

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		
	2019 S\$'000	2018 S\$'000	
Revenue	111,136	119,274	(6.8)
Cost of sales	(89,642)	(91,897)	(2.5)
Gross profit	21,494	27,377	(21.5)
Other income	1,076	346	211.0
Distribution expenses	(10,468)	(11,359)	(7.8)
Administrative expenses	(7,633)	(8,210)	(7.0)
Other expenses	(353)	(2,955)	(88.1)
Results from operating activities	4,116	5,199	(20.8)
Net finance (cost)/ income	(93)	559	(116.6)
Profit before tax	4,023	5,758	(30.1)
Tax expense	(1,223)	(1,588)	(23.0)
Profit for the period	2,800	4,170	(32.9)
Attributable to:			
Owners of the Company	2,002	1,733	15.5
Non-controlling interests	798	2,437	(67.3)
Profit for the period	2,800	4,170	(32.9)

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

	GROUP	
	1st Quarter Ended	
	31 March	
	2019	2018
	S\$'000	S\$'000
Profit before tax is stated after (crediting) / charging:		
Interest income	(585)	(509)
Amortisation of deferred income	(71)	(45)
Loss/(gain) on disposal of property, plant and equipment	19	(16)
Bad debts (recovered)/ written off	(17)	2,025
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss	22	(395)
Allowance for impairment losses of trade and other receivables	159	83
Allowance/ (Write back) for inventory obsolescence	202	(44)
Write back on property, plant and equipment	(33)	-
Depreciation of investment properties	12	12
Depreciation of property, plant and equipment	3,313	2,499
Inventories written off	1	45
Property, plant and equipment written off	1	37
Exchange loss	223	808
Interest on borrowings	656	345
Taxation		
Current year tax	985	1,524
Under provision of tax in respect of prior years	-	102
Under/ (Over) provision of current year deferred tax	35	(38)
Under provision of deferred tax in respect of prior years	203	-
	<u>1,223</u>	<u>1,588</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	1st Quarter Ended		
	31 March		
	2019	2018	+ /(-)
	S\$'000	S\$'000	%
Profit for the period	2,800	4,170	(32.9)
Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences of foreign operations	1,739	2,662	(34.7)
Effective portion of changes in fair value of cash flow hedges	5	9	(44.4)
Net change in fair value of FVOCI financial assets	(1)	2	n.m.
Other comprehensive income for the period, net of tax	<u>1,743</u>	<u>2,673</u>	(34.8)
Total comprehensive income for the period	<u>4,543</u>	<u>6,843</u>	(33.6)
Attributable to:			
Owners of the Company	3,229	3,516	(8.2)
Non-controlling interests	1,314	3,327	(60.5)
Total comprehensive income for the period	<u>4,543</u>	<u>6,843</u>	(33.6)

n.m. - not meaningful

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

The Group recorded revenue of S\$111.14 million in the first quarter of 2019 (Q1 2019). This was S\$8.14 million (6.8%) lower than the revenue of S\$119.27 million accounted in the first quarter of 2018 (Q1 2018). The decrease was mainly attributed to lower revenue from the China sector of the Packaging Business (Tat Seng Group) as a result of reduction in selling price to customers from intense market competition and weakening of Renminbi against the Singapore dollars as compared to Q1 2018. This is partially offset by higher revenue from Malaysia Consumer Business, which has experienced positive growth from promotion and new product range.

The gross profit for the Group decreased by 21.5% from S\$27.38 million in Q1 2018 to S\$21.49 million in Q1 2019, which resulted in a decrease in gross profit margin from 22.95% in Q1 2018 to 19.34% in Q1 2019. The lower gross profit is attributed to lower selling price by Packaging Business (Tat Seng Group) and higher cost for the Singapore Consumer Business.

Other income of S\$1.08 million in Q1 2019 was higher than S\$0.35 million in Q1 2018. This was mainly due to higher government grant awarded for Packaging Business (Tat Seng Group).

Distribution expenses decreased from S\$11.36 million in Q1 2018 to S\$10.47 million in Q1 2019, a decrease of S\$0.89 million (7.8%). The decrease in distribution expenses is mainly due to reduction in delivery charge for Consumer Business. Additionally, the warehouse rental cost of the Singapore subsidiaries has reduced with the relocation back to headquarter after completion of the construction of the warehouse.

