



JUBILEE INDUSTRIES HOLDINGS LIMITED
Company Registration Number: 200904797H

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

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

	Group		
	For the six-month period		
	1 Apr 2019 to 30 Sep 2019	1 Apr 2018 to 30 Sep 2018	Increase /
	S\$'000	S\$'000	(Decrease)
	(Unaudited)	(Unaudited)	
Revenue	78,081	88,411	-11.7%
Cost of sales	(74,002)	(80,990)	-8.6%
Gross profit	4,079	7,421	-45.0%
Other income	246	102	141.2%
Other losses, net	(818)	(82)	897.6%
Expenses:			
Distribution and marketing	(543)	(784)	-30.7%
Administration	(4,047)	(3,993)	1.4%
Finance	(552)	(414)	33.3%
Share of profit of associated company	160	271	-41.0%
(Loss)/profit before income tax	(1,475)	2,521	-158.5%
Income tax expense	(68)	(29)	134.5%
Net (loss)/profit	(1,543)	2,492	-161.9%
Other comprehensive income:			
Share of comprehensive gain of associated company	138	-	nm
Currency translation differences	699	1,038	-32.7%
Fair value gain on financial assets, at FVOCI	106	-	nm
Other comprehensive income, net of tax:	943	1,038	nm
Total comprehensive (loss)/income	(600)	3,530	nm
Net (loss)/profit attributable to:			
Equity holders of the Company	(1,422)	2,571	nm
Non-controlling interests	(121)	(79)	53.2%
	(1,543)	2,492	nm
Total comprehensive (loss)/income attributable to :			
Equity holders of the Company	(479)	3,530	nm
Non-controlling interests	(121)	-	nm
	(600)	3,530	nm
EBITDA excluding foreign exchange gains	157	3,124	-95.0%



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

The Group's profit/(loss) before income tax is arrived at after charging/(crediting):

	Group		
	For the six-month period		
	1 Apr 2019 to 30 Sep 2019	1 Apr 2018 to 30 Sep 2018	Increase /
	S\$'000	S\$'000	(Decrease)
	(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	480	223	115.2%
Amortisation of intangible assets	203	254	-20.1%
(Gain)/loss on disposal of property, plant and equipment	(8)	3	nm
Waiver of trade payables	(27)	-	nm
Write-back of impairment loss on non-trade receivables	-	(3)	nm
Foreign exchange loss	818	75	990.7%
Interest income	(3)	(23)	-87.0%
Dividend received	(6)	(1)	500.0%
Sale of scrap and other materials	(79)	(22)	259.1%
Government grants	(6)	(14)	-57.1%
Miscellaneous income	(95)	(35)	171.4%
Rental income	(23)	-	nm
Interest on borrowings	552	414	33.3%

nm: Not meaningful



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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 period.

