

EXCELPOINT TECHNOLOGY LTD.
Company Registration No.: 200103280C

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group		
	Note	1H2021 US\$'000	1H2020 US\$'000	Increase/ (Decrease) %
Revenue	4	740,871	509,958	45.3%
Cost of sales		(689,259)	(483,630)	42.5%
Gross profit		51,612	26,328	96.0%
Other income		612	1,242	(50.7%)
Sales and distribution expenses		(23,891)	(15,819)	51.0%
General and administrative expenses		(12,416)	(7,301)	70.1%
Impairment losses on financial assets		(18)	(179)	(89.9%)
Finance costs		(1,118)	(1,858)	(39.8%)
Profit before tax	7	14,781	2,413	512.6%
Income tax expense	8	(2,818)	(364)	674.2%
Profit for the period attributable to equity holders of the Company		11,963	2,049	483.8%
Other comprehensive income:-				
<u>Item that will not be reclassified subsequently to profit or loss:-</u>				
Net fair value gain/ (loss) on equity instrument at fair value through other comprehensive income		646	(10)	N.M.
<u>Items that may be reclassified subsequently to profit or loss:-</u>				
Foreign currency translation		12	95	(87.4%)
Total other comprehensive income for the period		658	85	674.1%
Total comprehensive income for the period attributable to equity holders of the Company		12,621	2,134	491.4%
Basic and diluted earnings per share attributable to equity holders of the Company (cents per share)		9.98	1.71	483.6%

Note:-

N.M. = Not meaningful

B. Condensed interim statements of financial position

		Group		Company	
	Note	30/06/2021	31/12/2020	30/06/2021	31/12/2020
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets					
Property, plant and equipment	5	3,828	2,794	—	—
Right-of-use assets		6,300	6,921	—	—
Intangible assets		752	752	—	—
Investments in subsidiaries		—	—	27,878	27,878
Other investments	6.1	4,006	3,239	890	762
Deferred tax assets		87	87	—	—
Total non-current assets		14,973	13,793	28,768	28,640
Current assets					
Trade and other debtors	6.2	205,259	172,226	9,411	8,642
Prepayments		527	315	9	2
Stocks	11	238,263	179,907	—	—
Derivatives		—	—	—	—
Cash and short-term deposits		31,871	39,174	4,774	6,157
Total current assets		475,920	391,622	14,194	14,801
Total assets		490,893	405,415	42,962	43,441
Current liabilities					
Trade and other creditors		268,174	217,392	3,012	2,148
Contract liabilities		11,944	9,094	—	—
Interest-bearing loans and borrowings	12	94,286	79,023	—	—
Lease liabilities		3,261	2,338	—	—
Income tax payable		4,001	1,943	33	40
Total current liabilities		381,666	309,790	3,045	2,188
Net current assets		94,254	81,832	11,149	12,613
Non-current liabilities					
Interest-bearing loans and borrowings	12	9,690	3,199	—	—
Lease liabilities		3,664	5,111	—	—
Total non-current liabilities		13,354	8,310	—	—
Total liabilities		395,020	318,100	3,045	2,188
Net assets		95,873	87,315	39,917	41,253
Equity attributable to equity holders of the Company					
Share capital	13.1	39,106	39,106	39,106	39,106
Revenue reserves		55,355	47,455	80	1,544
Other reserves		1,412	754	731	603
Total equity		95,873	87,315	39,917	41,253
Total equity and liabilities		490,893	405,415	42,962	43,441

C. Condensed interim statements of changes in equity

Attributable to equity holders of the Company										
Group	Note	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Revenue reserve US\$'000	Other reserves, total US\$'000	Other capital reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000
2021										
Opening balance at 1 January 2021		87,315	39,106	–	47,455	754	227	265	25	237
Profit for the period		11,963	–	–	11,963	–	–	–	–	–
Other comprehensive income for the period		658	–	–	–	658	–	646	–	12
Total comprehensive income for the period		12,621	–	–	11,963	658	–	646	–	12
Contribution by and distribution to owners:-										
Dividends on ordinary shares	9	(4,063)	–	–	(4,063)	–	–	–	–	–
Total transactions with owners in their capacity as owners		(4,063)	–	–	(4,063)	–	–	–	–	–
Closing balance at 30 June 2021		95,873	39,106	–	55,355	1,412	227	911	25	249
2020										
Opening balance at 1 January 2020		76,712	39,056	–	37,116	540	227	246	25	42
Profit for the period		2,049	–	–	2,049	–	–	–	–	–
Other comprehensive income for the period		85	–	–	–	85	–	(10)	–	95
Total comprehensive income for the period		2,134	–	–	2,049	85	–	(10)	–	95
Contribution by and distribution to owners:-										
Purchase of treasury shares	13.2	(5)	–	(5)	–	–	–	–	–	–
Total transactions with owners in their capacity as owners		(5)	–	(5)	–	–	–	–	–	–
Closing balance at 30 June 2020		78,841	39,056	(5)	39,165	625	227	236	25	137

