

First Quarter 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		+ / (-) %
	1st Quarter Ended 31 March		
	2017 S\$'000	2016 S\$'000	
Revenue	105,692	94,759	11.5
Cost of sales	(82,381)	(73,567)	12.0
Gross profit	23,311	21,192	10.0
Other income	303	1,055	(71.3)
Distribution expenses	(10,470)	(10,988)	(4.7)
Administrative expenses	(7,431)	(7,373)	0.8
Other expenses	(1,914)	(2,203)	(13.1)
<b>Results from operating activities</b>	<b>3,799</b>	<b>1,683</b>	125.7
Net finance income	506	214	136.4
<b>Profit before tax</b>	<b>4,305</b>	<b>1,897</b>	126.9
Tax expense	(1,826)	(437)	317.8
<b>Profit for the period</b>	<b>2,479</b>	<b>1,460</b>	69.8
<b>Attributable to:</b>			
Owners of the Company	852	620	37.4
Non-controlling interests	1,627	840	93.7
<b>Profit for the period</b>	<b>2,479</b>	<b>1,460</b>	69.8

n.m. - not meaningful

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

	<b>GROUP</b>	
	<b>1st Quarter Ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	S\$'000	S\$'000
<b>Profit before tax is stated after (crediting) / charging:</b>		
Interest income	(594)	(519)
Amortisation of deferred income	(29)	(26)
(Gain)/loss on disposal of property, plant and equipment	(5)	173
Income from liquidation of an associate	-	(914)
Net (increase)/decrease in fair value of financial assets designated at fair value through profit or loss	(161)	77
Allowance for doubtful receivables	174	113
Allowance for inventory obsolescence	42	25
Depreciation of investment properties	5	5
Depreciation of property, plant and equipment	2,075	2,145
Inventories written off	35	1
Property, plant and equipment written off	10	3
Exchange loss	1,723	1,972
Change in fair value of financial derivatives	-	114
Interest on borrowings	249	228
<b>Taxation</b>		
Current year tax	1,955	1,124
Over provision of tax in respect of prior years	(12)	-
Current year deferred tax	(121)	(143)
Under/(over) provision of deferred tax in respect of prior years	4	(544)
	<u>1,826</u>	<u>437</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>GROUP</b>		
	<b>1st Quarter Ended</b>		
	<b>31 March</b>		
	<b>2017</b>	<b>2016</b>	<b>+ / (-)</b>
	S\$'000	S\$'000	%
Profit for the period	2,479	1,460	69.8
<b>Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences of foreign operations	(3,217)	(3,437)	(6.4)
Effective portion of changes in fair value of cash flow hedges	(43)	(16)	168.8
Net change in fair value of available-for-sale financial assets	4	-	n.m.
<b>Other comprehensive income for the period, net of tax</b>	<u>(3,256)</u>	<u>(3,453)</u>	(5.7)
<b>Total comprehensive income for the period</b>	<u><b>(777)</b></u>	<u><b>(1,993)</b></u>	(61.0)
<b>Attributable to:</b>			
Owners of the Company	(1,294)	(1,405)	(7.9)
Non-controlling interests	517	(588)	n.m.
<b>Total comprehensive income for the period</b>	<u><b>(777)</b></u>	<u><b>(1,993)</b></u>	(61.0)

n.m. - not meaningful

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

The Group's revenue for the first quarter 2017 (Q1 2017) of S\$105.69 million was 11.5% higher than the S\$94.76 million reported for the first quarter 2016 (Q1 2016). The increase was mainly contributed by higher demand in Packaging Business (Tat Seng Group). This increase was partially off-set by the lower revenue in the Consumer Business in Singapore and Malaysia.

With the increase in revenue in Q1 2017, the gross profit also increased from S\$21.19 million in Q1 2016 to S\$23.31 million in Q1 2017. However, gross profit margin decreased by 0.3% to 22.1% in Q1 2017 from 22.4% in Q1 2016. This was mainly due to higher raw material cost for Packaging Business in Singapore.

Other income of S\$0.30 million in Q1 2017 was lower than S\$1.06 million in Q1 2016 mainly due to S\$0.91 million one-off income from liquidation of an associate in Q1 2016. However, the decrease was partially off-set by the gain on disposal of property, plant and equipment in Q1 2017 (S\$0.01 million) as compared to loss on disposal of property, plant and equipment in Q1 2016 (S\$0.17 million).

Distribution expenses decreased by 4.7% or S\$0.52 million in Q1 2017 mainly due to lower advertising & promotion expenses, commission and logistics department's staff costs as a result of lower revenue generated by Consumer Business in Singapore.

Administrative expenses increased by 0.8% or S\$0.06 million in Q1 2017 mainly due to higher staff costs for Consumer Business in Singapore.

