 35,800 square metres expiring in August 2053 – 49 years 8 months lease of 13,600 square metres expiring on 8 December 2056 – 50 years lease of 7,647.6 square metres expiring in 23 May 2055
Ownership	:	100% owned by Hefei Dansun Packaging Co., Ltd.
Net carrying amount	:	RMB53.4 million (approximately to S$9.9 million) as at 31 December 2023

CHINA, NANTONG TAT SENG OPERATIONS

Location	:	Jiangsu Province, Nantong City, Tongzhou District, Xiting Town, Ting Nan Heng Road
Usage	:	Factory premises, office building
Land area	:	26,586 square metres
Tenure	:	Leasehold – 50 years lease of 26,586 square metres expiring on 18 March 2060
Ownership	:	100% owned by Nantong Tat Seng Packaging Co., Ltd.
Net carrying amount	:	RMB13.2 million (approximately to S$2.5 million) as at 31 December 2023

Location	:	Jiangsu Province, Nantong City, Tongzhou District, Xiting Town
Usage	:	Factory premises, office building
Land area	:	74,115 square metres
Tenure	:	Leasehold – 50 years lease of 74,115 square metres expiring on 11 March 2068
Ownership	:	100% owned by Nantong Tat Seng Packaging Co., Ltd.
Net carrying amount	:	RMB91.0 million (approximately to S$16.9 million) as at 31 December 2023

CHINA, TIANJIN OPERATIONS

Location	:	Tianjin City, Airport Economic Zone, North of Weiliu Road
Usage	:	Factory premises, office building
Land area	:	33,233.3 square metres
Tenure	:	Leasehold – 50 years lease of 33,233.3 square metres expiring on 3 April 2062
Ownership	:	100% owned by Tianjin Dansun Packaging Co., Ltd.
Net carrying amount	:	RMB32.4 million (approximately to S$6.0 million) as at 31 December 2023

资产负债表
于2023年12月31日

	附注	集团 2023 $'000	集团 2022 $'000	公司 2023 $'000	公司 2022 $'000
非流动资产					
固定资产	4	**86,124**	87,895	**14,027**	13,822
使用权资产	5	**6,931**	7,130	**6,292**	6,493
无形资产	6	**1,024**	1,065	**–**	–
投资子公司	7	**–**	–	**29,321**	28,942
递延所得税资产	8	**2,981**	3,662	**982**	1,708
其他金融资产	9	**16,162**	–	**–**	–
应收账款及其他应收款	10	**205**	17	**–**	–
		113,427	99,769	**50,622**	50,965
流动资产					
存货	11	**21,245**	27,671	**63**	72
应收票据		**34,019**	36,443	**–**	–
应收账款及其他应收款	10	**48,959**	61,209	**10,594**	5,352
现金和现金等同物	12	**104,240**	82,784	**50,777**	19,303
		208,463	208,107	**61,434**	24,727
资产总计		**321,890**	307,876	**112,056**	75,692
股东权益					
股本	13	**31,440**	31,440	**31,440**	31,440
未分配利润		**156,307**	145,319	**67,081**	31,586
储备金	14	**3,708**	8,441	**–**	–
		191,455	185,200	**98,521**	63,026
少数股东权益	34	**11,362**	11,790	**–**	–
股东权益合计		**202,817**	196,990	**98,521**	63,026
非流动负债					
递延收入	15	**1,193**	1,295	**207**	11
长期租赁	17	**6,382**	6,526	**5,881**	6,004
递延所得税负债	8	**3,604**	2,904	**–**	–
		11,179	10,725	**6,088**	6,015
流动负债					
递延收入	15	**270**	276	**17**	4
短期借款	16	**68,890**	55,935	**–**	–
短期租赁	17	**453**	409	**305**	296
应付账款及其他应付款	18	**37,467**	42,831	**7,125**	6,351
应交所得税		**814**	710	**–**	–
		107,894	100,161	**7,447**	6,651
负债合计		**119,073**	110,886	**13,535**	12,666
负债及股东权益总计		**321,890**	307,876	**112,056**	75,692

合并损益表

至2023年12月31日止年度

	附注	2023 $'000	2022 $'000
销售收入	19	**258,868**	336,264
销售成本		**(201,759)**	(277,326)
毛利		**57,109**	58,938
其他营业收入	20	**1,677**	2,631
销售费用		**(16,830)**	(18,801)
管理费用		**(16,444)**	(17,706)
应收账款及其他应收款减值损失（净)		**(59)**	(216)
其他营业费用	21	**(678)**	(356)
营业活动之盈利		**24,775**	24,490
财务收入	22	**2,402**	919
财务费用	23	**(1,200)**	(1,610)
净财务收入 ／（费用)		**1,202**	(691)
税前盈利	24	**25,977**	23,799
所得税费用	25	**(6,004)**	(2,623)
本期盈利		**19,973**	21,176
可归属			
母公司股东		**18,844**	20,668
少数股东权益		**1,129**	508
本期盈利		**19,973**	21,176
每股收益			
每股基本与稀释收益（分）	26	**11.99**	13.15