C. Condensed interim statements of changes in equity (cont'd)

Attributable to equity holders of the Company								
Company	Note	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Revenue reserve US\$'000	Other reserves, total US\$'000	Other capital reserve US\$'000	Fair value reserve US\$'000
2021								
Opening balance at 1 January 2021		41,253	39,106	–	1,544	603	227	376
Profit for the period		2,599	–	–	2,599	–	–	–
Other comprehensive income for the period		128	–	–	–	128	–	128
Total comprehensive income for the period		2,727	–	–	2,599	128	–	128
Contribution by and distribution to owners:-								
Dividends on ordinary shares	9	(4,063)	–	–	(4,063)	–	–	–
Total transactions with owners in their capacity as owners		(4,063)	–	–	(4,063)	–	–	–
Closing balance at 30 June 2021		39,917	39,106	–	80	731	227	504
2020								
Opening balance at 1 January 2020		40,911	39,056	–	1,382	473	227	246
Profit for the period		45	–	–	45	–	–	–
Other comprehensive income for the period		(10)	–	–	–	(10)	–	(10)
Total comprehensive income for the period		35	–	–	45	(10)	–	(10)
Contribution by and distribution to owners:-								
Purchase of treasury shares	13.2	(5)	–	(5)	–	–	–	–
Total transactions with owners in their capacity as owners		(5)	–	(5)	–	–	–	–
Closing balance at 30 June 2020		40,941	39,056	(5)	1,427	463	227	236

D. Condensed interim consolidated statement of cash flows

	Note	Group	
		1H2021 US\$'000	1H2020 US\$'000
Operating activities			
Profit before tax		14,781	2,413
Adjustments for:-			
Interest income	7	(252)	(62)
Finance costs	7	1,118	1,858
Depreciation of property, plant and equipment	7	522	646
Depreciation of right-of-use assets	7	1,160	1,305
Net (gain)/ loss on disposal of property, plant and equipment	7	(37)	7
Property, plant and equipment written off	7	–	5
Impairment losses on trade debtors	7	18	179
Net fair value gain on financial assets at fair value through profit or loss	7	(4)	–
Net stocks written down	7	492	52
Net fair value changes on derivatives	7	–	3
Unrealised foreign exchange gain		(69)	–
Operating cash flows before changes in working capital		17,729	6,406
Changes in working capital:-			
Increase in stocks		(58,848)	(6,228)
Increase in trade and other debtors and prepayments		(33,263)	(6,420)
Increase in trade and other creditors and contract liabilities		53,628	20,293
Cash flows (used in)/ generated from operations		(20,754)	14,051
Interest received		246	62
Interest paid		(1,114)	(1,858)
Income tax paid		(760)	(268)
Net cash flows (used in)/ generated from operating activities		(22,382)	11,987
Investing activities			
Purchase of other investment		(150)	–
Purchase of property, plant and equipment		(1,767)	(224)
Proceed from disposal of property, plant and equipment		241	42
Net cash flows used in investing activities		(1,676)	(182)
Financing activities			
Net proceeds from bill payables		14,495	2,865
Proceeds from bank loans		7,489	2,584
Repayment of bank loans		(121)	–
Dividend paid on ordinary shares	9	(4,063)	–
Purchase of treasury shares	13.2	–	(5)
Payment of principal portion of lease liabilities		(1,076)	(1,289)
Net cash flows generated from financing activities		16,724	4,155
Net (decrease)/ increase in cash and cash equivalents		(7,334)	15,960
Effects of exchange rate changes on cash and cash equivalents		31	128
Cash and cash equivalents at beginning of the period		39,174	14,483
Cash and cash equivalents at end of the period		31,871	30,571

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Excelpoint Technology Ltd. (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”). The primary activities of the Company are that of an investment holding company and the provisions of support services to its subsidiaries.

