TAT SENG PACKAGING GROUP LTD

ANNUAL REPORT 2021

BUILDING **CAPABILITIES** • SHAPING **GROWTH**

提升核心能力 • 塑造成长动力

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**

TABLE OF **CONTENTS**

CHAIRMAN'S **STATEMENT**

Dear Shareholders,

FY2021 presented uneven growth prospects for different sectors against the backdrop of an ongoing COVID-19 pandemic with the emergence of a more transmissible Omicron variant.

In addition, the global supply chain disruption had resulted in inflated raw material prices. To mitigate our risks, the Group has further expanded our procurement networks so as to ensure consistent supply of raw materials.

FINANCIAL REVIEW FY2021

During the year in review, the Group's net profit attributable to owners of the Company gained slightly to S$23.3 million on the back of a 21.3% jump in revenue to S$367.5 million, largely boosted by the improved performance of both our Singapore and China operations.

Net asset value per ordinary share rose 14.7% to S$1.17 as of 31 December 2021.

The Group has always been prudent in managing our cash flows and credit exposure, strategically manoeuvring our course around this uncertain global landscape by promptly mitigating against any potential credit risk that may arise. The Group managed to deliver a healthy cash position with cash and cash equivalents (excluding bank balances pledged as security) increasing by 28.8% to S$77.8 million.

KEY EVENTS

Automation remains our core strategy. During FY2021, the Group continued to invest in new machines with advanced technology, while upgrading existing machineries to enhance production efficiency, product quality and provide greater flexibility in production scheduling.

As such, we were able to achieve higher sales in FY2021 through acquiring new sales from potential customers and increasing orders from existing customers. As testament to our efforts, our manufacturing output (sqm) has also been rising steadily over the years.

Moreover, we expanded our major raw material sourcing beyond our traditional supply network to ensure sufficient paper stock at reasonable costs, given the global supply situation.

Strategically, we have plans to expand our packaging solutions beyond existing corrugated packaging offerings to meet the unique needs of our customers and expand our customer base.

CHAIRMAN'S **STATEMENT**

SINGAPORE OPERATIONS

During the year, revenue from our Singapore operations surged 17.3% to S$53.9 million, driven by higher selling prices and market demand. The total sales volume (sqm) of Singapore's operations also rose by 6.3%.

As part of the Group's continuous efforts to improve our production efficiency and product quality through automation, we invested in a high-speed four-colour flexographic printing machine.

On 14 January 2022, we completed the acquisition of our leased property located at 28 Senoko Drive, Singapore 758214 with a gross floor area of about 16,022.68 sqm. This acquisition allows us to further our long-term strategic development of our operations in Singapore.

CHINA OPERATIONS

Moving in tandem with the overall China economy in 2021, revenue from our China operations grew 22.0% to S$313.6 million year-on-year, boosted by higher selling prices and market demand. The total sales volume (sqm) of China's operations improved by 7.5%, partly attributed to the strengthening of Renminbi ("RMB") against the Singapore Dollar ("SGD").

Our Suzhou plant carried out major upgrading on our existing corrugated line which enabled us to produce better quality, heavy-duty corrugated products in order to deepen our penetration of this niche market. In addition, Suzhou plant also purchased an automatic die-cut machine.

Both Hefei and Tianjin plants also added high-speed four-colour flexographic printing machines to enhance our productivity and product quality.

DIVIDEND

In appreciation of our shareholders' support, the Board is pleased to propose a final tax-exempt dividend of S$0.025 per ordinary share, subject to shareholders' approval at the upcoming Annual General Meeting. If approved, the total dividends declared by the Group for FY2021 will be S$0.04 per ordinary share, taking into consideration an interim dividend of S$0.015 per ordinary share that was paid on 27 September 2021.

CHAIRMAN'S **STATEMENT**

RECOGNITION

Our Tianjin plant has been enlisted as Green Supply Chain Management Enterprise approved by the Ministry of Industry and Information Technology of the People's Republic of China in recognition of our effort to make sustainability a core part of our supply chain strategy.

Additionally, our Singapore subsidiary has successfully obtained Certification of FSC® Chain of Custody in compliance with the Forest Stewardship Council® standard.

The above recognitions are testament to our commitment in pursuit of sustainability development and our responsibility towards environmental preservation.

BUSINESS OUTLOOK

In the immediate term, raw materials prices remain volatile and elevated, posing significant challenges to both our Singapore and China segments, while inflationary pressure and rising labour cost will continue to compress operating margins. The Group is mitigating against these risks by focusing on our key strategies to raise production efficiency and increase sales volume profitably. We will continue to sharpen our competitive edge by upgrading our equipment and facilities.

Despite these challenging times, the Group sees potential for expansion amidst consolidation of competition within the packaging industry, as well as opportunities to increase market share. Concurrently, we are also focusing on staff training to equip our people with the right skills to enhance productivity and implement measures to alleviate labour shortage issues.

Under the Chinese government's policy of "Waste Import Ban", dual control and emission reduction to counter pollution problems, the Group's operational cost has been increasing steadily. Coupled with labour shortage, rising wages and a highly competitive market, the Group is accelerating our automation efforts to meet our production needs. In addition, we are forging new partnerships and collaborations with customers to create new revenue streams by developing solutions for new existing and future needs.

ACKNOWLEDGEMENTS

I would like to express my gratitude to Mr Goh Yang Jun, Jasper and Mr Siu Wai Kam, who have stood down from their positions as Non-Executive and Independent Director, as well as Dr Tang Cheuk Chee from Executive Director, for their contributions. We wish them success in their future endeavours.

Concurrently, I would like to extend a warm welcome to Mr Lim Swee Say and Mr Kong WeiLi for joining us as Non-Executive and Independent Directors. Separately, Mr Lien Kait Long was re-designated from Non-Executive Chairman to Non-Executive and Lead Independent Director, while I was appointed as Non-Executive Chairman and Non-Independent Director. I hope to foster closer working relationships with our new team members, who bring with them diverse expertise and experience that would greatly benefit the Group.

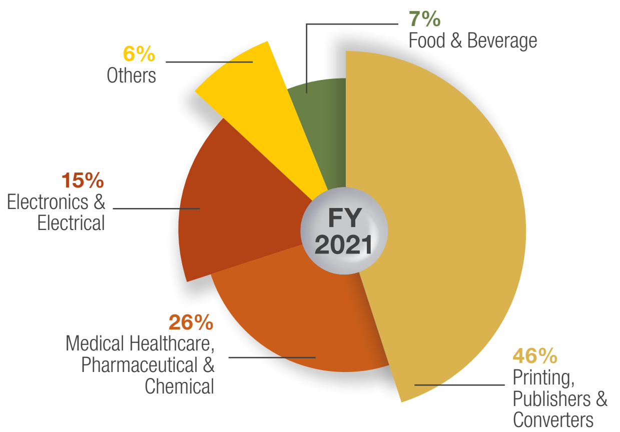
I would also like to thank the Board for their confidence in me and for re-designating me as Executive Chairman on 1 February 2022. In my new capacity, I look forward to contributing more towards the Group's success.

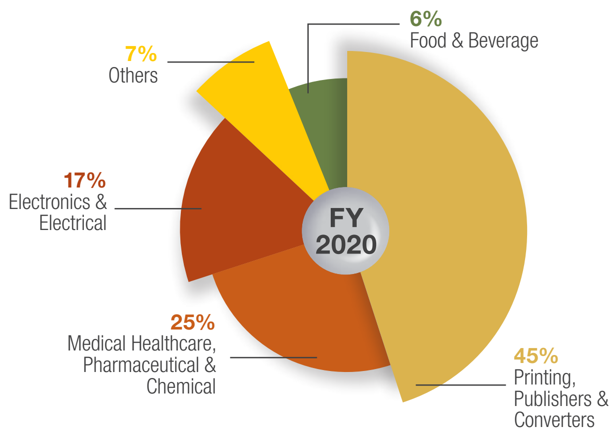
I would like to thank our directors on the Board, as well as our management team and staff for their commitment and dedication. I would also like to express appreciation to our valued shareholders, business associates and customers who have never stopped believing in us. We will continue to forge ahead to overcome all obstacles and emerge stronger as we scale new heights.

Dr Goi Seng Hui
Executive Chairman

FINANCIAL **HIGHLIGHTS**

SALES ANALYSIS BY CUSTOMER INDUSTRY SECTOR FOR FY2021 & FY2020





TURNOVER (S$)

EARNINGS PER SHARE (CENTS)

PROFIT FOR THE YEAR (S$)

SHAREHOLDERS' EQUITY (S$)

FIVE-YEAR **FINANCIAL SUMMARY**

FINANCIAL YEAR ENDED 31 DECEMBER

RESULTS OF OPERATIONS		2021	2020	2019	2018	2017
Revenue	(S$)	**367,513,352**	303,068,858	288,617,835	333,325,488	302,963,465
Gross profit	(%)	**18.8**	21.2	17.9	18.2	20.3
Profit before tax	(S$)	**31,046,882**	30,164,748	18,983,593	25,913,051	27,476,442
Profit attributable to owners of the Company	(S$)	**23,312,664**	23,133,674	14,336,604	19,337,618	20,348,862
Profit for the year	(%)	**6.9**	8.3	5.1	6.3	7.5
EBITDA	(S$)	**44,097,910**	42,936,601	31,385,432	34,551,099	35,188,270

FINANCIAL INDICATORS		2021	2020	2019	2018	2017
Return on shareholders equity	(%)	**12.7**	14.5	10.7	15.0	17.4
Earnings per share	(cents)	**14.83**	14.72	9.12	12.30	12.94
Net asset value per share	(cents)	**116.64**	101.69	85.30	81.84	74.49
Dividend per share*	(cents)	**4.00**	3.00	2.00	3.00	3.00
Cash and bank balances	(S$)	**93,702,778**	72,089,529	51,842,338	59,492,185	40,022,193
Net debt to equity ratio	(%)	**22.9**	27.3	44.7	72.6	78.8

* Based on dividend declared for the financial year

GROUP **STRUCTURE**

AS AT 31 DECEMBER 2021

TAT SENG PACKAGING GROUP LTD

- **100%** **United Packaging Industries Pte. Ltd.** (Singapore)
- **100%** **Tat Seng Packaging (Suzhou) Co., Ltd.** (China)
  - **70%** **Nantong Hengcheng Paper Industry Co., Ltd.** (China)
    - **100%** **Nantong Tat Seng Packaging Co., Ltd.** (China)
- **94.4%** **Hefei Dansun Packaging Co., Ltd.** (China)
- **67%** **Tianjin Dansun Packaging Co., Ltd.** (China)

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: –

Dr Goi Seng Hui is the Executive Chairman of Tee Yih Jia Food Manufacturing Private Limited and Mainboard-listed GSH Corporation Limited and Hanwell Holdings Limited. 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 is a self-made entrepreneur, and has diverse business interests in Singapore, China, Malaysia, United States and the rest of the world. He is active in business and community organisations, both local and overseas, such as the Singapore Chinese Chamber of Commerce & Industry, Singapore-Jiangsu Cooperation Council, Singapore-Zhejiang Economic and Trade Council, Singapore-Tianjin Economic and Trade Council and Singapore-Shandong Business Council.

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

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.

In recognition of his exceptional contribution to the university since its establishment, the Singapore University of Technology and Design (SUTD) conferred its first honorary degree to him on 30 October 2021.

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 Hanwell Holdings Limited, Executive Chairman of Pavillon Holdings Ltd and sits on the Board of a number of public listed companies in Singapore. He is also the Chairman of SAC Capital Pte Ltd.

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

BOARD OF **DIRECTORS**

Mr Loh See Moon

Managing Director / Chief Executive Officer

Date of first appointment as Director:
22 December 1977

Date of last re-election as Director:
18 June 2020

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, Tianjin Dansun Packaging Co., Ltd., Hefei Dansun Packaging Co., Ltd., Nantong Hengcheng Paper Industry Co., Ltd., Nantong Tat Seng Packaging Co., Ltd. and Tat Seng Packaging (Suzhou) Co., Ltd. which have been actively involved in the corrugated packaging industry in the People's Republic of China.

Mr Loh holds a Bachelor of Science Degree from Nanyang University, Singapore. He is a member of Singapore Institute of Directors.

Madam Cheong Poh Hua

Executive Director

Date of first appointment as Director:
01 July 2002

Date of last re-election as Director:
18 June 2020

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 and a member of Singapore Institute of Directors.

BOARD OF **DIRECTORS**

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 more than 17 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 and Chairman of the Audit Committee of Asia-Pacific Strategic Investments Limited. He is also a Director of China Enterprises Limited, a company listed on the OTC Securities Market in the United Stated of America. 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.

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: –

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), the Chairman of the NTUC-Administration & Research Unit Board of Trustees, an Adviser to NTUC Enterprise Co-operative Ltd and the Deputy Chairman of Singapore Labour Foundation. He is also a Director of SingTel and Ho Bee Land Limited.

Mr Lim joined the public sector in 1976. He held leadership positions in Singapore's National Computer Board and the Economic Development Board. He joined the Labour Movement in 1996 and entered politics in 1997 to serve in various capacities including Minister of State for Trade and Industry, Minister of State for Communication and Information Technology, Minister for Environment, Second Minister for National Development and Minister in the Prime Minister's Office. He also served as the Secretary General of NTUC from 2007 to 2015 and was appointed Minister for Manpower in 2015. He stepped down from the Cabinet in 2018 and retired from politics as a Member of Parliament in 2020.

BOARD OF **DIRECTORS**

Mr Kong WeiLi

Non-Executive and Independent Director

Date of first appointment as Director:
1 March 2019

Date of last re-election as Director:
26 April 2019

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.

CORPORATE **REPORTS**

CORPORATE GOVERNANCE **STATEMENT**

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

This Statement describes the practices the Company has adopted and undertaken with respect to each of the principles and guidelines and the extent of its compliance with the 2018 Code and should be read as a whole, instead of being read separately under the different principles of the 2018 Code. The Company has complied in all material aspects with the principles and guidelines set out in the 2018 Code and 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 of 7 directors of whom the Chairman is Non-Independent and Executive Director, 2 are Executive Directors and 4 are 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 sustainability issues, such as environmental and social factors, as and when necessary, as part of its strategic formulation; and
- assuming the responsibilities for corporate governance.

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

CORPORATE GOVERNANCE **STATEMENT**

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 ("**NC**") ensures that all Directors are equipped with the appropriate skills and relevant industry knowledge to perform the roles on the Board and Board Committee effectively. The Directors are invited to visit the Group's operations facilities and meet with Management for further explanations, briefings or discussions on key aspects, to gain insight for a better understanding of the Group's business and operations.

The Directors 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, 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.

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.

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.

CORPORATE GOVERNANCE **STATEMENT**

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**").

During the financial year 2021 ("**FY2021**"), the composition of the Board Committees are as follows:

Directors	Nominating Committee	Remuneration Committee	Audit and Risk Committee (with effect from 1 October 2021)	Audit Committee (up to 30 September 2021)	Risk Management Committee (up to 30 September 2021)
Goi Seng Hui[1]	Member	Member	–	–	–
Chen Seow Phun, John ("**John Chen**")	Member	Chairman	Member	Member	Member
Lien Kait Long	Member	Member	Chairman	Chairman	Chairman
Lim Swee Say[2]	Chairman	Member	Member	–	–
Kong WeiLi[3]	Member	Member	Member	Member	Member
Goh Yang Jun, Jasper[4]	Member	Member	–	Member	Member
Siu Wai Kam[4]	Member	Member	–	Member	Member
Loh See Moon	–	–	–	–	Member
Cheong Poh Hua	–	–	–	–	Member

1 Appointed as Non-Executive Chairman and Non-Independent Director on 23 June 2021 and re-designated as Executive Chairman on 1 February 2022

2 Appointed as Non-Executive and Independent Director on 1 October 2021

3 Resigned on 18 February 2021 and re-appointed as Non-Executive and Independent Director on 23 June 2021

4 Resigned on 22 June 2021

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

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

CORPORATE GOVERNANCE **STATEMENT**

Meetings: The attendance of the Directors by electronic means at scheduled meetings of the Board and Board Committees during financial year 2021 is disclosed below:

		Board Committees			
	Board	Audit#	Nominating	Remuneration	Risk Management#
Number of scheduled meetings held	**2**	**2**	**2**	**1**	**1**
Directors	Attendance				
Goi Seng Hui(1)	1	1	1	–	–
Loh See Moon	2	2*	1*	1*	1
Tang Cheuk Chee(2)	1	1*	–	1*	–
Cheong Poh Hua	2	2*	1*	1*	1
John Chen	2	2	2	1	1
Lien Kait Long	2	2	2	1	1
Kong WeiLi(3)	1	1	1	1	–
Lim Swee Say(4)	–	–	–	–	–
Siu Wai Kam(5)	1	1	1	1	1
Goh Yang Jun, Jasper(5)	1	1	1	1	1

* Attendance by invitation of the relevant committee

\# Audit Committee and Risk Management Committee were merged and known as Audit and Risk Committee on 1 October 2021

Notes:

(1) Appointed as Non-Executive Chairman and Non-Independent Director on 23 June 2021 and re-designated as Executive Chairman on 1 February 2022

(2) Resigned on 10 May 2021

(3) Resigned on 18 February 2021 and re-appointed as Non-Executive and Independent Director on 23 June 2021

(4) Appointed as Non-Executive and Independent Director on 1 October 2021

(5) Resigned on 22 June 2021

The schedules of the Board and Board Committees meetings are given to all Directors well in advance. The Board meets at least two (2) times in a year. Besides the scheduled half yearly Board meetings, the Board also meets on an ad-hoc basis as warranted by circumstances. Board meetings will be convened when they are deemed necessary, to review the Group's business operations, conduct strategic review of the business affairs and address other specific significant matters that arise.

