

Half Year Financial Statements

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

	GROUP		
	Year to Date Ended 30 June		+ / (-) %
	2020 S\$'000	2019 S\$'000	
Revenue	215,827	226,988	(4.9)
Cost of sales	(165,245)	(182,545)	(9.5)
Gross profit	50,582	44,443	13.8
Other income	3,773	1,610	134.3
Distribution expenses	(20,665)	(21,427)	(3.6)
Administrative expenses	(15,647)	(15,256)	2.6
Impairment on trade and other receivables	(495)	(493)	0.4
Other expenses	(206)	(4)	5,050.0
Results from operating activities	17,342	8,873	95.4
Net finance cost	(368)	(349)	5.4
Profit before tax	16,974	8,524	99.1
Tax expense	(3,485)	(2,757)	26.4
Profit for the period	13,489	5,767	133.9
Attributable to:			
Owners of the Company	9,919	4,139	139.6
Non-controlling interests	3,570	1,628	119.3
Profit for the period	13,489	5,767	133.9

1(a)(ii) Notes to the Income Statement

	GROUP	
	Year to Date Ended	
	30 June	
	2020	2019
	S\$'000	S\$'000
Profit before tax is stated after (crediting) / charging:		
Interest income	(1,105)	(1,213)
Dividend income	(2)	(1)
Amortisation of deferred income	(1,332)	(153)
Loss on disposal of property, plant and equipment	200	60
Gain on subsidiary that have been struck off	-	(45)
Net decrease in fair value of financial assets designated at fair value through profit or loss	363	102
(Reversal of allowance)/ Allowance for impairment loss for inventories	(58)	87
Reversal of impairment on property, plant and equipment	-	(71)
Depreciation of investment properties	26	24
Depreciation of property, plant and equipment	7,711	7,177
Inventories written off	52	83
Property, plant and equipment written off	4	5
Exchange (gain)/loss	(639)	9
Interest expense	1,112	1,461
Taxation		
Current year tax	3,048	2,332
Under/(over) provision of tax in respect of prior years	6	(32)
Under provision of current year deferred tax	123	106
Under provision of deferred tax in respect of prior years	308	351
	<u>3,485</u>	<u>2,757</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	Year to Date Ended		
	30 June		
	2020	2019	+ / (-)
	S\$'000	S\$'000	%
Profit for the period	13,489	5,767	133.9
Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences of foreign operations	2,127	(1,533)	n.m.
Effective portion of changes in fair value of cash flow hedges	-	4	(100.0)
Net change in fair value of FVOCI financial assets	(11)	1	n.m.
Subsidiary that have been struck off	-	(45)	(100.0)
Other comprehensive income for the period, net of tax	<u>2,116</u>	<u>(1,573)</u>	n.m.
Total comprehensive income for the period	<u>15,605</u>	<u>4,194</u>	272.1
Attributable to:			
Owners of the Company	11,135	3,217	246.1
Non-controlling interests	4,470	977	357.5
Total comprehensive income for the period	<u>15,605</u>	<u>4,194</u>	272.1

n.m. - not meaningful

1(a)(ii) Brief Review of Financial Performance

The Group recorded revenue of S\$215.83 million in the half year of 2020 (1H 2020). This was S\$11.16 million (4.9%) lower than the revenue of S\$226.99 million accounted in the half year of 2019 (1H 2019). The decrease was mainly attributed to lower revenue generated from the China sector of the Packaging Business (Tat Seng Group) as a result of extended holiday break of Chinese New Year during February 2020 imposed by the China government in order to curb COVID-19. This is partially offset by higher revenue from Singapore Consumer Business, which has experienced growth from higher demand for essential products as a result of COVID-19.

Gross profit for 1H 2020 was S\$50.58 million, which is higher than 1H 2019 by S\$6.14 million. The gross profit margins for 1H 2020 has increased by 3.86% from 19.58% to 23.44%. The higher gross profit is attributed to reduction of raw material cost for Packaging Business (Tat Seng Group) and a combination of good price and cost management by the Singapore Consumer Business.

Other income of S\$3.77 million in 1H 2020 was higher than S\$1.61 million in 1H 2019. This is mainly due to exchange gain in 1H 2020 instead of exchange loss in 1H 2019. Additionally, there is receipt of a one-off grant from the government in 1H 2020 to provide financial support to businesses as a result of COVID-19.

Distribution expenses decreased by S\$0.76 million (3.56%) in 1H 2020 as compared to 1H 2019. The decrease is mainly due to lower A&P incurred by Malaysia Consumer Business as a result of Movement Control Order imposed in Malaysia and lower delivery cost for Packaging Business, which is in line with sales decrease.