The principal activities of the Group are:-

- (a) trading of electronic components;
- (b) investment holding; and
- (c) provision of marketing and technical support services.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standard 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 annual financial statements for the year ended 31 December 2020.

The Group’s accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance 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 United States Dollar (“USD” or “US\$”), which is the Company’s functional currency. All values in the tables are rounded to the nearest thousand (“US\$’000”) except when otherwise indicated.

2.1 New and amended standards adopted by the Group

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

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income 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 December 2020.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 6.2 - Provision for expected credit losses of trade debtors
- Note 11 - Allowance for slow-moving and obsolete stocks

3. Seasonal operations

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

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information

The Group is organised into the following reportable operating segments:–

- (i) **Hong Kong Business Unit:** The Hong Kong Business Unit segment covers the business entities located in The People's Republic of China and Hong Kong;
- (ii) **Singapore Business Unit:** The Singapore Business Unit segment covers the business entities located in South East Asia and India; and
- (iii) **Corporate Unit:** The Corporate Unit segment comprises the corporate services, treasury functions, investment securities, innovation centre and other dormant companies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

4.1 Reportable segments

	Hong Kong Business Unit		Singapore Business Unit		Corporate Business Unit		Adjustment and Eliminations		Consolidated	
	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue										
External customers	433,265	261,684	307,606	248,274	–	–	–	–	740,871	509,958
Inter-segment	3,436	11	4,730	522	–	–	(8,166)	(533)	–	–
Total revenue	436,701	261,695	312,336	248,796	–	–	(8,166)	(533)	740,871	509,958
Results										
Segment profit/ (loss) before tax	11,495	2,199	3,786	156	(470)	58	(30)	–	14,781	2,413
Income tax expense	(2,403)	(316)	(404)	(32)	(11)	(16)	–	–	(2,818)	(364)
Profit/ (loss) for the period	9,092	1,883	3,382	124	(481)	42	(30)	–	11,963	2,049
Assets										
Segment assets	298,803	209,126	181,970	144,293	10,120	6,349	–	–	490,893	359,768
Liabilities										
Segment liabilities	(237,185)	(157,948)	(150,217)	(122,556)	(7,618)	(423)	–	–	(395,020)	(280,927)

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.2 Disaggregation of revenue

Group	Hong Kong Business Unit		Singapore Business Unit		Total	
	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Primary geographical markets:-						
Hong Kong/ The People's Republic of China	433,265	261,684	154,894	110,267	588,159	371,951
Southeast Asia	—	—	106,023	88,183	106,023	88,183
India	—	—	26,353	14,786	26,353	14,786
Others	—	—	20,336	35,038	20,336	35,038
	<u>433,265</u>	<u>261,684</u>	<u>307,606</u>	<u>248,274</u>	<u>740,871</u>	<u>509,958</u>
Major product or service lines:-						
Electronics equipment, electrical components and accessories for manufacturers and distribution channels	433,264	261,680	307,606	248,269	740,870	509,949
Commission income	1	4	—	5	1	9
	<u>433,265</u>	<u>261,684</u>	<u>307,606</u>	<u>248,274</u>	<u>740,871</u>	<u>509,958</u>
Timing of transfer of goods or services:-						
At a point in time	433,265	261,684	307,606	248,274	740,871	509,958

5. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to US\$1,767,000 (30 June 2020: US\$224,000) and disposed of assets amounting to US\$204,000 (30 June 2020: US\$49,000).

E. Notes to the condensed interim consolidated financial statements (cont'd)

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Cash and short-term deposits and trade and other debtors (Amortised cost)	235,961	210,236	14,185	14,799
Financial assets at fair value through profit or loss ("FVPL")	223	477	–	–
Financial assets at fair value through other comprehensive income ("FVOCI")	3,783	2,762	890	762
	<u>239,967</u>	<u>213,475</u>	<u>15,075</u>	<u>15,561</u>
Financial liabilities				
Trade and other creditors, lease liabilities and interest-bearing loans and borrowings (Amortised cost)	(375,707)	(303,899)	(2,952)	(2,104)

6.1 Fair values

Set out below is a comparison of the fair values of financial assets as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:-				
Quoted equity securities	890	762	890	762
Unquoted debt securities	223	477	–	–
Unquoted equity securities	2,893	2,000	–	–
Total	<u>4,006</u>	<u>3,239</u>	<u>890</u>	<u>762</u>

During the six months ended 30 June 2021, the Group converted US\$250,000 of unquoted debt securities and invested additional US\$156,000 in unquoted equity securities.

