

**Unaudited Third Quarter Financial Statement And Related Announcement for the Quarter Ended 30 September 2019**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q3 RESULTS**

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

1(a)(i) **CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2018**

**Consolidated Income Statement**

	Group 3Q2019	Group 3Q2018	Increase/ (Decrease)	Group 9M2019	Group 9M2018	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	247,226	349,263	(29.2%)	718,120	984,306	(27.0%)
Cost of sales	(234,685)	(330,921)	(29.1%)	(675,672)	(930,491)	(27.4%)
<b>Gross profit</b>	<b>12,541</b>	<b>18,342</b>	<b>(31.6%)</b>	<b>42,448</b>	<b>53,815</b>	<b>(21.1%)</b>
Other income	824	410	101.0%	1,528	872	75.2%
Sales and distribution expenses	(7,956)	(9,239)	(13.9%)	(24,513)	(27,534)	(11.0%)
General and administrative expenses	(3,936)	(4,666)	(15.6%)	(11,607)	(14,306)	(18.9%)
Impairment losses on financial assets	(64)	(197)	(67.5%)	(1,581)	(322)	N.M
Interest expense	(1,261)	(1,730)	(27.1%)	(4,428)	(4,919)	(10.0%)
<b>Profit before taxation</b>	<b>148</b>	<b>2,920</b>	<b>(94.9%)</b>	<b>1,847</b>	<b>7,606</b>	<b>(75.7%)</b>
Income tax expense	(29)	(384)	(92.4%)	(556)	(1,401)	(60.3%)
<b>Profit after taxation</b>	<b>119</b>	<b>2,536</b>	<b>(95.3%)</b>	<b>1,291</b>	<b>6,205</b>	<b>(79.2%)</b>

<b>Profit attributable to:-</b>						
Equity holders of the Company	119	2,536	(95.3%)	1,291	6,205	(79.2%)

Note:-

N.M. = Not meaningful

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd).

1(a)(i) CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2018 (CONT'D)

Consolidated Statement of Other Comprehensive Income

	Group 3Q2019	Group 3Q2018	Increase/ (Decrease)	Group 9M2019	Group 9M2018	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit after taxation	119	2,536	(95.3%)	1,291	6,205	(79.2%)
Other comprehensive income:-						
Item that will not be reclassified subsequently to profit or loss:-						
Net fair value changes on equity instrument at fair value through other comprehensive income ("FVOCI")	(30)	(231)	(87.0%)	463	(112)	N.M
Items that may be reclassified subsequently to profit or loss:-						
Foreign currency translation	73	91	(19.8%)	39	45	(13.3%)
Other comprehensive income for the period	43	(140)	N.M	502	(67)	N.M
Total comprehensive income for the period	162	2,396	(93.2%)	1,793	6,138	(70.8%)
Total comprehensive income attributable to:-						
Equity holders of the Company	162	2,396	(93.2%)	1,793	6,138	(70.8%)

1(a)(ii) NOTES TO THE CONSOLIDATED INCOME AND STATEMENT OF COMPREHENSIVE INCOME

Notes to the consolidated income and statement of comprehensive income	Group 3Q2019	Group 3Q2018	Group 9M2019	Group 9M2018
	US\$'000	US\$'000	US\$'000	US\$'000
Interest income	399	6	464	16
Interest expenses on loans and borrowings	(1,209)	(1,730)	(4,253)	(4,919)
Interest expenses on lease liabilities	(52)	-	(175)	-
Impairment losses on trade debtors	(64)	(196)	(1,581)	(321)
Bad debt written back	-	-	108	-
Reversal of stocks written down	392	1,125	1,746	2,238
Stocks written down/ off	(191)	(589)	(981)	(2,074)
Net gain/ (loss) on disposal of property, plant and equipment	-	-	55	(1)
Property, plant and equipment written off	(1)	-	(1)	-
Depreciation of property, plant and equipment	(377)	(325)	(1,145)	(934)
Depreciation of right-of-use assets	(726)	-	(2,153)	-
Gain on disposal of club membership	-	106	-	106
Net foreign exchange loss	(470)	(965)	(729)	(1,236)
Net fair value change on derivatives	(33)	(36)	(69)	(62)
Dividend income from investment security	39	195	39	195