Administrative expenses increased by S\$0.39 million (2.56%) in 1H 2020 mainly due to higher provision of staff bonus for Packaging Business as a result of higher PBT achieved in 1H 2020 as compared to 1H 2019.

Impairment on trade and other receivables remains relatively consistent at S\$0.50 million in 1H 2020 as compared to S\$0.49 million in 1H 2019.

Other operating expenses increased by S\$0.20 million in 1H 2020 as compared to 1H 2019. This is mainly due to a higher loss on disposal of fixed asset.

The results from operating activities were S\$17.34 million in 1H 2020 as compared to S\$8.87 million in 1H 2019, an increase of S\$8.47 million (95.45%).

Net finance cost remains relatively consistent at S\$0.37 million in 1H 2020 as compared to S\$0.35 million in 1H 2019.

The Group achieved a higher profit before tax of S\$16.97 million in 1H 2020 as compared to S\$8.52 million in 1H 2019. Excluding foreign exchange gain of S\$0.64 million in 1H 2020 and foreign exchange loss of S\$0.01 million in 1H 2019, the profit before tax would be S\$16.34 million in 1H 2020 and S\$8.53 million in 1H 2019.

The Group's net profit after tax for 1H 2020 was S\$13.49 million as compared to S\$5.77 million reported for 1H 2019. The net profit attributable to shareholders was S\$9.92 million for 1H 2020 as compared to S\$4.14 million reported for 1H 2019.

1(b)(i) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		30/06/2020 S\$'000	31/12/2019 S\$'000	30/06/2020 S\$'000	31/12/2019 S\$'000
Non-current assets					
Property, plant and equipment	1	162,859	163,420	49,969	51,030
Investment properties		11,646	11,172	-	-
Subsidiaries		-	-	40,001	40,001
Other financial assets		53	64	53	64
Intangible assets		1,081	1,062	-	-
Deferred tax assets		3,936	3,726	-	-
Trade and other receivables		411	534	-	-
		<u>179,986</u>	<u>179,978</u>	<u>90,023</u>	<u>91,095</u>
Current assets					
Other financial assets	2	1,515	1,878	1,515	1,878
Inventories	3	47,956	45,406	-	-
Trade and other receivables	4	123,851	129,771	39,640	41,897
Cash and cash equivalents	5	148,413	131,228	71,310	68,189
		<u>321,735</u>	<u>308,283</u>	<u>112,465</u>	<u>111,964</u>
Total assets		<u>501,721</u>	<u>488,261</u>	<u>202,488</u>	<u>203,059</u>
Equity attributable to equity holders of the Company					
Share capital		180,100	180,100	180,100	180,100
Reserves		96,014	84,879	(4,957)	(4,648)
		<u>276,114</u>	<u>264,979</u>	<u>175,143</u>	<u>175,452</u>
Non-controlling interests					
		67,373	62,903	-	-
Total equity		<u>343,487</u>	<u>327,882</u>	<u>175,143</u>	<u>175,452</u>
Non-current liabilities					
Loans and borrowings	6	12,887	14,572	-	-
Lease liabilities	7	18,361	17,367	13,789	13,951
Deferred income		2,660	2,808	346	374
Deferred tax liabilities		4,811	4,183	-	-
		<u>38,719</u>	<u>38,930</u>	<u>14,135</u>	<u>14,325</u>
Current liabilities					
Trade and other payables	8	65,230	74,654	12,772	12,911
Loans and borrowings	6	49,412	42,905	-	-
Lease liabilities	7	2,636	2,674	321	315
Deferred income		642	380	117	56
Current tax liabilities		1,595	836	-	-
		<u>119,515</u>	<u>121,449</u>	<u>13,210</u>	<u>13,282</u>
Total liabilities		<u>158,234</u>	<u>160,379</u>	<u>27,345</u>	<u>27,607</u>
Total equity and liabilities		<u>501,721</u>	<u>488,261</u>	<u>202,488</u>	<u>203,059</u>

Note:

- Property, plant and equipment decreased by S\$0.56 million for the group in 2020 mainly due to depreciation of fixed asset during the year, which is partially offset by addition of plant and machinery, vehicle and installation in progress during the year.
- Other financial assets decreased by S\$0.36 million for both the Group and the Company mainly due to decrease in fair value of the financial assets designated at fair value through profit or loss.
- At the Group level, inventories increased by S\$2.55 million mainly due to higher stock holdings as sales was affected by Movement Control Order imposed by the Malaysia government as a result of COVID-19. Additionally Packing Business has stocked up on its inventories during the beginning of second quarter in anticipation of increase in raw material costs and to prevent supply chain disruption that may occur subsequently due to COVID-19 pandemic.
- Trade and other receivables decreased by S\$5.92 million mainly due to lower sales for the Malaysia Consumer Business as a result of Movement Control Order imposed by Malaysia government and lower sales by the Packaging Business as compared to last year. This is partially offset by a higher sales achieved by Singapore Consumer Business due to higher demand for essential products during the circuit breaker period implemented in Singapore.
- Refer to the consolidated statement of cash flows on Page 6 for details of movements in cash and cash equivalents.
- Total loans and borrowings increased by S\$4.82 million was mainly due to additional short term loan and bill payables for Packaging Business.
- Lease liabilities increased by S\$0.96 million due to new lease entered during the year for one of the subsidiaries.
- The decrease of S\$9.42 million in trade and other payables was mainly due to payment of prior year's staff incentives and accrued capital expenditure for property, plant and equipment of the new plant of Nantong Tat Seng Packaging Co., Ltd by the Packaging Business. Additionally, lower purchase by Malaysia Consumer Business as a result of impacted sales from Movement Control Order imposed by the Malaysia government and payment of accrued expense during the year contributed to the decrease.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

	As at	
	30/06/2020	31/12/2019
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	41,634	34,927
- unsecured	7,778	7,978
	<u>49,412</u>	<u>42,905</u>
Amount repayable after one year		
- secured	12,887	14,572
- unsecured	-	-
	<u>12,887</u>	<u>14,572</u>
Total	<u>62,299</u>	<u>57,477</u>

Details of any collateral :

The total secured borrowings of S\$54.52 million as at 30 June 2020 include:

Bank loans and bill payables of S\$54.52 million, secured on leasehold land, certain leasehold buildings, certain plant and machinery held by the Packaging Business with net book value of approximately S\$45.02 million (31/12/2019: S\$49.08 million) and cash and bank balances of S\$10.0 million (31/12/2019: S\$9.24 million).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	6 months Ended	
	30 June	
Note	2020	2019
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	13,489	5,767
Adjustments for:		
Amortisation of deferred income	(1,332)	(153)
Amortisation of intangible assets	2	2
Depreciation of investment properties	26	24
Depreciation of property, plant and equipment	7,711	7,177
Loss on disposal of property plant and equipment	200	60
Net finance expense	5	247
Net decrease in fair value of financial assets designated at fair value through profit or loss	363	102
(Reversal of allowance)/ allowance for impairment loss and write off for inventories	(6)	170
Property, plant and equipment written off	4	5
Reversal of impairment on property, plant and equipment	-	(71)
Tax expense	3,485	2,757
Unrealised exchange gain	(190)	(152)
Gain on struck off of subsidiary	-	(45)
	23,757	15,890
Changes in:		
- Inventories	1 (2,300)	7,207
- Trade and other receivables	2 7,998	19,314
- Trade and other payables	3 (7,849)	(13,742)
Cash generated from operations	21,606	28,669
Tax paid	(2,308)	(2,180)
Net cash generated from operating activities	19,298	26,489
Cash flows from investing activities		
Interest received	854	1,047
Proceeds from disposal of property, plant and equipment	107	149
Non-refundable partial consideration received in relation to assets held for sale	-	379
Purchase of property, plant and equipment	(5,157)	(9,259)
Addition to investment property	-	(32)
Net cash used in investing activities	(4,196)	(7,716)
Cash flows from financing activities		
(Increase)/decrease in pledged deposits	(586)	406
Interest paid	(1,106)	(1,461)
Payment of finance lease liabilities	(1,298)	(1,249)
Dividend paid	-	(6,668)
Proceeds from borrowings	4 51,684	59,378
Repayment of borrowings	4 (47,939)	(70,469)
Net cash generated/(used in) from financing activities	755	(20,063)
Net increase/(decrease) in cash and cash equivalents	15,857	(1,290)
Cash and cash equivalents at beginning of the period	121,990	141,399
Effect of exchange rate fluctuations on cash held	569	(476)
Cash and cash equivalents at end of the period	5 138,416	139,633
Comprising:		
Cash at bank and in hand	74,170	96,511
Fixed deposits with banks	74,243	53,625
	148,413	150,136
Deposits pledged	(9,997)	(10,503)
	138,416	139,633

Note:

- 1 Please refer to note 3 in consolidated statement of financial position.
- 2 Please refer to note 4 in consolidated statement of financial position.
- 3 Please refer to note 8 in consolidated statement of financial position.
- 4 Please refer to note 6 in consolidated statement of financial position.
- 5 Cash and cash equivalents excluding bank balances pledged as security increased by S\$16.43 million. This was primarily due to net cash generated from operating activities amounting to S\$19.30 million that arose from improved gross profit from the group's operation. This is partially offset by net cash used in investing activities amounting to S\$4.20 million, which mainly attributable to capital expenditure. Net cash generated from financing activities amounting to S\$0.76 million, which mainly due to proceeds from short term borrowings.

