



TAT SENG PACKAGING GROUP LTD
達 成 包 裝 集 團

Company Registration No.: 197702806M

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED
31 DECEMBER 2021**

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group			The Group		
		6 months ended		Change	12 months ended		Change
		31 December			31 December		
2021	2020	%	2021	2020	%		
		\$'000	\$'000		\$'000	\$'000	
Revenue	4.2	191,495	173,995	10.1%	367,513	303,069	21.3%
Cost of sales		(157,464)	(136,129)	15.7%	(298,344)	(238,749)	25.0%
Gross profit		34,031	37,866	-10.1%	69,169	64,320	7.5%
Other income		1,570	1,317	19.2%	2,655	3,438	-22.8%
Distribution and selling expenses		(10,156)	(9,204)	10.3%	(19,924)	(16,690)	19.4%
General and administrative expenses		(8,465)	(8,469)	0.0%	(18,590)	(17,564)	5.8%
(Allowances)/Reversal of allowance made for impairment losses of trade and other receivables (net)		(60)	187	NM	(107)	88	NM
Other expenses		(263)	(1,271)	-79.3%	(504)	(1,648)	-69.4%
Results from operating activities		16,657	20,426	-18.5%	32,699	31,944	2.4%
Finance costs		(880)	(873)	0.8%	(1,652)	(1,779)	-7.1%
Profit before tax	5	15,777	19,553	-19.3%	31,047	30,165	2.9%
Tax expense	6	(2,411)	(2,839)	-15.1%	(5,751)	(4,893)	17.5%
Profit for the period/year		13,366	16,714	-20.0%	25,296	25,272	0.1%
Profit attributable to:							
Owners of the Company		12,443	14,933	-16.7%	23,313	23,134	0.8%
Non-controlling interests		923	1,781	-48.2%	1,983	2,138	-7.2%
Profit for the period/year		13,366	16,714		25,296	25,272	
Consolidated Statement of Comprehensive Income							
Profit for the period/year		13,366	16,714	-20.0%	25,296	25,272	0.1%
Other comprehensive income:							
Items that are or may be reclassified subsequently to profit or loss:							
Foreign currency translation differences		2,768	4,053	-31.7%	6,215	6,267	-0.8%
Effective portion of changes in fair value of cash flow hedges		1	(3)	NM	3	(3)	NM
Other comprehensive income for the period/year, net of tax		2,769	4,050	-31.6%	6,218	6,264	-0.7%
Total comprehensive income for the period/year		16,135	20,764	-22.3%	31,514	31,536	-0.1%
Total comprehensive income attributable to:							
Owners of the Company		14,975	18,670	-19.8%	29,012	28,913	0.3%
Non-controlling interests		1,160	2,094	-44.6%	2,502	2,623	-4.6%
Total comprehensive income for the period/year		16,135	20,764		31,514	31,536	
Earnings per share for profit for the period/year attributable to the owners of the Company during the period/year:							
Basic and diluted earnings per ordinary share (in cents) ¹		7.92	9.50		14.83	14.72	

¹ The diluted earnings per ordinary share is the same as the basic earnings per ordinary share as there are no dilutive instruments in issue during the period/year.

NM - Not Meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		As at	As at	As at	As at
		31-Dec-21 \$'000	31-Dec-20 \$'000	31-Dec-21 \$'000	31-Dec-20 \$'000
Non-current assets					
Property, plant and equipment	9	86,068	83,996	1,853	1,742
Right-of-use assets		1,240	2,465	595	1,785
Investment in subsidiaries		-	-	29,321	29,321
Intangible assets		1,167	1,117	-	-
Deferred tax assets		3,644	3,339	1,866	1,779
Trade and other receivables		37	145	-	-
		92,156	91,062	33,635	34,627
Current assets					
Inventories		42,682	29,069	75	72
Trade and other receivables		112,591	103,203	9,733	10,402
Cash and cash equivalents		93,703	72,089	31,390	14,504
		248,976	204,361	41,198	24,978
Current liabilities					
Trade and other payables		53,043	53,210	8,661	9,428
Lease liabilities		1,010	1,915	877	1,764
Loans and borrowings	10	80,203	51,839	-	-
Deferred income		302	422	4	28
Current tax liabilities		1,212	866	-	-
		135,770	108,252	9,542	11,220
Net current assets		113,206	96,109	31,656	13,758
Non-current liabilities					
Deferred income		1,721	1,932	15	19
Lease liabilities		505	1,396	-	877
Loans and borrowings	10	3,816	10,243	-	-
Deferred tax liabilities		3,312	2,998	-	-
		9,354	16,569	15	896
Net assets		196,008	170,602	65,276	47,489
Equity attributable to owners of the Company					
Share capital	12	31,440	31,440	31,440	31,440
Retained earnings		131,000	113,559	33,836	16,049
Capital reserve		3,566	3,566	-	-
Statutory reserve fund		13,607	13,237	-	-
Hedging reserve		-	(3)	-	-
Foreign currency translation reserve		3,750	(1,946)	-	-
		183,363	159,853	65,276	47,489
Non-controlling interests		12,645	10,749	-	-
Total equity		196,008	170,602	65,276	47,489

