

SUNRIGHT LIMITED AND ITS SUBSIDIARIES

(Company Reg. No. 197800523M)

Condensed Interim Financial Statements

For the Second Half Year and Full Year ended 31 July 2022

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		The Group					
		2nd Half Year ended 31 July 2022	2nd Half Year ended 31 July 2021	Increase/ (decrease) %	Full Year ended 31 July 2022	Full Year ended 31 July 2021	Increase/ (decrease) %
Note		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	48,947	52,700	(7%)	100,718	111,396	(10%)
	Other items of income:						
	Interest income	645	647	(0%)	1,307	1,451	(10%)
	Dividend income	54	36	50%	125	65	92%
	Other income	1,438	2,793	(49%)	2,429	5,919	(59%)
	Items of expenses:						
	Raw materials and consumables used	(12,115)	(13,729)	(12%)	(23,966)	(28,989)	(17%)
	Changes in inventories of finished goods and work-in-progress	695	(607)	NM	2,333	(1,680)	NM
	Employee benefits expense	(20,105)	(20,361)	(1%)	(41,320)	(41,453)	(0%)
	Depreciation of property, plant and equipment	(8,156)	(10,433)	(22%)	(18,137)	(20,920)	(13%)
	Finance costs	(199)	(238)	(16%)	(344)	(453)	(24%)
	Other expenses	(14,348)	(10,228)	40%	(25,949)	(21,576)	20%
	(Loss)/profit before tax	(3,144)	580	NM	(2,804)	3,760	NM
	Income tax expense	(140)	(572)	(76%)	(897)	(1,251)	(28%)
	(Loss)/profit, net of tax	(3,284)	8	NM	(3,701)	2,509	NM
	Other comprehensive income:						
	Item that will not be reclassified to profit or loss						
	Remeasurement gain arising from net defined benefit liabilities, net of tax	39	128	(70%)	39	128	(70%)
	Item that may be reclassified subsequently to profit or loss						
	Foreign currency translation differences reclassified to profit or loss on voluntary liquidation of a subsidiary	-	(117)	(100%)	-	(117)	(100%)
	Foreign currency translation loss	(4,893)	(2,743)	78%	(3,602)	(218)	NM
	Other comprehensive income for the year, net of tax	(4,854)	(2,732)	78%	(3,563)	(207)	NM
	Total comprehensive income for the year	(8,138)	(2,724)	NM	(7,264)	2,302	NM
	(Loss)/profit attributable to:						
	Owners of the Company	(2,473)	26	NM	(3,976)	1,314	NM
	Non-controlling interests	(811)	(18)	78%	275	1,195	(77%)
		(3,284)	8	78%	(3,701)	2,509	NM
	Total comprehensive income attributable to:						
	Owners of the Company	(4,868)	(1,328)	78%	(5,735)	1,190	NM
	Non-controlling interests	(3,270)	(1,396)	78%	(1,529)	1,112	NM
		(8,138)	(2,724)	78%	(7,264)	2,302	NM
	(Loss)/earnings per share attributable to owners of the Company (cents)						
	- Basic	(2.0)	0.0	NM	(3.2)	1.1	NM