Administrative expenses decreased by 7.0% (S\$0.58 million) in Q1 2019 mainly due to a decrease in provision of staff bonus as a result of lower profits achieved in Q1 2019 as compared to Q1 2018.

Other operating expenses decreased by S\$2.61 million from S\$2.96 million in Q1 2018 to S\$0.35 million in Q1 2019. This is due to lower exchange loss and lower bad debt written off.

The results from operating activities were S\$4.02 million in Q1 2019 as compared to S\$5.76 million in Q1 2018, a decrease of S\$1.74 million (30.1%).

Net finance cost was S\$0.09 million in Q1 2019 as compared to net finance income of S\$0.56 million in Q1 2018, mainly due to net fair value loss through profit or loss in Q1 2019 as compared to net fair value gain through profit or loss in Q1 2018. Additionally, the interest expense increased with the implementation of new accounting standard for leases in FY 2019.

The Group achieved a lower profit before tax of S\$4.02 million in Q1 2019 as compared to S\$5.76 million in Q1 2018. Excluding foreign exchange loss of S\$0.22 million in Q1 2019 and S\$0.81 million in Q1 2018, the profit before tax would be S\$4.25 million and S\$6.57 million respectively. Tax expense was S\$1.22 million in Q1 2019 as compared to S\$1.59 million in Q1 2018.

The Group's net profit after tax for Q1 2019 was S\$2.80 million as compared to S\$4.17 million reported for Q1 2018. The net profit attributable to shareholders was S\$2.00 million for Q1 2019 as compared to S\$1.73 million reported for Q1 2018.

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

	Note	GROUP		COMPANY	
		31/3/2019 S\$'000	31/12/2018 S\$'000	31/3/2019 S\$'000	31/12/2018 S\$'000
Non-current assets					
Property, plant and equipment	1	171,922	146,868	52,571	38,540
Investment properties		10,996	11,065	-	-
Subsidiaries		-	-	40,001	40,001
Other financial assets		62	63	62	63
Intangible assets		1,109	1,095	-	-
Deferred tax assets		3,628	3,849	-	-
		<u>187,717</u>	<u>162,940</u>	<u>92,634</u>	<u>78,604</u>
Current assets					
Other financial assets	2	2,474	2,496	2,474	2,496
Inventories	3	49,427	50,055	-	-
Trade and other receivables	4	149,345	159,509	47,183	47,808
Cash and cash equivalents	5	152,728	152,402	84,079	83,231
Assets held for sale		45,332	44,730	-	-
		<u>399,306</u>	<u>409,192</u>	<u>133,736</u>	<u>133,535</u>
Total assets		<u>587,023</u>	<u>572,132</u>	<u>226,370</u>	<u>212,139</u>
Equity attributable to equity holders of the Company					
Share capital		200,100	200,100	200,100	200,100
Reserves		89,943	87,367	(1,536)	(1,363)
		<u>290,043</u>	<u>287,467</u>	<u>198,564</u>	<u>198,737</u>
Non-controlling interests		62,899	61,953	-	-
Total equity		<u>352,942</u>	<u>349,420</u>	<u>198,564</u>	<u>198,737</u>
Non-current liabilities					
Loans and borrowings	6	17,301	18,491	-	-
Lease liabilities	7	18,883	-	14,189	-
Deferred income		2,099	2,149	370	382
Deferred tax liabilities		2,708	2,688	-	-
		<u>40,991</u>	<u>23,328</u>	<u>14,559</u>	<u>382</u>
Current liabilities					
Trade and other payables, including derivatives	8	123,542	128,865	12,890	12,969
Loans and borrowings	6	65,389	68,678	-	-
Lease liabilities	7	2,653	-	306	-
Deferred income		277	278	51	51
Current tax liabilities		1,229	1,563	-	-
		<u>193,090</u>	<u>199,384</u>	<u>13,247</u>	<u>13,020</u>
Total liabilities		<u>234,081</u>	<u>222,712</u>	<u>27,806</u>	<u>13,402</u>
Total equity and liabilities		<u>587,023</u>	<u>572,132</u>	<u>226,370</u>	<u>212,139</u>

Note:

- Property, plant and equipment increased by S\$25.05 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\$20.4 million.
- Other financial assets decreased by S\$0.02 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\$0.63 million mainly due to higher stockholding during December 2018 in anticipation of higher sales during the festive season in Q1 2019. This is partially offset by higher stockholding for Packaging Business due to new plant for Nantong Tat Seng and increased import from overseas by Malaysia Consumer Business for upcoming festive promotion in Q2 2019.
- Trade and other receivables decreased by S\$10.16 million mainly due to reduction of sales as well as better collection from customers. This is partially offset by an increase in advance payment for purchase of materials and additional prepaid operating expenses incurred.
- 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\$4.48 million was mainly due to repayment of loan and bill payables by the Packaging Business.
- Lease liabilities increased by S\$21.54 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\$5.32 million in trade and other payables was mainly due to increased cash payment to creditors and payment of staff incentives for prior year by the Packaging Business. This is partially offset by higher import by Malaysia Consumer Business.