C. Condensed interim statements of changes in equity

	Share capital	Capital reserve	Statutory reserve fund	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
At 1/1/2020	31,440	3,566	12,567	-	(7,728)	94,239	134,084	9,073	143,157
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	23,134	23,134	2,138	25,272
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	5,782	-	5,782	485	6,267
Effective portion of changes in fair value of cash flow hedges	-	-	-	(3)	-	-	(3)	-	(3)
Total comprehensive income for the year	-	-	-	(3)	5,782	23,134	28,913	2,623	31,536
Transaction with owners of the Company, recognised directly in equity									
Distributions to owners of the Company									
Dividends to owners of the Company	-	-	-	-	-	(3,144)	(3,144)	(947)	(4,091)
Total distributions to owners of the Company	-	-	-	-	-	(3,144)	(3,144)	(947)	(4,091)
Transfer between reserves									
Appropriation of retained earnings to statutory reserve fund	-	-	670	-	-	(670)	-	-	-
At 31/12/2020	31,440	3,566	13,237	(3)	(1,946)	113,559	159,853	10,749	170,602
At 1/1/2021	31,440	3,566	13,237	(3)	(1,946)	113,559	159,853	10,749	170,602
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	23,313	23,313	1,983	25,296
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	5,696	-	5,696	519	6,215
Effective portion of changes in fair value of cash flow hedges	-	-	-	3	-	-	3	-	3
Total comprehensive income for the year	-	-	-	3	5,696	23,313	29,012	2,502	31,514
Transaction with owners of the Company, recognised directly in equity									
Distributions to owners of the Company									
Dividends to owners of the Company	-	-	-	-	-	(5,502)	(5,502)	(606)	(6,108)
Total distributions to owners of the Company	-	-	-	-	-	(5,502)	(5,502)	(606)	(6,108)
Transfer between reserves									
Appropriation of retained earnings to statutory reserve fund	-	-	370	-	-	(370)	-	-	-
At 31/12/2021	31,440	3,566	13,607	-	3,750	131,000	183,363	12,645	196,008

	Share capital	Retained earnings	Total Equity
	\$'000	\$'000	\$'000
Company			
At 1/1/2020	31,440	11,396	42,836
Total comprehensive income for the year			
Profit for the year	-	7,797	7,797
Total comprehensive income for the year	-	7,797	7,797
Transactions with owners, recognised directly in equity			
Dividends to owners of the Company	-	(3,144)	(3,144)
Total contributions by and distributions to owners / Total transactions with owners	-	(3,144)	(3,144)
At 31/12/2020	31,440	16,049	47,489
At 1/1/2021	31,440	16,049	47,489
Total comprehensive income for the year			
Profit for the year	-	23,289	23,289
Total comprehensive income for the year	-	23,289	23,289
Transactions with owners, recognised directly in equity			
Dividends to owners of the Company	-	(5,502)	(5,502)
Total contributions by and distributions to owners / Total transactions with owners	-	(5,502)	(5,502)
At 31/12/2021	31,440	33,836	65,276