Other expenses decreased by S\$0.29 million (13.1%) in Q1 2017 as compared to Q1 2016 mainly due to lower exchange loss in Malaysia Ringgit against USD and SGD for subsidiaries in Malaysia. In addition, there was a loss in fair value of financial derivatives of S\$0.11 million in Q1 2016.

The results from operating activities were S\$3.80 million in Q1 2017 as compared to S\$1.68 million in Q1 2016, an increase of S\$2.12 million.

Higher net finance income of S\$0.51 million in Q1 2017 as compared to S\$0.21 million in Q1 2016 was mainly due to net fair value gain (S\$0.16 million) on financial assets designated at fair value through profit or loss in Q1 2017 as compared to net fair value loss (S\$0.08 million) in the same period last year. In addition, there was an increase in interest income on fixed deposits of S\$0.08 million as compared to Q1 2016. The increase in net finance income was partially off-set by the increase in interest expense on bank borrowings of S\$0.02 million in Packaging Business.

The Group achieved a higher profit before tax of S\$4.31 million in Q1 2017 as compared to S\$1.90 million in Q1 2016. Tax expense was S\$1.83 million in Q1 2017 as compared to S\$0.44 million in Q1 2016.

The Group's net profit after tax for Q1 2017 was S\$2.48 million as compared to S\$1.46 million reported for Q1 2016. The net profit attributable to shareholders was S\$0.85 million for Q1 2017 as compared to S\$0.62 million reported for Q1 2016.

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

	Note	GROUP		COMPANY	
		31/03/2017 S\$'000	31/12/2016 S\$'000	31/03/2017 S\$'000	31/12/2016 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		75,260	75,307	11,638	9,397
Investment properties		751	770	-	-
Subsidiaries		-	-	40,069	40,069
Other financial assets		53	49	53	49
Intangible assets		1,105	1,134	-	-
Deferred tax assets		1,626	1,504	-	-
		<u>78,795</u>	<u>78,764</u>	<u>51,760</u>	<u>49,515</u>
<b>Current assets</b>					
Other financial assets, including derivatives	1	2,202	2,041	2,202	2,041
Inventories	2	31,675	39,113	202	258
Trade and other receivables	3	148,792	141,411	39,209	47,901
Cash and cash equivalents	4	176,822	175,389	108,813	105,069
Assets held for sale		45,623	46,847	-	-
		<u>405,114</u>	<u>404,801</u>	<u>150,426</u>	<u>155,269</u>
<b>Total assets</b>		<u>483,909</u>	<u>483,565</u>	<u>202,186</u>	<u>204,784</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital		200,100	200,100	200,100	200,100
Reserves		69,168	70,460	(10,777)	(8,558)
		<u>269,268</u>	<u>270,560</u>	<u>189,323</u>	<u>191,542</u>
<b>Non-controlling interests</b>		<u>52,320</u>	<u>51,803</u>	-	-
<b>Total equity</b>		<u>321,588</u>	<u>322,363</u>	<u>189,323</u>	<u>191,542</u>
<b>Non-current liabilities</b>					
Loans and borrowings	5	1,193	1,340	-	-
Deferred income		1,119	1,176	-	-
Deferred tax liabilities		1,091	1,101	-	-
		<u>3,403</u>	<u>3,617</u>	-	-
<b>Current liabilities</b>					
Trade and other payables, including derivatives	6	115,324	118,957	12,863	13,242
Loans and borrowings	5	41,443	35,798	-	-
Deferred income		113	119	-	-
Current tax liabilities		2,036	2,711	-	-
		<u>158,916</u>	<u>157,585</u>	<u>12,863</u>	<u>13,242</u>
<b>Total liabilities</b>		<u>162,319</u>	<u>161,202</u>	<u>12,863</u>	<u>13,242</u>
<b>Total equity and liabilities</b>		<u>483,907</u>	<u>483,565</u>	<u>202,186</u>	<u>204,784</u>

**Note:**

- Other financial assets increased by S\$0.16 million for both the Group and the Company mainly due to increase in fair value of financial assets designated at fair value through profit or loss.
- At the Group level, inventories decreased by S\$7.44 million in Q1 2017 mainly resulted from reduction in inventories for Consumer due to festive deliveries in early 2017 and reduction in paper roll purchases in anticipation of raw material costs reduction for Packaging Business.
- The increase of S\$7.38 million in trade and other receivables was mainly due to deposits paid for the new machinery for the expansion of production plant and ERP project in Consumer Business in Singapore. In addition, the increase is due to higher bills receivables and advance payment for materials purchased from suppliers by the Packaging Businesses in China.
- 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\$5.50 million was mainly due to increase in utilisation of bills payables of S\$9.88 million by the Packaging Business, partially off-set by repayment of term loans of S\$4.38 million.
- The decrease of S\$3.63 million in trade and other payables was due to lower purchases of raw materials for Packaging Business. This was partially off-set by additional non-refundable deposits of S\$9.03 million received for the disposal of the assets held-for-sale.