Fair value hierarchy

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making measurement. The fair value hierarchy has the following levels:-

- i. Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii. Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

E. Notes to the condensed interim consolidated financial statements (cont'd)

6. Financial assets and financial liabilities (cont'd)

6.1 Fair values (cont'd)

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2021.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The following table presented the assets measured at fair value:-

Group	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<u>At 30 June 2021</u>				
Financial assets measured at fair value:-				
Quoted equity securities	890	—	—	890
Unquoted debt securities	—	—	223	223
Unquoted equity securities	—	—	2,893	2,893
	890	—	3,116	4,006

At 31 December 2020

Financial assets measured at fair value:-

Quoted equity securities	762	—	—	762
Unquoted debt securities	—	—	477	477
Unquoted equity securities	—	—	2,000	2,000
	762	—	2,477	3,239

Company	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000

At 30 June 2021

Financial assets measured at fair value:-

Quoted equity securities	890	—	—	890
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At 31 December 2020

Financial assets measured at fair value:-

Quoted equity securities	762	—	—	762
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E. Notes to the condensed interim consolidated financial statements (cont'd)

6. Financial assets and financial liabilities (cont'd)

6.1 Fair values (cont'd)

Level 3 fair value measurements

The significant unobservable input used in determining recurring fair value measurement of unquoted debt and equity securities is developed by the issuers of the securities.

Reconciliation of recurring fair value measurements categorised within Level 3 of fair value hierarchy

Group	Unquoted equity securities US\$'000	Unquoted debt securities US\$'000	Total US\$'000
At 1 January 2021	2,000	477	2,477
Purchases	156	–	156
Conversion of debt security	250	(250)	–
Net fair value gain recognised in OCI	518	–	518
Net fair value gain recognised in profit or loss	–	4	4
Exchange differences	(31)	(8)	(39)
At 30 June 2021	2,893	223	3,116
At 1 January 2020	2,000	220	2,220
Purchases	–	250	250
Net fair value loss recognised in OCI	(111)	–	(111)
Net fair value loss recognised in profit or loss	–	(14)	(14)
Exchange differences	111	21	132
At 31 December 2020	2,000	477	2,477

6.2 Trade debtors

	Group	
	30/06/2021	31/12/2020
	US\$'000	US\$'000
Gross trade debtors	192,297	163,614
Less: Allowance for expected credit losses	(465)	(863)
Net trade debtors	<u>191,832</u>	<u>162,751</u>

The Group provides for lifetime expected credit losses for all trade debtors using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on business operating unit. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information such as forecast of economic conditions.

E. Notes to the condensed interim consolidated financial statements (cont'd)

6. Financial assets and financial liabilities (cont'd)

6.2 Trade debtors (cont'd)

The movement in allowance for expected credit losses of trade debtors computed based on lifetime ECL are as follows:-

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
At beginning of the period	863	916
Net charge for the period	18	179
Write-offs	(416)	(60)
At end of the period	465	1,035

During the six months ended 30 June 2021, the Group wrote-off US\$416,000 (30 June 2020: US\$60,000) of trade debtors which are more than 180 days past due as the Group does not expect to receive future cash flows from. There are no recoveries from collection of cash flows previously written off.