D. Condensed interim consolidated statement of cash flows

	The Group	
	12 months ended	
	31 December	
	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	31,047	30,165
Adjustments for:		
Amortisation of deferred income	(426)	(341)
Depreciation of property, plant and equipment	10,020	9,599
Depreciation of right-of-use assets	1,379	1,391
Intangible asset written off	-	6
Property, plant and equipment written off	13	23
Net loss on disposal of property, plant and equipment	126	266
Amortisation of intangible assets	-	3
Allowances made/(reversal of allowance) for impairment losses of trade and other receivables (net)	107	(88)
Allowances made/(reversal of allowance) for impairment loss for inventories (net)	45	(241)
Interest expense	1,433	1,610
Interest income	(605)	(638)
Net effect of exchange differences	(141)	(2)
	42,998	41,753
Changes in:		
- Inventories	(12,284)	(5,432)
- Trade and other receivables	(5,010)	(2,030)
- Trade and other payables	(1,929)	(2,998)
Cash generated from operations	23,775	31,293
Taxes paid (net)	(5,372)	(3,895)
Net cash from operating activities	18,403	27,398
Cash flows from investing activities		
Interest received	597	658
Acquisition of property, plant and equipment	(9,110)	(4,198)
Proceeds from disposal of property, plant and equipment	137	147
Net cash used in investing activities	(8,376)	(3,393)
Cash flows from financing activities		
Interest paid	(1,552)	(1,610)
Proceeds from loans and borrowings	135,841	114,737
Repayment of loans and borrowings	(117,100)	(113,092)
Payment of lease liabilities	(1,949)	(1,869)
Increase in pledged deposit	(3,591)	(1,927)
Dividend paid to non-controlling interests	(606)	(947)
Dividends paid	(5,502)	(3,144)
Net cash from/(used in) financing activities	5,541	(7,852)
Net increase in cash and cash equivalents	15,568	16,153
Cash and cash equivalents at 1 January	60,423	42,604
Effect of exchange rate fluctuations on cash held	1,854	1,666
Cash and cash equivalents at 31 Dec	77,845	60,423
Cash and cash equivalents at end of year comprise of:-		
Fixed deposits	16,950	11,500
Cash and bank balances	76,753	60,589
Cash and bank balances pledged as security for bills payable	(15,858)	(11,666)
	77,845	60,423

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Tat Seng Packaging Group Ltd (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months and 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.

2. Basis of Preparation

The condensed interim financial statements for the six months and year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period/year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for six months and year ended 31 December 2021.

2.3. Measurement of fair values

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).

The Group's financial derivatives liabilities are measured at Level 2 as at 31 December 2021 and 31 December 2020.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Segment and revenue information

The Group has two reportable segments which are geographical segments namely Singapore and People's Republic of China ("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.

4.1. Reportable segments

For the six months period

	1 July 2021 to 31 December 2021			1 July 2020 to 31 December 2020		
	Singapore \$'000	PRC \$'000	Group \$'000	Singapore \$'000	PRC \$'000	Group \$'000
Revenue from external parties	28,506	162,989	191,495	22,908	151,087	173,995
Segment results	1,034	15,623	16,657	508	19,918	20,426
Finance cost	(50)	(830)	(880)	(85)	(788)	(873)
Taxation			(2,411)			(2,839)
Net profit for the period			13,366			16,714
Segment assets	63,758	273,730	337,488	43,495	248,589	292,084
Unallocated assets			3,644			3,339
Total assets			341,132			295,423
Segment liabilities	11,625	128,974	140,599	13,576	107,381	120,957
Unallocated liabilities			4,525			3,864
Total liabilities			145,124			124,821
Other segment information:						
Amortisation of intangible assets	-	-	-	1	-	1
Capital expenditure	2,013	5,081	7,094	670	1,913	2,583
Depreciation of property, plant and equipment	844	4,272	5,116	823	4,034	4,857
Depreciation of right-of-use assets	672	17	689	678	21	699

For the year

	1 January 2021 to 31 December 2021			1 January 2020 to 31 December 2020		
	Singapore \$'000	PRC \$'000	Group \$'000	Singapore \$'000	PRC \$'000	Group \$'000
Revenue from external parties	53,907	313,606	367,513	45,952	257,117	303,069
Segment results	2,056	30,643	32,699	2,592	29,352	31,944
Finance cost	(129)	(1,523)	(1,652)	(194)	(1,585)	(1,779)
Taxation			(5,751)			(4,893)
Net profit for the year			25,296			25,272
Segment assets	63,758	273,730	337,488	43,495	248,589	292,084
Unallocated assets			3,644			3,339
Total assets			341,132			295,423
Segment liabilities	11,625	128,974	140,599	13,576	107,381	120,957
Unallocated liabilities			4,525			3,864
Total liabilities			145,124			124,821
Other segment information:						
Amortisation of intangible assets	-	-	-	3	-	3
Capital expenditure	2,336	6,677	9,013	1,248	3,853	5,101
Depreciation of property, plant and equipment	1,669	8,351	10,020	1,645	7,954	9,599
Depreciation of right-of-use assets	1,347	32	1,379	1,347	44	1,391

Please refer to Section 2 of Other information required by Listing Rule Appendix 7.2 for additional information.