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION	Group 30/09/2019 (Unaudited)	Group 31/12/2018 (Audited)	Company 30/09/2019 (Unaudited)	Company 31/12/2018 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	3,461	3,411	–	–
Right-of-use assets	4,333	–	–	–
Intangible assets	752	752	–	–
Investments in subsidiaries	–	–	27,878	25,878
Other investments	2,831	2,418	612	2,198
Deferred tax assets	–	142	–	–
<b>Total non-current assets</b>	<b>11,377</b>	<b>6,723</b>	<b>28,490</b>	<b>28,076</b>
<b>Current assets</b>				
Trade and other debtors	167,310	191,521	8,496	13,555
Prepayments	524	455	16	2
Stocks	153,729	164,422	–	–
Derivatives	262	386	–	–
Cash and short-term deposits	23,137	20,571	3,892	1,484
<b>Total current assets</b>	<b>344,962</b>	<b>377,355</b>	<b>12,404</b>	<b>15,041</b>
<b>Current liabilities</b>				
Trade and other creditors	(161,463)	(150,765)	(195)	(1,522)
Contract liabilities	(4,276)	(4,037)	–	–
Interest-bearing loans and borrowings	(108,069)	(148,947)	–	–
Lease liabilities	(2,587)	–	–	–
Provision for taxation	(1,981)	(2,459)	(78)	(134)
<b>Total current liabilities</b>	<b>(278,376)</b>	<b>(306,208)</b>	<b>(273)</b>	<b>(1,656)</b>
<b>Net current assets</b>	<b>66,586</b>	<b>71,147</b>	<b>12,131</b>	<b>13,385</b>
<b>Non-current liabilities</b>				
Lease liabilities	(1,765)	–	–	–
Deferred tax liabilities	(2)	–	–	–
<b>Total non-current liabilities</b>	<b>(1,767)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net assets</b>	<b>76,196</b>	<b>77,870</b>	<b>40,621</b>	<b>41,461</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	38,893	38,859	38,893	38,859
Reserves	37,303	39,011	1,728	2,602
	<b>76,196</b>	<b>77,870</b>	<b>40,621</b>	<b>41,461</b>

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

**Amount repayable in one year or less, or on demand**

<b>At 30/09/2019 (US\$'000)</b>		<b>At 31/12/2018 (US\$'000)</b>	
Secured	Unsecured	Secured	Unsecured
–	108,069	–	148,947

**Amount repayable after one year, or on demand**

<b>At 30/09/2019 (US\$'000)</b>		<b>At 31/12/2018 (US\$'000)</b>	
Secured	Unsecured	Secured	Unsecured
–	–	–	–

**Details of any collateral**

There is no collateral on the Group's interest-bearing loans and borrowings as at 30 September 2019.

As at 30 September 2019, the Company has provided corporate guarantees to banks and institutions in connection with credit facilities provided to its subsidiaries, of which US\$108,143,000 (31 December 2018: US\$148,947,000) of the credit facilities have been utilised.