NM : Not meaningful

B. Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		31 July 2022	31 July 2021	31 July 2022	31 July 2021
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	56,597	43,142	195	421
Investment in subsidiaries		-	-	12,112	12,112
Deferred tax assets		1,378	1,100	-	-
Loans to a subsidiary		-	-	-	144
Other receivables		497	568	-	-
Total non-current assets		58,472	44,810	12,307	12,677
Current assets					
Investment securities		4,204	4,924	360	384
Inventories		3,893	4,627	-	-
Prepayments		1,762	851	118	104
Tax recoverables		2,032	1,269	-	-
Trade and other receivables		19,944	19,207	1,294	940
Loans to a subsidiary		-	-	144	306
Cash and short-term deposits		78,304	97,873	20,180	20,792
Total current assets		110,139	128,751	22,096	22,526
Total assets		168,611	173,561	34,403	35,203
EQUITY AND LIABILITIES					
Equity					
Share capital	13	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)		32,184	36,489	(3,498)	(3,200)
Other reserves		10,070	11,868	155	155
Total equity attributable to owners of the Company		77,981	84,084	32,384	32,682
Non-controlling interests		58,111	60,173	-	-
Total equity		136,092	144,257	32,384	32,682
Liabilities					
Non-current liabilities					
Loans and borrowings	12	8,019	5,091	531	741
Defined benefit liabilities		1,471	1,417	-	-
Deferred tax liabilities		1,642	809	-	-
Total non-current liabilities		11,132	7,317	531	741
Current liabilities					
Trade and other payables		16,021	17,202	1,038	947
Contract liabilities		123	440	-	-
Loans and borrowings	12	5,099	4,240	353	784
Provisions		36	34	-	-
Income tax payable		108	71	97	49
Total current liabilities		21,387	21,987	1,488	1,780
Total liabilities		32,519	29,304	2,019	2,521
Total equity and liabilities		168,611	173,561	34,403	35,203

C. Condensed Interim Statements of Changes in Equity

The Group	Total equity	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY2022								
As at 1 August 2021	144,257	84,084	35,727	36,489	511	10,497	860	60,173
Loss for the year	(3,701)	(3,976)	-	(3,976)	-	-	-	275
Other comprehensive income for the year, net of tax	(3,563)	(1,759)	-	39	(1,798)	-	-	(1,804)
Total comprehensive income for the year	(7,264)	(5,735)	-	(3,937)	(1,798)	-	-	(1,529)
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
Dividends paid to non-controlling interests	(533)	-	-	-	-	-	-	(533)
As at 31 July 2022	136,092	77,981	35,727	32,184	(1,287)	10,497	860	58,111
FY2021								
As at 1 August 2020	142,975	83,262	35,727	35,415	763	10,497	860	59,713
Profit for the year	2,509	1,314	-	1,314	-	-	-	1,195
Other comprehensive income for the year, net of tax	(207)	(124)	-	128	(252)	-	-	(83)
Total comprehensive income for the year	2,302	1,190	-	1,442	(252)	-	-	1,112
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
Dividends paid to non-controlling interests	(652)	-	-	-	-	-	-	(652)
As at 31 July 2021	144,257	84,084	35,727	36,489	511	10,497	860	60,173

The Company	Total equity	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY2022								
As at 1 August 2021	32,682	32,682	35,727	(3,200)	-	155	-	-
Profit for the year	70	70	-	70	-	-	-	-
Total comprehensive income for the year	70	70	-	70	-	-	-	-
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
As at 31 July 2022	32,384	32,384	35,727	(3,498)	-	155	-	-
FY2021								
As at 1 August 2020	31,799	31,799	35,727	(4,083)	-	155	-	-
Profit for the year	1,251	1,251	-	1,251	-	-	-	-
Total comprehensive income for the year	1,251	1,251	-	1,251	-	-	-	-
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
As at 31 July 2021	32,682	32,682	35,727	(3,200)	-	155	-	-

