

First Quarter Financial Statements
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		Change %
	3 months ended 31-Mar-19 \$'000	3 months ended 31-Mar-18 \$'000	
Revenue	68,399	76,010	-10.0%
Cost of sales	(57,597)	(60,364)	-4.6%
Gross profit	10,802	15,646	-31.0%
Other income	1,066	542	96.7%
Distribution and selling expenses	(3,701)	(3,645)	1.5%
General and administrative expenses	(4,180)	(4,957)	-15.7%
Other expenses	(487)	(343)	42.0%
Finance costs	(560)	(403)	39.0%
Profit before tax	2,940	6,840	-57.0%
Tax expense	(642)	(1,222)	-47.5%
Profit for the period	2,298	5,618	-59.1%
Profit attributable to:			
Owners of the Company	2,347	5,000	-53.1%
Non-controlling interests	(49)	618	-107.9%
Profit for the period	2,298	5,618	
Consolidated Statement of Comprehensive Income			
Profit for the period	2,298	5,618	-59.1%
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	1,594	1,887	-15.5%
Effective portion of changes in fair value of cash flow hedges	6	9	-33.3%
Other comprehensive income for the period, net of tax	1,600	1,896	-15.6%
Total comprehensive income for the period	3,898	7,514	-48.1%
Total comprehensive income attributable to:			
Owners of the Company	3,813	6,740	-43.4%
Non-controlling interests	85	774	-89.0%
Total comprehensive income for the period	3,898	7,514	
Note on profit before tax			
Profit before tax is determined after charging/(crediting) the following:			
Interest income from fixed deposit and others	(48)	(92)	
Interest expense on loans and borrowings	500	345	
Depreciation of property, plant and equipment	2,102	1,759	
Reversal of impairment loss on property, plant and equipment	(33)	-	
Property, plant and equipment written off	1	37	
Loss/(gain) on disposal of property, plant and equipment (net)	23	(7)	
Reversal of allowance for impairment losses of trade and other receivables (net)	(22)	(93)	
Allowances made/(reversal of allowances) for impairment loss for inventories (net)	188	(81)	
Loss on foreign exchange (net)	447	291	
Amortisation of intangible assets	1	1	
Amortisation of deferred income	(52)	(35)	
Taxation			
Current period income tax	634	1,186	
Under provision of income tax in respect of prior years	-	101	
Current period deferred tax	8	(65)	
	642	1,222	

NM - Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	As at 31-Mar-19 \$'000	As at 31-Dec-18 \$'000	As at 31-Mar-19 \$'000	As at 31-Dec-18 \$'000
Non-current assets				
Property, plant and equipment	96,318	86,331	5,983	2,214
Investment in subsidiaries	-	-	28,507	28,507
Intangible assets	1,119	1,106	11	12
Deferred tax assets	3,628	3,647	2,381	2,375
	101,065	91,084	36,882	33,108
Current assets				
Inventories	27,409	26,151	99	101
Trade and other receivables	117,184	126,317	6,898	7,486
Cash and cash equivalents	56,358	59,492	5,062	1,292
	200,951	211,960	12,059	8,879
Current liabilities				
Trade and other payables	68,330	73,144	5,580	6,105
Lease liabilities	1,637	-	1,620	-
Loans and borrowings	65,388	68,678	9	13
Deferred income	200	200	5	5
Current tax liabilities	397	793	-	-
	135,952	142,815	7,214	6,123
Net current assets	64,999	69,145	4,845	2,756
Non-current liabilities				
Deferred income	1,402	1,434	26	27
Lease liabilities	4,392	-	3,920	-
Loans and borrowings	17,301	18,491	-	-
Deferred tax liabilities	1,505	1,530	-	-
	24,600	21,455	3,946	27
Net assets	141,464	138,774	37,781	35,837
Equity attributable to owners of the Company				
Share capital	31,440	31,440	31,440	31,440
Retained earnings	87,823	86,497	6,341	4,397
Capital reserve	3,566	3,566	-	-
Statutory reserve fund	11,710	11,710	-	-
Hedging reserve	(4)	(10)	-	-
Foreign currency translation reserve	(3,097)	(4,557)	-	-
	131,438	128,646	37,781	35,837
Non-controlling interests	10,026	10,128	-	-
Total equity	141,464	138,774	37,781	35,837

1(b)(ii) Aggregate amount of group's borrowings, bills payable and debt securities

	As at 31-Mar-19		As at 31-Dec-18	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	46,741	18,647	46,309	22,369
Amount repayable after one year	17,301	-	18,491	-

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\$53.2 million (31.12.2018: S\$49.2 million) and cash and cash equivalents amounting to S\$10.3 million (31.12.2018: S\$11.0 million).