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

	Group 3Q2019	Group 3Q2018	Group 9M2019	Group 9M2018
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>				
Profit before taxation	148	2,920	1,847	7,606
Adjustments for:-				
Interest income	(399)	(6)	(464)	(16)
Interest expense	1,261	1,730	4,428	4,919
Depreciation of property, plant and equipment	377	325	1,145	934
Depreciation of right-of-use assets	726	–	2,153	–
Net (gain)/ loss on disposal of property, plant and equipment	–	–	(55)	1
Gain on disposal of club membership	–	(106)	–	(106)
Property, plant and equipment written off	1	–	1	–
Impairment losses on trade debtors	64	196	1,581	321
Net reversal of stocks written down	(201)	(536)	(765)	(164)
Dividend income from investment security	(39)	(195)	(39)	(195)
Net fair value changes on derivatives	33	36	69	62
Share based payments under EPSS	–	–	34	42
<b>Operating cash flows before changes in working capital</b>	<b>1,971</b>	<b>4,364</b>	<b>9,935</b>	<b>13,404</b>
(Increase)/ decrease in stocks	(5,481)	(16,670)	11,458	(33,850)
(Increase)/ decrease in trade and other debtors and prepayments	(2,895)	(19,276)	22,553	(28,392)
Increase in trade and other creditors and contract liabilities	35,339	33,919	10,937	40,441
<b>Cash flows generated from/ (used in) operations</b>	<b>28,934</b>	<b>2,337</b>	<b>54,883</b>	<b>(8,397)</b>
Interest received	399	6	464	16
Interest paid	(1,261)	(1,730)	(4,428)	(4,919)
Income tax paid	(289)	(270)	(892)	(984)
<b>Net cash flows generated from/ (used in) operating activities</b>	<b>27,783</b>	<b>343</b>	<b>50,027</b>	<b>(14,284)</b>
<b>Investing activities</b>				
Purchase of investment	–	(220)	(2,000)	(220)
Purchase of property, plant and equipment	(105)	(243)	(1,198)	(1,654)
Proceeds from disposal of property, plant and equipment	–	4	55	4
Purchase of club membership	–	(339)	–	(339)
Proceeds from disposal of club membership	–	165	–	165
Purchase of derivatives	–	–	–	(496)
Proceeds from derivatives	14	4	63	4
Proceed from disposal of investment security	2,050	–	2,050	–
Dividend income from investment security	39	150	39	150
<b>Net cash flows generated from/ (used in) investing activities</b>	<b>1,998</b>	<b>(479)</b>	<b>(991)</b>	<b>(2,386)</b>
<b>Financing activities</b>				
Net (decrease)/ increase in interest-bearing loans and borrowings	(21,345)	94	(40,878)	23,773
Dividend paid on ordinary shares	–	–	(3,501)	(4,028)
Repayment of lease liabilities	(805)	–	(2,134)	–
<b>Net cash flows (used in)/ generated from financing activities</b>	<b>(22,150)</b>	<b>94</b>	<b>(46,513)</b>	<b>19,745</b>
Net increase/ (decrease) in cash and cash equivalents	7,631	(42)	2,523	3,075
Effects of exchange rate changes on cash and cash equivalents	77	100	43	70
Cash and cash equivalents at beginning of period	15,429	13,066	20,571	9,979
<b>Cash and cash equivalents at end of period</b>	<b>23,137</b>	<b>13,124</b>	<b>23,137</b>	<b>13,124</b>

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	Attributable to equity holders of the Company							
	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
<b>9M2019</b>								
<b>Opening balance at 1 January 2019</b>	<b>77,870</b>	<b>38,859</b>	<b>39,011</b>	<b>227</b>	<b>602</b>	<b>25</b>	<b>(21)</b>	<b>38,178</b>
Profit for the period	1,291	–	1,291	–	–	–	–	1,291
Other comprehensive income for the period	502	–	502	–	463	–	39	–
Total comprehensive income for the period	1,793	–	1,793	–	463	–	39	1,291
<b>Contributed by and distribution to owners:-</b>								
Issuance of new shares	34	34	–	–	–	–	–	–
Dividends on ordinary shares	(3,501)	–	(3,501)	–	–	–	–	(3,501)
Transaction with owners in their capacity as owners	(3,467)	34	(3,501)	–	–	–	–	(3,501)
<b>Others:-</b>								
Transfer of fair value reserve of equity instrument at FVOCI upon disposal	–	–	–	–	(840)	–	–	840
<b>Closing balance at 30 September 2019</b>	<b>76,196</b>	<b>38,893</b>	<b>37,303</b>	<b>227</b>	<b>225</b>	<b>25</b>	<b>18</b>	<b>36,808</b>
<b>9M2018</b>								
<b>Opening balance at 1 January 2018</b>	<b>73,718</b>	<b>38,553</b>	<b>35,165</b>	<b>227</b>	<b>804</b>	<b>25</b>	<b>6</b>	<b>34,103</b>
Profit for the period	6,205	–	6,205	–	–	–	–	6,205
Other comprehensive income for the period	(67)	–	(67)	–	(112)	–	45	–
Total comprehensive income for the period	6,138	–	6,138	–	(112)	–	45	6,205
<b>Contributed by and distribution to owners:-</b>								
Issuance of new shares	42	42	–	–	–	–	–	–
Dividends on ordinary shares	(4,028)	–	(4,028)	–	–	–	–	(4,028)
Transaction with owners in their capacity as owners	(3,986)	42	(4,028)	–	–	–	–	(4,028)
<b>Closing balance at 30 September 2018</b>	<b>75,870</b>	<b>38,595</b>	<b>37,275</b>	<b>227</b>	<b>692</b>	<b>25</b>	<b>51</b>	<b>36,280</b>