D. Condensed Interim Consolidated Cash Flow Statement

		The Group	
		Full Year ended 31 July 2022	Full Year ended 31 July 2021
Note		S\$'000	S\$'000
	Cash flows from operating activities:		
	(Loss)/profit before tax	(2,804)	3,760
	Adjustments for:		
	Net gain on disposal of property, plant and equipment	(783)	(2,565)
6	Depreciation of property, plant and equipment	18,137	20,920
6	Net write-down of inventories	849	291
6	Net (reversal of impairment)/impairment loss on trade receivables	(35)	106
	Dividend income	(125)	(65)
6	Net fair value gain on investment securities	(438)	(1,157)
	Finance costs	344	453
	Interest income	(1,307)	(1,451)
	Net unrealised exchange (gain)/loss	(54)	40
	Waiver of bank loan*	-	(230)
	Operating cash flows before changes in working capital	13,784	20,102
	(Increase)/decrease in inventories	(115)	514
	Decrease/(increase) in prepayments and receivables	1,671	(2,959)
	Decrease in payables and contract liabilities	(5,005)	(2,841)
	Cash flows from operations	10,335	14,816
	Net income taxes paid	(1,085)	(2,441)
	Interest paid	(300)	(354)
	Interest received	581	1,557
	Net cash flows from operating activities	9,531	13,578
	Cash flows from investing activities:		
	Decrease/(increase) in short-term deposits with maturity more than three months	30,113	(3,956)
	Dividend income	125	65
	Purchase of property, plant and equipment	(29,141)	(14,100)
	Proceeds from disposal of property, plant and equipment	773	2,541
	Purchase of investment securities	(148)	(937)
	Proceeds from disposal of investment securities	1,145	302
	Net cash flows from/(used in) investing activities	2,867	(16,085)
	Cash flows from financing activities:		
	Proceeds from term loans	7,248	11,037
	Repayment of bank loans	(4,024)	(13,458)
	Repayment of principle portion of lease liabilities	(1,915)	(2,622)
9	Dividends paid on ordinary shares	(368)	(368)
	Dividends paid to non-controlling interests	(533)	(652)
	Net cash flows from/(used in) financing activities	408	(6,063)
	Net increase/(decrease) in cash and cash equivalents	12,806	(8,570)
	Effect of exchange rate changes on cash and cash equivalents	(2,262)	(847)
	Cash and cash equivalents at beginning of the year	31,438	40,855
	Cash and cash equivalents at end of the year	41,982	31,438

* This pertained to a waiver of a bank loan in one of its subsidiaries, as part of the COVID-19 related government reliefs.

D. Condensed Interim Consolidated Cash Flow Statement

Cash and cash equivalents comprised the following:

	The Group	
	31 July 2022	31 July 2021
	S\$'000	S\$'000
Cash at banks and on hand	13,295	19,033
Bank deposits	65,009	78,840
Cash and short-term deposits	78,304	97,873
Less: Bank deposits with maturity more than three months	(36,322)	(66,435)
Cash and cash equivalents	<u>41,982</u>	<u>31,438</u>

E. Notes to the Condensed Interim Financial Statements

1. Corporate information

Sunright Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the second half year ended 31 July 2022 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the Group are:

- a) Manufacturing of burn-in/test equipment;
- b) Provision of product development services;
- c) Research and development in burn-in and test related activities;
- d) Provision of semiconductor burn-in services;
- e) Provision of burn-in support services;
- f) Provision of semiconductor testing services; and
- g) Provision of electronic manufacturing services.

2. Basis of Preparation

The condensed interim financial statements for the second half year ended 31 July 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 January 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all values are rounded to the nearest thousand (\$'000) unless otherwise stated.

2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period¹. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

¹ Refer to Annual Report FY2021, Notes to the Financial Statements (Note 2.3).

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Segment and revenue information

The Group is organised into the following main business segments:

- a) Burn-in, testing and electronic manufacturing services segment is in the business of manufacturing burn-in/test equipment, assembly of electronic and electrical components, provision of burn-in and testing services and research and development of burn-in and test related activities. This reportable segment has been formed by aggregating the burn-in and test related activities and assembly activities, which are regarded by management to exhibit similar economic characteristics.
- b) "Others" segment involves Group-level corporate services, treasury and investments functions, business of trading in and distribution of high-technology electronic products (which does not meet any of the quantitative thresholds for disclosure under SFRS(I) 8 Operating Segments), and consolidation adjustments which are not directly attributable to particular business segment above.

