

Full Year Financial Statements and Dividend Announcement

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 31 December		
	2019 S\$'000	2018 S\$'000	
Revenue	461,107	501,552	(8.1)
Cost of sales	(366,285)	(398,456)	(8.1)
Gross profit	94,822	103,096	(8.0)
Other income	2,914	3,404	(14.4)
Distribution expenses	(42,302)	(43,040)	(1.7)
Administrative expenses	(30,128)	(32,899)	(8.4)
Other expenses	(6,748)	(3,466)	94.7
Results from operating activities	18,558	27,095	(31.5)
Net finance (cost)/ income	(1,007)	1,333	n.m.
Profit before tax	17,551	28,428	(38.3)
Tax expense	(5,713)	(6,201)	(7.9)
Profit for the period	11,838	22,227	(46.7)
Attributable to:			
Owners of the Company	6,057	13,434	(54.9)
Non-controlling interests	5,781	8,793	(34.3)
Profit for the period	11,838	22,227	(46.7)

n.m. - not meaningful

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

	GROUP	
	Year to Date Ended	
	31 December	
	2019	2018
	S\$'000	S\$'000
Profit before tax is stated after (crediting) / charging:		
Interest income	(2,353)	(2,321)
Dividend income	(3)	(2)
Amortisation of deferred income	(375)	(241)
(Gain)/Loss on disposal of property, plant and equipment	(103)	36
Bad debts (recovered)/ written off	(13)	1,985
Gain on subsidiary that have been struck off	(45)	-
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss	618	(498)
Allowance for impairment losses of trade and other receivables	840	563
(Reversal of allowance)/ Allowance for impairment loss for inventories	138	(232)
Impairment loss on property, plant and equipment	199	738
Depreciation of investment properties	48	47
Depreciation of property, plant and equipment	14,725	9,993
Inventories written off	134	195
Property, plant and equipment written off	266	212
Exchange gain	(184)	(1,245)
Loss on disposal of asset held for sales	5,454	-
Interest expense	2,745	1,489
Taxation		
Current year tax	4,132	5,880
(Over)/under provision of tax in respect of prior years	(766)	492
Withholding tax expenses	733	336
Deferred tax expense/(income)	1,252	(392)
Under/(over) provision of deferred tax in respect of prior years	357	(115)
Changes in tax rate	5	-
	<u>5,713</u>	<u>6,201</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	Year to Date Ended		
	31 December		
	2019	2018	+/(-) %
	S\$'000	S\$'000	%
Profit for the period	11,838	22,227	(46.7)
Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences of foreign operations	(5,083)	(4,052)	25.4
Effective portion of changes in fair value of cash flow hedges	10	17	(41.2)
Net change in fair value of FVOCI financial assets	(2)	(6)	(66.7)
Subsidiary that have been struck off	(45)	-	n.m.
	<u>(5,120)</u>	<u>(4,041)</u>	18.1
Other comprehensive income - Items that will not be reclassified to profit or loss:			
Movement in other reserve	-	(295)	(100.0)
	<u>-</u>	<u>(295)</u>	
Other comprehensive income for the period, net of tax	<u>(5,120)</u>	<u>(4,336)</u>	18.1
Total comprehensive income for the period	<u>6,718</u>	<u>17,891</u>	(62.5)
Attributable to:			
Owners of the Company	3,700	10,775	(65.7)
Non-controlling interests	3,018	7,116	(57.6)
Total comprehensive income for the period	<u>6,718</u>	<u>17,891</u>	(62.5)

n.m. - not meaningful

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

In financial year 2019 (FY 2019), the Group achieved a total revenue of S\$ 461.11 million, a decrease of 8.06% or S\$ 40.45 million as compared to the financial year 2018 (FY 2018). The decrease was mainly attributed to lower revenue generated from the China sector of the Packaging Business (Tat Seng Group) as a result of: (i) competitive selling prices, (ii) weakening of Renminbi against the Singapore dollars as compared to FY 2018 and (iii) the new plant in Packaging business has not reached its full capacity. However, total sales volume (sqm) of China's operations increased by 3.2% as compared to FY 2018. This is partially offset by higher revenue from Malaysia Consumer Business, which has experienced growth from its agency products. The market is receptive to new agency products introduced in Malaysia, which coupled with aggressive promotions, resulted in favorable sales growth. Additionally, Consumer Business has utilised online platforms to expand its reach and improve online sales.