	Group			Company		
	30 Sep 2019	31 Mar 2019	Increase /	30 Sep 2019	31 Mar 2019	Increase /
	S\$'000	S\$'000	(Decrease)	S\$'000	S\$'000	(Decrease)
	(Unaudited)	(Audited)		(Unaudited)	(Audited)	
ASSETS						
Current assets						
Cash and cash equivalents	4,419	5,334	-17.2%	41	117	-65.0%
Financial assets, at FVPL	33	33	0.0%	-	-	nm
Financial assets, at FVOCI	934	934	0.0%	934	934	0.0%
Trade and other receivables	35,424	30,547	16.0%	22,732	21,970	3.5%
Inventories	15,761	20,193	-21.9%	-	-	nm
Other current assets	9,147	8,763	4.4%	3	3	0.0%
	65,718	65,804	-0.1%	23,710	23,024	3.0%
Non-current assets						
Financial assets, available-for-sale	-	-	nm	-	-	nm
Financial assets, at FVOCI	90	90	0.0%	90	90	0.0%
Investment in subsidiary corporations	-	-	nm	24,456	24,456	0.0%
Investment in associated company	11,599	11,301	2.6%	10,934	10,934	0.0%
Property, plant and equipment	7,143	7,460	-4.2%	1	1	0.0%
Intangible assets	1,964	2,167	-9.4%	-	8	nm
	20,796	21,018	-1.1%	35,481	35,489	0.0%
Total Assets	86,514	86,822	-0.4%	59,191	58,513	1.2%
LIABILITIES						
Current liabilities						
Trade and other payables	26,908	25,758	4.5%	13,544	13,818	-2.0%
Current income tax liabilities	331	326	1.5%	-	-	nm
Borrowings	15,997	18,692	-14.4%	1,773	2,698	-34.3%
	43,236	44,776	-3.4%	15,317	16,516	-7.3%
Non-current liabilities						
Borrowings	2,040	46	4335.3%	2,000	-	nm
Deferred tax	116	116	0.0%	-	-	nm
Total liabilities	45,392	44,938	1.0%	17,317	16,516	4.8%
Net Assets	41,122	41,884	-1.8%	41,874	41,997	-0.3%
EQUITY						
Capital and Reserves attributable to equity holders of the Company						
Share capital	73,279	73,279	0.0%	73,279	73,279	0.0%
Treasury shares	(736)	(736)	0.0%	(736)	(736)	0.0%
Warrants reserve	1,150	1,150	0.0%	1,150	1,150	0.0%
Statutory reserve	2,257	2,257	0.0%	-	-	nm
Capital reserve	(142)	(142)	0.0%	(142)	(142)	0.0%
Other reserves	1,520	577	nm	(1,052)	(1,052)	0.0%
Accumulated losses	(37,043)	(35,621)	4.0%	(30,625)	(30,502)	0.4%
	40,285	40,764	-1.2%	41,874	41,997	-0.3%
Non-controlling interests	837	1,120	-25.3%	-	-	nm
Total equity	41,122	41,884	-1.8%	41,874	41,997	-0.3%

nm: Not meaningful



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

Amount repayable in one year or less, or on demand

As at 30 Sep 2019 (Unaudited)		As at 31 Mar 2019 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,278	2,719	17,767	925

Amount repayable after one year

As at 30 Sep 2019 (Unaudited)		As at 31 Mar 2019 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
40	2,000	46	-

Details of any collateral

- 1) Bank overdrafts of the Group are secured by the immediate and ultimate holding corporation's bank deposits, certain bank deposits of the Group, personal guarantee by the directors of the subsidiary corporations, debenture of the subsidiary corporations and certain leasehold properties of the Group.
- 2) Bank borrowings of the Group and of the Company are secured by the investment in an associated company, certain bank deposits of the Group, and also secured by the corporate guarantee of the immediate and ultimate holding corporation.
- 3) Finance lease liabilities of the Group are effectively secured over the leased motor vehicles as the legal title are retained by the respective lessors and will be transferred to the Group upon full settlement of the finance lease liabilities. The financial lease liabilities are also secured by the corporate guarantee of the Company.



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

	Group	
	For the six-month period	
	1 Apr 2019 to 30 Sep 2019	1 Apr 2018 to 30 Sep 2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
<u>Cash flows from operating activities</u>		
Net (loss)/profit	(1,543)	2,492
Adjustments for:		
- Income tax expense	5	29
- Amortisation of intangible assets	203	254
- Depreciation of property, plant and equipment	480	223
- (Gain)/loss on disposal of property, plant and equipment	-	7
- Share of profit of associated company	(22)	(271)
- Dividend income	(6)	(1)
- Interest income - bank deposits	(3)	(23)
- Interest expense	552	414
- Unrealised currency translation losses	398	1,058
	64	4,182
Changes in working capital:		
- Trade and other receivables	(4,877)	4,352
- Inventories	4,432	(2,171)
- Other current assets	(384)	(28)
- Trade and other payables	1,150	(5,826)
Cash generated from operations	385	509
- Interest paid	-	-
- Income tax credit	-	27
Net cash generated from operating activities	385	536
<u>Cash flows from investing activities</u>		
Acquisition of subsidiary corporations, net of cash acquired	-	234
Additions to investment in associated company	-	(342)
Additions to property, plant and equipment	(171)	(315)
Disposal of financial assets, at FVOCI	106	-
Dividend received	6	1
Interest received	3	22
Net cash flows used in investing activities	(56)	(400)
<u>Cash flows from financing activities</u>		
Drawdown of bank borrowings	(2,885)	959
Interest paid	(552)	(391)
Withdrawal of short-term bank deposits	-	1,399
Net cash flows (used in)/generated from financing activities	(3,437)	1,967
Net (decrease)/increase in cash and cash equivalents	(3,108)	2,103
Cash and cash equivalents at beginning of financial period	4,376	6,441
Effects of currency translation on cash and cash equivalents	(5)	(27)
Cash and cash equivalents at end of financial period	1,263	8,517
Cash and cash equivalents comprised:		
Cash and bank balances	1,263	8,517
Bank overdraft	2,184	-
Short term bank deposits	972	964
	4,419	9,481
Less: Short term bank deposits pledged as collateral	(972)	(964)
Less: Bank overdraft	(2,184)	-
	1,263	8,517



