

Third 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			GROUP		
	3rd Quarter Ended 30 September		+/(-) %	Year to Date Ended 30 September		+/(-) %
	2019 S\$'000	2018 S\$'000		2019 S\$'000	2018 S\$'000	
Revenue	114,498	129,260	(11.4)	341,486	377,225	(9.5)
Cost of sales	(90,195)	(104,971)	(14.1)	(272,740)	(298,781)	(8.7)
Gross profit	24,303	24,289	0.1	68,746	78,444	(12.4)
Other income	986	516	91.1	2,596	2,188	18.6
Distribution expenses	(11,026)	(10,934)	0.8	(32,453)	(33,219)	(2.3)
Administrative expenses	(7,674)	(8,078)	(5.0)	(22,930)	(25,037)	(8.4)
Other expenses	(183)	(146)	25.3	(680)	(2,718)	(75.0)
Results from operating activities	6,406	5,647	13.4	15,279	19,658	(22.3)
Net finance (cost)/ income	(364)	(29)	1,155.2	(713)	1,286	n.m.
Profit before tax	6,042	5,618	7.5	14,566	20,944	(30.5)
Tax expense	(1,073)	(1,379)	(22.2)	(3,830)	(4,845)	(20.9)
Profit for the period	4,969	4,239	17.2	10,736	16,099	(33.3)
Attributable to:						
Owners of the Company	3,464	2,339	48.1	7,603	9,410	(19.2)
Non-controlling interests	1,505	1,900	(20.8)	3,133	6,689	(53.2)
Profit for the period	4,969	4,239	17.2	10,736	16,099	(33.3)

n.m. - not meaningful

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

	GROUP		GROUP		
	3rd Quarter Ended		Year to Date Ended		
	30 September		30 September		
	2019	2018	2019	2018	
	S\$'000	S\$'000	S\$'000	S\$'000	
Profit before tax is stated after (crediting) / charging:					
Interest income	(583)	(580)	(1,797)	(1,671)	
Dividend income	-	-	(1)	(1)	
Amortisation of deferred income	(78)	(69)	(231)	(172)	
(Gain)/Loss on disposal of property, plant and equipment	(176)	(15)	(116)	7	
Bad debts (recovered)/ written off	(4)	(25)	(7)	2,007	
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	276	231	378	(703)	
Allowance for impairment losses of trade and other receivables	119	166	615	561	
(Reversal of allowance)/ Allowance for impairment loss for inventories	(125)	395	(38)	(235)	
Impairment loss on property, plant and equipment	79	-	8	-	
Depreciation of investment properties	12	12	36	37	
Depreciation of property, plant and equipment	3,762	2,524	10,939	7,416	
Inventories written off	27	48	110	149	
Property, plant and equipment written off	57	5	62	148	
Exchange (gain)/loss	(592)	62	(583)	(968)	
Interest expense	671	378	2,132	1,089	
Taxation					
Current year tax	1,024	1,556	3,356	4,985	
(Over)/under provision of tax in respect of prior years	(244)	161	(276)	365	
Under/(over) provision of current year deferred tax	293	(338)	399	(547)	
Under provision of deferred tax in respect of prior years	-	-	351	42	
	<u>1,073</u>	<u>1,379</u>	<u>3,830</u>	<u>4,845</u>	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			GROUP		+ / (-) %
	3rd Quarter Ended			Year to Date Ended		
	30 September			30 September		
	2019	2018	2019	2018		
	S\$'000	S\$'000	S\$'000	S\$'000		
Profit for the period	4,969	4,239	17.2	10,736	16,099	(33.3)
Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences of foreign operations	(2,552)	(5,806)	(56.0)	(4,085)	(4,130)	(1.1)
Effective portion of changes in fair value of cash flow hedges	6	(6)	n.m.	10	27	(63.0)
Net change in fair value of FVOCI financial assets	(3)	(1)	200.0	(2)	(5)	(60.0)
Subsidiary that have been struck off	-	-	n.m.	(45)	-	n.m.
Other comprehensive income for the period, net of tax	<u>(2,549)</u>	<u>(5,813)</u>	n.m.	<u>(4,122)</u>	<u>(4,108)</u>	0.3
Total comprehensive income for the period	<u>2,420</u>	<u>(1,574)</u>	n.m.	<u>6,614</u>	<u>11,991</u>	(44.8)
Attributable to:						
Owners of the Company	2,411	(1,220)	n.m.	5,628	7,028	(19.9)
Non-controlling interests	9	(354)	n.m.	986	4,963	(80.1)
Total comprehensive income for the period	<u>2,420</u>	<u>(1,574)</u>	n.m.	<u>6,614</u>	<u>11,991</u>	(44.8)