7. Profit before tax

7.1 Significant items

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
Interest income	252	62
Interest expenses on loans and borrowings	(992)	(1,770)
Interest expenses on lease liabilities	(126)	(88)
Impairment losses on trade debtors	(18)	(179)
Reversal of stocks written down	1,840	929
Stocks written down/ off	(2,332)	(981)
Net gain/ (loss) on disposal of property, plant and equipment	37	(7)
Property, plant and equipment written off	—	(5)
Depreciation of property, plant and equipment	(522)	(646)
Depreciation of right-of-use assets	(1,160)	(1,305)
Net foreign exchange gain/ (loss)	339	(247)
Net fair value change on derivatives	—	(3)
Net fair value gain on financial assets at fair value through profit or loss	4	—

7.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

E. Notes to the condensed interim consolidated financial statements (cont'd)

8. Income tax

The Group calculates the period 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:-

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
Current income tax expense	2,824	464
Over provision in respect of previous years	(6)	(100)
	<u>2,818</u>	<u>364</u>

9. Dividend

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
Ordinary dividends paid:-		
- Final exempt (one-tier) dividend for FY2020: S\$0.030 (FY2019: S\$Nil) per share	2,709	—
- Final exempt (one-tier) special dividend for FY2020: S\$0.015 (FY2019: S\$Nil) per share	1,354	—
	<u>4,063</u>	<u>—</u>

10. Net asset value

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Net asset value per ordinary share (US cents)	79.96	72.82	33.29	34.41

11. Stocks

	Group	
	30/06/2021	31/12/2020
	US\$'000	US\$'000
Trading stocks, net	<u>238,263</u>	<u>179,907</u>

The Group carries out stocks review on a product-by-product basis to determine the allowance for slow-moving and obsolete stocks and whether stocks are stated at the lower of cost and net realisable value. For the purpose of determining whether stocks are stated at the lower of cost and net realisable value, management's estimates of the net realisable value of the stocks at the end of the reporting period are based primarily on the latest selling prices and the market conditions.

During the six months ended 30 June 2021, the reversal of stocks written down was made when the related stocks were sold above their carrying amounts.

E. Notes to the condensed interim consolidated financial statements (cont'd)

12. Borrowings

		Group	
	Maturity	30/06/2021	31/12/2020
		US\$'000	US\$'000
<u>Amount repayable within one year or on demand:-</u>			
Bills payable, unsecured	2021	86,933	78,440
Revolving bank loan, unsecured	2021	3,000	—
Temporary bridging loan, unsecured	2022	4,353	583
		<u>94,286</u>	<u>79,023</u>
<u>Amount repayable after one year:-</u>			
Temporary bridging loan, unsecured	2026	9,690	3,199
Total borrowings		<u>103,976</u>	<u>82,222</u>

Details of any collateral

There is no collateral on the Group's interest-bearing loans and borrowings as at 30 June 2021 and 31 December 2020.

As at 30 June 2021, the Company has provided corporate guarantees to banks and institutions in connection with credit facilities provided to its subsidiaries, of which US\$107,380,000 (31 December 2020: US\$112,316,000) of the credit facilities have been utilised.

13. Share capital and treasury shares

13.1 Share capital

	Group and Company			
	30/06/2021		31/12/2020	
	No. of shares	US\$'000	No. of shares	US\$'000
<u>Issued and fully paid share capital</u>				
At beginning of the period	119,903,140	39,106	119,757,140	39,056
Grant of share awards under Excelpoint Performance Share Scheme ("EPSS")	—	—	146,000	50
At end of the period	<u>119,903,140</u>	<u>39,106</u>	<u>119,903,140</u>	<u>39,106</u>

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

13.2 Treasury shares

	Group and Company			
	30/06/2021		31/12/2020	
	No. of shares	US\$'000	No. of shares	US\$'000
At beginning of the period	—	—	—	—
Acquired during the year	—	—	19,400	5
Issuance of EPSS	—	—	(19,400)	(5)
At end of the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The Company did not hold any treasury shares as at 30 June 2021 and 31 December 2020.

E. Notes to the condensed interim consolidated financial statements (cont'd)

14. Subsequent events

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

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Excelpoint Technology Ltd. and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

INCOME STATEMENT

The Group's revenue increased by 45.3% from US\$510.0 million to US\$740.9 million and gross profit increased by 96.0% from US\$26.3 million to US\$51.6 million, mainly due to higher sales from the Singapore and Hong Kong business units. The increase was mainly due to the increase in demand for semiconductors on the back of accelerated technology adoption.

Other income decreased from US\$1.2 million to US\$0.6 million, mainly due to lower government grant received.

Sales and distribution costs increased by 51.0% from US\$15.8 million to US\$23.9 million and general and administrative expense increased by 70.1% from US\$7.3 million to US\$12.4 million. These were mainly attributable to higher staff cost and higher travelling expenses due to partial resumption of business travel.