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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 comparative statement for the corresponding period of the immediately preceding financial period.

Group (Unaudited)	Attributable to Equity Holders of the Group							Non-	Total
	Share capital	Accumulated	Other	Warrants	Statutory	Capital	Treasury	controlling	
	S\$'000	losses	reserves	reserve	reserve	reserve	share	interests	S\$'000
Balance as at 1 April 2019	73,279	(35,621)	577	1,150	2,257	(142)	(736)	1,120	41,884
Issuance of new shares	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the financial period	-	(1,422)	943	-	-	-	-	(283)	(762)
Balance as at 30 September 2019	73,279	(37,043)	1,520	1,150	2,257	(142)	(736)	837	41,122

(Unaudited)	Attributable to Equity Holders of the Group							Non-	Total
	Share capital	Accumulated	Other	Warrants	Statutory	Capital	Treasury	controlling	
	S\$'000	losses	reserves	reserve	reserve	reserve	share	interests	S\$'000
Balance as at 1 April 2018	70,279	(38,220)	(85)	1,150	2,257	(142)	(736)	-	34,503
Issuance of new shares	3,500	-	-	-	-	-	-	-	3,500
Total comprehensive income/(loss) for the financial period	-	2,571	1,038	-	-	-	-	(79)	3,530
Balance as at 30 September 2018	73,779	(35,649)	953	1,150	2,257	(142)	(736)	(79)	41,533

Company (Unaudited)	Share	Accumulated	Other	Warrants	Capital	Treasury	Total
	Capital	losses	reserves	reserve	reserve	share	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2019	73,279	(30,502)	(1,052)	1,150	(142)	(736)	41,997
Total comprehensive loss for the financial period	-	(123)	-	-	-	-	(123)
Balance as at 30 September 2019	73,279	(30,625)	(1,052)	1,150	(142)	(736)	41,874

(Unaudited)	Share	Accumulated	Other	Warrants	Capital	Treasury	Total
	Capital	Losses	reserves	reserve	reserve	share	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2018	70,279	(37,072)	(900)	1,150	(142)	(736)	32,579
Issuance of new shares	3,500	-	-	-	-	-	3,500
Total comprehensive income for the financial period	-	3,008	-	-	-	-	3,008
Balance as at 30 September 2018	73,779	(34,064)	(900)	1,150	(142)	(736)	39,087



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1(d)(ii) Details of any changes in the company's share capital arising from right 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 period. 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.

Issued and fully paid

Balance as at 1 April 2019
Share consolidation exercise on 8 August 2019
Balance as at 30 September 2019

Company	
Number of ordinary shares	Share Capital (S\$)
1,027,431,606	73,279,154
(770,573,733)	-
256,857,873	73,279,154

Issued and fully paid

Balance as at 1 April 2019
Share consolidation exercise on 8 August 2019
Balance as at 30 September 2019

Group	
Number of ordinary shares	Share Capital (S\$)
1,027,431,606	73,279,154
(770,573,733)	-
256,857,873	73,279,154

The Group and Company has 63,903,271 outstanding warrants as of 30 September 2019 and no warrant has been exercised for the financial period ended 30 September 2019.