Gross profit for FY 2019 was S\$94.82 million, a decrease of 8.03% or S\$ 8.27 million from FY 2018. Gross profit margin was 20.56%, which is consistent with FY 2018. The decrease in Gross Profit is mainly attributed to the decrease in revenue for the Group.

Other income of S\$2.91 million in FY 2019 was lower than S\$3.40 million in FY 2018, a decrease of 14.40% or S\$ 0.49 million. This is mainly due to lower foreign exchange gain in FY 2019, which is offset by a higher gain on disposal of Property, Plant and Equipment and a one-off insurance compensation received in FY 2019 as compared to FY 2018.

Distribution expenses decreased by S\$0.74 million (1.72%) from S\$43.04 million in FY 2018 to S\$ 42.30 million in FY 2019. The decrease is mainly due to lower advertisement, transport and delivery expense incurred by the Consumer Business. This is partially offset by a higher delivery cost due to increased volume for the Packaging Business.

Administrative expenses decreased by S\$2.77 million (8.42%) from S\$32.90 million in FY 2018 to S\$ 30.13 million in FY 2019. Lower administrative expenses was due to a decrease in provision of social and pension fund as a result of reduced contribution rate for China's subsidiaries of the Packaging Business. Additionally, lower provision of incentive bonus for senior management of Packaging Business as a result of lower profits achieved by Packaging Business in FY 2019 as compared to FY 2018 also contributes to the lower administrative expense.

Other operating expenses increased by S\$3.28 million (94.69%) from S\$3.47 million in FY 2018 to S\$ 6.75 million in FY 2019. This is mainly due to loss incurred on disposal of asset held for sales.

The results from operating activities were S\$18.56 million in FY 2019 as compared to S\$27.10 million in FY 2018, a decrease of S\$8.54 million (31.51%).

Net finance cost were S\$1.01 million in FY 2019 as compared to net finance income of S\$1.33 million in FY 2018 mainly due to a net fair value loss through profit or loss arising from a quoted investment held by the group in FY 2019 as compared to a net fair value gain through profit or loss in FY 2018. Additionally, the interest expense increased with the implementation of new accounting standard for leases on 1 January 2019.

Profit before tax was S\$ 17.55 million in FY 2019 as compared to S\$ 28.43 million in FY 2018, a decrease of 38.26% or S\$ 10.88 million. Excluding foreign exchange gain of S\$0.18 million in FY 2019 and S\$1.25 million in FY 2018, the profit before tax would be S\$17.37 million in FY 2019 and S\$27.18 million in FY 2018.

The Group's net profit after tax for FY 2019 was S\$11.84 million as compared to S\$22.23 million reported for FY 2018. The net profit attributable to shareholders was S\$6.06 million for FY 2019 as compared to S\$13.43 million reported for FY 2018.