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	Attributable to equity holders of the Company							
	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
<b>3Q2019</b>								
<b>Opening balance at 1 July 2019</b>	<b>76,034</b>	<b>38,893</b>	<b>37,141</b>	<b>227</b>	<b>1,095</b>	<b>25</b>	<b>(55)</b>	<b>35,849</b>
Profit for the period	119	–	119	–	–	–	–	119
Other comprehensive income for the period	43	–	43	–	(30)	–	73	–
Total comprehensive income for the period	162	–	162	–	(30)	–	73	119
<b>Others:-</b>								
Transfer of fair value reserve of equity instrument at FVOCI upon disposal	–	–	–	–	(840)	–	–	840
<b>Closing balance at 30 September 2019</b>	<b>76,196</b>	<b>38,893</b>	<b>37,303</b>	<b>227</b>	<b>225</b>	<b>25</b>	<b>18</b>	<b>36,808</b>
<b>3Q2018</b>								
<b>Opening balance at 1 July 2018</b>	<b>73,474</b>	<b>38,595</b>	<b>34,879</b>	<b>227</b>	<b>923</b>	<b>25</b>	<b>(40)</b>	<b>33,744</b>
Profit for the period	2,536	–	2,536	–	–	–	–	2,536
Other comprehensive income for the period	(140)	–	(140)	–	(231)	–	91	–
<b>Total comprehensive income for the period</b>	<b>2,396</b>	<b>–</b>	<b>2,396</b>	<b>–</b>	<b>(231)</b>	<b>–</b>	<b>91</b>	<b>2,536</b>
<b>Closing balance at 30 September 2018</b>	<b>75,870</b>	<b>38,595</b>	<b>37,275</b>	<b>227</b>	<b>692</b>	<b>25</b>	<b>51</b>	<b>36,280</b>

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 (Cont'd).

Company	Attributable to equity holders of the Company					
	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
<b>9M2019</b>						
<b>Opening balance at 1 January 2019</b>	<b>41,461</b>	<b>38,859</b>	<b>2,602</b>	<b>227</b>	<b>602</b>	<b>1,773</b>
Profit for the period	2,164	–	2,164	–	–	2,164
Other comprehensive income for the period	463	–	463	–	463	–
Total comprehensive income for the period	2,627	–	2,627	–	463	2,164
<b>Contributed by and distribution to owners:-</b>						
Issuance of new shares	34	34	–	–	–	–
Dividends on ordinary shares	(3,501)	–	(3,501)	–	–	(3,501)
Transaction with owners in their capacity as owners	(3,467)	34	(3,501)	–	–	(3,501)
<b>Others:-</b>						
Transfer of fair value reserve of equity instrument at FVOCI upon disposal	–	–	–	–	(840)	840
<b>Closing balance at 30 September 2019</b>	<b>40,621</b>	<b>38,893</b>	<b>1,728</b>	<b>227</b>	<b>255</b>	<b>1,276</b>
<b>9M2018</b>						
<b>Opening balance at 1 January 2018</b>	<b>41,316</b>	<b>38,553</b>	<b>2,763</b>	<b>227</b>	<b>804</b>	<b>1,732</b>
Profit for the period	3,478	–	3,478	–	–	3,478
Other comprehensive income for the period	(112)	–	(112)	–	(112)	–
Total comprehensive income for the period	3,366	–	3,366	–	(112)	3,478
<b>Contributed by and distribution to owners:-</b>						
Issuance of new shares	42	42	–	–	–	–
Dividends on ordinary shares	(4,028)	–	(4,028)	–	–	(4,028)
Transaction with owners in their capacity as owners	(3,986)	42	(4,028)	–	–	(4,028)
<b>Closing balance at 30 September 2018</b>	<b>40,696</b>	<b>38,595</b>	<b>2,101</b>	<b>227</b>	<b>692</b>	<b>1,182</b>



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 (Cont'd).