The outstanding convertibles and treasury shares on 30 September 2019 are as follow:

Purchased and fully paid

Balance as at 1 April 2019
Warrant consolidation exercise on 7 August 2019
Balance as at 30 September 2019

Number of treasury shares	Share Capital (S\$)
13,682,000	736,384
(10,261,500)	-
3,420,500	736,384

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

	At 30 Sep 2019	At 31 Mar 2019
Total number of issued shares excluding treasury shares	253,437,373	1,013,749,606

There were no treasury shares purchased during the period from 1 April 2019 to 30 September 2019.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury share as at the end of the current financial period reported on.

Not applicable. There were no uses of treasury shares during and as at the end of the current financial period ended 30 September 2019.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or reviewed by the Company's independent auditor.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 March 2019.



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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.

Not applicable.

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	
For the six-month period	
1 Apr 2019 to 30 Sep 2019	1 Apr 2018 to 30 Sep 2018
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(1,422) 2,571
Weighted average number of ordinary shares outstanding for basic earnings per share	253,437,373 959,912,697
Adjustments for outstanding warrants	63,903,271 255,613,108
Weighted average number of ordinary shares outstanding for diluted earnings per share	317,340,644 1,215,525,805
Basic (loss)/earnings per share (cents per share)	(0.56) 0.27
Diluted (loss)/earnings per share (cents per share)	(0.45) 0.21

Basic earnings per share is computed by dividing the profit attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding as at the end of the respective financial period.

For the purpose of calculating diluted earnings per share, weighted average number of shares in issue has been adjusted for the effects of outstanding warrants not exercised, which are assumed to have been converted into ordinary shares at issuance and the net profit attributable to equity holders of the Company is adjusted to eliminate the interest expense less any tax effect.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the

- (a) Current financial period reported on; and
(b) Immediately preceding financial year.

Group		Company	
30 Sep 2019 S\$ cent	31 Mar 2019 S\$ cent	30 Sep 2019 S\$ cent	31 Mar 2019 S\$ cent

Net asset value ("NAV") per ordinary share 15.68 3.97 16.30 4.09

The NAV per ordinary share for the Group and the Company as at 30 September 2019 and 31 March 2019 were calculated based on 256,857,873 and 1,027,431,606 ordinary shares in issue as at the respective reporting dates.


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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, cost, 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.

REVIEW OF STATEMENT OF COMPREHENSIVE INCOME FOR THE GROUP
Revenue

The Group's revenue decreased by approximately S\$10.3 million or 11.7% from S\$88.4 million in HY2019 to S\$78.1 million in HY2020.

Revenue from the Mechanical Business Unit ("MBU") increased from S\$7.7 million in HY2019 to S\$11.7 million in HY2020. The increase were mainly due to (a) the inclusion of 6 months revenue generated from its newly acquired subsidiary corporation, Honfoong Plastic Industries Pte. Ltd., which accounted for 15.0% of total revenue and (b) the significant increase in sales orders from new and existing customers who are changing their source of purchase to the ASEAN region due to the existing trade tensions.

Revenue from the Electronic Business Unit ("EBU") remains as the major contributor despite a decrease of S\$14.4 million from S\$80.7 million in HY2019 to S\$66.3 million in HY2020. The decrease in revenue was due to a weak global demand, attributable in part to the prolonged trade tensions between USA and China.

The gross profit of the Group decreased by S\$3.3 million from S\$7.4 million in HY2019 to S\$4.1 million in HY2020. Gross profit margin was 5.2% in HY2020 as compared to 8.4% in HY2019. These decreases arose as a result of EBU's decision to liquidate some of its inventory at a loss so as to reduce inventory holding cost amidst a gloomy outlook of a global contraction of the semiconductor industry and lower quarter on quarter pricing trend. Unfortunately, such a cost saving measure resulted to a loss of S\$1.2 million in gross profit. The softened demand for semiconductors and passive components in the first half of the year affected EBU's top 2 product lines, Samsung and SK Hynix. The revenue for these 2 product lines dropped by 7.6% from S\$51.2 million in HY2019 to S\$47.6 million in HY2020 and gross profit shifted from S\$4.7 million in HY 2019 to S\$1.0 million in HY2020.