4.2. Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services at a point in time only.

5. Profit before taxation

5.1. Significant items

	The Group			
	6 months ended 31 December 2021		12 months ended 31 December 2020	
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposit and others	(366)	(310)	(605)	(638)
Interest expense	788	782	1,433	1,610
Depreciation of property, plant and equipment	5,116	4,857	10,020	9,599
Depreciation of right-of-use assets	689	699	1,379	1,391
Intangible asset written off	-	6	-	6
Property, plant and equipment written off	9	19	13	23
Loss on disposal of property, plant and equipment (net)	18	39	126	266
Amortisation of intangible assets	-	1	-	3
Amortisation of deferred income	(152)	(182)	(426)	(341)
Allowance made / (Reversal of allowance) for impairment loss for inventories (net)	36	(155)	45	(241)
Loss on foreign exchange (net)	266	1,172	161	1,030

5.2. Related party transactions

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

	The Group 6 months ended 31 December		The Company 6 months ended 31 December		The Group 12 months ended 31 December		The Company 12 months ended 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Subsidiaries:								
Services rendered	-	-	(449)	(430)	-	-	(910)	(860)
Management fee income	-	-	(256)	(266)	-	-	(525)	(534)
Dividend income	-	-	(16,046)	(10,694)	-	-	(25,346)	(10,694)
Purchases	-	-	11,824	9,408	-	-	22,301	18,892
Related parties:								
Sales	(679)	(39)	(689)	(39)	(718)	(72)	(718)	(72)

6. Taxation

The Group calculates the period/year income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group 6 months ended 31 December		The Group 12 months ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current period/year income tax	2,405	3,191	5,633	5,120
Under/(over) provision of tax in respect of prior years	1	(729)	40	(723)
Current period/year deferred tax	(2)	522	283	571
Under/(over) provision of deferred tax in respect of prior years	7	(145)	(205)	(75)
	<u>2,411</u>	<u>2,839</u>	<u>5,751</u>	<u>4,893</u>

7. Dividends

	The Group 12 months ended 31 December	
	2021	2020
	\$'000	\$'000
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 the previous financial year	1,572	-
Final exempt (one-tier) dividend at \$0.01 (2020: \$0.01) per ordinary share in respect of the previous financial year	1,572	1,572
Interim exempt (one-tier) dividend at \$0.015 (2020: \$0.01) per ordinary share in respect of the current financial year	<u>2,358</u>	<u>1,572</u>
	<u>5,502</u>	<u>3,144</u>
Paid by subsidiary to NCI		
Dividends in respect of the current financial year	<u>606</u>	<u>947</u>

A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous year

	The Group 12 months ended 31 December	
	2021	2020
	\$'000	\$'000
Interim cash dividend	2,358	1,572
Final cash dividend	3,930*	1,572
Special cash dividend	-	1,572
Total annual dividend	<u>6,288</u>	<u>4,716</u>

*To be approved by shareholders at the forthcoming AGM

8. Net Asset Value

	The Group		The Company	
	As at 31-Dec-21	As at 31-Dec-20	As at 31-Dec-21	As at 31-Dec-20
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	116.64	101.69	41.52	30.21

9. Property, plant and equipment

During the six months ended 31 December 2021, the Group acquired assets amounting to S\$7,094,444 (2020: S\$2,583,599) and disposed/write off of assets with net book value amounting to S\$91,563 (2020: S\$128,859).

During the year ended 31 December 2021, the Group acquired assets amounting to S\$9,013,136 (2020: S\$5,101,314) and disposed/write off of assets with net book value amounting to S\$275,946 (2020: S\$436,082).

10. Borrowings

	The Group		The Group	
	As at 31-Dec-21		As at 31-Dec-20	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	55,137	25,066	44,181	7,658
Amount repayable after one year	3,816	-	10,243	-

Details of any collateral

The Group's loans and borrowings are secured by certain property, plant and equipment with net book value of approximately S\$33.7 million (31.12.2020: S\$44.4 million) and cash and cash equivalents amounting to S\$15.9 million (31.12.2020: S\$11.7 million).