n.m. - not meaningful

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

The Group recorded revenue of S\$114.50 million in the third quarter of 2019 (Q3 2019). This was S\$14.76 million (11.42%) lower than the revenue of S\$129.26 million accounted in the third quarter of 2018 (Q3 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 competitive selling prices and weakening of Renminbi against the Singapore dollars as compared to Q3 2018. However, total sales volume (sqm) of China's operations increased by 1.0% as compared to Q3 2018. This is partially offset by higher revenue from Singapore and Malaysia Consumer Business, which has experienced growth from its housebrand and agency products. Additionally, Consumer Business has utilised online platforms to expand its reach and improve online sales.

Gross profit for Q3 2019 was S\$24.30 million, which is relatively consistent with Q3 2018 (S\$24.29 million). The gross profit margins for Q3 2019 has increased by 2.44% from 18.79% to 21.23%. The higher gross profit is attributed to reduction of material cost for Packaging Business (Tat Seng Group) and lower cost for the Singapore Consumer Business.

Other income of S\$0.99 million in Q3 2019 was higher than S\$0.52 million in Q3 2018. This is mainly due to exchange gain and higher gain on disposal of Property, Plant and Equipment in Q3 2019 as compared to an exchange loss incurred in Q3 2018.

Distribution expenses increased by S\$0.09 million (0.84%) in Q3 2019 as compared to Q3 2018. The increase is mainly due to higher A&P expense by Singapore Consumer Business, which is in line with the higher sales achieved by the segment in Q3 2019 as compared to Q3 2018.

Administrative expenses decreased by S\$0.40 million (5.0%) in Q3 2019 mainly due to a decrease in provision of staff bonus as a result of lower profits achieved by Packaging Business in Q3 2019 as compared to last year.

Other operating expenses increased by S\$0.04 million in Q3 2019 as compared to Q3 2018. This is mainly due to higher fixed asset written off in Q3 2019 as compared to Q3 2018.

The results from operating activities were S\$6.41 million in Q3 2019 as compared to S\$5.65 million in Q3 2018, an increase of S\$0.76 million (13.45%).

Net finance cost were S\$0.36 million in Q3 2019 as compared to S\$0.03 million in Q3 2018 mainly due to higher net fair value loss through profit or loss in Q3 2019 as compared to Q3 2018. Additionally, the interest expense increased with the implementation of new accounting standard for leases on 1 January 2019.

The Group achieved a higher profit before tax of S\$6.04 million in Q3 2019 as compared to S\$5.62 million in Q3 2018. Excluding foreign exchange gain of S\$0.59 million in Q3 2019 and foreign exchange loss of S\$0.06 million in Q3 2018, the profit before tax would be S\$5.45 million in Q3 2019 and S\$5.68 million in Q3 2018.

The Group's net profit after tax for Q3 2019 was S\$4.97 million as compared to S\$4.24 million reported for Q3 2018. The net profit attributable to shareholders was S\$3.46 million for Q3 2019 as compared to S\$2.34 million reported for Q3 2018.