Key management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

4.1 Business segment

	Burn-in, testing and electronic manufacturing services		Others		Consolidated	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
<u>2nd Half Year ended 31 July</u>						
Revenue:						
External customers	48,947	52,700	-	-	48,947	52,700
Results:						
Segment (loss)/profit	(3,645)	20	55	151	(3,590)	171
Interest income					645	647
Finance costs					(199)	(238)
(Loss)/profit before tax					(3,144)	580
Income tax expense					(140)	(572)
(Loss)/profit for the period					(3,284)	8
Other information:						
Depreciation of property, plant and equipment	8,041	10,247	115	186	8,156	10,433
Additions to property, plant and equipment	26,116	8,638	11	20	26,127	8,658

4. Segment and revenue information (cont'd)

4.1 Business segment (cont'd)

	Burn-in, testing and electronic manufacturing services		Others		Consolidated	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Full Year ended 31 July						
Revenue:						
External customers	100,718	111,396	-	-	100,718	111,396
Results:						
Segment (loss)/profit	(3,819)	2,573	52	189	(3,767)	2,762
Interest income					1,307	1,451
Finance costs					(344)	(453)
(Loss)/profit before tax					(2,804)	3,760
Income tax expense					(897)	(1,251)
(Loss)/profit for the year					(3,701)	2,509
Other information:						
Depreciation of property, plant and equipment	17,861	20,550	276	370	18,137	20,920
Additions to property, plant and equipment	32,212	16,866	50	72	32,262	16,938

4.2 Disaggregation of Revenue

Burn-in, testing and electronic manufacturing services	The Group			
	2nd Half Year ended 31 July 2022	2nd Half Year ended 31 July 2021	Full Year ended 31 July 2022	Full Year ended 31 July 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Major type of goods and services				
Sale of goods	13,409	18,161	25,137	40,572
Rendering of services	35,538	34,539	75,581	70,824
Total Revenue	48,947	52,700	100,718	111,396
Primary geographical markets				
Singapore	635	2,204	1,653	3,322
Malaysia	31,202	31,424	65,028	69,351
China	11,871	11,776	23,592	22,365
Other Asian markets*	1,468	2,004	2,717	4,343
United States	2,463	2,569	4,597	6,527
Others	1,308	2,723	3,131	5,488
Total Revenue	48,947	52,700	100,718	111,396

* Classified under "Other Asian markets" are Taiwan, Philippines, Thailand and Vietnam.

The goods and services are transferred to the customers at a point in time.

4. Segment and revenue information (cont'd)

4.3 A breakdown of sales

	The Group		
	Financial Year ended 31 July 2022	Financial Year ended 31 July 2021	Increase/ (decrease)
	S\$'000	S\$'000	%
(a) Revenue reported for first half year	51,771	58,696	(12%)
(b) (Loss)/profit for the year reported for first half year	(417)	2,501	NM
(c) Revenue reported for second half year	48,947	52,700	(7%)
(d) (Loss)/profit for the year reported for second half year	(3,284)	8	NM

5. Financial assets and liabilities

Set out below is an overview of the financial assets and liabilities of the Group and the Company as at 31 July 2022 and 31 July 2021.

	The Group		The Company	
	31 July 2022	31 July 2021	31 July 2022	31 July 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Trade and other receivables	20,441	19,775	1,294	940
Loans to a subsidiary	-	-	144	450
Cash and short-term deposits	78,304	97,873	20,180	20,792
Financial assets, at amortised costs	98,745	117,648	21,618	22,182
Investment securities, at fair value through profit or loss	4,204	4,924	360	384
Total financial assets	102,949	122,572	21,978	22,566
Financial Liabilities				
Trade and other payables	(16,021)	(17,202)	(1,038)	(947)
Less: Derivatives	9	29	-	-
Less: Deferred grant income	-	5	-	5
Loans and borrowings	(13,118)	(9,331)	(884)	(1,525)
Financial liabilities, at amortised costs	(29,130)	(26,499)	(1,922)	(2,467)
Derivatives, at fair value through profit or loss	(9)	(29)	-	-
Total financial liabilities	(29,139)	(26,528)	(1,922)	(2,467)

6. (Loss)/profit before taxation**6.1 Significant items**

	The Group			
	2nd Half Year ended 31 July 2022	2nd Half Year ended 31 July 2021	Full Year ended 31 July 2022	Full Year ended 31 July 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Net write-down of inventories	(887)	(203)	(849)	(291)
Net reversal of impairment/(impairment loss) on trade receivables	(25)	15	35	(106)
Net exchange gain/(loss)	132	146	124	(100)
Net fair value gain/(loss) on investment securities	(377)	322	438	1,157
Net gain on disposal of property, plant and equipment	783	1,392	783	2,565
COVID-19 related government reliefs	-	404	97	871

6.2 Related party transactions

There are no related party transactions during the current financial year.