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

	Note	GROUP		COMPANY	
		31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
Non-current assets					
Property, plant and equipment	1	163,420	146,868	51,030	38,540
Investment properties		11,172	11,065	-	-
Subsidiaries		-	-	40,001	40,001
Other financial assets		64	63	64	63
Intangible assets		1,062	1,095	-	-
Deferred tax assets		3,726	3,849	-	-
Trade and other receivables		534	-	-	-
		<u>179,978</u>	<u>162,940</u>	<u>91,095</u>	<u>78,604</u>
Current assets					
Other financial assets	2	1,878	2,496	1,878	2,496
Inventories	3	45,406	50,055	-	-
Trade and other receivables	4	129,771	159,509	41,897	47,807
Cash and cash equivalents	5	131,228	152,402	68,189	83,231
Assets held for sale		-	44,730	-	-
		<u>308,283</u>	<u>409,192</u>	<u>111,964</u>	<u>133,534</u>
Total assets		<u>488,261</u>	<u>572,132</u>	<u>203,059</u>	<u>212,138</u>
Equity attributable to equity holders of the Company					
Share capital		180,100	200,100	180,100	200,100
Reserves		84,879	87,367	(4,648)	(1,363)
		<u>264,979</u>	<u>287,467</u>	<u>175,452</u>	<u>198,737</u>
Non-controlling interests		62,903	61,953	-	-
Total equity		<u>327,882</u>	<u>349,420</u>	<u>175,452</u>	<u>198,737</u>
Non-current liabilities					
Loans and borrowings	6	14,572	18,491	-	-
Lease liabilities	7	17,367	-	13,951	-
Deferred income		2,808	2,149	374	382
Deferred tax liabilities		4,183	2,688	-	-
		<u>38,930</u>	<u>23,328</u>	<u>14,325</u>	<u>382</u>
Current liabilities					
Trade and other payables, including derivatives	8	74,654	128,865	12,911	12,968
Loans and borrowings	6	42,905	68,678	-	-
Lease liabilities	7	2,674	-	315	-
Deferred income		380	278	56	51
Current tax liabilities		836	1,563	-	-
		<u>121,449</u>	<u>199,384</u>	<u>13,282</u>	<u>13,019</u>
Total liabilities		<u>160,379</u>	<u>222,712</u>	<u>27,607</u>	<u>13,401</u>
Total equity and liabilities		<u>488,261</u>	<u>572,132</u>	<u>203,059</u>	<u>212,138</u>

Note:

- Property, plant and equipment increased by S\$16.55 million for the group in 2019 mainly due to implementation of new accounting standard SFRS(I) 16 for lease, which requires the Group to recognise a right of use asset which totalled to S\$18.5 million as at 31 December 2019.
- Other financial assets decreased by S\$0.62 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 decreased by S\$4.65 million mainly due to reduction in raw material prices for the Packaging Business. Higher sales achieved by Consumer Business due to festive period also contributed to the decrease in inventories.
- Trade and other receivables decreased by S\$29.74 million mainly due to reduction in revenue and better collection from customers by the Packaging Business. This is partially offset by higher Quarter 4 sales for Consumer Business, which contributed to a higher trade receivables.
- Refer to the consolidated statement of cash flows on Page 6 for details of movements in cash and cash equivalents.
- Total loans and borrowings decreased by S\$29.69 million was mainly due to repayment of bank loans and bill payables.
- Lease liabilities increased by S\$20.04 million due to implementation of new accounting standard SFRS(I) 16 for lease, which requires the Group to recognise the lease liability associated with right of use asset.
- The decrease of S\$54.21 million in trade and other payables was mainly due to completion of the sales for asset held for sales, which resulted in recognition of previous non refundable partial considerations received. Additionally, reduction of raw material prices and lower provision of social and pension fund contribution of China's subsidiaries as well as incentive bonus of senior management for the Packaging Business contributed to the reduction.

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

	As at	
	31/12/2019	31/12/2018
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	34,927	46,309
- unsecured	7,978	22,369
	<u>42,905</u>	<u>68,678</u>
Amount repayable after one year		
- secured	14,572	18,491
- unsecured	-	-
	<u>14,572</u>	<u>18,491</u>
Total	<u>57,477</u>	<u>87,169</u>

Details of any collateral :

The total secured borrowings of S\$49.50 million as at 31 December 2019 include:

Bank loans and bill payables of S\$49.50 million, secured on leasehold land, certain leasehold buildings and certain plant and machinery held by the Packaging Business with net book value of approximately S\$49.08 million (31/12/2018: S\$49.2 million) and cash and bank balances of S\$9.24 million (31/12/2018: S\$11.0 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

