



SMARTFLEX HOLDINGS LTD
(Company Registration No: 201003501R)

**UNAUDITED HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017**

This announcement and its contents have been reviewed by the Company's sponsor, RHT Capital Pte Ltd ("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. The Sponsor 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.

The contact person for the Sponsor is Mr. Khong Choun Mun, Registered Professional, RHT Capital Pte Ltd, 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6757.

SMARTFLEX HOLDINGS LTD
(Company Registration No: 201003501R)

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Company	Group	
	Six months ended		Increase /
	30/06/2017	30/06/2016	(Decrease)
	US\$'000	US\$'000	%
<u>Continuing operations</u>			
Other income	745	245	204.1
Administrative expenses	(238)	(162)	46.9
Profit before tax from continuing operations	507	83	510.8
Income tax expense	-	-	N.M.
Profit from continuing operations, net of tax	507	83	510.8
<u>Discontinued operations</u>			
Profit from discontinued operations, net of tax⁽¹⁾	-	1,032	(100.0)
Profit net of tax	507	1,115	(54.5)
Other comprehensive income for the year, net of tax	-	-	N.M.
Total comprehensive income attributable to equity holders of the Company	507	1,115	(54.5)
Earnings per share (US cents)			
Basic	0.40	0.88	
Diluted	0.40	0.88	

N.M. Not meaningful

- (1) On 29 January 2016, the Company announced that it had entered into a non-binding term sheet in respect of the disposal of the entire issued share capital of Smartflex Technology Pte Ltd ("SFT") and Smartflex Innovation Pte Ltd ("SFI") held by the Company (the "Disposal") for a consideration of up to S\$26,080,000.

The Disposal was approved in the Extraordinary General Meeting held on 8 July 2016 and was completed on 20 July 2016. Accordingly, the comparative figures have been presented to report the profit and loss items of the continuing and discontinued operations separately.

1(a)(ii) Notes to consolidated statement of comprehensive income

The Group's profit before taxation is arrived at after crediting:

	Company	Group		
	Six months ended		Increase /	
	30/06/2017	30/06/2016	(Decrease)	Note
	US\$'000	US\$'000	%	
<u>Continuing operations</u>				
Interest income	44	20	120.0	(a)
Foreign exchange gain	701	225	211.8	(b)

Notes:

- (a) Interest income earned on fixed deposit balances of the Company. The increase was due to the increase on fixed deposit balances.
- (b) The foreign exchange gain was attributable to the appreciation of SGD against USD on the Company's SGD cash equivalents and other SGD receivables.

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

STATEMENT OF FINANCIAL POSITION

	Company	
	As at	
	30/06/2017 US\$'000	31/12/2016 US\$'000
Current assets		
Other receivables ⁽¹⁾	1,421	1,353
Prepayments	-	3
Restricted deposits ⁽²⁾	11,352	10,758
Cash and cash equivalents	790	1,881
	<u>13,563</u>	<u>13,995</u>
Current liability		
Other payables and accruals	92	122
	<u>92</u>	<u>122</u>
Net current assets	<u>13,471</u>	<u>13,873</u>
Share capital	12,914	12,914
Revenue reserve	557	959
Total equity attributable to owners of the Company	<u>13,471</u>	<u>13,873</u>

Note:

- (1) Other receivables pertain mainly to the retention sum withheld by Novoflex Pte. Ltd. in respect of the disposal of the Company's subsidiaries. The increase in other receivables was mainly due to the foreign exchange gain as a result of the appreciation of SGD against USD.
- (2) Restricted deposits represent cash held in an escrow account which bears interest at 0.7% per annum. Upon disposal of its subsidiaries, and in accordance with the rules of the SGX-ST, the Company placed approximately 90% of its total cash balance in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore. The amount that is placed in the escrow account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the Singapore Stock Exchange's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders.

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

Following the disposal of all of its subsidiaries on 20 July 2016, the continuing operations of the Group does not hold any borrowings and debt securities as at 31 December 2016 and 30 June 2017.

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

STATEMENT OF CASH FLOWS

	Company	Group
	Six months ended	
	30/06/2017	30/06/2016
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax from continuing operations	507	83
Profit before tax from discontinued operations	-	1,118
Profit before tax	507	1,201
Adjustments for:		
Depreciation of property, plant and equipment	-	183
Interest income	(44)	(24)
Interest expense	-	51
Unrealised exchange gain	(705)	(224)
Operating cash flows before working capital changes	(242)	1,187
Decrease/(increase) in trade and other receivables	1	(1,829)
Decrease/(increase) in prepayments	3	(28)
Increase in inventories	-	(1,162)
Decrease in trade and other payables	(30)	(634)
Cash used in operations	(268)	(2,466)
Interest received	44	23
Interest paid	-	(41)
Income tax paid	-	(17)
Net cash flows used in operating activities	(224)	(2,501)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(329)
Disposal of subsidiaries, net of cash disposed	-	1,941
Placement of restricted deposits	(594)	-
Net cash flows (used in)/generated from investing activities	(594)	1,612
Cash flows from financing activities		
Proceeds from finance leases	-	1,000
Net repayment of loans and borrowings	-	(602)
Repayment of loans and borrowings	-	(74)
Proceeds from trade finance facilities	-	1,611
Dividends paid	(909)	(800)
Net cash flows (used in)/generated from financing activities	(909)	1,135
Net (decrease)/increase in cash and cash equivalents	(1,727)	246
Effect of exchange rate changes on cash and cash equivalents	636	224
Cash and cash equivalents at beginning of the period	1,881	9,985
Cash and cash equivalents at end of the period	790	10,455