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

The agendas for meetings during FY2021 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 Committee. The agendas and meeting materials are circulated in advance of the scheduled meetings to the members of the Board and/or Board Committees and on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities.

CORPORATE GOVERNANCE **STATEMENT**

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

Despite some of the Directors having multiple Board representations, the NC has reviewed the Directorships of the Directors and is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and other principal commitments of these Directors. The NC and the Board agreed that as a guide, the maximum number of the listed company Board representations which any Independent Director may hold should not exceed ten (10), and both the NC and the Board will review and determine the maximum number of listed company Board representations as and when they deem appropriate.

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

To give Directors sufficient time to prepare for Board and Board Committee meetings, the agenda, papers and presentation slides are usually circulated to them electronically 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.

A presentation is made to the Directors at the Board meeting on budgets, forecasts and variances. In respect of budgets, any material variance between the projections and actual results would be disclosed and explained during the meeting. Directors are also informed of any significant developments or events relating to the Group. The external consultants engaged on specific projects 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 papers being distributed.

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

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

The Company Secretary and her representatives attend to corporate secretarial administration matters. They assist the Board and Management in implementing and strengthening corporate governance policies and procedures. The Company Secretary and her representatives ensure that Board procedures are properly followed. During FY2021, they prepared the agenda for Board and Board Committee meetings in consultation with the Non-Executive Chairman and/or Deputy Non- Executive Chairman, the respective Board Committee Chairman and the Executive Directors, and attended Board and Board Committee meetings. 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 (7) members comprising the Executive Chairman, Managing Director/Chief Executive Officer ("**CEO**"), Executive Director and four (4) Non-Executive and Independent Directors which is set out as follows:

Name of Director	Functions	Date of First Appointment as Director	Date of last re-election as Director	Present Directorships in other listed companies	Past Directorships in listed companies held over the preceding three years
Goi Seng Hui	Executive Chairman	Appointed as Non-Executive Chairman on 23 June 2021 Appointed as Executive Chairman on 1 February 2022	N.A.	• Envictus International Holdings Limited (Non-Executive and Non-Independent Director) • GSH Corporation Limited (Executive Chairman) • Hanwell Holdings Limited (Executive Chairman) • JB Foods Limited (Vice Chairman) • Tung Lok Restaurants (2000) Ltd (Vice Chairman)	–
John Chen	• 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	• Hiap Seng Engineering Ltd (Independent Director) • Hong Lai Huat Group Limited (Independent Director) • Matex International Limited (Non-Executive Chairman and Independent Director) • OKP Holdings Limited (Lead Independent Director) • Pavillon Holdings Ltd (Executive Chairman) • Hanwell Holdings Limited (Deputy Chairman, Non-Executive and Independent Director) • Sinostar Pec Holdings Limited (Lead Independent Director)	• Fu Yu Corporation Limited (Non-Executive Chairman and Independent Director)

CORPORATE GOVERNANCE **STATEMENT**

Name of Director	Functions	Date of First Appointment as Director	Date of last re-election as Director	Present Directorships in other listed companies	Past Directorships in listed companies held over the preceding three years
Loh See Moon	Managing Director/ CEO	Date of appointment as Director: 22 December 1977 Date of appointment as Managing Director/CEO: 21 November 2005	18 June 2020	–	–
Cheong Poh Hua	Executive Director	01 July 2002	18 June 2020	–	–
Lien Kait Long	• Non-Executive and Lead Independent Director • Chairman of Audit and Risk Management Committees • Member of Nominating and Remuneration Committees	24 November 2005	29 April 2021	• China Enterprises Limited (Director) • Asia-Pacific Strategic Investments Limited (Independent Director) • Falcon Energy Group Limited (Lead Independent Director, Chairman of the Audit Committee)	• China Jishan Holdings Limited (Non-Executive and Independent Chairman)
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	Last re-elected 26 April 2019	–	• Hanwell Holdings Limited (Non-Executive and 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	N.A.	• Singapore Telecommunications Limited (Non-Executive and Independent Director) • Ho Bee Land Limited (Non-Executive and Lead Independent Director)	–

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

CORPORATE GOVERNANCE **STATEMENT**

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

The NC reviews annually, and as and when circumstances require, if a Director is independent. Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the Listing Rules of the SGX-ST, Principles and Provisions as set out in the 2018 Code.

Currently, the Board consists of seven (7) Directors, four (4) of whom are Non-Executive and Independent Directors, which represent more than half of the Board, the Company is in compliance of Provision 2.2 and 2.3 of the 2018 Code. There is no individual or small group of individuals that dominate the Board's decision-making process and matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The Board recognised the need to embrace tenets of good corporate governance that includes refreshing the composition of the Board by appointing additional independent directors. The Company believes that such efforts are more likely to engender investor confidence and in achieving long term sustainable business performance. All major decisions are based on collective decisions of the Board.

Save for Dr John Chen and Mr Lien Kait Long ("**Mr Lien**") (who have served on the Board beyond nine (9) years and had sought approval from the Shareholders in the annual general meeting of the Company held on 29 April 2021 of their continued appointment as Independent Director pursuant to Rule 210(5)(d)(iii)), none of the Independent Director has served on the Board beyond nine years from the date of his appointment. Notwithstanding that Dr John Chen and Mr Lien have served the Board beyond nine (9) 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 pertaining 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 FY2021, 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 voting on any resolution in relation to his independence.

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 Non-Executive Directors make up a majority of the Board.

Non-Executive Directors: The NC is of the view that given that there is a majority number of directors who are non- executive and independent of management in terms of character and judgement, objectivity on issues deliberated is assured. The current Board composition complies with Provision 2.3 of the 2018 Code where Non-Executive Directors make up a majority of the Board.

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.

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.

CORPORATE GOVERNANCE **STATEMENT**

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 of exercising objective judgment on the corporate affairs of the Company independent of Management. In concurrence with the NC, the Board is of the view that the current seven-member Board has 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 (1) 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 ("**Board Diversity Policy**").

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 as enablers 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 and the 2018 Code), and to give due consideration to characteristics, such as gender, age, ethnicity, disability 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. The NC will review these objectives when necessary and recommend changes to this policy, as appropriate.

In implementing this 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. This 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 Non-executive and Independent Directors session without Executive Director and Management's presence is scheduled for the Non-executive Directors to review the performance and effectiveness of Management and feedback is thereafter provided to Executive Director 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 Directors and the Management. The Executive Chairman will thereafter act on the feedback, take necessary steps to advise Management on the way forward to improve and implement recommendations submitted by the Non-Executive and Independent Directors.

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

CORPORATE GOVERNANCE **STATEMENT**

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

During the financial year 2021, the Non-Executive Chairman, Mr Lien Kait Long ("**Mr Lien**") and Deputy Non-Executive Chairman, Dr John Chen had assumed the Non-Executive function of the former Chairman. The Nominating Committee, in consultation with the Board, has taken steps to appoint Dr Goi Seng Hui ("**Dr Goi**") firstly as Non-Executive Chairman and Non-Independent Director on 23 June 2021, and subsequently re-designated his position to Executive Chairman of the Company with effect from 1 February 2022 as part of the Company's future growth and transformation of the Group. In view of this, Mr Lien was re-designated from Non-Executive Chairman to Lead Independent Director on 23 June 2021.

There is a distinct separation of responsibilities between the Executive Chairman and the Managing Director/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. The position of Executive Chairman is held by Dr Goi, and Mr Loh See Moon ("**Mr Loh**") holds the position of the Managing Director/CEO.

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

Lead Independent Director: Mr Lien was re-designated as Lead Independent Director on 23 June 2021 to lead and coordinate the meetings and activities of the Independent Directors. The Independent Directors, led by Mr Lien, meet amongst themselves without the presence of the 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.

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

CORPORATE GOVERNANCE **STATEMENT**

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

As at the date of this report, the NC comprises of four (4) members, all of whom are independent:

Mr Lim Swee Say	(Chairman of the NC, Non-Executive and Independent Director)
Dr John Chen	(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 (3) members of the Board, a majority of whom, including the Chairman of the NC shall be independent.

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-appointments (including alternate Directors, if any) of the Board at the AGM;
- conducting a rigorous review and determining whether an Independent Director who has served on the Board for a period exceeding nine (9) years from the date of his first appointment, can still consider as independent;
- deciding a Director is able to and has been adequately carrying out his duties as Director of the Company based on internal guidelines such as attendance, contractibility and responsiveness; and
- reviewing the training and development programmes for the Directors.

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

CORPORATE GOVERNANCE **STATEMENT**

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

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

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

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

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

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

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

CORPORATE GOVERNANCE **STATEMENT**

The NC is responsible 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 (9) years, the NC has taken into consideration the following factors:

(i) There were changes to the composition of the Board Committees in 2021;

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

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

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

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

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

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

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

Taking into account, among others, these Directors' participation during and outside the formal Board and Board Committees meetings as well as other contributions. The Board has accepted the NC's nomination of the retiring Directors, who have given their consent for re-election at the forthcoming AGM of the Company. In FY2021, the retiring Directors are Mr Loh See Moon, Madam Cheong Poh Hua, Dr Goi Seng Hui, Mr Kong WeiLi and Mr Lim Swee Say who will retire pursuant to Regulations 91 and 97 of the Constitution of the Company. The details of the retiring Directors seeking for re-election are found in Table A set out on page 41 to page 46 of this Annual Report.

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 new additional directorships or significant principal commitments during the year to enable the ongoing monitoring of the time commitment, attendance 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 representation which any Independent Director may hold should not exceed ten (10), and both the NC and the Board will review and determine the maximum number of listed company Board representations as and when they deem appropriate.

In respect of disclosure of each Director on the listed company directorships and other principal commitments are set out in page 18 to page 19 of this Annual Report.

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

CORPORATE GOVERNANCE **STATEMENT**

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

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

(a) Assessment of the effectiveness of the Board as a whole – The NC uses an objective performance criteria to conduct Board assessments via the circulation of assessment evaluation forms to the Directors annually for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for the financial year ended 31 December 2021.

(b) Assessment of the effectiveness of the Board Committees – The NC has implemented a process to be carried out by the NC via the circulation of assessment evaluation forms to assess the effectiveness of the respective Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the NC. The results of the Board and Board Committees assessments are reviewed and discussed by the NC and, any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken. The NC has reviewed and is satisfied with the performance and effectiveness of the respective Board Committees as a whole for the financial year ended 31 December 2021.

(c) Assessment of the contribution of individual Directors to the effectiveness of the Board – The Individual Director's assessments implemented by the NC are based on the Director's self-assessment which is evaluated annually and informally on a continual basis by the NC. The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and any appropriate action taken. The NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for the financial year ended 31 December 2021.

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 Directors will act on the results of the Board performance and propose, where appropriate, new members to be appointed to the Board or propose changes to the Board.

CORPORATE GOVERNANCE **STATEMENT**

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

Dr John Chen	(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)

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE **STATEMENT**

Remuneration Committee role: 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 whole 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 review of remuneration packages takes into consideration pay and employment conditions within the industry and in comparable companies, the Company's relative performance, the performance of the individual Directors 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.

Termination clauses: The RC has reviewed the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel. The RC will have access to independent expert advice from external consultants, where necessary.

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 own remuneration.

Remuneration experts: The RC, in considering the remuneration of all directors, has not sought external advice or appointed remuneration consultants during FY2021.

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 Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company. The Executive Directors' framework of remuneration includes a fixed element 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.

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

CORPORATE GOVERNANCE **STATEMENT**

Executive Director and Key Management Personnel remuneration: With the resignation of Dr Tang Cheuk Chee as the Executive Director on 10 May 2021, her service agreement has been terminated. Each of the Executive Directors has a separate formal service agreement with the Company and they do not receive Directors' fees. For FY2021, 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 (3) years, and Executive Director is for a period of two (2) years, depending on their service agreements. These service agreements are subject to review by the RC and provide for termination by either party giving to the other an appropriate prior written notice.

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

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 and key management personnel, where applicable are appropriate for FY2021. The Company did not institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors. However, after review and with the consent of the relevant Executive Directors, the RC has included contractual provisions in the service agreements starting from FY2022 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.

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

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

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 2021 is set out below:

Directors	Base Salary	Bonus	Profit Sharing	Directors' Fee[2]	Allowance[1]	TOTAL
Range S$150,000 and below						
Goi Seng Hui[3]	–	–	–	100.00%	–	100.00%
John Chen	–	–	–	100.00%	–	100.00%
Lien Kait Long	–	–	–	100.00%	–	100.00%
Kong WeiLi[4]	–	–	–	100.00%	–	100.00%
Lim Swee Say[5]	–	–	–	100.00%	–	100.00%
Siu Wai Kam[6]	–	–	–	100.00%	–	100.00%
Goh Yang Jun, Jasper[6]	–	–	–	100.00%	–	100.00%
Tang Cheuk Chee[7]	83.74%	6.98%	0.00%	0.00%	9.28%	100.00%
Range S$450,001 to S$600,000						
Cheong Poh Hua	28.39%	2.37%	50.38%	0.00%	18.86%	100.00%
Range S$3,450,001 to S$3,600,000						
Loh See Moon	15.38%	1.28%	75.97%	0.00%	7.37%	100.00%

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

(2) Directors' fee was approved on 29 April 2021 at the AGM of the Company (to be paid half-yearly in arrears).

(3) Dr Goi Seng Hui was appointed as Non-Executive Chairman and Non-Independent Director on 23 June 2021 and re-designated as Executive Chairman on 1 February 2022.

(4) Mr Kong WeiLi resigned as Independent Director of the Company on 18 February 2021 and re-appointed on 23 June 2021.

(5) Mr Lim Swee Say was appointed as Independent Director of the Company on 1 October 2021.

(6) Resigned on 22 June 2021.

(7) Resigned on 10 May 2021.

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.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 27 April 2022 for the payment of Directors' fees proposed (to be paid half-yearly in arrears) for the financial year ending 31 December 2022 amounting up to an aggregate of S$220,000.

Remuneration of Top Five (5) 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 2021.

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 2021. The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is mainly linked to the performance of the Company and each individual's performance across a balanced set of key performance indicators including financial, operational, compliance and information technology focus areas to drive value creation.

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 2021.

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

The Board and Audit Committee ("**AC**") of the Company held the view that the role of risk management could be subsumed under AC and decided to merge the AC with RMC and known as Audit and Risk Committee ("**ARC**") with effect from 1 October 2021. The newly formed ARC members are as follows:

Mr Lien Kait Long	(Chairman of the ARC, Non-Executive and Lead Independent Director)
Dr John Chen	(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 first meeting of the ARC was held on 23 February 2022.

Risk Management Committee "RMC" Composition

For FY2021 up to 30 September 2021, the RMC comprises of four (4) members:

Mr Lien Kait Long (Chairman of the RMC, Non-Executive and Lead Independent Director
Mr Loh See Moon (Managing Director/CEO)
Madam Cheong Poh Hua (Executive Director)
Mr Kong WeiLi (Non-Executive and Independent Director)

CORPORATE GOVERNANCE **STATEMENT**

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

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

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

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

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

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

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

CEO and CFO assurance: For FY2021, the Board has received assurances from Mr Loh (Managing Director/CEO) and Madam Cheong (Executive Director, presently subsumed the function of the 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 other 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.