7. Significant commitments for purchases of property, plant and equipment

Commitments for purchases of property, plant and equipment amounted to \$13,340,000 as at 31 July 2022.

8. Income tax

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group			
	2nd Half Year ended 31 July 2022	2nd Half Year ended 31 July 2021	Full Year ended 31 July 2022	Full Year ended 31 July 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Current income tax:</i>				
Current income tax expense/(credit)	(187)	(214)	359	703
Over provision in respect of previous year	(23)	(2)	(33)	(12)
	(210)	(216)	326	691
<i>Deferred tax:</i>				
Origination and reversal of temporary differences	356	775	577	547
(Over)/under provision in respect of previous year	(6)	13	(6)	13
	350	788	571	560
Income tax expense	140	572	897	1,251

9. Dividends

The Group and The Company

	Financial Year 2022 S\$'000	Financial Year 2021 S\$'000
Recognised and paid during the financial year:		
Final ordinary tax exempt (one-tier) dividend for 2021 at 0.3 cent (2020: 0.3 cent) per share	368	368
Proposed but not recognised as a liability as at 31 July:		
Final ordinary tax exempt (one-tier) dividend for 2022 at nil cent (2021: 0.3 cent) per share	-	368

10. Net asset value

	The Group		The Company	
	31 July 2022	31 July 2021	31 July 2022	31 July 2021
Net asset value per ordinary share attributable to the owners of the Company (cents)	63.5	68.5	26.4	26.6

11. Property, plant and equipment

For the second half year ended 31 July 2022, the Group acquired property, plant and equipment amounting to \$26,127,000 (2021: \$8,658,000) and disposed off assets amounting to \$14,000 (2021: \$4,000).

12. Loans and borrowings

	The Group		The Company	
	31 July 2022	31 July 2021	31 July 2022	31 July 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year or on demand				
Secured	1,802	2,476	2	132
Unsecured	3,297	1,764	351	652
	5,099	4,240	353	784
Amount repayable after one year				
Secured	2,553	2,015	3	-
Unsecured	5,466	3,076	528	741
	8,019	5,091	531	741
Total loans and borrowings	13,118	9,331	884	1,525

Obligations under leases included in the Group's loans and borrowings are secured on certain assets of the companies within the Group.

13. Share capital

Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in share capital during the current financial year.

The Company did not have any outstanding convertibles as at 31 July 2022 and 31 July 2021.

There were neither treasury shares nor subsidiary holdings as at 31 July 2022 and 31 July 2021.

To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year

The Group and the Company			
31 July 2022		31 July 2021	
Number of shares	Amount	Number of shares	Amount
'000	S\$'000	'000	S\$'000
<i>Issued and fully paid ordinary shares:</i>			
Balance at beginning and end of the year			
122,806	35,727	122,806	35,727

A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial year reported on

Not applicable. The Company did not hold any treasury shares as at 31 July 2022 and 31 July 2021.

A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial year reported on

Not applicable. The Company did not have any subsidiary holdings as at 31 July 2022 and 31 July 2021.

14. (Loss)/earnings per share

(Loss)/earnings per ordinary share of the group for the current financial year reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Basic (loss)/earnings per ordinary share are calculated by dividing (loss)/profit net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current financial year.

	The Group	
	31 July 2022	31 July 2021
(Loss)/profit attributable to owners of the Company (\$'000)	(3,976)	1,314
Weighted average number of ordinary shares ('000)	122,806	122,806
(Loss)/earning per ordinary shares (cents)	(3.2)	1.1

The Group has no potential ordinary shares in issue at the end of the reporting date and therefore diluted (loss)/earnings per share has not been presented.