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

	As at	
	31/3/2019	31/12/2018
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	46,742	46,309
- unsecured	18,647	22,369
	<u>65,389</u>	<u>68,678</u>
Amount repayable after one year		
- secured	17,301	18,491
- unsecured	-	-
	<u>17,301</u>	<u>18,491</u>
Total	<u>82,690</u>	<u>87,169</u>

Details of any collateral :

The total secured borrowings of S\$64.04 million as at 31 March 2019 include:

Bank loans, bill payables and lease liabilities of S\$64.04 million, secured on leasehold land, certain leasehold building and plant and machinery held by the Group with net book value of approximately S\$53.17 million and cash and bank balances of S\$10.34 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	
	1st Quarter Ended 31 March	
Note	2019	2018
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	2,800	4,170
Adjustments for:		
Amortisation of deferred income	(71)	(45)
Amortisation of intangible assets	1	-
Depreciation of investment properties	12	12
Depreciation of property, plant and equipment	3,313	2,499
Loss/(gain) on disposal of property plant and equipment	19	(16)
Net finance expense/ (income)	71	(164)
Net decrease/ (increase) in fair value of financial assets designated at fair value through profit or loss	22	(395)
Write back on property, plant and equipment	(33)	-
Inventories written off	202	45
Property, plant and equipment written off	1	37
Tax expense	1,223	1,588
Unrealised exchange (gain)/loss	(52)	1,538
	7,508	9,269
Changes in:		
- Inventories	801	2,232
- Trade and other receivables	11,749	6,665
- Trade and other payables	(6,621)	(9,294)
Cash generated from operations	13,437	8,872
Tax paid	(1,279)	(1,659)
Net cash generated from operating activities	12,158	7,213
Cash flows from investing activities		
Non-refundable partial consideration received in relation to assets held-for-sale	379	-
Interest received	611	319
Proceeds from disposal of property, plant and equipment	62	84
Purchase of property, plant and equipment	(6,802)	(9,176)
Net cash used in investing activities	(5,750)	(8,773)
Cash flows from financing activities		
Decrease in pledged deposits	661	3,085
Interest paid	(655)	(345)
Payment of finance lease liabilities	(620)	(4)
Proceeds from borrowings	34,948	26,973
Repayment of borrowings	(40,577)	(29,500)
Net cash (used in)/ generated from financing activities	(6,243)	209
Net increase/ (decrease) in cash and cash equivalents	165	(1,351)
Cash and cash equivalents at beginning of the period	141,399	135,020
Effect of exchange rate fluctuations on cash held	823	(815)
Cash and cash equivalents at end of the period	142,387	132,854
Comprising:		
Cash at bank and in hand	68,966	55,369
Fixed deposits with banks	83,762	87,293
	152,728	142,662
Deposits pledged	(10,341)	(9,808)
	142,387	132,854

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	11,544	45	(7)	(3,188)	78,973	287,467	61,953	349,420
Effect on adoption of SFRS(I) 16	-	-	-	-	-	-	-	(653)	(653)	(368)	(1,021)
At 1 January 2019, as restated	204,327	(4,227)	200,100	11,544	45	(7)	(3,188)	78,320	286,814	61,585	348,399
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	2,002	2,002	798	2,800
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	1,225	-	1,225	514	1,739
Net change in fair value of FVOCI financial assets	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	3	-	-	3	2	5
Total other comprehensive income	-	-	-	-	(1)	3	1,225	-	1,227	516	1,743
Total comprehensive income for the period	-	-	-	-	(1)	3	1,225	2,002	3,229	1,314	4,543
Transactions with owners, recognised directly in equity											
Distributions to owners											
Share options cancelled	-	-	-	(491)	-	-	-	491	-	-	-
Total transactions with owners	-	-	-	(491)	-	-	-	491	-	-	-
At 31 March 2019	204,327	(4,227)	200,100	11,053	44	(4)	(1,963)	80,813	290,043	62,899	352,942
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	-	-	-	-	-	-	-	1,733	1,733	2,437	4,170
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	1,775	-	1,775	887	2,662
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	6	-	-	6	3	9
Net change in fair value of FVOCI financial assets	-	-	-	-	2	-	-	-	2	-	2
Total other comprehensive income	-	-	-	-	2	6	1,775	-	1,783	890	2,673
Total comprehensive income for the period	-	-	-	-	2	6	1,775	1,733	3,516	3,327	6,843
At 31 March 2018	204,327	(4,227)	200,100	10,667	54	(12)	955	69,827	281,591	61,815	343,406