Interest expense decreased by 39.8% from US\$1.9 million to US\$1.1 million due to lower interest rate and borrowings.

Overall, the Group reported profit after taxation of US\$12.0 million for 1H2021.

CASHFLOW AND FINANCIAL POSITION

Cashflow

The Group's net cash flows used in operating activities was US\$22.4 million as compared to cash flows generated from operating activities of US\$12.0 million in 1H2020. This was mainly due to working capital requirements.

Net cash flows used in investing activities was US\$1.7 million compared to US\$0.2 million in 1H2020. This was mainly due to capital expenditure.

Net cash flows generated from financing activities was US\$16.7 million compared to US\$4.2 million in 1H2020. This was mainly due to working capital requirements and partially offset by dividend payment.

Cash and short-term deposits was US\$31.9 million as at 30 June 2021 as compared to US\$30.6 million as at 30 June 2020.

F. OTHER INFORMATION (cont'd)

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

Financial Position

Non-current assets increased from US\$13.8 million to US\$15.0 million as at 30 June 2021 mainly due to capital expenditure. This was partially offset by depreciation of property, plant and equipment and right-of-use assets.

Current assets increased from US\$391.6 million to US\$475.9 million as at 30 June 2021 mainly due to:-

- a) increase in trade and other debtors of US\$33.0 million arising from higher sales;
- b) increase in stocks of US\$58.4 million due to higher stock level to mitigate against supply disruptions; and
- c) partially offset by decrease in cash and short-term deposits of US\$7.3 million.

Current liabilities increased from US\$309.8 million to US\$381.7 million as at 30 June 2021 mainly due to:-

- a) increase in trade and other creditors of US\$50.8 million due to higher purchase of stocks;
- b) increase in interest-bearing loans and borrowings of US\$15.3 million due to working capital requirement;
- c) increase in contract liabilities of US\$2.9 million due to customers deposit received; and
- d) increase in income tax payable of US\$2.1 million due to higher taxable profit.

Non-current liabilities increased from US\$8.3 million to US\$13.4 million as at 30 June 2021 mainly due to new term loans for working capital requirement.

Overall, shareholders' equity increased from US\$87.3 million to US\$95.9 million as at 30 June 2021, mainly due to net profit of US\$12.0 million and increase in other reserves of US\$0.7 million in 1H2021. This was partially offset by the dividend paid of US\$4.1 million.

3. 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.

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 Group continues to see strong demand coming from the accelerated adoption of technologies for automation and intelligence in the consumer, commercial and industrial sectors, which will give rise to the need for more semiconductor chips and solutions. The focus on building Sustainable and Green cities has given rise to new opportunities such as sensorised intelligence for the built environment, where our solutions in Artificial Intelligence ("AI") and Internet of Things ("IoT") play an important role. China as a manufacturing powerhouse will remain an important market for our business growth. As we continue to build our strong technical capabilities, expanding our footprints, and strengthening our value-add to our partners, we are well-positioned to capture new opportunities arising.

Uncertainties in the business environment will persist amidst the Covid-19 pandemic, alongside existing geopolitical tensions, but with a resilient foundation and team, we will work hard to grow the business sustainably.

F. OTHER INFORMATION (cont'd)**5. Dividend information****i. Current Financial Period Reported On**

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

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

ii. Corresponding Period of the Immediate Preceding Financial Year

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

iii. Date Payable

N.A.

iv. Book Closure Date

N.A.

6. Interested person transactions ("IPT")

The Group has not obtained a general mandate from shareholders of the Company for IPT.

The aggregate value of all IPT for the current financial period reported on were as follows:-

Name of Interested Person	Aggregate value of all IPT 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 IPT 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.

7. 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 (\$'000)	Estimated Percentage Allocation of Net Proceeds	Amount Utilised as at Date of this Announcement (\$'000)	Balance as at Date of this Announcement (\$'000)
Strategic Investments and Acquisitions	5,000	63.9%	(3,592)	1,408
Development of New Technology and Application	1,700	21.7%	(1,136)	564
Investments in Research and Development Expertise	1,125	14.4%	(1,125)	—
Total	7,825	100.0%	(5,853)	1,972

F. OTHER INFORMATION (cont'd)

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Albert Phuay Yong Hen
Director

Alan Kwan Wai Loen
Director

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary
Singapore
5 August 2021