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

	Note	GROUP		COMPANY	
		30/09/2019 S\$'000	31/12/2018 S\$'000	30/09/2019 S\$'000	31/12/2018 S\$'000
Non-current assets					
Property, plant and equipment	1	165,294	146,868	51,567	38,540
Investment properties		11,435	11,065	-	-
Subsidiaries		-	-	40,001	40,001
Other financial assets		62	63	62	63
Intangible assets		1,068	1,095	-	-
Deferred tax assets		3,302	3,849	-	-
		<u>181,161</u>	<u>162,940</u>	<u>91,630</u>	<u>78,604</u>
Current assets					
Other financial assets	2	2,118	2,496	2,118	2,496
Inventories	3	41,586	50,055	-	-
Trade and other receivables	4	136,036	159,509	49,025	47,808
Cash and cash equivalents	5	122,600	152,402	59,111	83,231
Assets held for sale		43,665	44,730	-	-
		<u>346,005</u>	<u>409,192</u>	<u>110,254</u>	<u>133,535</u>
Total assets		<u>527,166</u>	<u>572,132</u>	<u>201,884</u>	<u>212,139</u>
Equity attributable to equity holders of the Company					
Share capital		180,100	200,100	180,100	200,100
Reserves		86,809	87,367	(5,059)	(1,363)
		<u>266,909</u>	<u>287,467</u>	<u>175,041</u>	<u>198,737</u>
Non-controlling interests		60,871	61,953	-	-
Total equity		<u>327,780</u>	<u>349,420</u>	<u>175,041</u>	<u>198,737</u>
Non-current liabilities					
Loans and borrowings	6	14,638	18,491	-	-
Lease liabilities	7	17,649	-	14,031	-
Deferred income		2,246	2,149	388	382
Deferred tax liabilities		2,885	2,688	-	-
		<u>37,418</u>	<u>23,328</u>	<u>14,419</u>	<u>382</u>
Current liabilities					
Trade and other payables, including derivatives	8	114,225	128,865	12,056	12,969
Loans and borrowings	6	43,747	68,678	-	-
Lease liabilities	7	2,380	-	312	-
Deferred income		306	278	56	51
Current tax liabilities		1,310	1,563	-	-
		<u>161,968</u>	<u>199,384</u>	<u>12,424</u>	<u>13,020</u>
Total liabilities		<u>199,386</u>	<u>222,712</u>	<u>26,843</u>	<u>13,402</u>
Total equity and liabilities		<u>527,166</u>	<u>572,132</u>	<u>201,884</u>	<u>212,139</u>

Note:

- Property, plant and equipment increased by S\$18.43 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\$20.1 million.
- Other financial assets decreased by S\$0.38 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\$8.47 million mainly due to higher stockholding by Consumer Business during December 2018 in anticipation of higher sales during the festive season. Additionally, there was a reduction in the raw material prices for the Packaging Business.
- Trade and other receivables decreased by S\$23.47 million mainly due to reduction in revenue and better collection from customers by the Packaging Business. This is partially offset by higher Q3 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\$28.79 million was mainly due to repayment of bank loans.
- Lease liabilities increased by S\$20.03 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\$14.64 million in trade and other payables was mainly due to reduction of raw material prices and lower provision for staff incentives in the Packaging Business. Additionally, lower purchase by Consumer Business in view of the cyclical nature of the industry contributed to the lower trade and other payables as at September 2019 as compared to December 2018.

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

	As at	
	30/09/2019	31/12/2018
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	37,540	46,309
- unsecured	6,207	22,369
	<u>43,747</u>	<u>68,678</u>
Amount repayable after one year		
- secured	14,638	18,491
- unsecured	-	-
	<u>14,638</u>	<u>18,491</u>
Total	<u>58,385</u>	<u>87,169</u>

Details of any collateral :

The total secured borrowings of S\$52.18 million as at 30 September 2019 include:

Bank loans and bill payables of S\$52.18 million, secured on leasehold land, certain leasehold buildings, certain plant and machinery and certain motor vehicle held by the Packaging Business with net book value of approximately S\$50.07 million (31/12/2018: S\$49.2 million) and cash and bank balances of S\$8.11 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	
		3rd Quarter Ended 30 September	
		2019	2018
		S\$'000	S\$'000
Cash flows from operating activities			
Profit for the period		4,969	4,239
Adjustments for:			
Amortisation of deferred income		(78)	(69)
Amortisation of intangible assets		1	-
Depreciation of investment properties		12	12
Depreciation of property, plant and equipment		3,762	2,524
Gain on disposal of property plant and equipment		(176)	(15)
Net finance expense/(income)		88	(202)
Net decrease in fair value of financial assets designated at fair value through profit or loss		276	231
(Reversal of allowance)/ allowance for impairment loss and write off for inventories		(98)	443
Property, plant and equipment written off		57	5
Impairment loss on property, plant and equipment		79	-
Tax expense		1,073	1,379
Unrealised exchange gain		(547)	(243)
		9,418	8,304
Changes in:			
- Inventories	1	752	2,560
- Trade and other receivables	2	2,010	2,703
- Trade and other payables	3	1,471	(12,227)
Cash generated from operations		13,651	1,340
Tax paid		(946)	(1,472)
Net cash generated from operating activities		12,705	(132)
Cash flows from investing activities			
Interest received		471	436
Proceeds from disposal of property, plant and equipment		231	55
Purchase of property, plant and equipment		(2,053)	(12,206)
Purchase of investment property (adjustment to value)		(5)	(3,037)
Net cash used in investing activities		(1,356)	(14,752)
Cash flows from financing activities			
Increase in pledged deposits		2,291	(1,469)
Interest paid		(671)	(379)
Payment of finance lease liabilities		(649)	(4)
Dividend paid		(567)	(2,517)
Proceeds from borrowings	4	25,456	44,561
Repayment of borrowings	4	(41,732)	(25,090)
Capital reduction		(20,000)	-
Net cash (used in)/generated from financing activities		(35,872)	15,102
Net (decrease)/increase in cash and cash equivalents		(24,523)	218
Cash and cash equivalents at beginning of the period		139,633	130,219
Effect of exchange rate fluctuations on cash held		(621)	(1,602)
Cash and cash equivalents at end of the period	5	114,489	128,835
Comprising:			
Cash at bank and in hand		63,544	62,202
Fixed deposits with banks		59,056	78,270
		122,600	140,472
Deposits pledged		(8,111)	(11,637)
		114,489	128,835

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\$25.14 million. This was primarily due to net cash generated from operating activities amounting to S\$12.71 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\$1.36 million, which mainly attributable to capital expenditure and net cash used in financing activities amounting to S\$35.87 million, which mainly due to repayment of borrowing and 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 July 2019	204,327	(4,227)	200,100	11,008	46	(4)	(4,068)	77,416	284,498	61,429	345,927
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	3,464	3,464	1,505	4,969
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(1,054)	-	(1,054)	(1,498)	(2,552)
Net change in fair value of FVOCI financial assets	-	-	-	-	(3)	-	-	-	(3)	-	(3)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	4	-	-	4	2	6
Total other comprehensive income	-	-	-	-	(3)	4	(1,054)	-	(1,053)	(1,496)	(2,549)
Total comprehensive income for the period	-	-	-	-	(3)	4	(1,054)	3,464	2,411	9	2,420
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	-	-	(567)	(567)
Capital reduction	(20,000)	-	(20,000)	-	-	-	-	-	(20,000)	-	(20,000)
Total transactions with owners	(20,000)	-	(20,000)	-	-	-	-	-	(20,000)	(567)	(20,567)
At 30 September 2019	184,327	(4,227)	180,100	11,008	43	-	(5,122)	80,880	266,909	60,871	327,780
At 1 July 2018	204,327	(4,227)	200,100	10,667	48	3	340	73,783	284,941	62,672	347,613
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	2,339	2,339	1,900	4,239
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(3,554)	-	(3,554)	(2,252)	(5,806)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(4)	-	-	(4)	(2)	(6)
Net change in fair value of FVOCI financial assets	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Total other comprehensive income	-	-	-	-	(1)	(4)	(3,554)	-	(3,559)	(2,254)	(5,813)
Total comprehensive income for the period	-	-	-	-	(1)	(4)	(3,554)	2,339	(1,220)	(354)	(1,574)
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	-	-	(2,517)	(2,517)
Total transactions with owners	-	-	-	-	-	-	-	-	-	(2,517)	(2,517)
At 30 September 2018	204,327	(4,227)	200,100	10,667	47	(1)	(3,214)	76,122	283,721	59,801	343,522