SHAREHOLDING **STATISTICS**

AS AT 11 MARCH 2024

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

SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2024

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD DIRECT INTEREST	DEEMED INTEREST	SHAREHOLDING PERCENTAGE %
PSC Corporation Ltd.	100,529,000	–	63.95
Loh See Moon	23,580,000	–	15.00
Violet Profit Holdings Limited[(1)]	–	100,529,000	63.95
Ku Yun-Sen[(1)]	–	100,529,000	63.95
Goi Seng Hui[(2)]	409,700	100,529,000	64.21

Notes:

(1) Violet Profit Holdings Limited and Ku Yun-Sen are deemed to be interested in 100,529,000 shares held by PSC Corporation Ltd. in the capital of the Company, by virtue of Section 7(4A) of the Companies Act 1967.

(2) Goi Seng Hui is deemed to have interest in shares of the Company that is held by PSC Corporation Ltd. in the capital of the Company, by virtue of Section 7(4A) of the Companies Act 1967.

ANALYSIS OF SHAREHOLDINGS AS AT 11 MARCH 2024

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	2	0.20	4	0.00
100 – 1,000	316	31.89	284,729	0.18
1,001 – 10,000	343	34.61	1,848,766	1.18
10,001 – 1,000,000	326	32.90	25,904,500	16.48
1,000,001 AND ABOVE	4	0.40	129,162,001	82.16
	991	100.00	157,200,000	100.00

SHAREHOLDING **STATISTICS**

AS AT 11 MARCH 2024

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 11 March 2024, 20.29% of the issued ordinary shares of the Company is held by the public. Rule 723 of the Listing Manual issued by the SGX-ST is therefore complied with.

MAJOR SHAREHOLDERS LIST – TOP 20 AS AT 11 MARCH 2024

NO.	NAME	NO. OF SHARES HELD	%
1	PSC CORPORATION LTD	100,529,000	63.95
2	LOH SEE MOON	23,580,000	15.00
3	DBS NOMINEES PTE LTD	3,053,600	1.94
4	PHILLIP SECURITIES PTE LTD	1,999,401	1.27
5	NG HOCK KON	1,000,000	0.64
6	RAFFLES NOMINEES (PTE) LIMITED	911,800	0.58
7	FSK INVESTMENT HOLDING PTE. LTD.	800,400	0.51
8	SKMC PRIVATE LTD	800,000	0.51
9	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	778,900	0.50
10	CITIBANK NOMINEES SINGAPORE PTE LTD	715,500	0.46
11	CHEE KWAI FUN (ZHU GUIFEN)	678,700	0.43
12	ABN AMRO CLEARING BANK N.V.	676,800	0.43
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	647,300	0.41
14	CHEONG POH HUA	524,000	0.33
15	GOI SENG HUI	409,700	0.26
16	OCBC NOMINEES SINGAPORE PTE LTD	397,300	0.25
17	SCHNIEWIND HANS-JUERGEN HORST RUDOLF OR KOH GEOK YEN PATRICI	387,000	0.25
18	TANG KAY HENG	386,000	0.25
19	GOH MIA CHER	369,000	0.23
20	LIM GUAN CHEW	359,900	0.23
		139,004,301	88.43

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **TAT SENG PACKAGING GROUP LTD** (the "**Company**") will be held at 348 Jalan Boon Lay, Singapore 619529 on Thursday, 25 April 2024 at 10.00 a.m. (Singapore time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2023 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final ordinary dividend (one tier tax-exempt) of S$0.02 per ordinary share for the financial year ended 31 December 2023. **(Resolution 2)**

3. To note the retirement of the following Directors of the Company who are retiring pursuant to Regulation 91 of the Constitution of the Company and will not be seeking for re-election:

   (i) Madam Cheong Poh Hua
   (ii) Dr Chen Seow Phun, John
   (iii) Mr Lien Kait Long

   Upon the retirement of Madam Cheong Poh Hua, she will be relinquishing her position as Executive Director.

   Upon the retirement of Dr Chen Seow Phun, John, he will be relinquishing his position as Deputy Chairman, Non-Executive and Independent Director, Chairman of Remuneration Committee and a member of Nominating Committee and Audit and Risk Committee.