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 AC and RMC, is of the opinion that the Group's system of internal controls and risk management procedures in addressing financial, operational, compliance and information technology controls and risk management systems maintained by the Group during the year are adequate and effective as at 31 December 2021. In general, there is no material weakness finding for FY2021. The Board will continue to enhance and improve the existing internal control framework to identify and mitigate these risks from time to time.

CORPORATE GOVERNANCE **STATEMENT**

Audit Committee

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

Audit Committee ("AC") composition: For FY2021 up to 30 September 2021, the AC comprises of three (3) members, all of whom are independent:

Mr Lien Kait Long	(Chairman of the ARC, Non-Executive and Lead Independent Director)
Dr John Chen	(Member, Deputy Chairman, Non-Executive and Independent Director)
Mr Kong WeiLi	(Member, Non-Executive and Independent Director)

For FY2021 up to 30 September 2021, the AC members were selected based on their expertise and prior experience in the area of financial management and at least two (2) of the AC members have the relevant accounting or financial management expertise and/or experience. The Board is of the view that majority of the AC members have the relevant expertise and experience to discharge their responsibilities as members of the AC.

The Board and AC of the Company held the view that the role of risk management could be subsumed under AC and decided to merge the AC with RMC and known as Audit and Risk Committee ("**ARC**") with effect from 1 October 2021.

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

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

CORPORATE GOVERNANCE **STATEMENT**

- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual of SGX-ST, and by such other amendments made thereto from time to time;
- reviewing interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way; and
- reviewing whistle-blowing policy and arrangements.

Apart from the duties listed above, the 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. Its aim is to promote internal control in the Group and to monitor the performance and the effective application of internal audit procedures. Apart from this, Internal Auditors supports the ARC and the Board in assessing key internal controls through a structured review programmed. The Internal Audit 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 experience.

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.

CORPORATE GOVERNANCE **STATEMENT**

During the year, the Internal Audit's summary of key 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 Audit in a timely manner and to monitor any outstanding issues.

Internal Audit resources and experience: The ARC is satisfied that the function is adequately resourced and has appropriate standing within the Company and the Group. Internal Auditors have 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 work. Internal Auditors has a direct and primary reporting line to the ARC and assist the ARC in overseeing and monitoring measures that have been implemented to detect and correct internal control weaknesses that have been identified.

Internal Audit standards: The ARC has reviewed and approved the annual internal audit plan FY2021 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 weakness identified.

Summary of Audit and Risk Committee activities: Prior to the merger of AC and RMC, the AC met two (2) times in the financial year ended 31 December 2021 and the Managing Director/CEO and Executive Directors were invited to attend the meetings. The ARC also meets from time to time with the Group's external and internal auditors and the Management to review accounting, auditing and financial reporting matters to provide the necessary checks and balances to ensure that an effective control environment is maintained in 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 direct 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 Auditor Reporting Standards applicable to the audit of financial statements for periods ending on or after 15 December 2016, the external auditors are required to include the 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.

CORPORATE GOVERNANCE **STATEMENT**

In line with the recommendations by Accounting & Corporate Regulatory Authority ("**ACRA**"), Monetary Authority of Singapore and SGX-ST, the ARC can help 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 FY2021 with Management and the external auditors. The ARC concurs with the basis and conclusions included in the Independent Auditors' Report with respect to the KAM.

For more information on the KAM, please refer to page 50 to page 51 of this Annual Report.

Auditors: The ARC meets at least annually with the internal auditors and the external auditors, without the presence of the Company's Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

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

The ARC had reviewed all the non-audit services carried out by the external auditors to the Group and confirmed that such services would not, in its opinion prejudice the independence and objectivity of the external auditors. The fees charged to the Group by the external auditors for audit and non-audit services for the financial year ended 31 December 2021 were approximately S$300,318 and S$7,700 respectively.

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

Accordingly, 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.

Whistle-Blowing Policy

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

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to raise their concerns to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the ARC, or any other committees established by the ARC for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors. The Group has designated an independent function to investigate whistle-blowing reports made in good faith and ensures that the identity of the whistleblower is kept confidential, and the Group is committed to ensure protection of the whistleblower against detrimental or unfair treatment.

There were no reported incidents pertaining to whistle-blowing for FY2021. The whistle-blowing 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 Singapore Companies Act and Singapore Financial Reporting Standards;
- half-yearly announcements containing a summary of the financial information and affairs of the Group;
- notices of and explanatory memoranda for AGM and EGM;
- press releases on major developments of the Company and/or Group;
- disclosure to the SGX-ST; and
- the Company's website at http://www.tspg.sg at which our shareholders can access information on the Group.

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

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

CORPORATE GOVERNANCE **STATEMENT**

Voting procedure: The Company's Constitution allows (a) each shareholder who is not a relevant intermediary (as defined in the Companies Act 1967) the right to appoint up to two (2) proxies and (b) each shareholder who is a relevant intermediary to appoint more than two (2) proxies to attend and vote on their behalf in shareholders' meetings. Shareholders will be briefed on the rules governing such meetings and voting procedures of the general meetings. Voting in absentia by email, mail or fax is not implemented due to authentication and other security related concerns.

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

In view of the current coronavirus disease 2019 (COVID-19) situation, the AGM of the Company held in respect of FY2020 was convened via electronic means on 29 April 2021 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, was put in place for the AGM of the Company.

By the same token, the Company anticipates that the forthcoming AGM of the Company to be held in respect of FY2021 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the AGM of the Company.

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

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

CORPORATE GOVERNANCE **STATEMENT**

Minutes of general meetings: The Company Secretary and/or her representatives prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. Minutes of the Company's AGM will be released via SGXNet within one month from the AGM in accordance with the guidance on the conduct of general meetings amid evolving COVID-19 situation issued by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation. Such minutes 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 everyone, including shareholders.

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

Dividend Policy

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

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

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.

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

CORPORATE GOVERNANCE **STATEMENT**

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 (4) months after the close of the financial year.

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

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

The Company's website (http://www.tspg.sg) is an important conduit for communicating with and engaging stakeholders. In addition, the Company will issue its Sustainability Report for FY2021 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.

DEALINGS IN SECURITIES

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

The Directors and officers of the Company and of the Group are advised for each close window period, and periodically reminded, not to deal in the Company's shares for the period commencing one (1) month before the announcement of the Company's half year and full year financial results. The Company will notify Directors 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.

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

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 AC meets half yearly during the financial year of 2021 to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders. There were no interested person transactions entered into by the Group during the year under review.

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

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 FY2021.

TABLE A

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

Name of Director	Mr Loh See Moon	Madam Cheong Poh Hua	Dr Goi Seng Hui
Date of Appointment	22 December 1977	01 July 2002	23 June 2021
Date of last re-appointment (if applicable)	18 June 2020	18 June 2020	N.A.
Age	70	65	75
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Loh's performance as Chief Executive Officer of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Madam Cheong's performance as Executive Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Dr Goi's performance as Executive Chairman of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Oversees the Group operations and sets the strategies and policies for the Group's business development.	Executive Subsumed the function of Chief Financial Officer. Madam Cheong oversees the finance function of the China Subsidiaries.	Executive To provide leadership, stewardship and direction to the Board through making business recommendation and facilitating the overall strategic direction of the Company and deliberations of the Board.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer	Executive Director	Executive Chairman
Professional qualifications	Mr Loh holds a Bachelor of Science Degree from the Nanyang University, Singapore.	Madam Cheong holds a Bachelor of Commerce Degree in Accountancy from the Nanyang University, Singapore. Madam Cheong is a member of the Institute of Singapore Chartered Accountants.	Secondary level

CORPORATE GOVERNANCE **STATEMENT**

Name of Director	Mr Loh See Moon	Madam Cheong Poh Hua	Dr Goi Seng Hui
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	NIL	NIL	NIL
Conflict of interest (including any competing business)	NIL	NIL	NIL
Working experience and occupation(s) during the past 10 years	Mr Loh, Managing Director/Chief Executive Officer of the Company, has more than 40 years of experience in the corrugated packaging industry	Madam Cheong, Executive Director of the Company, has extensive experience in accounting and finance, corporate management and business administration	Dr Goi is Executive Chairman of Hanwell Holdings Limited, Tee Yih Jia Food Manufacturing Private Limited and GSH Corporation Limited.
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	23,580,000	Direct Interest 524,000 Deemed Interest 260,000	Direct Interest 409,700 Deemed Interest 164,802,904
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Past (for the last 5 years) None Present 1. Tat Seng Packaging (Suzhou) Co., Ltd 2. Hefei Dansun Packaging Co., Ltd 3. Nantong Hengcheng Paper Industry Co., Ltd 4. Nantong Tat Seng Packaging Co., Ltd 5. Tianjin Dansun Packaging Co., Ltd 6. United Packaging Industries Pte. Ltd. 7. Sesame Holdings Pte Ltd	Past (for the last 5 years) None Present 1. Tat Seng Packaging (Suzhou) Co., Ltd. 2. Hefei Dansun Packaging Co., Ltd. 3. Nantong Hengcheng Paper Industry Co., Ltd. 4. United Packaging Industries Pte. Ltd.	Past (for the last 5 years) Super Group Ltd Present 1. Envictus International Holdings Limited 2. GSH Corporation Limited 3. Hanwell Holdings Limited 4. JB Foods Ltd 5. Tung Lok Restaurants (2000) Ltd

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

CORPORATE GOVERNANCE **STATEMENT**

Disclosure applicable to the appointment of Director only.	**Mr Loh See Moon**	**Madam Cheong Poh Hua**	**Dr Goi Seng Hui**
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes	Yes
If yes, please provide details of prior experience.	Mr Loh has been the Executive Director of Tat Seng Packaging Group Ltd for more than 10 years	Madam Cheong has been the Executive Director of Tat Seng Packaging Group Ltd for more than 10 years	Dr Goi is the Executive Chairman of Hanwell Holdings Limited and GSH Corporation Limited, the Mainboard-listed companies in Singapore. Dr Goi also serves on the board of two other Mainboard-listed companies in Singapore, namely as Vice-Chairman of Envictus International Holdings Limited and JB Foods Limited. Dr Goi serves as non-executive and non-independent director of Tung Lok Group Restaurants (2000) Ltd, a company listed under the Catalist board.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Has been director of the listed issuer for many years	Has been director of the listed issuer for many years	Has the relevant experience of several listed companies on the Exchange

CORPORATE GOVERNANCE **STATEMENT**

Name of Director	Mr Kong WeiLi	Mr Lim Swee Say
Date of Appointment	23 June 2021	1 October 2021
Date of last re-appointment (if applicable)	26 April 2019	N.A.
Age	54	67
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Kong's performance as Independent Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Lim's performance as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Director, a member of Nominating Committee, Remuneration Committee and Audit and Risk Committee	Non-Executive and Independent Director, Chairman of Nominating Committee, a member of Remuneration Committee and Audit and Risk Committee
Professional qualifications	Fellow member of the Institute of Singapore Chartered Accountants and CPA Australia	First Class Honours degree in Electronics, Computer and Systems Engineering from Loughborough University and a Master degree in Management from Stanford University
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	NIL	NIL
Conflict of interest (including any competing business)	NIL	NIL
Working experience and occupation(s) during the past 10 years	From March 2019 to February 2021, Mr Kong was a Non-Executive and Independent Director of the Company and Hanwell Holdings Limited	2007-2015 National Trades Union Congress, Secretary-General 2007-2015 Prime Minister's Office, Minister 2015-2018 Ministry of Manpower, Minister 1997-2020 Parliament, Member of Parliament
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE **STATEMENT**

Name of Director	Mr Kong WeiLi	Mr Lim Swee Say
Shareholding interest in the listed issuer and its subsidiaries	No	No
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Past (for the last 5 years) 1. Hanwell Holdings Limited 2. Tat Seng Packaging Group Ltd Present None	Past (for the last 5 years) 1. Ministry of Manpower, Minister 2. Parliament, Member of Parliament Present 1. National Trades Union Congress (NTUC), Trustee 2. NTUC-Administration & Research Unit Board of Trustees, Chairman 3. Singapore Labour Foundation, Deputy Chairman 4. Ong Teng Cheong Institute, Governor 5. Nanyang Technological University, Nanyang Centre of Public Administration, Adjunct Professor 6. NTUC Enterprise Co-operative Ltd, Adviser 7. NTUC, Adviser 8. Singapore Telecommunications Limited 9. Ho Bee Land Limited

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

CORPORATE GOVERNANCE **STATEMENT**

Disclosure applicable to the appointment of Director only.	**Mr Kong WeiLi**	**Mr Lim Swee Say**
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience.	From March 2019 to February 2021, Mr Kong was a Non-Executive and Independent Director of the Company and Hanwell Holdings Limited.	Independent Director of Singapore Telecommunications Limited and Ho Bee Land Limited.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	From March 2019 to February 2021, Mr Kong was a Non-Executive and Independent Director of the Company and Hanwell Holdings Limited and has enrolled in SID training programmes for listed company directors.	Mr Lim will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

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 2021.

In our opinion:

(a) the financial statements set out on pages 54 to 118 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 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International); and

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

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

DIRECTORS

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

Goi Seng Hui	(Appointed on 23 June 2021)
Chen Seow Phun, John	
Loh See Moon	
Cheong Poh Hua	
Lien Kait Long	
Kong WeiLi	(Appointed on 23 June 2021)
Lim Swee Say	(Appointed on 1 October 2021)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, 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, Hanwell Holdings Limited. Currently, Dr Goi is holding 164,802,904 shares of Hanwell Holdings Limited, which representing 29.78% of total shareholding of Hanwell Holdings Limited. Hanwell Holdings Limited is holding 100,529,000 shares of the Company, which 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**

DIRECTORS' INTERESTS (CONTINUED)

Name of director	Direct Interest At beginning of financial year	Direct Interest At end of financial year	Deemed Interest At beginning of financial year	Deemed Interest At end of financial year
Ordinary shares of the ultimate holding company (Hanwell Holdings Limited)				
Goi Seng Hui	16,066,900	164,802,904	95,904,004	–
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 date of appointment if later, 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 2022.

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 in the Company or its subsidiaries; and

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

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

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 external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

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

31 March 2022

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 2021, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 54 to 118.

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 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Risk

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

As at 31 December 2021, the net carry value of the property, plant and equipment held by the Group amounted to S$86.0 million, 93% of Group's total non-current assets.

The Group identifies each of its legal entities with operation as individual cash generating units ("**CGUs**").

The Group performs an assessment to identify CGUs with impairment indicators and have identified 3 CGUs with declining gross profit margin and operating cash flow.

For these 3 CGUs with impairment indicators, the Group would determine the recoverable amounts of these CGUs, based on the greater of value-in-use method and fair value less costs to sell method. The estimation of the recoverable amount of the CGUs is a highly judgemental process which requires estimation of revenue growth rates, discount rates and future economic conditions.

INDEPENDENT **AUDITORS' REPORT**

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Risk (Continued)

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

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

Our response

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

Value-in-use method

We assessed the reasonableness of the key assumptions used by management in developing the cash flow projections. This included a comparison of rate of revenue growth with historical results and expected market growth. We performed our own assessment of discount rates, another key input.

Fair value less costs to sell method

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

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

Our findings

We found the identification of the CGUs to be reasonable and those 3 CGUs with impairment indicators to be appropriate.

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

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

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

Other Information

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

We have obtained the Our Mission, Corporate Information, Chairman's Statement, Financial Highlights, Five-Year Financial Summary, Group Structure, Board of Directors, Corporate Governance Statement, Directors' Statement, Land & Buildings, 资产负债表, 合并损益表, and Shareholding Statistics, prior to the date of this auditors' report.

INDEPENDENT **AUDITORS' REPORT**

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information (Continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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.