	Note	GROUP	
		Year Ended 31 December	
		2019 S\$'000	2018 S\$'000
Cash flows from operating activities			
Profit for the period		11,838	22,227
Adjustments for:			
Amortisation of deferred income		(375)	(241)
Amortisation of intangible assets		3	-
Depreciation of investment properties		48	47
Depreciation of property, plant and equipment		14,725	9,993
(Gain)/Loss on disposal of property plant and equipment		(103)	36
Net finance expense/(income)		389	(834)
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss		618	(498)
Allowance/(reversal of allowance) and write off of inventories		273	(37)
Property, plant and equipment written off		266	212
Impairment loss on property, plant and equipment		199	738
Tax expense		5,713	6,201
Gain on subsidiary that has been struck off		(45)	-
Unrealised exchange loss		599	888
Loss on disposal of asset held for sales		5,454	-
		39,602	38,732
Changes in:			
- Inventories	1	3,786	(2,900)
- Trade and other receivables	2	26,543	6,394
- Trade and other payables	3	(18,983)	(4,358)
Cash generated from operations		50,948	37,868
Tax paid		(4,459)	(6,736)
Net cash generated from operating activities		46,489	31,132
Cash flows from investing activities			
Proceeds from disposal of asset held for sales		5,379	-
Interest received		1,957	1,425
Proceeds from disposal of property, plant and equipment		582	282
Purchase of property, plant and equipment		(13,614)	(44,617)
Expenditure capitalised in investment properties		(150)	-
Purchase of investment property		-	(2,952)
Net cash used in investing activities		(5,846)	(45,862)
Cash flows from financing activities			
Increase in pledged deposits		1,488	1,890
Interest paid		(2,733)	(1,490)
Payment of finance lease liabilities		(2,636)	(16)
Dividend paid		(7,234)	(5,034)
Proceeds from borrowings	4	108,529	145,772
Repayment of borrowings	4	(136,368)	(117,521)
Capital reduction		(20,000)	-
Net cash (used in)/generated from financing activities		(58,954)	23,601
Net (decrease)/increase in cash and cash equivalents		(18,311)	8,871
Cash and cash equivalents at beginning of the period		141,399	135,019
Effect of exchange rate fluctuations on cash held		(1,098)	(2,491)
Cash and cash equivalents at end of the period	5	121,990	141,399
Comprising:			
Cash at bank and in hand		56,531	71,531
Fixed deposits with banks		74,697	80,871
		131,228	152,402
Deposits pledged		(9,238)	(11,003)
		121,990	141,399

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 decreased by S\$19.41 million. This was primarily due to net cash generated from operating activities amounting to S\$46.49 million that arose from lower inventory purchase and better collection from customers. This is partially offset by net cash used in investing activities amounting to S\$5.85 million, which mainly attributable to capital expenditure and net cash used in financing activities amounting to S\$58.95 million, which mainly due to repayment of borrowing and for capital reduction.