11. Commitments

Capital commitments

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

	The Group		The Company	
	As at 31-Dec-21 \$'000	As at 31-Dec-20 \$'000	As at 31-Dec-21 \$'000	As at 31-Dec-20 \$'000
Capital commitments in respect of purchase of property, plant and equipment	1,043	3,226	450	473

12. Share capital

	The Group		The Company	
	As at 31-Dec-21		As at 31-Dec-20	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
Beginning/end of the year	157,200	31,440	157,200	31,440

Since the end of 31 December 2020, there has been no change in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, shares buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose.

There were also no outstanding convertibles for which shares may be issued. Neither was there any treasury shares being transferred, transacted, cancelled or held by the Company during or as at the end of the current financial year and previous financial year.

There were no subsidiary holdings during or as at the end of the current financial year and as at the previous financial year.

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial year reported on.

13. Subsequent events

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

**Other Information Required by Listing Rule
Appendix 7.2**

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Tat Seng Packaging Group Ltd and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-months period and year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

2a. Condensed interim consolidated statement of profit or loss and other comprehensive income

FY 2021 VS FY 2020

The Group registered revenue of S\$367.5 million in FY2021, an increase of 21.3% or S\$64.4 million as compared to S\$303.1 million in FY2020.

Total revenue achieved by the Singapore operations in FY2021 increased by 17.3% or S\$7.9 million from S\$46.0 million in FY2020 mainly due to higher selling price and increase in market demand. The total sales volume (sqm) of Singapore's operations increased by 6.3%.

Total revenue of China's operations increased by 22.0% or S\$56.5 million in the Group's reporting currency in FY2021 as compared to FY2020. The increase was mainly due to higher selling price and increase in market demand. The total sales volume (sqm) of China's operations increased by 7.5%. In addition, the increase was partially attributed to strengthening of Renminbi ("RMB") against Singapore Dollars ("SGD").

The Group's gross profit increased by 7.5% or S\$4.8 million to S\$69.2 million in FY2021 as compared to FY2020. The increase was in line with increase of Group revenue, while partially offset by higher cost of sales due to increase in raw material price.

Other income decreased by S\$0.8 million mainly due to the reduction of government grant of S\$1.1 million in FY2021 as compared to FY2020. However, the decrease was partially offset by waiver of long overdue creditors in pertaining to the quality issue.

Distribution and selling expenses increased by 19.4% or S\$3.2 million mainly due to increase of carriage outwards in FY2021 as compared to FY2020.

General and administrative expenses increased by 5.8% or S\$1.0 million mainly due to the increased contribution rate on social and pension funds of China's subsidiaries as compared to FY2020. The increase was partly attributable to higher maintenance cost of factory building and professional fees.

Other expenses decreased by S\$1.1 million mainly due to reduction of foreign exchange loss of S\$0.9 million and net loss on disposal of property, plant and equipment in FY2021 as compared to FY2020.

Tax expense increased by S\$0.9 million mainly due to reversal in FY2020 of overprovision of tax in respect of prior years amounted to S\$0.7 million.

As a result, the net profit attributable to owners of the Company increased slightly by S\$0.2 million to S\$23.3 million in FY2021 as compared to FY2020.

2H 2021 VS 2H 2020

The Group generated revenue of S\$191.5 million in 2H2021, an increase of 10.1% or S\$17.5 million as compared to S\$174.0 million in 2H2020.

Total revenue achieved by the Singapore operations in 2H2021 increased by 24.4% or S\$5.6 million from S\$22.9 million in 2H2020 mainly due to higher selling price and increase in market demand. The total sales volume (sqm) of Singapore's operations increased by 9.5%.

Total revenue of China's operations increased by 7.9% or S\$11.9 million in the Group's reporting currency in 2H2021 as compared to 2H2020. The increase was mainly due to higher selling price and strengthening of Renminbi ("RMB") against Singapore Dollars ("SGD").

The Group's gross profit decreased by 10.1% or S\$3.8 million to S\$34.0 million in 2H2021 as compared to 2H2020. The decrease was due to higher cost of sales as a result of increase in raw material price.

Other income increased by S\$0.3 million mainly due to waiver of long overdue creditors in pertaining to the quality issue and higher interest income in 2H2021 as compared to 2H2020.