INDEPENDENT **AUDITORS' REPORT**

MEMBERS OF THE COMPANY
TAT SENG PACKAGING GROUP LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2022

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2021

	Note	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Assets					
Property, plant and equipment	4	**86,067,597**	83,996,599	**1,853,567**	1,742,142
Right-of-use assets	5	**1,239,963**	2,465,292	**595,031**	1,785,093
Intangible assets	6	**1,167,003**	1,116,729	**–**	–
Investment in subsidiaries	7	**–**	–	**29,320,868**	29,320,868
Deferred tax assets	8	**3,644,579**	3,338,885	**1,866,034**	1,778,475
Trade and other receivables	10	**37,088**	145,263	**–**	–
Non-current assets		**92,156,230**	91,062,768	**33,635,500**	34,626,578
Inventories	9	**42,681,968**	29,069,363	**75,604**	72,368
Trade and other receivables	10	**112,590,964**	103,202,804	**9,732,764**	10,402,013
Cash and cash equivalents	11	**93,702,778**	72,089,529	**31,389,966**	14,504,327
Current assets		**248,975,710**	204,361,696	**41,198,334**	24,978,708
Total assets		**341,131,940**	295,424,464	**74,833,834**	59,605,286
Equity					
Share capital	12	**31,440,000**	31,440,000	**31,440,000**	31,440,000
Retained earnings		**131,000,496**	113,559,512	**33,836,161**	16,049,017
Other reserves	13	**20,922,757**	14,853,328	**–**	–
Equity attributable to owners of the Company		**183,363,253**	159,852,840	**65,276,161**	47,489,017
Non-controlling interests	32	**12,644,550**	10,749,354	**–**	–
Total equity		**196,007,803**	170,602,194	**65,276,161**	47,489,017
Liabilities					
Deferred income	14	**1,720,483**	1,932,191	**14,970**	19,054
Loans and borrowings	15	**3,815,493**	10,243,139	**–**	–
Lease liabilities	16	**505,250**	1,396,398	**–**	877,249
Deferred tax liabilities	8	**3,312,337**	2,997,836	**–**	–
Non-current liabilities		**9,353,563**	16,569,564	**14,970**	896,303
Deferred income	14	**301,753**	422,144	**4,084**	27,836
Loans and borrowings	15	**80,203,148**	51,838,629	**–**	–
Lease liabilities	16	**1,010,376**	1,915,228	**877,249**	1,763,681
Trade and other payables, including derivatives	17	**53,043,053**	53,210,474	**8,661,370**	9,428,449
Current tax payable		**1,212,244**	866,231	**–**	–
Current liabilities		**135,770,574**	108,252,706	**9,542,703**	11,219,966
Total liabilities		**145,124,137**	124,822,270	**9,557,673**	12,116,269
Total equity and liabilities		**341,131,940**	295,424,464	**74,833,834**	59,605,286

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

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS**

YEAR ENDED 31 DECEMBER 2021

	Note	2021 $	2020 $
Revenue	18	**367,513,352**	303,068,858
Cost of sales		**(298,343,518)**	(238,748,895)
Gross profit		**69,169,834**	64,319,963
Other income	19	**2,654,557**	3,437,627
Distribution and selling expenses		**(19,924,325)**	(16,689,517)
General and administrative expenses		**(18,589,956)**	(17,563,626)
(Allowance)/reversal of allowance for impairment losses of trade and other receivables (net)		**(107,348)**	88,195
Other expenses	20	**(503,850)**	(1,648,357)
Results from operating activities		**32,698,912**	31,944,285
Finance costs	21	**(1,652,030)**	(1,779,537)
Profit before tax	22	**31,046,882**	30,164,748
Tax expense	23	**(5,750,947)**	(4,892,941)
Profit for the year		**25,295,935**	25,271,807
Profit attributable to			
Owners of the Company		**23,312,664**	23,133,674
Non-controlling interests		**1,983,271**	2,138,133
Profit for the year		**25,295,935**	25,271,807
Earnings per share attributable to owners of the Company (cents per share)	24	**14.83**	14.72

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

YEAR ENDED 31 DECEMBER 2021

	2021 $	2020 $
Profit for the year	**25,295,935**	25,271,807
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	**6,215,028**	6,267,254
Effective portion of changes in fair value of cash flow hedges	**3,319**	(3,319)
Other comprehensive income for the year, net of tax	**6,218,347**	6,263,935
Total comprehensive income for the year	**31,514,282**	31,535,742
Total comprehensive income attributable to:		
Owners of the Company	**29,012,414**	28,912,278
Non-controlling interests	**2,501,868**	2,623,464
Total comprehensive income for the year	**31,514,282**	31,535,742

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2021

	Note	Attributable to owners of the Company					
		Share capital $	Retained earnings $	Other reserves $	Total $	Non-controlling interests $	Total equity $
At 1 January 2020		31,440,000	94,239,551	8,405,011	134,084,562	9,073,115	143,157,677
Total comprehensive income for the year							
Profit for the year		–	23,133,674	–	23,133,674	2,138,133	25,271,807
Other comprehensive income							
Foreign currency translation differences		–	–	5,781,923	5,781,923	485,331	6,267,254
Effective portion of changes in fair value of cash flow hedges		–	–	(3,319)	(3,319)	–	(3,319)
Total other comprehensive income		–	–	5,778,604	5,778,604	485,331	6,263,935
Total comprehensive income for the year		–	23,133,674	5,778,604	28,912,278	2,623,464	31,535,742
Transaction with owners of the Company, recognised directly in equity							
Distributions to owners of the Company							
Dividends to owners of the Company	25	–	(3,144,000)	–	(3,144,000)	(947,225)	(4,091,225)
Total distributions to owners of the Company		–	(3,144,000)	–	(3,144,000)	(947,225)	(4,091,225)
Transfers between reserves							
Appropriation of retained earnings to statutory reserve fund		–	(669,713)	669,713	–	–	–
At 31 December 2020		31,440,000	113,559,512	14,853,328	159,852,840	10,749,354	170,602,194

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**
YEAR ENDED 31 DECEMBER 2021

	Note	Attributable to owners of the Company					
		Share capital $	Retained earnings $	Other reserves $	Total $	Non-controlling interests $	Total equity $
At 1 January 2021		31,440,000	113,559,512	14,853,328	159,852,840	10,749,354	170,602,194
Total comprehensive income for the year							
Profit for the year		–	23,312,664	–	23,312,664	1,983,271	25,295,935
Other comprehensive income							
Foreign currency translation differences		–	–	5,696,430	5,696,430	518,598	6,215,028
Effective portion of changes in fair value of cash flow hedges		–	–	3,319	3,319	–	3,319
Total other comprehensive income		–	–	5,699,749	5,699,749	518,598	6,218,347
Total comprehensive income for the year		–	23,312,664	5,699,749	29,012,413	2,501,869	31,514,282
Transaction with owners of the Company, recognised directly in equity							
Distributions to owners of the Company							
Dividends to owners of the Company	25	–	(5,502,000)	–	(5,502,000)	(606,673)	(6,108,673)
Total distributions to owners of the Company		–	(5,502,000)	–	(5,502,000)	(606,673)	(6,108,673)
Transfers between reserves							
Appropriation of retained earnings to statutory reserve fund		–	(369,680)	369,680	–	–	–
At 31 December 2021		31,440,000	131,000,496	20,922,757	183,363,253	12,644,550	196,007,803

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Profit before tax		**31,046,882**	30,164,748
Adjustments for:			
Amortisation of deferred income	14	**(426,027)**	(341,028)
Depreciation of property, plant and equipment	4	**10,020,193**	9,598,891
Depreciation of right-of-use assets	5	**1,378,805**	1,390,675
Interest expense	21	**1,433,459**	1,610,609
Interest income	19	**(604,575)**	(637,767)
Net loss on disposal of property, plant and equipment	20	**125,805**	266,005
Net gain on derecognition of right-of-use assets	19	**–**	(86)
Net effect of exchange differences		**(142,026)**	(1,942)
Property, plant and equipment written off	20	**13,452**	23,077
Intangible asset written off	20	**–**	6,250
Allowances made/(write-back) for impairment loss for inventories	9	**44,680**	(240,871)
Amortisation of intangible assets	6	**–**	2,750
Allowance/(reversal of allowance) for impairment losses of trade and other receivables (net)	30	**107,348**	(88,195)
		42,997,996	41,753,116
Changes in:			
– inventories		**(12,284,719)**	(5,432,241)
– trade and other receivables		**(5,009,642)**	(2,029,381)
– trade and other payables		**(1,929,109)**	(2,998,239)
Cash generated from operations		**23,774,526**	31,293,255
Tax paid		**(5,371,729)**	(3,894,616)
Net cash from operating activities		**18,402,797**	27,398,639
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**136,689**	147,000
Acquisition of property, plant and equipment		**(9,109,956)**	(4,197,768)
Interest received		**596,897**	657,499
Net cash used in investing activities		**(8,376,370)**	(3,393,269)
Cash flows from financing activities			
Interest paid		**(1,551,614)**	(1,610,609)
Dividends paid		**(5,502,000)**	(3,144,000)
Dividends paid to non-controlling interests		**(606,673)**	(947,225)
Proceeds from loans and borrowings		**135,840,417**	114,737,239
Repayment of loans and borrowings		**(117,100,891)**	(113,091,791)
Payment on lease liabilities		**(1,948,841)**	(1,868,622)
Changes in pledged deposits		**(3,590,634)**	(1,926,703)
Net cash from/(used) in financing activities		**5,539,764**	(7,851,711)
Net increase in cash and cash equivalents		**15,566,191**	16,153,659
Cash and cash equivalents at 1 January		**60,423,799**	42,604,589
Effect of exchange rate fluctuations on cash held		**1,854,291**	1,665,551
Cash and cash equivalents at 31 December	11	**77,844,281**	60,423,799

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2022.

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 2021 comprise the Company and its subsidiaries (together referred to as the "**Group**" and individually as "**Group entities**").

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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.

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

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

- Note 4 and 6 – impairment test: key assumptions underlying recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets

Measurement of fair values

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Business combinations (Continued)

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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the followings 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 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

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

Subsequent costs

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

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.

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT 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	20 years
Plant and machinery	5 – 10 years
Furniture and fittings	3 – 13⅓ years
Motor vehicles	5 – 8 years

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

3.4 Intangible assets

Goodwill

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

Other intangible assets

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

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

The estimated useful life is as follows:

Club membership	29 years

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

3.5 Inventories

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

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

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 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment

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

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

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

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

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

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

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 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

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

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

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

Financial assets at amortised cost

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

Financial assets at FVTPL

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

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).

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(vi) Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedges

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

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

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

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(vii) Share capital

Ordinary shares

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

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

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

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

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

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

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

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

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

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

Simplified approach

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

General approach

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

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

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

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

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

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.

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

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

Write-off

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

Non-financial assets

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Non-financial assets (Continued)

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 2021

3 SIGNIFICANT 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.

Employee leave entitlement

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

Short-term employee benefits

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

3.11 Revenue

Goods sold

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Finance income and finance costs

Finance income and finance costs include:

- interest income; and
- interest expense on borrowings.

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

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

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

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

3.13 Leases

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.

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Leases (Continued)

(i) As a lessee (Continued)

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.

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.

From 1 January 2021, 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.

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Leases (Continued)

(i) As a lessee (Continued)

Short-term leases and leases of low-value assets

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

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Tax (Continued)

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

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

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

3.15 Earnings per share

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

3.16 Segment reporting

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

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

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

3.17 Contingencies

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

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

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $	Plant and machinery $	Furniture and fittings $	Motor vehicles $	Construction in progress $	Installation in progress $	Total $
Group							
Cost							
At 1 January 2020	53,688,483	85,979,184	6,746,389	3,072,136	495,311	1,660,840	151,642,343
Additions	105,916	1,902,849	261,030	236,360	–	2,595,159	5,101,314
Disposals/write-off	(34,995)	(1,469,654)	(73,400)	(225,404)	–	–	(1,803,453)
Reclassification	31,225	1,000,477	40,817	81,145	–	(1,153,664)	–
Effect of movements in exchange rates	2,741,523	3,299,678	132,408	134,240	25,278	76,239	6,409,366
At 31 December 2020	56,532,152	90,712,534	7,107,244	3,298,477	520,589	3,178,574	161,349,570
At 1 January 2021	**56,532,152**	**90,712,534**	**7,107,244**	**3,298,477**	**520,589**	**3,178,574**	**161,349,570**
Additions	**442,431**	**3,609,982**	**335,864**	**98,415**	**32,065**	**4,494,379**	**9,013,136**
Disposals/write-off	**–**	**(2,320,427)**	**(39,422)**	**(85,997)**	**–**	**–**	**(2,445,846)**
Reclassification	**314,399**	**2,558,186**	**36,822**	**361,435**	**–**	**(3,270,842)**	**–**
Effect of movements in exchange rates	**2,600,384**	**3,181,264**	**127,963**	**136,507**	**24,426**	**115,327**	**6,185,871**
At 31 December 2021	**59,889,366**	**97,741,539**	**7,568,471**	**3,808,837**	**577,080**	**4,517,438**	**174,102,731**

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings $	Plant and machinery $	Furniture and fittings $	Motor vehicles $	Construction in progress $	Installation in progress $	Total $
Group							
Accumulated depreciation and impairment losses							
At 1 January 2020	16,678,151	44,440,217	3,594,016	1,752,492	–	–	66,464,876
Depreciation charge for the year	2,159,575	6,337,985	711,873	389,458	–	–	9,598,891
Disposals/write-off	(23,742)	(1,093,095)	(65,575)	(184,959)	–	–	(1,367,371)
Effect of movements in exchange rates	884,231	1,626,765	76,228	69,351	–	–	2,656,575
At 31 December 2020	19,698,215	51,311,872	4,316,542	2,026,342	–	–	77,352,971
At 1 January 2021	**19,698,215**	**51,311,872**	**4,316,542**	**2,026,342**	**–**	**–**	**77,352,971**
Depreciation charge for the year	**2,253,079**	**6,579,160**	**742,601**	**445,353**	**–**	**–**	**10,020,193**
Disposals/write-off	**–**	**(2,079,295)**	**(34,106)**	**(56,499)**	**–**	**–**	**(2,169,900)**
Effect of movements in exchange rates	**944,041**	**1,724,493**	**84,124**	**79,212**	**–**	**–**	**2,831,870**
At 31 December 2021	**22,895,335**	**57,536,230**	**5,109,161**	**2,494,408**	**–**	**–**	**88,035,134**
Carrying amounts							
At 1 January 2020	37,010,332	41,538,967	3,152,373	1,319,644	495,311	1,660,840	85,177,467
At 31 December 2020	36,833,937	39,400,662	2,790,702	1,272,135	520,589	3,178,574	83,996,599
At 31 December 2021	**36,994,031**	**40,205,309**	**2,459,310**	**1,314,429**	**577,080**	**4,517,438**	**86,067,597**

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and machinery $	Furniture and fittings $	Motor vehicles $	Installation in progress $	Total $
Company					
Cost					
At 1 January 2020	2,781,574	227,683	454,988	156,260	3,620,505
Additions	–	11,917	–	43,294	55,211
Disposals/write-off	–	(3,678)	–	–	(3,678)
At 31 December 2020	2,781,574	235,922	454,988	199,554	3,672,038
At 1 January 2021	**2,781,574**	**235,922**	**454,988**	**199,554**	**3,672,038**
Additions	**–**	**11,859**	**–**	**400,102**	**411,961**
Disposals/write-off	**–**	**(3,513)**	**–**	**–**	**(3,513)**
At 31 December 2021	**2,781,574**	**244,268**	**454,988**	**599,656**	**4,080,486**
Accumulated depreciation					
At 1 January 2020	1,012,380	161,911	454,987	–	1,629,278
Depreciation charge for the year	278,157	26,139	–	–	304,296
Disposal/write-off	–	(3,678)	–	–	(3,678)
At 31 December 2020	1,290,537	184,372	454,987	–	1,929,896
At 1 January 2021	**1,290,537**	**184,372**	**454,987**	**–**	**1,929,896**
Depreciation charge for the year	**278,157**	**22,041**	**1**	**–**	**300,199**
Disposal/write-off	**–**	**(3,176)**	**–**	**–**	**(3,176)**
At 31 December 2021	**1,568,694**	**203,237**	**454,988**	**–**	**2,226,919**
Carrying amounts					
At 1 January 2020	1,769,194	65,772	1	156,260	1,991,227
At 31 December 2020	1,491,037	51,550	1	199,554	1,742,142
At 31 December 2021	**1,212,880**	**41,031**	**–**	**599,656**	**1,853,567**

During the year, the Group acquired property, plant and equipment with an aggregate cost of $9,013,136 (2020: $5,101,314) and $493,205 (2020: $1,344,856) remained unsettled as of year-end.

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

	Group 2021 $	Group 2020 $
Leasehold land and buildings	**23,334,985**	31,750,962
Plant and machinery	**10,366,297**	12,673,679
	33,701,282	44,424,641

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment losses of property, plant and equipment

In 2021, the Group carried out a review of the recoverable amounts of property, plant and equipment. The review resulted in no additional impairment made or reversal of impairment losses.