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

	As at	
	31/03/2017	31/12/2016
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	39,165	28,639
- unsecured	2,278	7,159
	<u>41,443</u>	<u>35,798</u>
Amount repayable after one year		
- secured	147	266
- unsecured	1,046	1,074
	<u>1,193</u>	<u>1,340</u>
Total	<u>42,636</u>	<u>37,138</u>

### Details of any collateral :

The total secured borrowings of S\$39.31 million as at 31 March 2017 include:

Bank loans and bill payables of S\$39.27 million, secured on leasehold land, certain leasehold buildings and certain plant and machinery held by the Packaging Business with carrying amounts of approximately S\$25.56 million and cash and bank balances of S\$6.93 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**

	<b>GROUP</b>	
	<b>1st Quarter Ended 31 March</b>	
<b>Note</b>	<b>2017</b>	<b>2016</b>
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit for the period	2,479	1,460
Adjustments for:		
Amortisation of deferred income	(29)	(26)
Depreciation of investment properties	5	5
Depreciation of property, plant and equipment	2,075	2,145
(Gain)/loss on disposal of property plant and equipment	(5)	173
Net finance income	(345)	(291)
Net (increase)/decrease in fair value of financial assets designated at fair value through profit or loss	(161)	77
Income from liquidation of an associate	-	(914)
Property, plant and equipment written off	10	3
Change in fair value of financial derivatives	-	114
Tax expense	1,826	437
Unrealised exchange loss	1,512	2,264
	<b>7,367</b>	<b>5,447</b>
Changes in:		
- Inventories	1 6,917	5,160
- Trade and other receivables	2 (10,147)	11,587
- Trade and other payables	3 (9,836)	(21,856)
<b>Cash (used in)/generated from operations</b>	<b>(5,699)</b>	<b>338</b>
Tax paid	(2,635)	(1,304)
<b>Net cash used in operating activities</b>	<b>(8,334)</b>	<b>(966)</b>
<b>Cash flows from investing activities</b>		
Deposit received in relation to assets held-for-sale	9,028	-
Proceeds from liquidation of an associate	-	914
Interest received	262	340
Proceeds from disposal of property, plant and equipment	18	14
Purchase of property, plant and equipment	(3,474)	(1,997)
<b>Net cash from/(used in) investing activities</b>	<b>5,834</b>	<b>(729)</b>
<b>Cash flows from financing activities</b>		
Increase in pledged deposits	(2,431)	(830)
Interest paid	(249)	(228)
Payment of finance lease liabilities	(4)	(4)
Proceeds from borrowings	4 22,857	12,304
Repayment of borrowings	4 (16,313)	(16,718)
<b>Net cash from/(used in) financing activities</b>	<b>3,860</b>	<b>(5,476)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,360</b>	<b>(7,171)</b>
Cash and cash equivalents at beginning of the period	170,887	152,704
Effect of exchange rate fluctuations on cash held	(2,358)	(590)
<b>Cash and cash equivalents at end of the period</b>	<b>169,889</b>	<b>144,943</b>
Comprising:		
Cash at bank and in hand	58,725	42,528
Fixed deposits with banks	118,097	106,412
	176,822	148,940
Deposits pledged	(6,933)	(3,997)
	<b>169,889</b>	<b>144,943</b>

Note:

- 1 Please refer to note 2 in consolidated statement of financial position.
- 2 Please refer to note 3 in consolidated statement of financial position.
- 3 Please refer to note 6 in consolidated statement of financial position.
- 4 Please refer to note 5 in consolidated statement of financial position.