15. Subsequent events

There were no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

F. Other Information required by Listing Rule Appendix 7.2

1. Review

The condensed interim statements of financial position of the Group and the Company as at 31 July 2022 and the related condensed interim statements of changes in equity of the Group and the Company, the condensed interim consolidated profit or loss and other comprehensive income, and condensed interim consolidated cash flow statement of the Group for the second half year and/or full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

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:-

(i) 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

(ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of performance

Second half year ended 31 July 2022 (2HFY2022) vs second half year ended 31 July 2021 (2HFY2021)

The supply chain disruptions, resulting in component shortages and higher prices, had affected our outputs, and led to the scaling down of our electronic manufacturing services.

The Group recorded revenue of \$48.9 million in 2HFY2022, reflecting a decrease of \$3.8 million or 7% as compared to \$52.7 million in 2HFY2021. The decline was mainly attributable to lower equipment deliveries as a result of the global component shortages, partially offset by higher service sales.

Other income decreased by \$1.4 million or 49% to \$1.4 million, mainly attributable to lower of gain on disposal of property, plant and equipment ("PPE") of \$0.6 million and absences of COVID-19 related government reliefs of \$0.4 million and fair value gain on investment securities of \$0.3 million.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, totalling \$11.4 million, were lower by \$2.9 million or 20%, in line with lower equipment deliveries.

Depreciation at \$8.2 million was lower by \$2.3 million or 22%, due to certain fully depreciated PPE.

Other expenses of \$14.3 million increased by \$4.1 million or 40%, mainly attributable to higher repairs and maintenance cost of \$1.5 million, higher utility costs of \$0.6 million and increased rental of equipment by \$0.1 million to support higher service sales; higher write-down of inventories of \$0.7 million; fair value loss of \$0.4 million on investment securities; and portfolio fees for investment securities of \$0.2 million.

Consequently, the Group reported a loss before tax of \$3.1 million in 2HFY2022, from a profit before tax of \$0.6 million reported in 2HFY2021, representing a decline of \$3.7 million.

2. Review of performance of the Group (cont'd)

Review of performance (cont'd)

Financial year ended 31 July 2022 (FY2022) vs 31 July 2021 (FY2021)

The Group's revenue decreased by \$10.7 million or 10%, from \$111.4 million in FY2021, to \$100.7 million in FY2022. The decline was mainly attributable to lower equipment deliveries as a result of the global component shortages, partially offset by higher service sales.

Other income decreased by \$3.5 million or 59% to \$2.4 million, mainly due to lower gain on disposal of machinery and test equipment by \$1.8 million, lower fair value gain on investment in securities by \$0.7 million and lower COVID-19 related government reliefs by \$0.8 million.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, were lower by \$9.0 million or 29%, from \$30.7 million to \$21.6 million, in line with lower equipment deliveries.

Depreciation of PPE of \$18.1 million was lower by \$2.8 million or 13%, as certain machinery and test equipment were fully depreciated.

Other expenses of \$25.9 million increased by \$4.4 million or 20%, mainly attributable to higher repairs and maintenance cost of \$2.1 million, higher utility costs of \$0.7 million and increased rental of equipment by \$0.1 million to support higher service sales; higher write-down of inventories by \$0.6 million; and portfolio fees for investment securities of \$0.4 million.

Consequently, the Group reported a loss before tax of \$2.8 million in FY2022, from a profit before tax of \$3.8 million in FY2021, representing a decline of \$6.6 million.

Review of financial position

PPE was higher by \$13.5 million or 31%, from \$43.1 million as at 31 July 2021, to \$56.6 million as at 31 July 2022. The increase was primarily due to capital expenditure of \$32.3 million, partially offset by depreciation charge of \$18.1 million.

Deferred tax assets increased by \$0.3 million or 25%, from \$1.1 million to \$1.4 million, as a result of higher deductible temporary differences arising from unutilised tax benefits.