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 January 2019	204,327	(4,227)	200,100	11,543	46	(7)	(3,189)	78,973	287,466	61,954	349,420
Impact of adoption of SFRS(I) 16	-	-	-	-	-	-	-	(653)	(653)	(368)	(1,021)
At 1 January 2019, as restated	204,327	(4,227)	200,100	11,543	46	(7)	(3,189)	78,320	286,813	61,586	348,399
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	6,057	6,057	5,781	11,838
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(2,317)	-	(2,317)	(2,766)	(5,083)
Net change in fair value - equity investments at FVOCI	-	-	-	-	(2)	-	-	-	(2)	-	(2)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	7	-	-	7	3	10
Subsidiary that have been struck off	-	-	-	(45)	-	-	-	-	(45)	-	(45)
Total other comprehensive income	-	-	-	(45)	(2)	7	(2,317)	-	(2,357)	(2,763)	(5,120)
Total comprehensive income for the period	-	-	-	(45)	(2)	7	(2,317)	6,057	3,700	3,018	6,718
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(5,534)	(5,534)	(1,700)	(7,234)
Share options cancelled	-	-	-	(491)	-	-	-	491	-	-	-
Capital reduction	(20,000)	-	(20,000)	-	-	-	-	-	(20,000)	-	(20,000)
Total distributions to owners	(20,000)	-	(20,000)	(491)	-	-	-	(5,043)	(25,534)	(1,700)	(27,234)
Transfer between reserves											
Transfer to reserve fund	-	-	-	857	-	-	-	(857)	-	-	-
Total transactions with owners	(20,000)	-	(20,000)	366	-	-	-	(5,900)	(25,534)	(1,700)	(27,234)
At 31 December 2019	184,327	(4,227)	180,100	11,864	44	-	(5,506)	78,477	264,979	62,904	327,883
At 1 January 2018	204,327	(4,227)	200,100	10,667	52	(18)	(820)	68,094	278,075	58,488	336,563
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	13,434	13,434	8,793	22,227
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(2,369)	-	(2,369)	(1,683)	(4,052)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	11	-	-	11	6	17
Net change in fair value - equity investments at FVOCI	-	-	-	-	(6)	-	-	-	(6)	-	(6)
Movement in other reserve	-	-	-	(295)	-	-	-	-	(295)	-	(295)
Total other comprehensive income	-	-	-	(295)	(6)	11	(2,369)	-	(2,659)	(1,677)	(4,336)
Total comprehensive income for the period	-	-	-	(295)	(6)	11	(2,369)	13,434	10,775	7,116	17,891
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(1,384)	(1,384)	(3,650)	(5,034)
Total distributions to owners	-	-	-	-	-	-	-	(1,384)	(1,384)	(3,650)	(5,034)
Transfer between reserves											
Transfer to reserve fund	-	-	-	1,171	-	-	-	(1,171)	-	-	-
Total transactions with owners	-	-	-	1,171	-	-	-	(2,555)	(1,384)	(3,650)	(5,034)
At 31 December 2018	204,327	(4,227)	200,100	11,543	46	(7)	(3,189)	78,973	287,466	61,954	349,420

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 January 2019	204,327	(4,227)	200,100	491	45	(1,899)	198,737
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,250	2,250
Other comprehensive income							
Net change in fair value - equity investments at FVOCI	-	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	-	-	(1)	2,250	2,249
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	-	-	(5,534)	(5,534)
Share options exercised	-	-	-	-	-	-	-
Share options cancelled	-	-	-	(491)	-	491	-
Capital reduction	(20,000)	-	(20,000)	-	-	-	(20,000)
Total transactions with owners	(20,000)	-	(20,000)	(491)	-	(5,043)	(25,534)
At 31 December 2019	184,327	(4,227)	180,100	0	44	(4,692)	175,452
At 1 January 2018	204,327	(4,227)	200,100	491	51	(10,154)	190,488
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	9,639	9,639
Other comprehensive income							
Net change in fair value - equity investments at FVOCI	-	-	-	-	(6)	-	(6)
Total comprehensive income for the period	-	-	-	-	(6)	9,639	9,633
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	-	-	(1,384)	(1,384)
Total transactions with owners	-	-	-	-	-	(1,384)	(1,384)
At 31 December 2018	204,327	(4,227)	200,100	491	45	(1,899)	198,737

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.

	2019	2018
(i) Share Capital		
Group and Company	No. of shares	No. of shares
In issue at 1 January and 31 December	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 31 December 2019 and 31 December 2018.

The total number of issued shares excluding treasury shares as at the end of the current financial period was 553,415,746 (31 December 2018: 553,415,746).

(iv) **HANWELL Executives' Share Option Scheme 2003**

During the financial period ended 31 December 2019, there was no new issuance nor exercise of share options in respect of unissued ordinary shares under the HANWELL Executives' Share Option Scheme 2003.

The Scheme has expired on 8 July 2013 and the expiry of the Scheme will not affect any option granted and duly accepted but not yet exercised, whether in whole or in part by the Directors or the employees of the Group. The share options previously granted expired on 21 January 2019.