The recoverable amounts of the property, plant and equipment is the greater of its value-in-use and its fair value less costs of disposal. Cash flow projections used in these calculations were over a period of 5 to 20 years (2020: 5 to 20 years), based on the 2022 financial budget approved by Board of Directors.

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

- CGUs that are loss making or marginally profitable but are expected to be able to generate economic benefits. The recoverable amounts of the CGUs have been determined based on fair value less costs of disposal of the assets. The fair value less costs of disposal is based on market valuation performed by independent valuers with experience in the location and category of the land and building being valued.
- The recoverable amount of all other CGUs have been determined based on the calculation of their value-in-use derived from management's cash flows projections for these CGUs.

Value-in-use

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

	2021	**2020**
	%	**%**
Revenue growth rate		
Singapore	**3**	3
People's Republic of China	**4 – 8**	8 – 9
Pre-tax discount rate		
Singapore	**11**	11
People's Republic of China	**8 – 15**	13 – 21

The Group considers the asset impairment assessment that requires extensive application of judgements and estimates by management.

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment losses of property, plant and equipment (Continued)

Fair value less costs of disposal

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

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

5 RIGHT-OF-USE ASSETS

	Leasehold land and buildings $	Plant and machinery $	Office equipment $	Total $
Group				
Cost				
At 1 January 2020	4,706,630	288,400	168,631	5,163,661
Additions	–	33,707	–	33,707
Derecognition	(30,074)	(29,297)	–	(59,371)
Effect of movements in exchange rates	27,163	–	–	27,163
At 31 December 2020	4,703,719	292,810	168,631	5,165,160
At 1 January 2021	**4,703,719**	**292,810**	**168,631**	**5,165,160**
Additions	**–**	**132,240**	**–**	**132,240**
Derecognition	**–**	**(175,778)**	**–**	**(175,778)**
Effect of movements in exchange rates	**24,633**	**–**	**–**	**24,633**
At 31 December 2021	**4,728,352**	**249,272**	**168,631**	**5,146,255**

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

5 RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land and buildings $	Plant and machinery $	Office equipment $	Total $
Group				
Accumulated depreciation				
At 1 January 2020	1,235,013	99,850	28,105	1,362,968
Depreciation charge for the year	1,233,852	123,091	33,732	1,390,675
Derecognition	(30,074)	(26,209)	–	(56,283)
Effect of movements in exchange rates	2,508	–	–	2,508
At 31 December 2020	2,441,299	196,732	61,837	2,699,868
At 1 January 2021	**2,441,299**	**196,732**	**61,837**	**2,699,868**
Depreciation charge for the year	**1,221,448**	**123,625**	**33,732**	**1,378,805**
Derecognition	**–**	**(175,778)**	**–**	**(175,778)**
Effect of movements in exchange rates	**3,397**	**–**	**–**	**3,397**
At 31 December 2021	**3,666,144**	**144,579**	**95,569**	**3,906,292**
Carrying amounts				
At 1 January 2020	3,471,617	188,550	140,526	3,800,693
At 31 December 2020	2,262,420	96,078	106,794	2,465,292
At 31 December 2021	**1,062,208**	**104,693**	**73,062**	**1,239,963**

	Leasehold land and buildings $
Company	
Cost	
At 1 January 2020	4,165,218
Addition	–
At 31 December 2020	4,165,218
At 1 January 2021	**4,165,218**
Addition	**–**
At 31 December 2021	**4,165,218**
Accumulated depreciation	
At 1 January 2020	1,190,062
Depreciation charge for the year	1,190,063
At 31 December 2020	2,380,125
At 1 January 2021	**2,380,125**
Depreciation charge for the year	**1,190,062**
At 31 December 2021	**3,570,187**
Carrying amounts	
At 1 January 2020	2,975,156
At 31 December 2020	1,785,093
At 31 December 2021	**595,031**

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

6 INTANGIBLE ASSETS

	Group			Company
	Goodwill $	Club membership $	Total $	Club membership $
Cost				
At 1 January 2020	1,063,364	95,000	1,158,364	95,000
Disposal/write-off	–	(95,000)	(95,000)	(95,000)
Effect of movements in exchange rates	53,365	–	53,365	–
At 31 December 2020	1,116,729	–	1,116,729	–
At 1 January 2021	**1,116,729**	**–**	**1,116,729**	**–**
Effect of movements in exchange rates	**50,274**	**–**	**50,274**	**–**
At 31 December 2021	**1,167,003**	**–**	**1,167,003**	**–**
Accumulated amortisation				
At 1 January 2020	–	86,000	86,000	86,000
Amortisation charge for the year	–	2,750	2,750	2,750
Disposal/write-off	–	(88,750)	(88,750)	(88,750)
At 31 December 2020 and 31 December 2021	–	–	–	–
Carrying amounts				
At 1 January 2020	1,063,364	9,000	1,072,364	9,000
At 31 December 2020	1,116,729	–	1,116,729	–
At 31 December 2021	**1,167,003**	**–**	**1,167,003**	**–**

Annual impairment tests for cash-generating units containing goodwill

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

	Group	
	2021 $	2020 $
Singapore	**17,684**	17,684
People's Republic of China		
– Hefei Dansun Packaging Co., Ltd	**653,118**	624,549
– Nantong group of entities	**496,201**	474,496
	1,167,003	1,116,729

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 (2020: 5 years) based on the 2022 financial budget approved by Board of Directors.

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

6 INTANGIBLE ASSETS (CONTINUED)

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

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

	2021 %	2020 %
Revenue growth rate		
Singapore	**3**	3
People's Republic of China	**4 – 6**	8 – 9
Pre-tax discount rate		
Singapore	**15**	14
People's Republic of China	**12 – 13**	18 – 19

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

7 INVESTMENT IN SUBSIDIARIES

	Company	
	2021 $	2020 $
Equity investments at cost	**29,320,868**	29,320,868
Less: Accumulated impairment loss	**–**	–
	29,320,868	29,320,868

As at 31 December 2021, no impairment loss was made (2020: reversal of impairment loss of $335,992) as the recoverable amount of the investment in Tianjin Dansun was assessed to be higher than the carrying amount. The recoverable amount of the investment was estimated using the fair value less costs of disposal approach. The fair values of the underlying assets were estimated based on their estimated selling prices and the fair value of the underlying liabilities based on the estimated cash outflows to settle the obligations.

As at 31 December 2021, the recoverable amounts of all other equity investments were assessed to be higher than their carrying amounts. The recoverable amounts of those investments were estimated using the value in use approach.

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Country of incorporation	Principal activities	Ownership interest 2021 %	2020 %
Held by the Company:				
United Packaging Industries Pte. Ltd.[(i)]	Singapore	Manufacture and sales of corrugated boards, corrugated cartons and other packaging products	**100**	100
Tat Seng Packaging (Suzhou) Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards, corrugated cartons and other packaging products	**100**	100
Hefei Dansun Packaging Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated cartons and other packaging products	**94.4**	94.4
Tianjin Dansun Packaging Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated cartons and other packaging products	**67**	67
Held through Tat Seng Packaging (Suzhou) Co., Ltd:				
Nantong Hengcheng Paper Industry Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards	**70**	70
Held through Nantong Hengcheng Paper Industry Co., Ltd:				
Nantong Tat Seng Packaging Co., Ltd[(ii)]	People's Republic of China	Manufacture and sales of corrugated boards	**100**	100

(i) Audited by KPMG LLP, Singapore

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

8 DEFERRED TAX ASSETS

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Group				
Property, plant and equipment	**(270,060)**	(305,175)	**277,482**	–
Provisions	**(797,245)**	(660,360)	**–**	–
Investment in subsidiaries	**–**	–	**3,123,914**	2,997,836
Trade and other receivables	**(335,096)**	(334,983)	**–**	–
Tax loss carry-forwards	**(2,331,237)**	(2,038,367)	**–**	–
Deferred tax (assets)/liabilities	**(3,733,638)**	(3,338,885)	**3,401,396**	2,997,836
Set off of tax	**89,059**	–	**(89,059)**	–
Net deferred tax (assets)/liabilities	**(3,644,579)**	(3,338,885)	**3,312,337**	2,997,836
Company				
Property, plant and equipment	**(360,355)**	(309,472)	**–**	–
Provisions	**(94,866)**	(84,637)	**–**	–
Tax loss carry-forwards	**(1,410,813)**	(1,384,366)	**–**	–
Deferred tax assets	**(1,866,034)**	(1,778,475)	**–**	–

Unrecognised deferred tax assets

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

	Group	
	2021	**2020**
	$	**$**
Unutilised tax losses	**1,029,391**	975,083

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 $1,029,391 (2020: $975,083) will expire between 2024 and 2026 (2020: 2024 and 2025).

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2021, deferred tax liabilities of $1,317,673 (2020: $1,383,480) temporary differences of $26,353,469 (2020: $27,669,592) arising from undistributed earnings of certain subsidiaries of the Group were not recognised as the Group has determined that the undistributed profits of its overseas subsidiaries will not be remitted to Singapore in the foreseeable future, but be retained for organic growth and acquisitions.

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

8 DEFERRED TAX ASSETS (CONTINUED)

Movements in deferred tax assets and liabilities during the year:

	At 1 January 2020 $	Recognised in profit or loss (note 23) $	Exchange differences $	At 31 December 2020 $	Recognised in profit or loss (note 23) $	Exchange differences $	At 31 December 2021 $
Group							
Property, plant and equipment	(525,406)	215,274	4,957	(305,175)	308,362	4,235	**7,422**
Provisions	(598,423)	(36,997)	(24,940)	(660,360)	(112,277)	(24,608)	**(797,245)**
Investment in subsidiaries	2,961,980	35,856	–	2,997,836	126,078	–	**3,123,914**
Trade and other receivables	(433,994)	119,312	(20,301)	(334,983)	14,924	(15,037)	**(335,096)**
Tax loss carry-forwards	(2,162,096)	162,312	(38,583)	(2,038,367)	(258,524)	(34,346)	**(2,331,237)**
Total	(757,939)	495,757	(78,867)	(341,049)	78,563	(69,756)	**(332,242)**

	At 1 January 2020 $	Recognised in profit or loss $	At 31 December 2020 $	Recognised in profit or loss $	At 31 December 2021 $
Company					
Property, plant and equipment	(690,990)	381,518	(309,472)	(50,883)	**(360,355)**
Provisions	(49,680)	(34,957)	(84,637)	(10,229)	**(94,866)**
Tax loss carry-forwards	(1,339,441)	(44,925)	(1,384,366)	(26,447)	**(1,410,813)**
Total	(2,080,111)	301,636	(1,778,475)	(87,559)	**(1,866,034)**

9 INVENTORIES

	Group		Company	
	2021 $	2020 $	2021 $	2020 $
Raw materials	**36,366,877**	24,794,693	**–**	–
Work-in-progress	**674,482**	439,668	**–**	–
Finished goods	**2,397,899**	2,081,268	**–**	–
Goods-in-transit	**2,471,211**	1,018,739	**–**	–
Machinery parts	**771,499**	734,995	**75,604**	72,368
	42,681,968	29,069,363	**75,604**	72,368
Inventories recognised in cost of sales	**297,051,165**	237,865,597	**23,815,499**	20,389,752
Allowances made/(write-back) for impairment loss for inventories recognised in cost of sales	**44,680**	(240,871)	**–**	–

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

10 TRADE AND OTHER RECEIVABLES

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Trade receivables	**66,588,520**	61,133,255	**5,496,614**	4,424,147
Impairment losses	**(225,461)**	(176,725)	**–**	(60)
Net trade receivables	**66,363,059**	60,956,530	**5,496,614**	4,424,087
Bills receivable	**42,106,315**	36,847,049	**–**	–
Amounts due from subsidiary (non-trade)	**–**	–	**–**	539
Dividend receivables from subsidiary	**–**	–	**4,032,455**	5,732,063
Other receivables	**341,248**	1,013,699	**63,846**	300,620
Impairment losses	**–**	(94,527)	**–**	(94,527)
Net other receivables	**341,248**	919,172	**63,846**	206,093
Deposits	**647,688**	517,294	**102,770**	2,970
	109,458,310	99,240,045	**9,695,685**	10,365,752
Prepayments	**528,002**	985,747	**25,629**	29,811
Advances to suppliers	**2,400,824**	2,278,656	**11,450**	6,450
VAT/GST receivables	**240,916**	843,619	**–**	–
	112,628,052	103,348,067	**9,732,764**	10,402,013
Non-current	**37,088**	145,263	**–**	–
Current	**112,590,964**	103,202,804	**9,732,764**	10,402,013
	112,628,052	103,348,067	**9,732,764**	10,402,013

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

11 CASH AND CASH EQUIVALENTS

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Fixed deposits	**16,950,000**	11,500,000	**16,950,000**	11,500,000
Cash at banks and in hand	**76,752,778**	60,589,529	**14,439,966**	3,004,327
	93,702,778	72,089,529	**31,389,966**	14,504,327

Cash and bank balances totalling $56,725,818 (2020: $53,293,617) 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 2021 $	Group 2020 $
Fixed deposits	**16,950,000**	11,500,000
Cash at banks and in hand	**76,752,778**	60,589,529
	93,702,778	72,089,529
Cash and bank balances pledged as security for bills payable granted to the Group	**(15,858,497)**	(11,665,730)
Cash and cash equivalents	**77,844,281**	60,423,799

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

12 SHARE CAPITAL

	Group and Company	
	2021	**2020**
	No. of shares	**No. of shares**
Fully paid ordinary shares, with no par value		
At 1 January and 31 December	**157,200,000**	157,200,000

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

13 OTHER RESERVES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Foreign currency translation reserve	**3,750,480**	(1,945,950)	**–**	–
Statutory reserve fund	**13,606,583**	13,236,903	**–**	–
Capital reserve	**3,565,694**	3,565,694	**–**	–
Hedging reserve	**–**	(3,319)	**–**	–
	20,922,757	14,853,328	**–**	–

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

(ii) The statutory reserves of certain subsidiaries.

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

(iii) The capital reserve comprises:

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

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

14 DEFERRED INCOME

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Grants				
At 1 January	**2,354,335**	2,425,401	**46,890**	27,222
Grants received during the year	**–**	154,530	**–**	57,632
Amortisation charge for the year	**(426,027)**	(341,028)	**(27,836)**	(37,964)
Effect of movements in exchange rates	**93,928**	115,432	**–**	–
At 31 December	**2,022,236**	2,354,335	**19,054**	46,890
Current	**301,753**	422,144	**4,084**	27,836
Non-current	**1,720,483**	1,932,191	**14,970**	19,054
	2,022,236	2,354,335	**19,054**	46,890

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 and other government reliefs.

There are no unfulfilled conditions or contingencies attached to these grants.

15 LOANS AND BORROWINGS

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Non-current				
Secured loans*	**3,815,493**	10,243,139	**–**	–
Current				
Bills payable*	**48,241,182**	37,910,838	**–**	–
Unsecured loan from non-controlling interests	**424,469**	405,902	**–**	–
Unsecured loans	**24,641,300**	7,251,754	**–**	–
Secured loans*	**6,896,197**	6,270,135	**–**	–
	80,203,148	51,838,629	**–**	–
Total loans and borrowings	**84,018,641**	62,081,768	**–**	–

* See note 4 for securities pledged.