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Revenue reserves	Merger reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Group</u>				
Balance as at 1 January 2017	12,914	959	-	13,873
Total comprehensive income for the financial period		507	-	507
Dividends paid ⁽¹⁾	-	(909)	-	(909)
Balance as at 30 June 2017	12,914	557	-	13,471
Balance as at 1 January 2016	12,914	11,977	(4,988)	19,903
Total comprehensive income for the financial period	-	1,115	-	1,115
Dividends paid ⁽¹⁾	-	(800)	-	(800)
Balance as at 30 June 2016	12,914	12,292	(4,988)	20,218

	Share capital	Revenue reserves	Merger reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Company</u>				
Balance as at 1 January 2017	12,914	959	-	13,873
Total comprehensive income for the financial period		507	-	507
Dividends paid ⁽¹⁾	-	(909)	-	(909)
Balance as at 30 June 2017	12,914	557	-	13,471
Balance as at 1 January 2016	12,914	88	-	13,002
Total comprehensive income for the financial period	-	1,126	-	1,126
Dividends paid ⁽¹⁾	-	(800)	-	(800)
Balance as at 30 June 2016	12,914	414	-	13,328

Note 1:

Final tax exempt (one-tier) dividend of S\$0.0085 per ordinary share in respect of FY2015 was paid on 19 May 2016.

Final tax exempt (one-tier) dividend of S\$0.01 per ordinary share in respect of FY2016 was paid on 12 May 2017.

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders.

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

The Company has no shares that may be issued on conversion of outstanding convertibles, treasury shares or subsidiary holdings 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.

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

	As at 30 Jun 2017	As at 31 Dec 2016
Total number of issued shares	126,440,002	126,440,002
Treasury shares	Nil	Nil

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

Not applicable.

- 1(d)(v) A statement showing all sales, transfer, 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 independent auditor.

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

Not applicable.

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

The Company has applied the same accounting policies and methods of computation in the unaudited financial statements for the six months period ended 30 June 2017 as in the Company's most recent financial statements for the financial year ended 31 December 2016, except for the adoption of the new and revised Financial Reporting Standards (FRS) which are effective beginning 1 January 2017.

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

The Company has adopted the new and revised FRSs which are effective beginning 1 January 2017. The adoption of the new and revised FRSs did not result in any material impact on the Company's financial statements.

- 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.**

Earnings Per Share (“EPS”)

	Company	Group
	Six months ended	
	30/06/2017	30/06/2016
Earnings attributable to equity holders of the Company (US\$'000)	507	1,115
Basic EPS attributable to equity holders of the Company (US cents)	0.40	0.88
Fully diluted EPS (US cents)	0.40	0.88
Weighted average number of shares used in computation of basic and diluted EPS	126,440,002	126,440,002

Basic EPS is computed by dividing the earnings 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.

Fully diluted EPS for 1H2017 and 1H2016 are the same as the basic EPS as the Company does not have any outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial periods.

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

Net Asset Value (“NAV”)

	Company	
	As at	
	30/06/2017	31/12/2016
NAV per ordinary share (US cents)	10.65	10.97
Number of shares used in computation of NAV per share	126,440,002	126,440,002

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Company is deemed a cash company under Rule 1017 of the Catalist Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”) upon the completion of the Disposal of all of its subsidiaries to Novoflex Pte. Ltd on 20 July 2016.

Continuing operations

Please refer to notes on pages 3 and 4 for details.

A final dividend of US\$908,977 (or equivalent to S\$1,264,400) in respect of FY2016 was paid on 12 May 2017.

Discontinued operations

The comparison of the results is not meaningful as the Company is deemed a cash company under Rule 1017 of the Catalist Rules of the SGX-ST with effect from 20 July 2016.

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

The results are in line with previous commentaries made.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As announced on 19 July 2017, the Company had commenced and was currently in the final stage of discussions with various parties in relation to a potential acquisition of shares in a third party private company for the expansion of the Company into a new business (the "Proposed Acquisition"). The Proposed Acquisition is part of the Company's strategy to meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules of the SGX-ST.

On 25 July 2017, the Company announced that the SGX-ST had no objections to granting the Company a 6-month extension to enter into a definitive agreement for acquisition of assets that are suitable for a new listing, such acquisition to constitute a reverse takeover or a very substantial acquisition. For details, please refer to the announcement made on 25 July 2017.

The Company shall make relevant announcement in due course.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the six-months financial period ended 30 June 2017.

13 If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs and there were no IPTs in 1H2017.

14 Negative confirmation pursuant to Rule 705(5) of the Catalist Rules of the SGX-ST (Not required for announcement on full year results)

We, Tan Tong Guan and Chan Kum Kit, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial statements of the Group for the six-months financial period ended 30 June 2017 to be false or misleading in any material aspect.

15 Confirmation pursuant to Rule 720(1) of the Catalist Rules of the SGX-ST

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules of the SGX-ST.

BY ORDER OF THE BOARD

Tan Tong Guan
Executive Chairman & CEO

8 August 2017