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	
	31/12/2019	31/12/2018
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.

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: 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 financial 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. Leases are presented within property, plant and equipment in the statement of financial position.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. 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 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
	<u>Increase/ (Decrease)</u>
	\$'000
Property, plant and equipment	20,317
Trade and other payables, including derivatives	726
Lease liabilities	(22,064)
Net assets	<u>(1,021)</u>
Retained earnings	(653)
Non controlling interests	<u>(368)</u>
Total equity	<u>(1,021)</u>

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.

Please refer to item 4 above.

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	
	31/12/2019	31/12/2018
	cents	cents
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:		
Basic earnings per share	1.09	2.43
Diluted earnings per share	1.09	2.41

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	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	47.88	51.94	31.70	35.91

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.

Comparatives on Performance by Business Segments

	Turnover		PBIT*	
	For the year		For the year	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
By Business Segments				
Consumer Essentials				
Consumer Business	172,094	168,091	9,360	6,281
Strategic Investments				
Packaging	288,564	333,279	20,498	26,859
Others	449	182	(6,427)	(2,885)
	<u>461,107</u>	<u>501,552</u>	<u>23,431</u>	<u>30,255</u>
Unallocated amounts:				
- Other corporate expenses, net of income			(4,873)	(3,160)
			<u>18,558</u>	<u>27,095</u>
By Geographical Locations				
Singapore	146,121	145,016	(1,314)	(4,826)
Malaysia	72,765	68,072	5,861	5,026
China	241,772	288,282	14,121	27,296
Japan	449	182	(110)	(401)
	<u>461,107</u>	<u>501,552</u>	<u>18,558</u>	<u>27,095</u>

* Profits before net finance costs, share of results of associates and tax expense

Consumer Business

Revenue increased by S\$4.0 million or 2.38% in FY 2019, from S\$168.09 million in FY 2018 to S\$172.09 million in FY 2019. Malaysia sector experienced growth in revenue from its agency products. Malaysia Consumer Business is supported by aggressive promotion and market is receptive to new products introduced whereas Singapore Consumer Business continues to enjoy growth from its online sales via the various online platforms.

The Consumer Business recorded a Profit before Interest and Tax of S\$9.36 million in FY 2019 as compared to S\$6.28 million in FY 2018. Excluding foreign currency impact, the PBIT in FY 2019 is S\$9.26 million as compared to S\$6.24 million in FY 2018.

Packaging Business

The Group recorded revenue of S\$288.56 million in FY2019, a decrease of 13.42% or S\$44.72 million as compared to S\$333.28 million in FY2018.

Total revenue achieved by the Singapore entities in FY2019 increased by 4.0% or S\$1.8 million from S\$45.0 million in FY2018, mainly attributable to higher demand from its customers.

Total revenue of China's operations reduced by 16.1% or S\$46.5 million in the Group's reporting currency in FY2019 mainly due to competitive selling prices and partially attributable to weakening of Renminbi ("RMB") against Singapore Dollars ("SGD") as compared to FY2018. However, total sales volume (sqm) of China's operations increased by 3.2% as compared to FY2018.

The Packaging Business recorded a Profit before Interest and Tax of S\$20.50 million in FY 2019 as compared to S\$26.86 million in FY 2018.

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.

In Q4 2019, Consumer Business made further recovery on sale performance of rice with increased support from marketing and promotion activities. Moving forward to 2020, the harvest of Thai Hom Mali is greatly affected by the floods in Northern Thailand last year. Coupled with a strong Thai baht, cost of goods will remain high. Price of Vietnam Jasmine rice has surged in December 2019, with pricing remaining uncertain for the rest of 2020.

The Consumer Business will continue to promote Made in Singapore Tofu products overseas, such as participating in FHA 2020 held in Singapore. This will promote the tofu products to foreign buyers and overseas market.

The Singapore Consumer Business was able to handle the surge in demand for rice and paper products in February 2020, by obtaining additional inventory from suppliers and increasing production. Sales are expected to normalise by Q2 2020.