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

15 LOANS AND BORROWINGS (CONTINUED)

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

	Nominal interest rate per annum	Maturity	2021 Face value $	2021 Carrying amount $	2020 Face value $	2020 Carrying amount $
Group						
Renminbi ("**RMB**") loan A (secured)	5.13%	2023	**10,711,690**	**10,711,690**	15,315,865	15,315,865
RMB loan B (secured)	4.76%	2021	**–**	**–**	1,197,409	1,197,409
Loan with non-controlling interests (unsecured)	4.79%	2022	**424,469**	**424,469**	–	–
Loan with non-controlling interests (unsecured)	4.79%	2021	**–**	**–**	405,902	405,902
RMB loan C (unsecured)	3.70%	2022	**14,309,848**	**14,309,848**	–	–
RMB loan D (unsecured)	3.84%	2022	**4,902,616**	**4,902,616**	–	–
RMB loan E (unsecured)	3.59%	2022	**2,245,319**	**2,245,319**	–	–
RMB loan F (unsecured)	4.08%	2022	**3,183,517**	**3,183,517**	–	–
RMB loan G (unsecured)	3.44%	2021	**–**	**–**	6,237,000	6,237,000
RMB loan H (unsecured)	4.15%	2021	**–**	**–**	1,014,754	1,014,754
Bills payable (secured)[(i)]		2022	**48,241,182**	**48,241,182**	–	–
Bills payable (secured)[(i)]		2021	**–**	**–**	37,910,838	37,910,838
Total loans and borrowings			**84,018,641**	**84,018,641**	62,081,768	62,081,768
Lease liabilities (Note 16)	2.63% – 5.39%	2022 – 2036	**1,745,217**	**1,515,626**	–	–
Lease liabilities (Note 16)	2.41% – 5.39%	2021 – 2036	**–**	**–**	3,632,904	3,311,626
Total interest-bearing liabilities			**85,763,858**	**85,534,267**	65,714,672	65,393,394
Company						
Lease liabilities (Note 16)	3.89%	2022	**886,972**	**877,249**	–	–
Lease liabilities (Note 16)	3.89%	2021 – 2022	**–**	**–**	2,722,087	2,640,930
Total interest-bearing liabilities			**886,972**	**877,249**	2,722,087	2,640,930

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

15 LOANS AND BORROWINGS (CONTINUED)

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

	Liabilities			
	Lease liabilities (Note 16) $	Loans and borrowings $	Interest payables (Note 17) $	Total $
Balance at 1 January 2020	5,126,769	57,477,527	367,634	62,971,930
Changes from financing cash flows				
Proceeds from loans and borrowings	–	114,737,239	–	114,737,239
Repayment of loans and borrowings	–	(113,091,791)	–	(113,091,791)
Payment of lease liabilities	(1,868,622)	–	–	(1,868,622)
Interest paid	–	–	(1,610,609)	(1,610,609)
Total changes from financing cash flows	(1,868,622)	1,645,448	(1,610,609)	(1,833,783)
Effect of changes in foreign exchange rates	22,946	2,958,793	6,486	2,988,225
Other changes				
New leases	33,707	–	–	33,707
Write off of lease liabilities	(3,174)	–	–	(3,174)
Interest expenses	–	–	1,610,609	1,610,609
Total other changes	30,533	–	1,610,609	1,641,142
Balance at 31 December 2020	3,311,626	62,081,768	374,120	65,767,514
Balance at 1 January 2021	**3,311,626**	**62,081,768**	**374,120**	**65,767,514**
Changes from financing cash flows				
Proceeds from loans and borrowings	**–**	**135,840,417**	**–**	**135,840,417**
Repayment of loans and borrowings	**–**	**(117,100,891)**	**–**	**(117,100,891)**
Payment of lease liabilities	**(1,948,841)**	**–**	**–**	**(1,948,841)**
Interest paid	**–**	**–**	**(1,551,614)**	**(1,551,614)**
Total changes from financing cash flows	**(1,948,841)**	**18,739,526**	**(1,551,614)**	**15,239,071**
Effect of changes in foreign exchange rates	**20,601**	**3,197,347**	**14,859**	**3,232,807**
Other changes				
New leases	**132,240**	**–**	**–**	**132,240**
Interest expenses	**–**	**–**	**1,433,459**	**1,433,459**
Total other changes	**132,240**	**–**	**1,433,459**	**1,565,699**
Balance at 31 December 2021	**1,515,626**	**84,018,641**	**270,824**	**85,805,091**

16 LEASE LIABILITIES

	Group		Company	
	2021 $	2020 $	2021 $	2020 $
Non-current	**505,250**	1,396,398	**–**	877,249
Current	**1,010,376**	1,915,228	**877,249**	1,763,681
	1,515,626	3,311,626	**877,249**	2,640,930

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

17 TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Trade payables	**31,490,157**	31,345,928	**6,730**	3,943
Other payables	**5,411,081**	5,303,050	**297,053**	297,126
Interest payables	**270,824**	374,120	**–**	–
Accrued operating expenses	**4,825,955**	4,644,089	**549,833**	349,944
Amounts due to subsidiaries				
– trade	**–**	–	**4,146,241**	4,219,397
– non-trade	**–**	–	**39,078**	111,010
	41,998,017	41,667,187	**5,038,935**	4,981,420
Accrued staff remuneration	**10,699,245**	10,908,149	**3,549,064**	4,381,676
VAT/GST payables	**345,791**	631,819	**73,371**	65,353
Financial derivatives liabilities	**–**	3,319	**–**	–
	53,043,053	53,210,474	**8,661,370**	9,428,449

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

18 REVENUE

	Group	
	2021	2020
	$	$
Sale of goods	**367,513,352**	303,068,858

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.

19 OTHER INCOME

	Group	
	2021	2020
	$	$
Interest income from fixed deposit and others	**604,575**	637,767
Government grants	**1,289,452**	2,356,562
Amortisation of deferred income	**426,027**	341,028
Net gain on derecognition of right-of-use assets	**–**	86
Others	**334,503**	102,184
	2,654,557	3,437,627

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

20 OTHER EXPENSES

	Group 2021 $	Group 2020 $
Property, plant and equipment written off	**13,452**	23,077
Intangible asset written off	**–**	6,250
Net loss on disposal of property, plant and equipment	**125,805**	266,005
Amortisation of intangible assets	**–**	2,750
Net foreign exchange loss	**160,861**	1,030,177
Others	**203,732**	320,098
	503,850	1,648,357

21 FINANCE COSTS

	Group 2021 $	Group 2020 $
Interest expense on loans and borrowings	**1,329,859**	1,435,867
Interest expenses on lease liabilities	**103,600**	174,742
	1,433,459	1,610,609
Bank charges	**218,571**	168,928
	1,652,030	1,779,537

22 PROFIT BEFORE TAX

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

	Group 2021 $	Group 2020 $
Audit fees paid to:		
– auditors of the Company	**179,220**	146,025
– other auditors	**176,614**	181,296
Non-audit fees paid to:		
– auditors of the Company	**7,700**	7,876
– other auditors	**21,500**	43,300
Directors' fees	**273,422**	194,500
Staff costs	**42,071,787**	36,724,618
Contributions to defined contribution plans, included in staff costs	**3,385,506**	1,522,829
Depreciation of property, plant and equipment	**10,020,193**	9,598,891
Depreciation of right-of-use assets	**1,378,805**	1,390,675
Expenses relating to short-term leases	**470,242**	468,148

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

23 TAX EXPENSE

	Note	Group 2021 $	Group 2020 $
Current tax expense			
Current year		**4,239,571**	4,549,460
Withholding tax		**1,393,392**	570,545
Adjustments for prior years		**39,421**	(722,821)
		5,672,384	4,397,184
Deferred tax expense			
Origination and reversal of temporary differences		**283,347**	571,122
Adjustments for prior years		**(204,784)**	(75,365)
	8	**78,563**	495,757
Total tax expenses		**5,750,947**	4,892,941
Reconciliation of effective tax rate			
Profit before tax		**31,046,882**	30,164,748
Tax at applicable rate of 17% (2020: 17%)		**5,277,970**	5,128,007
Non-deductible expenses		**112,534**	267,234
Income not subject to tax		**(210,496)**	(329,521)
Effects of tax rates in foreign jurisdiction		**53,530**	54,869
Tax incentives		**(705,125)**	(515,465)
Deferred tax assets not recognised		**1,026**	–
Recognition of previously unrecognised tax losses		**–**	(131,547)
Withholding tax		**1,393,392**	570,545
Over provided in prior years, net		**(165,363)**	(798,186)
Others		**(6,521)**	647,005
		5,750,947	4,892,941

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

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

24 EARNINGS PER SHARE

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

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

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	
	2021	**2020**
	$	**$**
Profit, net of tax, attributable to owners of the Company	**23,312,664**	23,133,674
	No. of shares	
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**157,200,000**	157,200,000

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

25 DIVIDENDS

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

For the year ended 31 December

	Group and Company	
	2021	**2020**
	$	**$**
Paid by the Company to owner of the Company		
Special exempt (one-tier) dividend at $0.01 (2020: $Nil) per ordinary share in respect of previous financial year	**1,572,000**	–
Final exempt (one-tier) dividend at $0.01 (2020: $0.01) per ordinary share in respect of the previous financial year	**1,572,000**	1,572,000
Interim exempt (one-tier) dividend at $0.015 (2020: $0.01) per ordinary share in respect of the current financial year	**2,358,000**	1,572,000
	5,502,000	3,144,000

	Group	
	2021	**2020**
	$	**$**
Paid by subsidiary to NCI		
Final dividend in respect of the current financial year	**606,673**	947,225

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

25 **DIVIDENDS** (CONTINUED)

For the year ended 31 December (Continued)

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

	Group and Company	
	2021	**2020**
	$	**$**
Special exempt (one-tier) dividend at $Nil (2020: $0.01) per ordinary share in respect of current financial year	**–**	1,572,000
Final exempt (one-tier) dividend at $0.025 (2020: $0.01) per ordinary share in respect of current financial year	**3,930,000**	1,572,000
	3,930,000	3,144,000

26 **BANKING FACILITIES**

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Loan and trade financing facilities	**156,584,859**	149,561,786	**6,100,000**	6,100,000
Overdraft facilities	**2,000,000**	2,000,000	**–**	–
Foreign exchange contracts	**5,000,000**	5,000,000	**1,000,000**	1,000,000

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

27 **RELATED PARTIES**

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Subsidiaries:				
Services rendered	**–**	–	**(910,113)**	(859,897)
Management fee income	**–**	–	**(525,018)**	(534,345)
Dividend income	**–**	–	**(25,346,295)**	(10,693,784)
Purchases	**–**	–	**22,300,501**	18,891,782
Related parties:				
Sales	**(717,577)**	(72,059)	**(717,577)**	(72,059)

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

27 RELATED PARTIES (CONTINUED)

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2021	2020
	$	$
Short-term employee benefits	**4,097,187**	5,251,725
Defined contributions plan	**24,029**	42,860
Other short-term benefits	**2,208**	2,554
Total compensation paid to Executive Directors of the Company, included in staff costs	**4,123,424**	5,297,139

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

28 COMMITMENTS

Capital commitments

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

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Capital commitments in respect of purchase of property, plant and equipment	**1,042,777**	3,226,103	**449,830**	472,773

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $38,090,481 (2020: $46,016,409) to banks for banking facilities of $42,090,481 (2020: $50,016,409) made available to its subsidiaries, of which the subsidiaries has utilised $13,524,662 (2020: $23,763,103). The Company does not consider it probable that a claim will be made against the Company under the guarantee.

29 LEASES

Leases as lessee (SFRS(I) 16)

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

29 LEASES (CONTINUED)

Amounts recognised in profit or loss

	2021 $	2020 $
Leases under SFRS(I) 16		
Interest on lease liabilities	**103,600**	174,742
Expenses relating to short-term leases	**470,242**	468,148

Amounts recognised in statement of cash flows

	2021 $	2020 $
Payment of lease liabilities	**1,948,841**	1,868,622
Interest on lease liabilities	**103,600**	174,742
Total cash outflow for leases	**2,052,441**	2,043,364

Extension options

One of the leased property's agreement contains 5 years extension option to be exercisable by the Company before the expiry of the lease term and the lease rental price of the extension period to be determined in accordance with the prevailing market rate. The Group has not included the extension option in the computation of the right-of-use and lease liabilities for this particular lease as the Group was considering alternative arrangement at the end of lease. The Group completed the acquisition of the leased property in January 2022.

30 FINANCIAL RISK MANAGEMENT

Overview

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

Credit risk

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

Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing with reputable counterparties. As at 31 December 2021, the Group's concentration of credit risk by geographical locations is in Singapore and the PRC.

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Trade and bill receivables

Risk management policy

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

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

Credit risk relating to trade receivables and bill 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.

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

	2021 $	2021 %	2020 $	2020 %
Singapore	**14,215,174**	**13**	12,738,137	13
PRC	**94,254,200**	**87**	85,065,442	87
	108,469,374	**100**	97,803,579	100

Impairment losses

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

	2021 $	2020 $
Group		
Not past due	**102,340,142**	92,120,600
Past due 1 – 90 days	**6,129,232**	5,661,883
Past due 91 – 180 days	**–**	21,096
More than 180 days	**–**	–
No credit term	**–**	–
	108,469,374	97,803,579
Company		
Not past due	**4,470,422**	4,418,222
Past due 1 – 90 days	**1,026,192**	5,865
Past due 91 – 180 days	**–**	–
More than 180 days	**–**	–
No credit term	**–**	–
	5,496,614	4,424,087

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Trade and bill receivables (Continued)

Impairment losses (Continued)

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

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

	Group		Company	
	2021 $	2020 $	2021 $	2020 $
At 1 January	**176,725**	312,182	**60**	–
Allowance/(reversal of allowance) for impairment losses (net)	**107,348**	(149,080)	**(60)**	60
Amounts written off	**(67,454)**	–	**–**	–
Exchange differences	**8,842**	13,623	**–**	–
At 31 December	**225,461**	176,725	**–**	60

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

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

Other receivables and deposits

The Group held other receivables and deposits of $988,936 (2020: $1,436,466). The Company held other receivables and deposits of $166,616 (2020: $209,063).

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

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Other receivables and deposits (Continued)

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

	Group ECL $	Company ECL $
At 1 January 2021	94,527	94,527
Amounts written off	(94,527)	(94,527)
At 31 December 2021	–	–
At 1 January 2020	32,504	–
Impairment loss recognised	60,885	94,527
Effect of movements in exchange rates	1,138	–
At 31 December 2020	94,527	94,527

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $93,702,778 and $31,389,966 respectively as at 31 December 2021 (2020: $72,089,529 and $14,504,327 respectively). These figures represent their maximum credit exposures on these assets. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings.

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

Amounts due from subsidiaries

The Company held non-trade receivables, mainly comprising of dividends receivables, from its subsidiaries of $4,032,455 (2020: $5,732,602). These balances are unsecured, interest-free and have no fixed terms of repayment. The amounts are classified as current as the Company expects to receive payment within the next 12 months. There is no allowance for doubtful debts arising from these outstanding balances.

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.

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

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

	Carrying amount $	Contractual cash flows $	Within 1 year $	After 1 year but within 5 years $	More than 5 years $
Group					
31 December 2021					
Non-derivative financial liabilities					
Trade and other payables*	**41,998,017**	**(41,998,017)**	**(41,998,017)**	**–**	**–**
Loans and borrowings	**84,018,641**	**(85,003,468)**	**(81,089,116)**	**(3,914,352)**	**–**
Lease liabilities	**1,515,626**	**(1,745,217)**	**(1,048,505)**	**(263,552)**	**(433,160)**
Total	**127,532,284**	**(128,746,702)**	**(124,135,638)**	**(4,177,904)**	**(433,160)**
31 December 2020					
Non-derivative financial liabilities					
Trade and other payables*	41,667,187	(41,667,187)	(41,667,187)	–	–
Loans and borrowings	62,081,768	(63,501,917)	(52,701,647)	(10,800,270)	–
Lease liabilities	3,311,626	(3,632,904)	(2,018,146)	(1,157,221)	(457,537)
Total	107,060,581	(108,802,008)	(96,386,980)	(11,957,491)	(457,537)
Derivative financial instruments					
Forward exchange contracts used for hedging (gross-settled)	3,319	–	–	–	–
– outflow	–	(409,780)	(409,780)	–	–
– inflow	–	406,461	406,461	–	–
	3,319	(3,319)	(3,319)	–	–
Total	107,063,900	(108,805,327)	(96,390,299)	(11,957,491)	(457,537)

* *excludes financial derivative liabilities, VAT/GST payables and accrued staff remuneration.*

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

	Carrying amount $	Contractual cash flows $	Within 1 year $	After 1 year but within 5 years $
Company				
31 December 2021				
Non-derivative financial liabilities				
Trade and other payables#	**5,038,935**	**(5,038,935)**	**(5,038,935)**	**–**
Lease liabilities	**877,249**	**(886,972)**	**(886,972)**	**–**
Recognised financial liabilities	**5,916,184**	**(5,925,907)**	**(5,925,907)**	**–**
Intra-group financial guarantee	**–**	**(38,090,481)**	**(38,090,481)**	**–**
Total	**5,916,184**	**(44,016,388)**	**(44,016,388)**	**–**
31 December 2020				
Non-derivative financial liabilities				
Trade and other payables#	4,981,420	(4,981,420)	(4,981,420)	–
Lease liabilities	2,640,930	(2,722,087)	(1,835,115)	(886,972)
Recognised financial liabilities	7,622,350	(7,703,507)	(6,816,535)	(886,972)
Intra-group financial guarantee	–	(46,016,409)	(46,016,409)	–
Total	7,622,350	(53,719,916)	(52,832,944)	(886,972)

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 inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts.