Other income and Other losses, net

The Group's other income have increased by S\$0.1 million from S\$0.1 million in HY2019 to S\$0.2 million in HY2020. Other income in HY2020 is largely due to sales of scraps, reversal of overprovision for obsolescence and rental income. Other losses of S\$0.8 million for HY2020 as compared to S\$0.1 million in HY2019 was a result of revaluation on foreign currencies in EBU, predominantly the United States Dollar ("USD"), which is also the primary transactional currency for the business unit.

Distribution and marketing expenses

Distribution and marketing expenses have decreased by approximately S\$0.3 million or 30.7% from S\$0.8 million in HY2019 to S\$0.5 million in HY2020. The largest decrease was from sales agents' commissions which corresponded to the decline in sales revenue for the period.

Administrative expenses

Administrative expenses remained at S\$4.0 million for both HY2020 and HY2019. The increase in general administration costs of S\$0.2 million in HY2020 is offset by a decrease in staff cost of S\$0.2 million following the completion of the Group's acquisition of Honfoong Plastic Industries Pte. Ltd. in July 2019.

Finance expenses

The Group's finance expenses has increased slightly by S\$0.2 million to S\$0.6 million in HY2020 as compared to S\$0.4 million in HY2019, arising from the increased use of LC/TR financing by the EBU to improve cash cycle of its export sales of goods.

Income Tax expense

The Group's tax expense increased by S\$0.03 million from S\$0.03 million in HY2019 to S\$0.06 million in HY2020 for taxes paid by subsidiary corporations based on an estimate of their current year corporate income tax liability.

Share of Profit of Associated Company

The Group's share of profits of an associated company has decreased by S\$0.1 million from S\$0.3 million in HY2019 to S\$0.2 million in HY2020 due to a decline of profit generated by the associated company from MYR 5.8 million in HY2019 to MYR3.5 million in HY2020.



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REVIEW OF FINANCIAL POSITION

Current Assets

The Group's current assets decreased by approximately S\$0.1 million or 0.1% from S\$65.8 million as at 31 March 2019 to S\$65.7 million as at 30 September 2019. The decrease was due to a decrease in cash and cash equivalents and inventories of S\$0.9 million and S\$4.4 million respectively. The decrease in inventory is aligned to the decline in sales. This is offset by an increase of S\$4.8 million in trade and other receivables as payment terms for customers are extended and S\$0.4 million in other current assets due to increase in prepayments and deposits.

Non-current Assets

Non-current assets decreased by S\$0.2 million or 1.1% from S\$21.0 million as at 31 March 2019 to S\$20.8 million as at 30 September 2019. This was due to a decrease in property, plant and equipment of S\$0.3 million and intangible assets of S\$0.2 million, offset by an increase in investment in an associated company, EG Industries Berhad ("EG"), of S\$0.3 million arising from share of profits.

Current Liabilities

The Group's current liabilities decreased by approximately S\$1.6 million or 3.4% from S\$44.8 million as at 31 March 2019 to S\$43.2 million as at 30 September 2019. The decrease was mainly due to a decline in balances for LC/TR facilities which led to a reduction in borrowings of S\$2.7 million from S\$18.7 million as at 31 March 2019 to S\$16.0 million as at 30 September 2019, offset by an increase of S\$1.1 million in trade and other payables.

The Group reported positive working capital of S\$22.5 million as at 30 September 2019 as compared to S\$21.0 million as at 31 March 2019. This increase in working capital was attributable to an increase in trade and other receivables of S\$4.9 million and other current assets of S\$0.4 million and a decrease in cash and cash equivalents and inventories of S\$0.9 million and S\$4.4 million respectively, offset by a decrease in short-term borrowings of S\$2.7 million and an increase in trade and other payables of S\$1.1 million.