Company	Attributable to equity holders of the Company					
	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
<b>3Q2019</b>						
<b>Opening balance at 1 July 2019</b>	<b>40,650</b>	<b>38,893</b>	<b>1,757</b>	<b>227</b>	<b>1,095</b>	<b>435</b>
Profit for the period	1	-	1	-	-	1
Other comprehensive income for the period	(30)	-	(30)	-	(30)	-
Total comprehensive income for the period	(29)	-	(29)	-	(30)	1
<b>Others:-</b>						
Transfer of fair value reserve of equity instrument at FVOCI upon disposal	-	-	-	-	(840)	840
<b>Closing balance at 30 September 2019</b>	<b>40,621</b>	<b>38,893</b>	<b>1,728</b>	<b>227</b>	<b>225</b>	<b>1,276</b>
<b>3Q2018</b>						
<b>Opening balance at 1 July 2018</b>	<b>40,423</b>	<b>38,595</b>	<b>1,828</b>	<b>227</b>	<b>923</b>	<b>678</b>
Profit for the period	504	-	504	-	-	504
Other comprehensive income for the period	(231)	-	(231)	-	(231)	-
Total comprehensive income for the period	273	-	273	-	(231)	504
<b>Closing balance at 30 September 2018</b>	<b>40,696</b>	<b>38,595</b>	<b>2,101</b>	<b>227</b>	<b>692</b>	<b>1,182</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.

	3Q2019		3Q2018	
	No. of shares	US\$'000	No. of shares	US\$'000
<b>Issued share capital</b>				
At beginning and end of financial period	119,272,840	38,893	118,582,940	38,595

- 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.

The total number of issued shares excluding treasury shares as at 30 September 2019 is 119,272,840 (31 December 2018: 119,192,840). There were no treasury shares as at 30 September 2019 (31 December 2018: Nil).

- 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 share during the current financial period reported on.

- 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.

There were no subsidiary holdings during the current financial period reported on.

2. Whether the figures have been audited or reviewed, in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable ("N.A.").

**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's accounting policies adopted are consistent with those disclosed in the FY2018 audited financial statements except that in the current financial period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new and revised standards did not have material effect on the financial position or financial performance of the Group, except for the SFRS(I) 16 *Leases* as described below.

SFRS(I) 16 – Leases

The Group recognised right-of-use assets and leases liabilities of US\$6,353,000 respectively for its leases previously classified as operating leases at the date of initial application, 1 January 2019, without restating prior period's information.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	3Q2019	3Q2018	9M2019	9M2018
Basic and diluted earnings per share (US cent)	0.10	2.14	1.08	5.23
Weighted average number of ordinary shares	119,272,840	118,582,940	119,235,331	118,545,431

The basic and diluted earnings per share of the Group were the same, as there were no share options and warrants granted.

**7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
Net asset value per ordinary share based on existing issued share capital as at end of period reported on (US cents)	63.88	65.33	34.06	34.78
Number of ordinary shares, excluding treasury shares	119,272,840	119,192,840	119,272,840	119,192,840

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**

- (a) **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; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

#### **COMPARING 3Q2019 TO 3Q2018**

##### **INCOME STATEMENT**

The Group's revenue decreased by 29.2% from US\$349.3 million to US\$247.2 million and gross profit decreased by 31.6% from US\$18.3 million to US\$12.5 million, mainly due to lower sales from the Singapore and Hong Kong business units.

Sales and distribution costs decreased by 13.9% from US\$9.2 million to US\$8.0 million, and general and administrative expense decreased by 15.6% from US\$4.7 million to US\$3.9 million. These were mainly due to lower staff costs and lower net foreign exchange loss in 3Q2019 arising from the translation of balances denominated in foreign currency into functional currency.

Interest expense decreased by 27.2% from US\$1.7 million to US\$1.3 million, due to lower borrowings.

Overall, the Group reported profit after taxation of US\$0.1 million for 3Q2019.