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
<b>At 1 January 2017</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>7,815</b>	<b>33</b>	<b>3</b>	<b>(3,119)</b>	<b>65,728</b>	<b>270,560</b>	<b>51,803</b>	<b>322,363</b>
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	852	852	1,627	2,479
<b>Other comprehensive income</b>											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(2,121)	-	(2,121)	(1,096)	(3,217)
Net change in fair value of available-for-sale financial assets	-	-	-	-	4	-	-	-	4	-	4
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(29)	-	-	(29)	(14)	(43)
<b>Total other comprehensive income</b>	-	-	-	-	4	(29)	(2,121)	-	(2,146)	(1,110)	(3,256)
<b>Total comprehensive income for the period</b>	-	-	-	-	4	(29)	(2,121)	852	(1,294)	517	(777)
<b>Transactions with owners, recognised directly in equity</b>											
<b>Distributions to owners</b>											
Unclaimed dividend reversed	-	-	-	-	-	-	-	2	2	-	2
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	2	2	-	2
<b>At 31 March 2017</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>7,815</b>	<b>37</b>	<b>(26)</b>	<b>(5,240)</b>	<b>66,582</b>	<b>269,268</b>	<b>52,320</b>	<b>321,588</b>
<b>At 1 January 2016</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>6,357</b>	<b>32</b>	<b>6</b>	<b>627</b>	<b>56,884</b>	<b>264,006</b>	<b>48,633</b>	<b>312,639</b>
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	620	620	840	1,460
<b>Other comprehensive income</b>											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(2,009)	-	(2,009)	(1,428)	(3,437)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(16)	-	-	(16)	-	(16)
<b>Total other comprehensive income</b>	-	-	-	-	-	(16)	(2,009)	-	(2,025)	(1,428)	(3,453)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(16)	(2,009)	620	(1,405)	(588)	(1,993)
<b>At 31 March 2016</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>6,357</b>	<b>32</b>	<b>(10)</b>	<b>(1,382)</b>	<b>57,504</b>	<b>262,601</b>	<b>48,045</b>	<b>310,646</b>

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
<b>At 1 January 2017</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>491</b>	<b>32</b>	<b>(9,081)</b>	<b>191,542</b>
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	-	-	(2,226)	(2,226)
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale financial assets	-	-	-	-	5	-	5
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>(2,226)</b>	<b>(2,221)</b>
<b>Transactions with owners, recognised directly in equity</b>							
<b>Distributions to owners</b>							
Unclaimed dividend reversed	-	-	-	-	-	2	2
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>At 31 March 2017</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>491</b>	<b>37</b>	<b>(11,305)</b>	<b>189,323</b>
<b>At 1 January 2016</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>491</b>	<b>32</b>	<b>(12,503)</b>	<b>188,120</b>
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	-	-	(2,499)	(2,499)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,499)</b>	<b>(2,499)</b>
<b>At 31 March 2016</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>491</b>	<b>32</b>	<b>(15,002)</b>	<b>185,621</b>

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

(i) <u>Share Capital</u> Group and Company In issue at 1 January and 31 March	2017	2016
	No. of shares	No. of shares
	570,996,746	570,996,746
(ii) <u>Treasury shares</u> Group and Company Balance as at the end of the period	2017	2016
	No. of shares	No. of shares
	17,581,000	17,581,000

(iii) There were no subsidiary holdings as at 31 March 2017 and 31 March 2016.

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 (31 March 2016: 553,415,746).

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

During the financial period ended 31 March 2017, 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 balance of issued non-discounted options, including options issued in 2003 was 10,150,000 as at 31 March 2017. 10,150,000 shares may be issued on conversion of all the outstanding options at the end of the current period.



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	
	31/03/2017	31/12/2016
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.

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 Financial Reporting Standards (FRS) 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 2016.

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 FRSs 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	
	1st Quarter Ended	
	31/03/2017	31/03/2016
	cents	cents
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:		
Basic earnings per share	0.15	0.11
Diluted earnings per share	0.15	0.11

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	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	48.66	48.89	34.21	34.61

- 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 decreased by S\$3.06 million or 6.9% in Q1 2017, from S\$44.57 million in Q1 2016 to S\$41.51 million in Q1 2017. The decrease was mainly due to lower revenue generated from distribution business in Singapore as a result of reduction in franchise outlets. In addition, lower sales promotion activities in the Consumer Business in Malaysia contributed to the decrease in revenue.

The Consumer Business recorded a PBIT of S\$1.53 million in Q1 2017 as compared to S\$1.00 million in Q1 2016. The improvement was due to reduction in losses resulting from closure of franchise outlets.

Packaging Business

Tat Seng Packaging Group Ltd is a listed company on SGX and is not required to make announcements of its first and third quarters' results by virtue of its market capitalisation. Accordingly, there would not be any comments made on the specific financial results of Tat Seng Group in Hanwell Holdings Limited's announcement of its Q1 2017 results.

- 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.**

The trading environment for FMCG industry for the next 12 months is expected to be soft due to weak consumers' sentiments. The Group will continue to develop new products and look out for new business opportunities to enhance its sales performance. The management will exercise prudence in its procurement and inventory management of key products to protect margins due to volatility in the foreign exchange.

The Group's packaging business expects the operating environment for both Singapore and China to remain challenging due to uncertainty of macro-economic conditions and increase in raw material costs. The division will continue to focus on stringent cost control and enhance production productivity through automation to stay competitive. It will continue to improve and enhance its existing business and actively explore new business opportunities.

- 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.**

No dividend was declared / recommended 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 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.

Dr Allan Yap  
Chairman  
12 May 2017