Sales in January 2020 was lower than last year for the Malaysia Consumer Business due to timing of Lunar New Year and soft consumer off-take. Consumer sector in Malaysia remains weak as most sectors are affected by the outbreak of COVID-19.

Whilst the ongoing trade dispute between the US and China may affect the business environment in China, Singapore's business environment may experience challenges on the back of the weakened manufacturing sector and rise in raw material costs due to weakening in SGD against USD. The fluctuations in raw material prices may also impact Packaging Business results.

The recent outbreak of the COVID-19 may affect both market conditions in Singapore and China, it is premature at this stage to ascertain the extent of the impact of the COVID-19. Meanwhile, the Packaging Business will continue to monitor the evolving situation closely, take all necessary precautionary measures to safeguard the health and safety of its employees and comply with directives from the relevant local authorities.

The Packaging Business will continue to execute its strategy to improve operational efficiencies, mitigate risks from market fluctuations, so as to ensure that it remains competitive.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial year reported on Yes

Name of Dividend	Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share	S\$0.0025 per ordinary share
Tax Rate	Exempt (1-tier)
Date Paid	To be approved by shareholders at the forthcoming AGM

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the current financial year reported on Yes

Name of Dividend	Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share	S\$0.01 per ordinary share
Tax Rate	Exempt (1-tier)
Date Paid	28-May-2019

(c) Date payable
To be announced later

(d) Books closure and record dates
To be announced later

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

Not applicable

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 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

2019	Consumer Essentials	Strategic Investments	Others	Total
	Consumer Business	Packaging		
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and expenses				
Total revenue	172,094	288,564	449	461,107
Results from operating activities	9,360	20,498	(6,427)	23,431
Unallocated amounts - Other corporate expenses				(4,873)
Net finance income				(1,007)
Profit before tax				17,551
Tax expense				(5,713)
Profit for the year				11,838

2018	Consumer Essentials	Strategic Investments	Others	Total
	Consumer Business	Packaging		
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and expenses				
Total revenue	168,091	333,279	182	501,552
Results from operating activities	6,281	26,859	(2,885)	30,255
Unallocated amounts - Other corporate expenses				(3,160)
Net finance costs				1,333
Loss before tax				28,428
Tax expense				(6,201)
Loss for the year				22,227

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

This has been addressed in section 8.

16 A breakdown of sales

	GROUP		
	Year to Date Ended		+ / (-) %
	31/12/2019	31/12/2018	
	S\$'000	S\$'000	
Sales reported for first half year	226,988	247,965	(8.5)
Operating profit after tax before deducting non-controlling interests reported for first half year	5,767	11,860	(51.4)
Sales reported for second half year	234,119	253,587	(7.7)
Operating profit after tax before deducting non-controlling interests reported for second half year	6,071	10,367	(41.4)

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

Latest Full Year	Previous Full Year
S\$'000	S\$'000
1,384*	5,534

Final cash dividend

* to be approved by shareholders at the forthcoming AGM

18 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).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Tang Chi Ming	47	Brother of Executive Director, Dr. Tang Cheuk Chee and brother-in-law of Executive Chairman, Dr. Allan Yap	<p>- With effect from 14 August 2018, Mr Tang Chi Ming assisted in overseeing Management Information System (MIS) department. His focus in MIS were network security, system enhancement and IT project management.</p> <p>- With effect from 14 August 2018, Mr Tang Chi Ming assisted Topseller on agency brand management. His focus were on building stronger network and business relationship with agency brands</p>	<p>Change in duties during Year 2019:</p> <p>Effective from 5 Dec 2019, Mr Tang Chi Ming is tasked to fully focus on the entire business of Fortune Food Manufacturing.</p> <p>Mr Tang Chi Ming's responsibility is to develop and implement export business strategies for Fortune, monitor Fortune's daily operations to optimize the productivity and streamline factory operations.</p>

19 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

Dr Allan Yap
Chairman
27 February 2020