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.

Group	Issued Capital	Treasury Shares	Share Capital	Other Reserves	Fair Value Reserve	Hedging Reserve	Translation Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 Jan 2020	184,327	(4,227)	180,100	11,864	44	-	(5,506)	78,477	264,979	62,903	327,882
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	9,919	9,919	3,570	13,489
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	1,227	-	1,227	900	2,127
Net change in fair value of FVOCI financial assets	-	-	-	-	(11)	-	-	-	(11)	-	(11)
Total other comprehensive income	-	-	-	-	(11)	-	1,227	-	1,216	900	2,116
Total comprehensive income for the period	-	-	-	-	(11)	-	1,227	9,919	11,135	4,470	15,605
At 30 June 2020	184,327	(4,227)	180,100	11,864	33	-	(4,279)	88,396	276,114	67,373	343,487
At 1 Jan 2019	204,327	(4,227)	200,100	11,544	45	(6)	(3,188)	78,320	286,815	61,585	348,400
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	4,139	4,139	1,628	5,767
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(880)	-	(880)	(653)	(1,533)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	2	-	-	2	2	4
Net change in fair value of FVOCI financial assets	-	-	-	-	1	-	-	-	1	-	1
Subsidiary that have been struck off	-	-	-	(45)	-	-	-	-	(45)	-	(45)
Total other comprehensive income	-	-	-	(45)	1	2	(880)	-	(922)	(651)	(1,573)
Total comprehensive income for the period	-	-	-	(45)	1	2	(880)	4,139	3,217	977	4,194
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(5,534)	(5,534)	(1,133)	(6,667)
Share options cancelled	-	-	-	(491)	-	-	-	491	-	-	-
Total transactions with owners	-	-	-	(491)	-	-	-	(5,043)	(5,534)	(1,133)	(6,667)
At 30 June 2019	204,327	(4,227)	200,100	11,008	46	(4)	(4,068)	77,416	284,498	61,429	345,927

Company	Issued Capital	Treasury Shares	Share Capital	Other Reserves	Fair Value Reserve	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 Jan 2020	184,327	(4,227)	180,100	0	44	(4,692)	175,452
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	(297)	(297)
Other comprehensive income							
Net change in fair value of FVOCI financial assets	-	-	-	-	(12)	-	(12)
Total comprehensive income for the period	-	-	-	-	(12)	(297)	(309)
At 30 June 2020	184,327	(4,227)	180,100	0	32	(4,989)	175,143
At 1 Jan 2019	204,327	(4,227)	200,100	491	45	(1,899)	198,737
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,338	1,338
Other comprehensive income							
Net change in fair value of FVOCI financial assets	-	-	-	-	1	-	1
Total comprehensive income for the period	-	-	-	-	1	1,338	1,339
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	-	-	(5,534)	(5,534)
Share options cancelled	-	-	-	(491)	-	491	0
Total transactions with owners	-	-	-	(491)	-	(5,043)	(5,534)
At 30 June 2019	204,327	(4,227)	200,100	0	46	(5,604)	194,542

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, 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.

	2020	2019
(i) Share Capital		
Group and Company	No. of shares	No. of shares
In issue at 1 Jan and 30 June	570,996,746	570,996,746
(ii) Treasury shares		
Group and Company	No. of shares	No. of shares
Balance as at the end of the period	17,581,000	17,581,000

(iii) There were no subsidiary holdings as at 30 June 2020 and 30 June 2019.

The total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period was 553,415,746 (30 June 2019: 553,415,746).

- 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	
	30/06/2020	31/12/2019
Total number of issued shares	553,415,746	553,415,746

- 1(d)(iv) **A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**
There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period.
- 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. There were no subsidiary holdings during and at the end of the current financial period reported on.
- 2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**
The figures have not been audited nor reviewed.
- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**
Not applicable.
- 3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**
(a) Updates on the efforts taken to resolve each outstanding audit issue
Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed
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.**
Other than the adoption of the new and revised Singapore Financial Reporting Standards (International) SFRS(I)s which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2019.
- 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 adoption of the new and revised SFRS(I)s have no material impact to the financial statements of the Group and of the Company.