##### **CASHFLOW AND FINANCIAL POSITION**

###### **Cashflow**

The Group's net cash flows generated from operating activities was US\$27.8 million compared to US\$0.3 million in 3Q2018. This was mainly due to lower working capital requirement.

Net cash flows generated from investing activities was US\$2.0 million compared to net cash flows used in investing activities of US\$0.5 million in 3Q2018. This was mainly due to disposal of investment security.

Net cash flows used in financing activities was US\$22.2 million compared to net cash generated from financing activities of US\$0.01 million in 3Q2018. This was mainly due to lower borrowings.

Cash and short-term deposits was US\$23.1 million as at 30 September 2019 as compared to US\$13.1 million as at 30 September 2018.

###### **Financial Position**

Non-current assets increased from US\$6.7 million to US\$11.4 million as at 30 September 2019 mainly due to the recognition of right-of-use assets upon adoption of SFRS(I) 16 on 1 January 2019 and purchase of investment. This was partially offset by the disposal of investment security.

Current assets decreased from US\$377.4 million to US\$345.0 million as at 30 September 2019 mainly due to:-

- a) decrease in trade and other debtors of US\$24.2 million due to lower sales;
- b) decrease in stocks of US\$10.7 million due to lower purchase of stocks; and
- c) partially offset by increase in cash and short-term deposits of US\$2.6 million.

Current liabilities decreased from US\$306.2 million to US\$278.4 million as at 30 September 2019 mainly due to:-

- a) decrease in interest-bearing loans and borrowings of US\$40.9 million;
- b) partially offset by increase in trade and other creditors of US\$10.7 million; and
- c) increase in lease liabilities of US\$2.6 million due to recognition of lease liabilities upon adoption of SFRS(I) 16 on 1 January 2019.

Non-current liabilities of US\$1.8 million as at 30 September 2019 was mainly due to the recognition of lease liabilities upon adoption of SFRS(I) 16 on 1 January 2019.

Overall, shareholders' equity decreased from US\$77.9 million to US\$76.2 million as at 30 September 2019, mainly due to the dividend payment of US\$3.5 million. This was partially offset by net profit of US\$1.3 million and fair value changes on equity instrument of US\$0.5 million.

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

N.A. No forecast or a prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and 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 ongoing US-China trade uncertainty, alongside a weak global economic landscape will continue to affect the business environment that the Group operates in.

During these challenging times, the Group will adopt a vigilant approach in managing costs with a view to improve efficiencies and take a disciplined approach when seeking for new business opportunities in the market. We will remain focused on longer-term growth strategies of pursuing higher value business opportunities through the enhancement of our core capabilities in order to sharpen our competitive edge.

**11. Dividend**

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

Any dividend recommended for the current financial period reported on? **No.**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **No.**

**(c) Date payable**

N.A.

**(d) Books closure date**

N.A.

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

No dividend has been declared for the current financial period reported on. Dividend, if any, will be recommended in the full year financial statement and related announcement.

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.

No IPT mandate has been obtained.

The aggregate value of all interested person transactions during the financial period ended 30 September 2019 were as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Nil	N.A.	N.A.	N.A.

14. Use of Placement Proceeds as at Date of this Announcement

The Company refers to the net proceeds of approximately S\$7,825,000 raised from the placement of 15 million new ordinary shares at S\$0.525 each in the issued and paid-up share capital of the Company on 5 October 2016 (the "Net Proceeds") (as defined in the Company's announcement dated 2 September 2016).

The status on the use of the Net Proceeds is as follows:-

Intended Uses	Approximate Amount (S\$'000)	Estimated Percentage Allocation of Net Proceeds	Amount Utilised as at Date of this Announcement (S\$'000)	Balance as at Date of this Announcement (S\$'000)
Strategic Investments and Acquisitions	5,000	63.9%	(3,054)	1,946
Development of New Technology and Application	1,700	21.7%	(1,055)	645
Investments in Research and Development Expertise	1,125	14.4%	(903)	222
Total	7,825	100.0%	(5,012)	2,813

15. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to their attention which may render the financial statements for the third quarter ended 30 September 2019 to be false or misleading.

16. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Wong Yoen Har  
Company Secretary  
4 November 2019