Market risk

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (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 arise primarily from their loans and borrowings. The Group's policy is to maintain the bank borrowings to the minimum, and to obtain the most favourable interest rates available.

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

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

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Fixed rate instruments				
Financial assets^	**16,950,000**	11,500,000	**16,950,000**	11,500,000
Financial liabilities*	**(24,641,300)**	(7,251,754)	**–**	–
	(7,691,300)	4,248,246	**16,950,000**	11,500,000
Variable rate instruments				
Financial assets^	**56,750,143**	53,355,924	**15,881**	24,980
Financial liabilities*	**(11,136,159)**	(16,919,176)	**–**	–
	45,613,984	36,436,748	**15,881**	24,980

* excludes lease liabilities and bills payable
^ The remaining balances in cash and cash equivalents are the bank accounts and the cash with zero interest.

Financial assets with zero interest	**20,002,635**	7,233,605	**14,424,085**	2,979,347

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

	Profit or loss			
	Group		Company	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	$	$	$	$
2021				
Variable rate instruments	**456,140**	**(456,140)**	**159**	**(159)**
2020				
Variable rate instruments	364,367	(364,367)	250	(250)

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

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

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

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

	2021		2020	
	US Dollars ("USD") $	Others $	US Dollars ("USD") $	Others $
Group				
Trade and other receivables	**8,745,743**	**–**	8,847,551	–
Cash and cash equivalents	**8,403,025**	**2**	10,423,929	2
Trade and other payables	**(900,835)**	**(21,236)**	(383,585)	(22,607)
Net statement of financial position exposure	**16,247,933**	**(21,234)**	18,887,895	(22,605)
Forward foreign exchange contracts	**–**	**–**	(406,461)	–
Net exposure	**16,247,933**	**(21,234)**	18,481,434	(22,605)
Company				
Trade and other receivables	**3,256**	**–**	4,042	–
Cash and cash equivalents	**15,881**	**–**	24,980	–
Net exposure	**19,137**	**–**	29,022	–

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

	Contract/ notional amount $	Positive fair values $	Negative fair values $
Group			
31 December 2021			
Forward exchange contracts used for hedging	**–**	**–**	**–**
31 December 2020			
Forward exchange contracts used for hedging	406,461	–	3,319

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

Sensitivity analysis

A 5% (2020: 5%) strengthening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

	Group		Company	
	Profit or loss $	Equity $	Profit or loss $	Equity $
31 December 2021				
USD	**812,397**	**–**	**957**	**–**
Others	**(1,062)**	**–**	**–**	**–**

	Group		Company	
	Profit or loss $	Equity $	Profit or loss $	Equity $
31 December 2020				
USD	944,395	(20,323)	1,451	–
Others	(1,130)	–	–	–

A 5% (2020: 5%) weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. The analysis is performed on the same basis for 2020.

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values

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

		Carrying amount				Fair value		
	Note	At amortised cost $	Fair value – hedging instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Group								
31 December 2021								
Financial assets not measured at fair value								
Trade and other receivables*	10	109,458,310	–	–	109,458,310			
Cash and cash equivalents	11	93,702,778	–	–	93,702,778			
		203,161,088	–	–	203,161,088			
Financial liabilities not measured at fair value								
Secured bank loans	15	–	–	(10,711,690)	(10,711,690)		(11,283,155)	
Unsecured bank loans	15	–	–	(24,641,300)	(24,641,300)		(25,034,350)	
Bills payable	15	–	–	(48,241,182)	(48,241,182)			
Loan from non-controlling interests	15	–	–	(424,469)	(424,469)		(444,780)	
Trade and other payables#	17	–	–	(41,998,017)	(41,998,017)			
		–	–	(126,016,658)	(126,016,658)			

* *excludes prepayments and advances to suppliers and VAT/GST receivables*

\# *excludes financial derivative liabilities, VAT/GST payables and accrued staff remuneration*

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (Continued)

	Note	Carrying amount				Fair value		
		At amortised cost $	Fair value – hedging instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Group								
31 December 2020								
Financial assets not measured at fair value								
Trade and other receivables*	10	99,240,045	–	–	99,240,045			
Cash and cash equivalents	11	72,089,529	–	–	72,089,529			
		171,329,574	–	–	171,329,574			
Financial liabilities measured at fair value								
Financial derivatives liabilities	17	–	(3,319)	–	(3,319)		(3,319)	
Financial liabilities not measured at fair value								
Secured bank loans	15	–	–	(16,513,274)	(16,513,274)		(17,841,250)	
Unsecured bank loans	15	–	–	(7,251,754)	(7,251,754)		(7,326,101)	
Bills payable	15	–	–	(37,910,838)	(37,910,838)			
Loan from non-controlling interests	15	–	–	(405,902)	(405,902)		(423,728)	
Trade and other payables#	17	–	–	(41,667,187)	(41,667,187)			
		–	–	(103,748,955)	(103,748,955)			

* *excludes prepayments and advances to suppliers and VAT/GST receivables*
\# *excludes financial derivative liabilities, VAT/GST payables and accrued staff remuneration*

	Note	Carrying amount				Fair value		
		At amortised cost $	Fair value – hedging instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Company								
31 December 2021								
Financial assets not measured at fair value								
Trade and other receivables*	10	**9,695,685**	**–**	**–**	**9,695,685**			
Cash and cash equivalents	11	**31,389,966**	**–**	**–**	**31,389,966**			
		41,085,651	**–**	**–**	**41,085,651**			
Financial liabilities not measured at fair value								
Trade and other payables#	17	–	–	(5,038,935)	(5,038,935)			
31 December 2020								
Financial assets not measured at fair value								
Trade and other receivables*	10	10,365,752	–	–	10,365,752			
Cash and cash equivalents	11	14,504,327	–	–	14,504,327			
		24,870,079	–	–	24,870,079			
Financial liabilities not measured at fair value								
Trade and other payables	17	–	–	(4,981,420)	(4,981,420)			

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

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

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

During the financial years ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1 and Level 2.

31 CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

As disclosed in note 13, 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 2021 and 2020.

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

NOTES TO THE **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021

31 CAPITAL MANAGEMENT (CONTINUED)

	Group 2021 $	Group 2020 $
Trade and other payables*	**53,043,053**	53,207,155
Loans and borrowings	**84,018,641**	62,081,768
Lease liabilities	**1,515,626**	3,311,626
Less: Cash and cash equivalents	**(93,702,778)**	(72,089,529)
Net debt	**44,874,542**	46,511,020
Equity attributable to owners of the Company	**183,363,253**	159,852,840
Less: Statutory reserve fund	**(13,606,583)**	(13,236,903)
Less: Hedging reserve	**–**	3,319
Total capital	**169,756,670**	146,619,256
Net debt to total capital ratio	**0.26**	0.32

* *excludes financial derivative liabilities*

32 NON-CONTROLLING INTERESTS IN SUBSIDIARIES

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

	Material NCI in PRC $	Other individually immaterial NCI in PRC $	Intra-group elimination $	Total $
31 December 2021				
Revenue	**89,604,016**			
Profit	**4,160,734**			
Other comprehensive income	**1,145,528**			
Total comprehensive income	**5,306,262**			
Attributable to NCI:				
– Profit	**1,248,220**	**735,051**	**–**	**1,983,271**
– Other comprehensive income	**343,658**	**174,939**	**–**	**518,597**
– **Total comprehensive income**	**1,591,878**	**909,990**	**–**	**2,501,868**
Non-current assets	**38,981,013**			
Current assets	**48,071,615**			
Non-current liabilities	**(4,728,708)**			
Current liabilities	**(54,053,865)**			
Net assets	**28,270,055**			
Net assets attributable to NCI	**8,481,016**	**4,163,534**	**–**	**12,644,550**
Cash flows from operating activities	**(4,551,288)**			
Cash flows used in investing activities	**(923,749)**			
Cash flows from financing activities (dividend to NCI: note 25)	**1,911,179**			
Net increase in cash and cash equivalents	**(3,563,858)**			

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

32 NON-CONTROLLING INTERESTS IN SUBSIDIARIES (CONTINUED)

	Material NCI in PRC $	Other individually immaterial NCI in PRC $	Intra-group elimination $	Total $
31 December 2020				
Revenue	73,926,732			
Profit	4,554,027			
Other comprehensive income	1,024,891			
Total comprehensive income	5,578,918			
Attributable to NCI:				
– Profit	1,366,208	771,925	–	2,138,133
– Other comprehensive income	307,467	177,864	–	485,331
– **Total comprehensive income**	1,673,675	949,789	–	2,623,464
Non-current assets	40,643,975			
Current assets	39,061,262			
Non-current liabilities	(11,276,912)			
Current liabilities	(44,875,266)			
Net assets	23,553,059			
Net assets attributable to NCI	7,065,918	3,683,436	–	10,749,354
Cash flows from operating activities	3,634,904			
Cash flows used in investing activities	(79,685)			
Cash flows used in financing activities (dividend to NCI: note 25)	1,390,378			
Net decrease in cash and cash equivalents	4,945,597			

33 SEGMENT INFORMATION

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

33 SEGMENT INFORMATION (CONTINUED)

	Singapore $	PRC $	Group $
31 December 2021			
Revenue:			
Sales to external customers	**53,906,712**	**313,606,640**	**367,513,352**
Results from operating activities	**2,056,178**	**30,642,734**	**32,698,912**
Finance costs	**(128,674)**	**(1,523,356)**	**(1,652,030)**
Tax expense			**(5,750,947)**
Net profit for the year			**25,295,935**
Segment assets	**63,757,623**	**273,729,738**	**337,487,361**
Unallocated assets			**3,644,579**
Total assets			**341,131,940**
Segment liabilities	**11,625,320**	**128,974,236**	**140,599,556**
Unallocated liabilities			**4,524,581**
Total liabilities			**145,124,137**
Capital expenditure	**2,335,697**	**6,677,439**	**9,013,136**
Depreciation of property, plant and equipment	**1,668,771**	**8,351,422**	**10,020,193**
Depreciation of right-of-use assets	**1,347,419**	**31,386**	**1,378,805**
31 December 2020			
Revenue:			
Sales to external customers	45,951,833	257,117,025	303,068,858
Results from operating activities	2,592,067	29,352,218	31,944,285
Finance costs	(194,162)	(1,585,375)	(1,779,537)
Tax expense			(4,892,941)
Net profit for the year			25,271,807
Segment assets	43,495,643	248,589,936	292,085,579
Unallocated assets			3,338,885
Total assets			295,424,464
Segment liabilities	13,576,419	107,381,784	120,958,203
Unallocated liabilities			3,864,067
Total liabilities			124,822,270
Capital expenditure	1,248,211	3,853,103	5,101,314
Depreciation of property, plant and equipment	1,644,490	7,954,401	9,598,891
Depreciation of right-of-use assets	1,346,885	43,790	1,390,675
Amortisation of intangible assets	2,750	–	2,750

NOTES TO THE **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

34 SUBSEQUENT EVENT

i) On 14 January 2022, the Group completed the acquisition of the property located at 28 Senoko Drive, Singapore 758214 for an aggregate consideration of S$12,000,000.

ii) On 29 January 2022, Hefei Dansun Packaging Co., Ltd., a subsidiary of the Group incorporated a wholly owned subsidiary in the PRC under the name of Guangzhou Dansun Packaging Co., Ltd. ("**Guangzhou Dansun**") with registered capital of RMB6 million. No capital has been paid up as at date of report. The principal activities of Guangzhou Dansun are manufacture and sales of corrugated cartons, paper mould and other packaging products. The incorporation of Guangzhou Dansun is funded through internal resources and is not expected to have a material effect on the consolidated earnings per share or net tangible assets per share of the Group for the financial year ending 31 December 2022.

iii) Russia's invasion of Ukraine on 24 February 2022 is expected to cause further volatility in the global economy and financial markets, and the increased geopolitical tensions are set to exacerbate concerns over inflation and supply chain bottlenecks. This has created a high level of uncertainty to near-term global economic prospects and may impact the Group's operations subsequent to the financial year end, the extent of which will depend on how the Russia-Ukraine conflict evolves. The Group will closely monitor the developments.

LAND & BUILDINGS

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	:	RMB12.4 million (approximately S$2.6 million) as at 31 December 2021

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	:	RMB20.5 million (approximately to S$4.3 million) as at 31 December 2021

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	:	RMB15.3 million (approximately to S$3.3 million) as at 31 December 2021

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	:	RMB91.7 million (approximately to S$19.5 million) as at 31 December 2021

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	:	RMB37.1 million (approximately to S$7.9 million) as at 31 December 2021

资产负债表

于2021年12月31日

	附注	集团 2021 $	集团 2020 $	公司 2021 $	公司 2020 $
非流动资产					
固定资产	4	**86,067,597**	83,996,599	**1,853,567**	1,742,142
使用权资产	5	**1,239,963**	2,465,292	**595,031**	1,785,093
无形资产	6	**1,167,003**	1,116,729	**–**	–
投资子公司	7	**–**	–	**29,320,868**	29,320,868
递延所得税资产	8	**3,644,579**	3,338,885	**1,866,034**	1,778,475
应收账款及其他应收款	10	**37,088**	145,263	**–**	–
		92,156,230	91,062,768	**33,635,500**	34,626,578
流动资产					
存货	9	**42,681,968**	29,069,363	**75,604**	72,368
应收账款及其他应收款	10	**112,590,964**	103,202,804	**9,732,764**	10,402,013
现金和现金等同物	11	**93,702,778**	72,089,529	**31,389,966**	14,504,327
		248,975,710	204,361,696	**41,198,334**	24,978,708
资产总计		**341,131,940**	295,424,464	**74,833,834**	59,605,286
股东权益					
股本	12	**31,440,000**	31,440,000	**31,440,000**	31,440,000
未分配利润		**131,000,496**	113,559,512	**33,836,161**	16,049,017
储备金	13	**20,922,757**	14,853,328	**–**	–
		183,363,253	159,852,840	**65,276,161**	47,489,017
少数股东权益	32	**12,644,550**	10,749,354	**–**	–
股东权益合计		**196,007,803**	170,602,194	**65,276,161**	47,489,017
非流动负债					
递延收入	14	**1,720,483**	1,932,191	**14,970**	19,054
长期借款	15	**3,815,493**	10,243,139	**–**	–
长期租赁	16	**505,250**	1,396,398	**–**	877,249
递延所得税负债	8	**3,312,337**	2,997,836	**–**	–
		9,353,563	16,569,564	**14,970**	896,303
流动负债					
递延收入	14	**301,753**	422,144	**4,084**	27,836
短期借款	15	**80,203,148**	51,838,629	**–**	–
短期租赁	16	**1,010,376**	1,915,228	**877,249**	1,763,681
应付账款及其他应付款	17	**53,043,053**	53,210,474	**8,661,370**	9,428,449
应交所得税		**1,212,244**	866,231	**–**	–
		135,770,574	108,252,706	**9,542,703**	11,219,966
负债合计		**145,124,137**	124,822,270	**9,557,673**	12,116,269
负债及股东权益总计		**341,131,940**	295,424,464	**74,833,834**	59,605,286

合并损益表

至2021年12月31日止年度

	附注	2021 $	2020 $
销售收入	18	**367,513,352**	303,068,858
销售成本		**(298,343,518)**	(238,748,895)
毛利		**69,169,834**	64,319,963
其他营业收入	19	**2,654,557**	3,437,627
销售费用		**(19,924,325)**	(16,689,517)
管理费用		**(18,589,956)**	(17,563,626)
应收账款及其他应收款减值(损失)/转回(净)		**(107,348)**	88,195
其他营业费用	20	**(503,850)**	(1,648,357)
营业活动之盈利		**32,698,912**	31,944,285
财务费用	21	**(1,652,030)**	(1,779,537)
税前盈利	22	**31,046,882**	30,164,748
所得税费用	23	**(5,750,947)**	(4,892,941)
本期盈利		**25,295,935**	25,271,807
可归属			
母公司股东		**23,312,664**	23,133,674
少数股东权益		**1,983,271**	2,138,133
本期盈利		**25,295,935**	25,271,807
每股收益			
每股基本与稀释收益(分)	24	**14.83**	14.72

SHAREHOLDING **STATISTICS**

AS AT 14 MARCH 2022

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 14 MARCH 2022

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD DIRECT INTEREST	DEEMED INTEREST	SHAREHOLDING PERCENTAGE %
Hanwell Holdings Limited	100,529,000	–	63.95
Loh See Moon	23,580,000	–	15.00
Violet Profit Holdings Limited[1]	–	100,529,000	63.95
Ku Yun-Sen[1]	–	100,529,000	63.95
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 Hanwell Holdings Limited 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 Hanwell Holdings Limited in the capital of the Company, by virtue of Section 7(4A) of the Companies Act 1967.