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 July 2019	204,327	(4,227)	200,100	0	46	(5,604)	194,542
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	502	502
Other comprehensive income							
Net change in fair value of FVOCI financial assets	-	-	-	-	(3)	-	(3)
Total comprehensive income for the period	-	-	-	-	(3)	502	499
Transactions with owners, recognised directly in equity							
Distributions to owners							
Capital reduction	(20,000)	-	(20,000)	-	-	-	(20,000)
Total transactions with owners	(20,000)	-	(20,000)	-	-	-	(20,000)
At 30 September 2019	184,327	(4,227)	180,100	0	43	(5,102)	175,041
At 1 July 2018	204,327	(4,227)	200,100	491	47	(9,792)	190,846
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	6,109	6,109
Other comprehensive income							
Net change in fair value of FVOCI financial assets	-	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	-	-	(1)	6,109	6,108
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 30 September 2018	204,327	(4,227)	200,100	491	46	(3,683)	196,954

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) Share Capital	2019		2018	
	Group and Company		Group and Company	
In issue at 1 July and 30 September	570,996,746	570,996,746	570,996,746	570,996,746
(ii) Treasury shares	2019		2018	
	Group and Company		Group and Company	
Balance as at the end of the period	17,581,000	17,581,000	17,581,000	17,581,000

(iii) There were no subsidiary holdings as at 30 September 2019 and 30 September 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 (30 September 2018: 553,415,746).

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

During the financial period ended 30 September 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	
	30/09/2019	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

	<u>Group</u>
	<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		GROUP	
	3rd Quarter Ended		Year to Date Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	cents	cents	cents	cents
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:				
Basic earnings per share	0.63	0.42	1.37	1.70
Diluted earnings per share	0.63	0.42	1.37	1.69

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

	GROUP		COMPANY	
	30/09/2019	31/12/2018	30/09/2019	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	48.23	51.94	31.63	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 increased by S\$1.74 million or 4.2% in Q3 2019, from S\$41.68 million in Q3 2018 to S\$43.42 million in Q3 2019. Both Singapore and Malaysia sectors experience growth in revenue. 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\$1.31 million in Q3 2019 as compared to S\$0.50 million in Q3 2018. Excluding foreign currency impact, the PBIT in Q3 2019 is S\$1.44 million as compared to S\$0.75 million in Q3 2018.

Packaging Business

For Q3 2019, the sector's turnover decreased by 19.0% or S\$16.60 million to S\$70.98 million as compared to Q3 2018.

Total revenue achieved by the Singapore entities in Q3 2019 increased by 4.8% or S\$0.54 million from S\$11.36 million in Q3 2018.

Total revenue of China's operations reduced by 22.5% or S\$17.14 million in the Group's reporting currency in Q3 2019 mainly due to competitive selling prices and partially attributable to weakening of Renminbi against Singapore Dollars as compared to Q3 2018. However, total sales volume (sqm) of China's operations increased by 1.0% as compared to Q3 2018.

The Packaging Business recorded a Profit before Interest and Tax of S\$5.07 million in Q3 2019 as compared to S\$5.81 million in Q3 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.

Sales was promising in the third quarter for rice, where the sector experienced some recovery. The recovery was via trade activities of space buy, promoter sampling and in-store promotions. Margin for oil range stay healthy as purchase price remained stable. Both domestic and export tofu business are growing positively.

Outlook for rice business remain challenging as supply are affected by drought and flood in North East of Thailand. The Consumer Business segment is exploring new source of supply from Cambodia to maintain the margins.

Packaging Business expects the business environment in China to remain challenging with intense competition and the trade tension between China and the USA. The fluctuations in raw material prices may also impact this sector's results.

The sector 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

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
8 November 2019