REVIEW OF CASHFLOW STATEMENT

Net cash flow used in operating activities for HY2020 was S\$0.4 million, comprising operating gain before working capital changes of S\$0.1 million and working capital inflow of S\$0.3 million. The working capital inflow was mainly due to a decrease in inventory of S\$4.4 million and an increase in trade and other payables of S\$1.2 million offset by an increase in trade and other receivables of S\$4.9 million and other current assets of S\$0.4 million.

Net cash used in investing activities was S\$0.1million, mainly due to net cash inflow from the disposal of financial assets of S\$0.1 million offset by acquisition of additional property, plant and equipment of S\$0.2 million.

The cash used in financing activities of S\$3.4 million was mainly from a decrease in bank borrowings of S\$2.9 million and interests paid of S\$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.

Not applicable. No prospect statement or forecast has been previously disclosed to shareholders.



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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 event that may affect the group in the next reporting period and the next 12 months.

The acquisition of Honfoong Plastics Industries Pte. Ltd. ("Honfoong") and its Indonesian subsidiary corporation scaled the Group's mechanical business unit ("MBU") and expanded its plastic injection mold business with an additional 91 plastic injection molding machines at Honfoong's main production plant in Batam, Indonesia and a clean room for medical parts. The Group will be investing in another 32 new machines in its Malaysian facilities in Johor Bahru in addition to its existing 27 machines. With the new investment, MBU will now have 150 machines in total and this quintuples MBU's molding machine count. The additional production space of 480 square meters also allows MBU to widen its scope of services and invest in sub-assembly and spray coating services in addition to our existing suite of mechanical manufacturing services. The expanded capacity and wider scope of services will allow MBU to take on new customers beyond Malaysia and China to the rest of Asia-Pacific.

Barring any unforeseen circumstances, the trade barriers and the weakening of most Asian currencies against the US Dollar and rising demands for molded plastics in several end use industries such as automotive, medical disposal present opportunities for MBU. MBU is making good progress in increasing its business development efforts to expand market share with customers and to secure new customers in target market segments to fill the additional capacity. The machine loading for first half year is estimated to be 50% and loading is expected to be between 70% - 75% towards the end of the financial year. MBU has also recorded a modest growth in molding orders driven by customers who are affected by the ongoing trade tensions and those who are seeking to purchase from sources other than China. Tooling orders has also recorded a strong growth closing in orders of US\$2.4 million for the year to date. This is a six-fold increase. MBU aims to deliver profitable growth in the next 12 months and is working diligently on initiatives to achieve optimal capacity utilization, high production efficiency and a lean cost structure.

For the EBU, the demand has fallen around 20% in 2019. Market demand remains sluggish with this uncertainty hovering around USA and China. In this regard, the Company does not expect the market to recover in the near future. Based on industry knowledge, even though component prices have been on downward pressure, it is expected to recover by February 2020. Many suppliers are reporting diminishing operating margins and distributors are booking lower revenue and operating at razor thin margins. Despite the challenging market conditions, EBU is diligently working strategically with suppliers and customers alike to weather through the current storm. We foresee long term growth outlook for semiconductors based on positive growth propelled by Artificial Intelligence, 5G and Internet of Things ("IOT") areas. The Company is also exploring other market segments to boost revenue by securing new customers in businesses of Point of Sales and IOT.

11. Dividend

(a) Any dividend declared for the current financial period reported on?

No

b) Corresponding Period of the Immediately Preceding Financial Period

Dividend declared for the corresponding period of the immediately preceding financial period?

No

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date.

Not applicable.



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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 or recommended for the financial period ended 30 September 2019 as the Company is in a loss position and is not profitable this HY2020.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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.

There was no IPT greater than S\$100,000 for HY2020. The Group does not have a general mandate from its shareholders for IPT's.

14. Confirmation by the Board pursuant to Rule 705(5) of the listing manual

The Board of Directors of the Company hereby confirms to the best of our knowledge that nothing has come to their attention which may render the unaudited financial statements for the six months ended 30 September 2019 to be false or misleading in any material aspect.

15. Confirmation by the Board pursuant to Rule 720(1) of the listing manual

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

BY ORDER OF THE BOARD

Terence Tea Yeok Kian
Executive Chairman and CEO

14 November 2019