ANALYSIS OF SHAREHOLDINGS AS AT 14 MARCH 2022

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	2	0.20	4	0.00
100 – 1,000	323	32.04	295,229	0.19
1,001 – 10,000	351	34.82	1,913,366	1.22
10,001 – 1,000,000	328	32.54	25,019,901	15.91
1,000,001 AND ABOVE	4	0.40	129,971,500	82.68
	1,008	100.00	157,200,000	100.00

SHAREHOLDING **STATISTICS**
AS AT 14 MARCH 2022

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 14 March 2022, 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 14 MARCH 2022

NO.	NAME	NO. OF SHARES HELD	%
1	HANWELL HOLDINGS LIMITED	100,529,000	63.95
2	LOH SEE MOON	23,580,000	15.00
3	DBS NOMINEES PTE LTD	3,110,600	1.98
4	PHILLIP SECURITIES PTE LTD	2,751,900	1.75
5	NG HOCK KON	1,000,000	0.64
6	RAFFLES NOMINEES (PTE) LIMITED	855,900	0.54
7	FSK INVESTMENT HOLDING PTE. LTD.	800,400	0.51
8	SKMC PRIVATE LTD	800,000	0.51
9	CITIBANK NOMINEES SINGAPORE PTE LTD	706,400	0.45
10	CHEE KWAI FUN (ZHU GUIFEN)	678,700	0.43
11	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	675,300	0.43
12	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	585,801	0.37
13	CHEONG POH HUA	524,000	0.33
14	OCBC SECURITIES PRIVATE LTD	441,700	0.28
15	GOI SENG HUI	409,700	0.26
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	392,300	0.25
17	TANG KAY HENG	380,000	0.24
18	ABN AMRO CLEARING BANK N.V.	371,000	0.24
19	LIM GUAN CHEW	359,900	0.23
20	LIM & TAN SECURITIES PTE LTD	338,500	0.22
		139,291,101	88.61

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 by way of electronic means on Wednesday, 27 April 2022 at 2.00 p.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 2021 together with the Auditors' Report thereon.
(Resolution 1)

2. To declare a final ordinary dividend (one tier tax-exempt) of S$0.025 per ordinary share for the financial year ended 31 December 2021.
(Resolution 2)

3. To re-elect the following Directors of the Company who are retiring pursuant to Regulations 91 and 97 of the Constitution of the Company:

(i) Mr Loh See Moon – Regulation 91 **(Resolution 3)**
(ii) Madam Cheong Poh Hua – Regulation 91 **(Resolution 4)**
(iii) Dr Goi Seng Hui – Regulation 97 **(Resolution 5)**
(iv) Mr Kong WeiLi – Regulation 97 **(Resolution 6)**
(v) Mr Lim Swee Say – Regulation 97 **(Resolution 7)**

[See Explanatory Note (i)]

4. To approve the payment of additional Directors' fees of S$43,422 for the financial year ended 31 December 2021.
(Resolution 8)
[See Explanatory Note (ii)]

5. To approve the payment of Directors' fees of up to S$220,000 for the financial year ending 31 December 2022 to be paid half yearly in arrears (FY2021: S$273,422 inclusive of additional fee of S$43,422).
(Resolution 9)
[See Explanatory Note (iii)]

6. 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 10)

7. 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:

8. **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 8(2)(a) or 8(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 11)

[See Explanatory Note (iv)]

By Order of the Board

Siau Kuei Lian
Company Secretary
Singapore

12 April 2022

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

(i) Mr Loh See Moon will, upon re-election as a Director of the Company, remain as Managing Director and Chief Executive Officer of the Company. Please refer to page 41 to page 46 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Madam Cheong Poh Hua will, upon re-election as a Director of the Company, remain as Executive Director of the Company. Please refer to page 41 to page 46 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Dr Goi Seng Hui will, upon re-election as a Director of the Company, remain as Executive Chairman of the Company. Please refer to page 41 to page 46 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Mr Kong WeiLi will, upon re-election as a Director of the Company, remain as Non-Executive and Independent Director of the Company, a member of the Audit and Risk Committee, Remuneration Committee and Nominating Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Mr Kong WeiLi and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Please refer to page 41 to page 46 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Mr Lim Swee Say will, upon re-election as a Director of the Company, remain as Non-Executive and Independent Director of the Company, Chairman of the Nominating Committee, a member of the Audit and Risk Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Mr Lim Swee Say and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Please refer to page 41 to page 46 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(ii) Resolution 8, in item 4 above is to meet the shortfall of Directors' fees for the financial year ended 31 December 2021 for the additional Directors.

(iii) Resolution 9, in item 5 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 2022. 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.

(iv) Resolution 11, in item 8 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. Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Annual General Meeting (the "**Meeting**") is being convened and will be held by electronic means. In view of the current COVID-19 situation and the Company's efforts to minimise physical interactions and the transmission risk to a minimum, the shareholders will not be able to attend the Meeting in person.

2. A Member of the Company (including a Relevant Intermediary*) entitled to vote at the Meeting must appoint Chairman of the Meeting to act as a proxy and direct the vote at the Meeting.

3. The duly executed instrument appointing Chairman of the Meeting as a proxy ("**Proxy Form**") must be deposited at the office of the Company's Share Registrar, **M & C Services Private Limited, at 112 Robinson Road, #05-01 Singapore 068902**, or email to **gpe@mncsingapore.com** by 2.00 p.m. on 24 April 2022.

4. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common 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 Investor**") (as may be applicable) and wishes to appoint the Chairman of the Meeting as their proxy should approach their respective CPF/SRS Approved Nominees (CPF Agent Banks or SRS Operators) to submit their votes by 5.00 p.m. on 15 April 2022.

NOTICE OF **ANNUAL GENERAL MEETING**

* 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 the Chairman of the Meeting as the proxy/(ies) and/or representative(s) to attend and vote at the Meeting 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (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 14 May 2022 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, M & C Services Private Limited, of 112 Robinson Road, #05-01 Singapore 068902 up to 5.00 p.m. on 13 May 2022 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 as at 5.00 p.m. on 13 May 2022 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 27 May 2022.

IMPORTANT NOTICE TO SHAREHOLDERS ON THE ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed Annual Report together with the Notice of the AGM and Proxy Form will be sent to members. This Notice will be published on the Company's website at http://www.tspg.sg/investor-relations/company-announcements and made available on the SGX website at http://www.sgx.com/securities/company-announcements.

Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to, or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement published on 11 April 2022.

Due to the current COVID-19 situation and the Company's efforts to minimise physical interactions and the transmission risk to a minimum, the shareholders will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

IMPORTANT **NOTICE TO SHAREHOLDERS**

(1) PRINTED ANNUAL REPORT

(2) NO PHYSICAL ATTENDANCE AT ANNUAL GENERAL MEETING

(3) ALTERNATIVE ARRANGEMENTS TO PARTICIPATE AT ANNUAL GENERAL MEETING

1. Introduction

The Board of Directors (the "**Board**" or "**Directors**") of Tat Seng Packaging Group Ltd (the "**Company**" and together with its subsidiaries, collectively the "**Group**") refer to:

(a) the COVID-19 (Temporary Measures) Act 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, inter alia, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means;

(b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") which sets out the alternative arrangements in respect of, *inter alia*, general meetings of companies; and

(c) the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation of 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022) which provides additional guidance on the conduct of general meetings via electronic means.

2. Date of Annual General Meeting

The Directors wish to inform Shareholders that the Company has today issued the Notice of Annual General Meeting ("**AGM**") dated 12 April 2022 ("**Notice of AGM**"). The AGM will be held by way of electronic means on 27 April 2022 at 2.00 p.m. (Singapore time).

3. Despatch of Printed Annual Report

Printed Annual Report together with the Notice of AGM and Proxy Form will be sent to members. This Notice will be published on the Company's website at http://www.tspg.sg/investor-relations/company-announcements and made available on the SGX website at http://www.sgx.com/securities/company-announcements.

Shareholders are advised to read the Notice of AGM carefully in order to decide whether they should vote in favour of or against the ordinary resolutions, or to abstain from voting on the ordinary resolutions, to be tabled at the AGM.

IMPORTANT **NOTICE TO SHAREHOLDERS**

4. No Physical Attendance at AGM

Due to the current COVID-19 situation and the Company's efforts to minimise physical interactions and the transmission risk to a minimum, the AGM of the Company will be held by way of electronic means, shareholders will not be able to attend the AGM in person. Alternative arrangements have been put in place to allow Shareholders to participate at the AGM by:

(a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream;
(b) submitting questions in advance of the AGM; and/or
(c) appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM.

Please see paragraph 5 below for these alternative arrangements.

5. Alternative Arrangements

The following are the details regarding alternative arrangements which have been put in place for the AGM:

(a) Registration for Live Webcast

Shareholders who wish to participate in the AGM via live webcast ("**Webcast**") must pre-register online to the URL at https://online.meetings.vision/tatseng-agm-registration, not later than 2.00 p.m. on 24 April 2022 to enable the Company to verify their status as shareholders. Shareholders shall provide the following details during pre-registration:

(i) Full name
(ii) NRIC/Passport number
(iii) Email address
(iv) Provide a valid mobile or landline number that will be used to dial in for the audio-only stream
(v) Specify the manner in which you hold shares in the Company (e.g. via CDP, CPF/SRS, Scrip-based, 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 participate in the AGM by observing or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream, should approach their relevant intermediaries (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.

Following the verification, authenticated shareholders will receive an email by 2.00 p.m. on 26 April 2022 with their login credentials as well as the link to access the live audio-visual webcast and toll-free telephone number to access the live audio-only stream (the "**Confirmation Email**").

Shareholders who do not receive the Confirmation Email by 2.00 p.m. on 26 April 2022, but have registered online by 2.00 p.m. on 24 April 2022 deadline should contact our Share Registrar, M & C Services Private Limited at +65 6228 0506 before 6.00 p.m. on 26 April 2022 or between 9.00 a.m. and 12.00 p.m. on 27 April 2022.

IMPORTANT **NOTICE TO SHAREHOLDERS**

(b) Shareholders' Questions

Shareholders will not be able to ask questions during the Webcast or audio-stream. Therefore, it is important for Shareholders to submit their questions in relation to any of the resolutions tabled for approval at the AGM in advance.

Shareholders may send their questions by 5.00 p.m. on 19 April 2022 via email to our Investor Relations Team at ir@ts.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 21 April 2022 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.

(c) Proxy Voting

Shareholders who wish to vote on any or all of the resolutions to be tabled at the AGM must appoint the Chairman of the Meeting as proxy to attend and vote on their behalf at the AGM, in accordance with the instructions on the Proxy Form.

Shareholders must submit the completed and signed Proxy Form by 2.00 p.m. on 24 April 2022 in the following manner:

(i) By Post – To be deposited at the office of the Company's Share Registrar at M & C Services Private Limited, at 112 Robinson Road, #05-01 Singapore 068902; or

(ii) By Email – gpe@mncsingapore.com

A shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Persons who hold shares through relevant intermediaries under Section 181 of the Companies Act 1967, including CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy, 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, by 5.00 p.m. on 15 April 2022.

Any incomplete Proxy Form will be rejected by the Company.

IMPORTANT **NOTICE TO SHAREHOLDERS**

6. Record Date and Payment Date for the Dividend

The Register of Members and Transfer Books of the Company will be closed on 14 May 2022 for the purposes of determining the Shareholders' entitlements to the proposed Final Ordinary Dividend.

Duly completed registrable transfers of shares received by the Company's Share Registrar, M & C Services Private Limited, of 112 Robinson Road, #05-01 Singapore 068902 up to 5.00 p.m. on 13 May 2022 will be registered to determine members' entitlements to the said Dividend. Subject to the aforesaid, members whose Securities Account with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 13 May 2022 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 27 May 2022.

Important reminder:
The Company would like to remind Shareholders that, with the current COVID-19 situation, the situation is fluid and the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to check on the Company's website at http://www.tspg.sg/investor-relations/company-announcements and SGXNet at www.sgx.com/securities/company-announcements for the latest updates on the AGM.

The Company would like to thank all Shareholders for their patience and co-operation in enabling the Company to hold its AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

By Order of the Board

Siau Kuei Lian
Company Secretary
Singapore

12 April 2022

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 inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy.
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 the Chairman of the Meeting as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held by way of electronic means on Wednesday, 27 April 2022 at 2.00 p.m. and at any adjournment thereof.

I/We* direct the Chairman of the Meeting to vote for, against or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as my proxy for that resolution without specific instructions will be treated as invalid.

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 2021			
2	Declaration of Final Ordinary Dividend for the financial year ended 31 December 2021			
3	Re-election of Mr Loh See Moon as a Director			
4	Re-election of Madam Cheong Poh Hua as a Director			
5	Re-election of Dr Goi Seng Hui as a Director			
6	Re-election of Mr Kong WeiLi as a Director			
7	Re-election of Mr Lim Swee Say as a Director			
8	Approval of additional Directors' fees amounting to S$43,422 for the financial year ended 31 December 2021			
9	Approval of Directors' fees amounting up to S$220,000 for the financial year ending 31 December 2022 to be paid half-yearly in arrears			
10	Re-appointment of Messrs KPMG LLP as Auditors and to authorise the Directors of the Company to fix their remuneration			
	Special Business			
11	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 the Chairman of the Meeting 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 ________________ 2022

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 shall be deemed to relate to all the Shares held by you.

2. Due to the current situation and the Company's efforts to minimise physical interactions and the transmission risk to a minimum, the AGM of the Company will be held by way of electronic means. A member will not be able to attend the Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to vote "**for**", "**against**" or "**abstain from voting**", in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for any resolution without specific instructions will be treated as invalid.

3. The instrument appointing the Chairman of the Meeting as the proxy must be deposited at the office of the Company's Share Registrar, **M & C Services Private Limited, at 112 Robinson Road, #05-01 Singapore 068902 or email to gpe@mncsingapore.com** by 2.00 p.m. on 24 April 2022.

4. The instrument appointing the Chairman of the Meeting as the proxy must be under the hand of the appointor or of his 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) and wishes to appoint the Chairman of the Meeting as their proxy should approach their respective CPF and/or SRS Approved Nominees (CPF Agent Banks or SRS Operators) to submit their votes by 5.00 p.m. on 15 April 2022.

* 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 the Chairman of the Meeting as the proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2022.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as the proxy 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 the Chairman of the Meeting as the proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as the proxy 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.

This page has been intentionally left blank

This page has been intentionally left blank

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

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China Limited
Bank of Jiangsu Co., Ltd.
Bank of Nanjing Corporation Limited
Bank of Ningbo Co., Ltd.
China Citic Bank Corporation Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
China Minsheng Bank Corporation Limited
Huishang Bank Corporation Limited
Industrial Bank Co., Ltd.
KBC Bank N.V.
United Overseas Bank Limited

SHARE REGISTRAR

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

COMPANY SECRETARY

Ms Siau Kuei Lian

AUDITORS

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

AUDIT PARTNER

Mr Yap Wee Kee
(Engagement partner since financial year
Ended 31 December 2017)

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

SINGAPORE

TAT SENG PACKAGING GROUP LTD
28 Senoko Drive, Singapore 758214
Tel : (65) 6891 9030
Fax : (65) 6758 0668
E-mail : ir@ts.sg

UNITED PACKAGING INDUSTRIES PTE. LTD.
28 Senoko Drive, Singapore 758214
Tel : (65) 6891 9030
E-mail : ir@ts.sg

CHINA

TAT SENG PACKAGING (SUZHOU) CO., LTD.
达成包装制品 (苏州) 有限公司
地址 : 苏州市相城区望亭镇问渡路88号, 邮编 215155
电话 : (86) 0512-6538 0538
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 9166
传真 : (86) 0551-6381 0123
电邮 : ily@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) 0513-86247079
传真 : (86) 0513-86533999-01
电邮 : nantongdacheng2011@163.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 : nantongdacheng2011@163.com

TIANJIN DANSUN PACKAGING CO., LTD.
天津丹盛包装有限公司
地址 : 天津空港经济区纬六路以北, 邮编 300308
电话 : (86) 022-5809 7080/8065
传真 : (86) 022-5809 7066
电邮 : cindy.sun@tjdspg.com