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF CASH FLOW

	The Group	
	3 months ended 31-Mar-19 \$'000	3 months ended 31-Mar-18 \$'000
Cash flows from operating activities		
Profit before tax	2,940	6,840
Adjustments for:		
Amortisation of deferred income	(52)	(39)
Depreciation of property, plant and equipment	2,102	1,759
Reversal of impairment loss on property, plant and equipment	(33)	-
Property, plant and equipment written off	1	37
Net loss/(gain) on disposal of property, plant and equipment	23	(7)
Amortisation of intangible assets	1	1
Reversal of allowance for impairment losses of trade and other receivables (net)	(22)	(93)
Allowances made/(reversal of allowances) for impairment loss for inventories (net)	188	(81)
Interest income	(48)	(92)
Interest expense	500	345
Net effect of exchange differences	(24)	2
	5,576	8,672
Changes in:		
- Inventories	(1,164)	(1,659)
- Trade and other receivables	10,709	7,193
- Trade and other payables	(4,965)	(1,538)
Cash generated from operations	10,156	12,668
Interest paid	(500)	(345)
Taxes paid (net)	(1,039)	(1,437)
Net cash from operating activities	8,617	10,886
Cash flows from investing activities		
Interest received	44	92
Acquisition of property, plant and equipment	(6,399)	(4,556)
Proceeds from disposal of property, plant and equipment	58	63
Net cash used in investing activities	(6,297)	(4,401)
Cash flows from financing activities		
Proceeds from loans and borrowings	34,948	26,973
Repayment of loans and borrowings	(40,950)	(29,500)
Payment of finance lease liabilities	(4)	(4)
Increase in pledged deposit	807	3,294
Dividend paid to non-controlling interests	(187)	-
Net cash (used in)/from financing activities	(5,386)	763
Net (decrease)/increase in cash and cash equivalents	(3,066)	7,248
Cash and cash equivalents at 1 January	48,490	27,129
Effect of exchange rate fluctuations on cash held	593	398
Cash and cash equivalents at 30 June	46,017	34,775
Cash and cash equivalents at end of period comprise of:-		
Fixed deposits	3,000	-
Cash and bank balances	53,358	44,583
	56,358	44,583
Cash and bank balances pledged as security for bills payable	(10,341)	(9,808)
	46,017	34,775

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>Group</u>	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
At 1/1/2018	31,440	3,566	10,539	(27)	(1,459)	73,047	117,106	8,869	125,975
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	5,000	5,000	618	5,618
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	1,731	-	1,731	156	1,887
Effective portion of changes in fair value of cash flow hedges	-	-	-	9	-	-	9	-	9
Total other comprehensive income	-	-	-	9	1,731	-	1,740	156	1,896
Total comprehensive income for the period	-	-	-	9	1,731	5,000	6,740	774	7,514
At 31/3/2018	31,440	3,566	10,539	(18)	272	78,047	123,846	9,643	133,489
At 1/1/2019	31,440	3,566	11,710	(10)	(4,557)	86,497	128,646	10,128	138,774
Effect on adoption of SFRS(I) 16	-	-	-	-	-	(1,021)	(1,021)	-	(1,021)
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	2,347	2,347	(49)	2,298
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	1,460	-	1,460	134	1,594
Effective portion of changes in fair value of cash flow hedges	-	-	-	6	-	-	6	-	6
Total other comprehensive income	-	-	-	6	1,460	-	1,466	134	1,600
Total comprehensive income for the period	-	-	-	6	1,460	2,347	3,813	85	3,898
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends declared	-	-	-	-	-	-	-	(187)	(187)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(187)	(187)
Total transactions with owners	-	-	-	-	-	-	-	(187)	(187)
At 31/3/2019	31,440	3,566	11,710	(4)	(3,097)	87,823	131,438	10,026	141,464

	Share capital	Retained earnings	Total equity
<u>Company</u>	\$'000	\$'000	\$'000
At 1/1/2018	31,440	4,825	36,265
Total comprehensive income for the period			
Profit for the period	-	(495)	(495)
Total comprehensive income for the period	-	(495)	(495)
At 31/3/2018	31,440	4,330	35,770
At 1/1/2019	31,440	4,397	35,837
Effect on adoption of SFRS(I) 16	-	(1,021)	(1,021)
Total comprehensive income for the period			
Profit for the period	-	2,965	2,965
Total comprehensive income for the period	-	2,965	2,965
At 31/3/2019	31,440	6,341	37,781

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, 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 since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Since the end of 31 December 2018, there has been no change in the Company's share capital arising from rights issue, bonus issue, 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 period and as at the end of the corresponding period of the immediately preceding financial year.