6 Earning 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.

	GROUP	
	Year to Date Ended	
	30/06/2020	30/06/2019
	cents	cents
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:		
Basic earnings per share	1.79	0.75

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

	GROUP		COMPANY	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	49.89	47.88	31.65	31.70

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cashflow, working capital, assets or liabilities of the group during the current financial period reported on.

Consumer Business

Revenue increased by S\$1.35 million or 1.6% in 1H 2020, from S\$85.24 million in 1H 2019 to S\$86.58 million in 1H 2020. Singapore Consumer Business experience growth in revenue as a result of higher demand for essential products during the circuit breaker period.

The Consumer Business recorded a Profit before Interest and Tax of S\$6.42 million in 1H 2020 as compared to S\$1.41 million in 1H 2019. Excluding foreign currency impact, the PBIT in 1H 2020 is S\$6.29 million as compared to S\$1.33 million in 1H 2019. This is mainly attributed to higher gross profit arising from higher revenue and gross profit margin.

Packaging Business

The Group recorded revenue of S\$129.07 million for the first six months in 2020 ("1H 2020"), a decrease of 8.8% or S\$12.49 million over the same period in 2019 ("1H2019").

Total revenue achieved by the Singapore entities in 1H 2020 increased by 0.2% or S\$0.04 million from S\$23.0 million in 1H 2019.

Total revenue of China's operations reduced by 10.6% or S\$12.53 million in the Group's reporting currency in 1H 2020 as compared to 1H 2019. This was mainly due to the extended holiday break of Chinese New Year during February 2020 imposed by the China government in order to curb the spread of COVID-19.

The Packaging Business recorded a Profit before Interest and Tax of S\$11.04 million in 1H 2020 as compared to S\$7.78 million in 1H 2019.

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

Not applicable.

10 A commentary at the date of the announcement of the 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.

Consumer business experienced a growth of 1.6% in revenue against same period last year, mainly contributed by good performance for rice, cooking oil and tofu. Other product range such as paper products observed a slow down in second quarter compared to first quarter. Paper products registered a growth of 11% in first half of the year.

Supply of rice returns to normal but the costing continues to be on an uptrend. The purchasing team is managing the costing well by securing favourable pricing for a longer period. Consumer business sector will monitor the oil pricing closely as there is a surge in demand for Malaysian palm oil due to increased demand from other importing countries.

Singapore retail trade registered a sharp decline due to implementation of Circuit Breaker in April and May. Restaurants and eating places were affected. However with the openings of more food channels, this sector will observe a slow recovery in these channels. The positive contributing channel is e-commerce where strong double digits sales growth has been registered.

COVID-19 has brought unusual and unpredicted challenges to all businesses. The Packaging Business sector expects both Singapore's and China's operating environment to remain challenging in the near-term given economic weakness and softening demand. This sector is also cautious of the impact of COVID-19 pandemic especially on customers' businesses that depend on exporting as the global markets are greatly affected. Meanwhile, economic uncertainty is further aggravated by the current US-China relationship. The increase in raw material prices may also impact the results of this sector.

Nevertheless, as of to date, there is no significant impact of disruption on any of the factories' operations where the Packaging sector has presence. The sector has a healthy balance sheet and sufficient credit lines to support and finance its operation and investment activities. The sector will continue to monitor the evolving situation closely and keep shareholders informed of any material impact as and when they arise. All necessary precautionary measures to safeguard the health and safety of employees are taken and directives from the relevant local authorities have been complied.

The Packaging Sector focuses on initiatives to further strengthen its business continuity management so as to ensure the continuity of the operations and to mitigate business risk. The sector will continue to reassess its contingency plan in order to ascertain that it is workable and effective, re-establish adequate inventory level and expand the raw material sources to mitigate impact from supply chain disruption. The management will also continue to enhance the sector's business performance by executing the improvement strategies in terms of cost management, enhancing operational efficiency and boosting productivity.

11 Dividend**(a) Current Financial Period Reported On**

The directors do not recommend any declaration of dividend for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend was declared for the corresponding period of the preceding financial year.

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

No dividend has been declared or recommended for the period under review as the Group generally declares or recommends dividend on an annual basis.

13 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 Company has not obtained a general mandate from shareholders pursuant to Rule 920 of the Listing Manual.

14 NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors has 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.

16 Disclosure pursuant to Rule 706A of the Listing Manual

During the half year ended 30 June 2020 and as at the date of this announcement, 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.

Dr Allan Yap
Chairman
13 August 2020