Distribution and selling expenses increased by 10.3% or S\$1.0 million mainly due to increase of carriage outwards in 2H2021 as compared to 2H2020.

Other expenses decreased by S\$1.0 million mainly due to reduction of foreign exchange loss in 2H2021 as compared to 2H2020.

Tax expense decreased by S\$0.4 million mainly due to lower provision of income tax expenses of S\$0.8 million and reduction of deferred tax of S\$0.5 million in 2H2021. However, the decrease was partially offset by the reversal in 2H2020 of overprovision of tax in respect of prior years amounted to S\$0.7 million.

As a result, the net profit attributable to owners of the Company decreased by S\$2.5 million or 16.7% in 2H2021 as compared to 2H2020.

2b. Statement of financial position

Right-of-use assets decreased by S\$1.2 million mainly due to depreciation charged during the year.

Inventories increased by S\$13.6 million mainly due to increase in material price and stocking up more inventories in anticipating of increase in raw material price.

Current trade and other receivables increased by S\$9.4 million mainly attributed to the strengthening of RMB against SGD by S\$4.4 million and increase in term bills receivables (with 6 months' maturity date) that received from customers as compared to 31 December 2020.

Total short term and long term loans and borrowings increased by S\$21.9 million mainly attributed to higher working capital requirement for the Group's China operations.

Foreign currency translation reserve increased by S\$5.7 million due to strengthening of RMB against SGD.

2c. Condensed interim consolidated statement of cash flows

The net cash from operating activities of S\$18.4 million was mainly due to operating profit before working capital changes. However, it was partially offset by net changes of working capital.

The net cash used in investing activities of S\$8.4 million was mainly due to acquisition of property, plant and equipment.

The net cash from financing activities of S\$5.5 million was mainly due to net proceeds from loans and borrowings. However, it was partially offset by the payment of dividend to shareholders of the Company, increase in pledged deposit, payment of lease liabilities and interest paid.

As a result of the above activities and couple with favourable effect of exchange rate fluctuations on cash held by China subsidiaries of S\$1.9m, the Group's cash and cash equivalents excluding bank balances pledged as security increased by S\$17.4 million to S\$77.8 million.

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

No forecast was provided previously.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Operationally, volatility in raw materials prices, which remains at elevated levels, posed significant challenges to both Singapore and China segments. In addition, inflationary pressure and rising labour cost will continue to compress operating margins. To mitigate these challenges, the Group will focus on our key strategies to raise production efficiency and increase sales volume profitably.

Financially, the Group is on a robust footing, with a positive net cash position and a strong balance sheet. We will continue to leverage on our strengths to grow our business and exercise caution when exploring business opportunities in the region for sustainable growth.

5. Dividend information

5a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend :	Interim Ordinary	Final
Dividend Type :	Cash; Tax exempt (1-tier) dividend	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share :	S\$0.015 per ordinary share	S\$0.025 per ordinary share
Tax Rate :	Exempt (1-tier)	Exempt (1-tier)
Date Paid	Paid on 27/9/2021	To be approved by shareholders at the forthcoming AGM

5b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim Ordinary	Final	Special
Dividend Type	Cash; Tax exempt (1-tier) dividend	Cash; Tax exempt (1-tier) dividend	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share	S\$0.01 per ordinary share	S\$0.01 per ordinary share	S\$0.01 per ordinary share
Tax Rate	Exempt (1-tier)	Exempt (1-tier)	Exempt (1-tier)
Date Paid	Paid on 28/9/2020	Paid on 28/5/2021	

5c. Date Payable 27 May 2022

5d. Record Date 13 May 2022

6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable

7. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions. There were no Interested Person Transactions for the year under review above S\$100,000.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are a relative to a Director, Chief Executive Officer or Substantial Shareholder of the Company.

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

The Board of Directors of the Company wishes to announce that its subsidiary, Hefei Dansun Packaging Co., Ltd. has 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 on 29 January 2022. No capital has been paid up as at 23 February 2022.

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.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction.

Apart from the above mentioned, there were no changes to the Company's and the Group's shareholding percentage in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associate by the Company or any of the Group's entities.

Confirmation by the Board

On behalf of the Board of Directors of the Company, I, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months period and year ended 31 December 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Loh See Moon
Managing Director
23 February 2022