There were no subsidiary holdings during or as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31-Mar-19	As at 31-Dec-18
Total number of issued shares	157,200,000	157,200,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or and equivalent standard)

The figures have neither been audited nor reviewed by auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16: Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. The adoption of SFRS(I) 16 results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

Under the standard, an asset ("ROU asset") and a lease liability to pay rentals are recognised in the statement of financial position and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in the income statement.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group applied the practical expedient to grandfather the definition of a lease on transition. SFRS(I) 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 January 2019. The differences from the statement of financial position as previously reported at 31 December 2018 are as follows:"

Statement of financial position as at 1 January 2019

	Group Increase/ (Decrease) \$'000
Property, plant and equipment	4,653
Trade and other payables	726
Lease liabilities	<u>(6,400)</u>
Net assets	<u>(1,021)</u>
Retained earnings	<u>(1,021)</u>
Total equity	<u>(1,021)</u>

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	<u>31-Mar-19</u>	<u>31-Mar-18</u>
Basic and diluted earnings per ordinary share (in cents)	1.49	3.18

7. Net asset value (for the issuer and group) per ordinary share based on issued share excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	The Group		The Company	
	<u>31-Mar-19</u>	<u>31-Dec-18</u>	<u>31-Mar-19</u>	<u>31-Dec-18</u>
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	83.61	81.84	24.03	22.80

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

For the three months ended 31 March 2019 ("1Q2019"), the Group's turnover decreased by 10.0% or S\$7.61 million to S\$68.40 million as compared to the previous corresponding period ("1Q2018").

Total revenue achieved by the Singapore entities in 1Q2019 increased by 6.0% or S\$0.64 million from S\$10.71 million in 1Q2018.

Total revenue of China's operations reduced by 12.6% or S\$8.25 million in the Group's reporting currency in 1Q2019 mainly due to competitive selling prices and weakening of Renminbi ("RMB") against Singapore Dollars ("SGD") as compared to 1Q2018. However, total sales volume of China's operations increased by 2.9% as compared to 1Q2018.

The Group's gross profit decreased by 31.0% or S\$4.84 million to S\$10.80 million. The gross profit margin for 1Q2019 reduced by 4.8% to 15.8% compared to 20.6% in 1Q2018 mainly due to competitive selling prices in China.

Other income increased by S\$0.52 million in 1Q2019 mainly due to higher government grant received in 1Q2019.

The distribution and selling expenses in 1Q2019 increased by S\$0.06 million mainly due to a moderate increase in delivery costs driven by increase in volume.

General and administrative expenses decreased by S\$0.78 million in 1Q2019 mainly due to reduction of provision of staff bonus as a result of lower PBT achieved in 1Q2019 as compared to 1Q2018.

Other expenses increased by S\$0.14 million in 1Q2019 mainly attributed to higher net foreign exchange loss incurred in 1Q2019.

Finance costs increased by S\$0.16 million in 1Q2019 mainly due to financing for the capital expenditure of new plant of Nantong Tat Seng Packaging Co., Ltd. ("Nantong Tat Seng") and partly attributable to the finance cost from the lease liabilities arising from the adoption of SFRS(I) 16.

As a result, the net profit attributable to owners of the Company decreased by S\$2.65 million or 53.1% in 1Q2019 as compared to S\$5.0 million reported for 1Q2018.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Property, plant & equipment increased by S\$10.0 million as compared to FY2018. The net increase was mainly attributed to the expansion of the Group's business operation in Nantong Tat Seng and right-of-use assets recorded on statement of financial position upon the adoption of the SFRS(I) 16 from 1 January 2019.

Trade and other receivables decreased by S\$9.1 million. Trade and bill receivables reduced by S\$11.0 million as compared to FY2018. It was mainly due to reduction of sales as well as better collection from customers. However, the decrease was partially offset by increase of advance payment for purchase of material amounted to S\$1.1 million and prepayment of additional operating expenses of S\$0.8 million.

Trade and other payables decreased by S\$4.8 million as compared to 31 December 2018 mainly due to increase of cash payment to creditors and the payment of staff incentives of prior year during 1Q2019.

Long term lease liabilities increased by S\$4.4 million due to the adoption of the SFRS(I) 16 from 1 January 2019.

The increase of foreign currency translation reserve of S\$1.5 million mainly due to the strengthening of RMB against SGD as compared to FY2018.

Cash and cash equivalents excluding bank balances pledged as security decreased by S\$2.5 million. This was primarily due to net cash used in investing activities amounted to S\$6.3 million, which mainly attributable to capital expenditure on new plant of Nantong Tat Seng and net cash used in financing activities amounted to S\$5.4 million. However, it was partially offset by the increase of net cash generated from operating activities amounting to S\$8.6 million that was mainly due to decrease in trade and other receivables.

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

No forecast was previously provided.

10. 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 reporting period and the next 12 months

The Group expects the business environment to remain challenging with intense competition in China and it may further affect the Group's performance. The fluctuations in raw material prices may also impact our results.

Notwithstanding the Group will execute its strategy to improve operational efficiencies, mitigate risks from market fluctuations and make improvements on a continuous basis.

The Group has commenced the operation of its new production line of Nantong Tat Seng in March 2019.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? **No**

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

(c) Date payable **N.A.**

(d) Books closure date **N.A.**

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule

No IPT general mandate has been obtained from shareholders of the Company.

Name of Interested Person	Aggregate value of all interested person transactions during	Aggregate value of all interested person
Nil	Nil	Nil

14. Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual

The Board of Directors have confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

15. Confirmation of undertakings from directors and executive officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings in the format set out in Appendix 7.7 from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Loh See Moon
Managing Director
10 May 2019