   Upon the retirement of Mr Lien Kait Long, he will be relinquishing his position as Non-Executive and Lead Independent Director, Chairman of Audit and Risk Committee and a member of Nominating Committee and Remuneration Committee.

4. To approve the payment of Directors' fees of up to S$201,500 for the financial year ending 31 December 2024 to be paid half yearly in arrears (FY2023: S$201,500). **(Resolution 3)**

   [See Explanatory Note (i)]

5. To re-appoint Messrs KPMG LLP, Certified Public Accountants, as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolution with or without amendments as Ordinary Resolution:

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF **ANNUAL GENERAL MEETING**

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with sub-paragraphs (2)(a) or (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the Share Issue Mandate.

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments, whichever is earlier. **(Resolution 5)**

[See Explanatory Note (ii)]

By Order of the Board

Siau Kuei Lian
Company Secretary
Singapore

9 April 2024

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

(i) Resolution 3, in item 4 above is to allow the Company to pay Directors' fees to Non-Executive and Independent Directors in arrears on a half-yearly basis for the financial year ending 31 December 2024. In the event that the amount of the Directors' fees proposed is insufficient, approval will be sought at the next AGM of the Company for payments to meet the shortfall.

(ii) Resolution 5, in item 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro-rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:

1. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "**AGM**") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.

2. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).

3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, **B.A.C.S. Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 or email to main@zicoholdings.com** by 10.00 a.m. on 22 April 2024.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

5. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting as proxy by 5.00 p.m. on 15 April 2024, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF **ANNUAL GENERAL MEETING**

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE OF RECORD AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders of Tat Seng Packaging Group Ltd (the "**Company**") for the Final Ordinary Dividend being obtained at the Annual General Meeting ("**AGM**"), the Register of Members and Transfer Books of the Company will be closed on 11 May 2024 for the purposes of determining the shareholders' entitlements to the proposed Dividend.

Duly completed registrable transfers of shares received by the Company's Share Registrar, B.A.C.S. Private Limited of 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 up to 5.00 p.m. on 10 May 2024 will be registered to determine members' entitlements to the said Dividends. Subject to the aforesaid, members whose Securities Account with The Central Depository (Pte) Limited are credited with shares of the Company at 5.00 p.m. on 10 May 2024 will be entitled to the proposed Dividend.

The proposed payment of the Dividend, if approved by the shareholders at the AGM will be paid on 24 May 2024.

SHAREHOLDERS' QUESTIONS

Shareholders may send their questions by 5.00 p.m. on 16 April 2024 via email to our Investor Relations Team at ir@tspg.sg and provide us with the following details:

i) Full name
ii) NRIC/Passport number
iii) Contact number
iv) Email address
v) Specify the manner in which you hold shares in the Company (e.g. via CDP, CPF/SRS, Scrip-based, Corporate Shareholder, or through Depository Agent)

Persons who hold shares through relevant intermediaries under Section 181 of the Companies Act 1967, including CPF and SRS investors who wish to submit their questions, should approach their relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible.

The Company will address the substantial and relevant questions from shareholders by 19 April 2024 and upload the Company's responses on the SGXNet at http://www.sgx.com/securities/company-announcements and the Company's website at http://www.tspg.sg/investor-relations/company-announcements.

The minutes of the AGM, shall thereafter be published on the SGXNet and the Company's website, within one month from the conclusion of the AGM.

TAT SENG PACKAGING GROUP LTD
(Company Registration No. 197702806M)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting as proxy, at least seven (7) working days before the Meeting, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ____________________ NRIC/Passport/Co Reg No.* ____________

of ____ (Address)

being a member/members of **TAT SENG PACKAGING GROUP LTD** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them*, the Chairman of the Meeting, as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at 348 Jalan Boon Lay, Singapore 619529 on Thursday, 25 April 2024 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote "for", "against" or "abstain" from voting the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote "for", "against" or "abstain" from voting at his/her/their* discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my/our* proxy to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder, for me/us* and on my/our* behalf at the AGM and at any adjournment thereof.

No	Resolutions relating to:	No. of votes 'For'**	No. of votes 'Against'**	No. of votes 'Abstain'**
Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023			
2	Declaration of Final Ordinary Dividend for the financial year ended 31 December 2023			
3	Approval of Directors' fees amounting up to S$201,500 for the financial year ending 31 December 2024 to be paid half-yearly in arrears			
4	Re-appointment of Messrs KPMG LLP as Auditors and to authorise the Directors of the Company to fix their remuneration			
Special Business				
5	Authority to allot and issue shares and convertible securities			

* Delete where inapplicable

** If you wish to exercise all your votes 'For', 'Against' or to 'Abstain' from voting, please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this ________ day of ______________ 2024

Total number of Shares held:	

____
Signature of Shareholder(s)
and, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE BEFORE COMPLETING THIS FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you. Unless a lesser number of shares is specified by the member on the form itself, the instrument appointing a proxy/proxies shall be deemed to relate to all the shares held by the member in the account for which this form was issued.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.

3. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number or class of shares shall be specified).

4. Subject to note 8 below, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, **B.A.C.S. Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 or email to main@zicoholdings.com** by 10.00 a.m. on 22 April 2024.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting as proxy by 5.00 p.m. on 15 April 2024, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2024.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Dr Goi Seng Hui	Executive Chairman
Dr Chen Seow Phun, John	Deputy Chairman, Non-Executive and Independent Director
Mr Loh See Moon	Managing Director/Chief Executive Officer
Madam Cheong Poh Hua	Executive Director
Mr Lien Kait Long	Non-Executive and Lead Independent Director
Mr Lim Swee Say	Non-Executive and Independent Director
Mr Kong WeiLi	Non-Executive and Independent Director

AUDIT AND RISK COMMITTEE
Mr Lien Kait Long (Chairman)
Dr Chen Seow Phun, John
Mr Lim Swee Say
Mr Kong WeiLi

NOMINATING COMMITTEE
Mr Lim Swee Say (Chairman)
Dr Chen Seow Phun, John
Mr Lien Kait Long
Mr Kong WeiLi

REMUNERATION COMMITTEE
Dr Chen Seow Phun, John (Chairman)
Mr Lien Kait Long
Mr Lim Swee Say
Mr Kong WeiLi

REGISTERED OFFICE
28 Senoko Drive, Singapore 758214
Tel: (65) 6326 8805
Fax: (65) 6758 0668
Email: ir@tspg.sg
Website: www.tspg.sg
Company Registration Number:
197702806M

COMPANY SECRETARY
Ms Siau Kuei Lian

AUDITORS
KPMG LLP
Public Accountants and Chartered Accountants
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

AUDIT PARTNER
Ms Voo Poh Jee
(Engagement partner since financial year
ended 31 December 2023)

PRINCIPAL BANKERS
Agricultural Bank of China Limited
Bank of China Limited
Bank of Nanjing Co., Ltd.
Bank of Ningbo Co., Ltd.
China Citic Bank Corporation Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
Huishang Bank Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
KBC Bank N.V.
Rural Commercial Bank of Zhangjiagang
United Overseas Bank Limited

SHARE REGISTRAR
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896
Tel: (65) 6593 4848

SINGAPORE

TAT SENG PACKAGING GROUP LTD

28 Senoko Drive, Singapore 758214
Tel : (65) 6326 8805
E-mail : ir@tspg.sg

UNITED PACKAGING INDUSTRIES PTE. LTD.

28 Senoko Drive, Singapore 758214
Tel : (65) 6891 9030
E-mail : ir@tspg.sg

CHINA

TAT SENG PACKAGING (SUZHOU) CO., LTD.
达成包装制品 (苏州) 有限公司

地址 : 江苏省苏州市相城区望亭镇问渡路88号, 邮编 215155
电话 : (86) 0512-6759 0235 / 0291
传真 : (86) 0512-6538 9342
电邮 : salesa@tspg.com.cn/salesb@tspg.com.cn

HEFEI DANSUN PACKAGING CO., LTD.
合肥丹盛包装有限公司

地址 : 安徽省合肥市经济技术开发区紫蓬路105号, 邮编 230601
电话 : (86) 0551-6381 9163
电邮 : scr@hfds.com.cn

NANTONG HENGCHENG PAPER INDUSTRY CO., LTD.
南通恒成纸业有限公司

地址 : 江苏省如皋市石庄镇新生港社区16组, 邮编 226531
电话 : (86) 0513-8653 8888
电邮 : shj508@sina.com

NANTONG TAT SENG PACKAGING CO., LTD.
南通达成包装制品有限公司

地址 : 江苏省南通市通州区西亭镇亭南横路, 邮编 226301
电话 : (86) 0513-8653 8888
传真 : (86) 0513-8653 3999-01
电邮 : shj508@sina.com

TIANJIN DANSUN PACKAGING CO., LTD.
天津丹盛包装有限公司

地址 : 天津市东丽区空港经济区经一路257号, 邮编 300308
电话 : (86) 022-5809 7035
传真 : (86) 022-5809 7066
电邮 : Arthur.zhang@tjdspg.com

GUANGZHOU DANSUN PACKAGING CO., LTD.
广州丹盛包装有限公司

地址 : 广州市从化区明珠大道北63号, 自编2118
电话 : (86) 0551-6381 9163
电邮 : scr@hfds.com.cn