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							
Loss for the period	-	-	-	-	-	(172)	(172)
Other comprehensive income							
Net change in fair value of FVOCI financial assets	-	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	-	-	(1)	(172)	(173)
Transactions with owners, recognised directly in equity							
Distributions to owners							
Share options cancelled	-	-	-	(491)	-	491	0
Total transactions with owners	-	-	-	(491)	-	491	0
At 31 March 2019	204,327	(4,227)	200,100	0	44	(1,580)	198,564
At 1 January 2018	204,327	(4,227)	200,100	491	51	(10,154)	190,488
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(1,774)	(1,774)
Other comprehensive income							
Net change in fair value of FVOCI financial assets	-	-	-	-	3	-	3
Total comprehensive income for the period	-	-	-	-	3	(1,774)	(1,771)
At 31 March 2018	204,327	(4,227)	200,100	491	54	(11,928)	188,717

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.

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

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 2018: 553,415,746).

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

During the financial period ended 31 March 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	
	31/3/2019	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.

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 Increase/ (Decrease) \$'000
Property, plant and equipment	20,317
Trade and other payables, including derivatives	726
Lease liabilities	<u>(22,064)</u>
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	
	1st Quarter Ended	
	31/3/2019	31/03/2018
	cents	cents
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:		
Basic earnings per share	0.36	0.31
Diluted earnings per share	0.36	0.31

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	
	31/3/2019	31/12/2018	31/3/2019	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	52.41	51.94	35.88	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.

Consumer Business

Revenue decreased by S\$0.51 million or 1.2% in Q1 2019, from S\$43.16 million in Q1 2018 to S\$42.65 million in Q1 2019. The decrease was mainly contributed by lower revenue from distribution channel and agency products by Singapore Consumer Business. This is partially offset by Malaysia Consumer Business, which experienced positive growth from existing distribution channels and introduction of new product range.

The Consumer Business recorded a Profit before Interest and Tax of S\$0.98 million in Q1 2019 as compared to loss before interest and tax of S\$0.13 million in Q1 2018. Excluding foreign currency impact, the PBIT in Q1 2019 is S\$0.75 million as compared to S\$0.88 million in Q1 2018.

Packaging Business

For the three months ended 31 March 2019 ("Q1 2019"), revenue for the Packaging Business decreased by 10.0% or S\$7.61 million to S\$68.40 million as compared to the previous corresponding period ("Q1 2018").

Total revenue achieved by the Singapore entities in Q1 2019 increased by 6.0% or S\$0.64 million from S\$10.71 million in Q1 2018.

Total revenue of China's operations reduced by 12.6% or S\$8.25 million in the Group's reporting currency in Q1 2019 mainly due to competitive selling prices and weakening of Renminbi ("RMB") against Singapore Dollars ("SGD") as compared to Q1 2018. However, total sales volume of China's operations increased by 2.9% as compared to Q1 2018.

The Packaging Business recorded a PBIT of S\$3.35 million in Q1 2019 as compared to S\$7.05 million in Q1 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.

The retail market is lacklustre as consumers' sentiment remained weak. The Consumer Business was only able to achieve a marginal increase in its products' selling price to offset the higher purchase price. The Business does not foresee an immediate improvement in margin as costs of the product are not showing sign of reduction. The operating environment will continue to remain competitive for this Business.

Packaging Business expects the business environment to remain challenging with intense competition in China which may further affect the Business's performance. The volatility in raw material prices may also impact the results.

Notwithstanding, the Business will continue to improve operational efficiencies, mitigate risks from market fluctuations and make improvements on a continuous basis.

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

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
10 May 2019