Investment securities reduced by \$0.7 million or 15%, from \$4.9 million to \$4.2 million, mainly due to net disposal of \$1.0 million, offset by fair value gain of \$0.4 million.

Inventories decreased by \$0.7 million or 16%, from \$4.6 million to \$3.9 million, primarily due to write-down of inventories of \$0.8 million.

Prepayment increased by \$0.9 million, from \$0.9 million to \$1.8 million, mainly attributable to higher procurement of machinery and test equipment.

Tax recoverables increased by \$0.8 million or 60%, from \$1.3 million to \$2.0 million, primarily due to higher monthly tax instalment payments made during the current financial year.

Current trade and other receivables were higher by \$0.7 million or 4%, from \$19.2 million to \$19.9 million, mainly due to higher sundry receivables by \$1.7 million arising from purchases made on behalf, partially offset by lower trade receivables by \$1.0 million following lower sales in 2HFY2022 as compared to 2HFY2021.

Cash and short-term deposits were lower by \$19.6 million or 20%, from \$97.9 million to \$78.3 million, following payments for purchases of PPE.

2. Review of performance of the Group (cont'd)

Review of financial position (cont'd)

Trade and other payables reduced by \$1.2 million or 7%, from \$17.2 million to \$16.0 million, mainly due to lower sundry payables resulting from the settlement of purchases of machinery and test equipment, and lower trade purchases.

Contract liabilities decreased by \$0.3 million or 72%, from \$0.4 million to \$0.1 million, following the fulfilment of deliveries.

Total loans and borrowings increased by \$3.8 million or 41%, from \$9.3 million to \$13.1 million, primarily due to net additions in bank loans of \$3.2 million.

Deferred tax liabilities increased by \$0.8 million, from \$0.8 million to \$1.6 million, as a result of higher taxable temporary differences arising from the utilisation of accelerated capital allowances.

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

There is no material variance from our half year financial statement announcement for the period ended 31 January 2022 commentary under Section 4.

4. 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 worldwide semiconductor is expecting a slower growth for 2022, from an earlier forecast of 13.6%² to 7.4%³ i.e. USD639 billion. Similarly, the International Monetary Fund has revised 2022 forecast downward, from 3.6% to 3.2%⁴. These outlooks indicate weaker consumer spending particularly on electronic products such as smartphones and personal computers, whilst the data center market, cloud infrastructure and automotive segments are expected to remain strong as semiconductor content per vehicle will increase due to the transition to electric vehicles.

Meanwhile, geo-political tensions and the US-China rivalry are getting more intense and may have further effects on supply chains. These conflicts have also caused increase in prices of energy, interest rates and global inflation.

The supply chain disruptions emanated from the Covid-19 pandemic are not expected to ease in the near term as China is continuing with its zero Covid-19 policy.

Notwithstanding these uncertainties, the Group is actively tackling material linearity flow, component and labour shortages. Additionally, the operation is focusing on optimising its production capacity with its recent capital investments, in line with customers' demands.

² Based on forecast published in April 2022.

³ Based on latest forecast published in July 2022.

⁴ International Monetary Fund's July 2022 report on World Economic Outlook. Previous forecast was based on its April 2022 report.

5. Dividend Information

(a) Current Financial Period Reported On

Any dividend declared (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? Yes

Name of Dividend	First and final tax exempt (one-tier)
Dividend Type	Cash
Dividend Amount per Ordinary Share	0.3 cent

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The directors do not recommend a final dividend for FY2022 in view of the losses.

6. Interested person transactions

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 had been obtained.

7. Confirmation that the issuer 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

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

8. Review of performance of the Group – turnover and earnings

Please refer to paragraph 2 within Section F.

9. Confirmation pursuant to Rule 704(13) of the Listing Manual

The Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director or Chief Executive Officer or substantial shareholder of the Company.

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

Not applicable for announcement of full year financial statements.

BY ORDER OF THE BOARD

Adeline Lim Kim Swan
Company Secretary
Date: 27 September 2022