



## **REVEZ CORPORATION LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201119167Z)

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### **UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 ("1H 2020")**

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*This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange 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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## **Background**

Revez Corporation Ltd. (the “Company”, and together with its subsidiaries, the “Group”), formerly known as Jason Holdings Limited, was formed through a reverse takeover (“RTO”) by Revez International Pte. Ltd (formerly known as Revez Group Pte. Ltd.). (“Revez”, together with its subsidiaries, the “Revez Group”). On 23 May 2019, the Company completed the acquisition of the entire issued and paid-up capital of Revez (the “Proposed Acquisition”) and changed its name from “Jason Holdings Limited” to “Revez Corporation Ltd.”. Please refer to the Company’s circular to shareholders (the “Circular”) dated 29 March 2019 for further details of the RTO and the Proposed Acquisition.

On 14 February 2020, the Company has undertaken the internal restructuring exercise pursuant to which the ordinary shares of all its indirect subsidiaries held through Revez International Pte. Ltd., a wholly owned subsidiary of the Company, have been transferred to the Company (the “Corporate Restructuring”).

The Revez Group is principally engaged in the business of developing and implementation of information technology solutions and has expanded its services in industrial automation focusing on manufacturing processes (“Industrial Automation”) in 1H2020.

## **Notes:**

- A. The comparative figures to the Group’s consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the half year period ended 30 June 2020 refer to the enlarged group’s consolidated financials which included the results of the Revez Group from 1 January 2019 to 30 June 2019 and the results of the Company from 24 May 2019 to 30 June 2019.
- B. The Group’s consolidated statement of financial position as at 30 June 2019 refers to the consolidated statement of financial position of the Revez Group and the Company as at 30 June 2019.

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

**1(a)(i) - A statement of comprehensive income, for a group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|                                                                                    | <b>Group</b>   |                 | <b>Increase/<br/>(Decrease)</b> |
|------------------------------------------------------------------------------------|----------------|-----------------|---------------------------------|
|                                                                                    | <b>1H 2020</b> | <b>1H 2019</b>  |                                 |
|                                                                                    | <b>S\$'000</b> | <b>S\$'000</b>  | <b>%</b>                        |
| <b>Revenue</b>                                                                     | <b>1,994</b>   | <b>2,524</b>    | (21.0)                          |
| Other income                                                                       | 553            | 78              | 609.0                           |
|                                                                                    | <b>2,547</b>   | <b>2,602</b>    |                                 |
| <b>Less: Operating expenses</b>                                                    |                |                 |                                 |
| Material costs and changes in inventories                                          | (541)          | (910)           | (40.5)                          |
| Salaries and employees' benefits                                                   | (1,648)        | (1,075)         | 53.3                            |
| Depreciation of plant, property and equipment and investment property              | (140)          | (65)            | 115.4                           |
| Net impairment gain/(losses) on trade receivables and contract assets              | 206            | (149)           | N.M.                            |
| Other operating expenses                                                           | (283)          | (193)           | 46.6                            |
| Finance costs                                                                      | (12)           | (9)             | 33.3                            |
|                                                                                    | <b>(2,418)</b> | <b>(2,401)</b>  |                                 |
| <b>Profit before exceptional items</b>                                             | <b>129</b>     | <b>201</b>      |                                 |
| <b>Less: Exceptional items</b>                                                     |                |                 |                                 |
| Loss on reverse acquisition                                                        | -              | (11,335)        | (100.0)                         |
| Acquisition-related costs                                                          | -              | (1,992)         | (100.0)                         |
|                                                                                    | <b>-</b>       | <b>(13,327)</b> |                                 |
| <b>Profit/(loss) before income tax</b>                                             | <b>129</b>     | <b>(13,126)</b> | N.M.                            |
| Income tax expense                                                                 | (51)           | (44)            | 15.9                            |
| <b>Profit/(loss) for the financial period</b>                                      | <b>78</b>      | <b>(13,170)</b> | N.M.                            |
| Other comprehensive income, net of income tax                                      | -              | -               | N.M.                            |
| <b>Total comprehensive income/(loss) for the financial period</b>                  | <b>78</b>      | <b>(13,170)</b> | N.M.                            |
| <b>Profit/(loss) for the financial period attributable to:</b>                     |                |                 |                                 |
| Owners of the Company                                                              | 162            | (13,193)        |                                 |
| Non-controlling interests                                                          | (84)           | 23              |                                 |
|                                                                                    | <b>78</b>      | <b>(13,170)</b> |                                 |
| <b>Total comprehensive income/(loss) for the financial period attributable to:</b> |                |                 |                                 |
| Owners of the Company                                                              | 162            | (13,193)        |                                 |
| Non-controlling interests                                                          | (84)           | 23              |                                 |
|                                                                                    | <b>78</b>      | <b>(13,170)</b> |                                 |

N.M. - Denotes not meaningful

# 1(a)(ii) – Notes to Consolidated Statement of Comprehensive Income

|                                                                          | Group   |         |                         |
|--------------------------------------------------------------------------|---------|---------|-------------------------|
|                                                                          | 1H 2020 | 1H 2019 | Increase/<br>(Decrease) |
|                                                                          | S\$'000 | S\$'000 | %                       |
| Profit/(loss) before income tax is arrived after charging the following: |         |         |                         |
| <b>Other income</b>                                                      |         |         |                         |
| Government grants                                                        | 499     | 60      | 731.7                   |
| Rental income                                                            | 17      | 17      | -                       |
| Interest income                                                          | 32      | -       | N.M.                    |
| Miscellaneous income                                                     | 5       | 1       | 400.0                   |
| <b>Other operating expenses</b>                                          |         |         |                         |
| Office rental                                                            | -       | 55      | N.M.                    |
| Travelling and transport                                                 | 19      | 34      | (44.1)                  |
| Entertainment and refreshment                                            | 11      | 8       | 37.5                    |
| Advertisement                                                            | -       | 18      | N.M.                    |
| Professional fees                                                        | 123     | 14      | 778.6                   |
| Exchange gain/(loss)                                                     | - *     | -       | N.M.                    |
| Others                                                                   | 130     | 64      | 103.1                   |

\* Less than \$1,000

**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.**

|                                                            | Group                          |                                | Company                        |                                |
|------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                                            | As at<br>30/06/2020<br>S\$'000 | As at<br>31/12/2019<br>S\$'000 | As at<br>30/06/2020<br>S\$'000 | As at<br>31/12/2019<br>S\$'000 |
| <b>ASSETS</b>                                              |                                |                                |                                |                                |
| <b>Non-current assets</b>                                  |                                |                                |                                |                                |
| Property, plant and equipment                              | 573                            | 356                            | -                              | -                              |
| Investment property                                        | 660                            | 674                            | -                              | -                              |
| Investment in subsidiaries                                 | -                              | -                              | 43,460                         | 42,660                         |
| <b>Total non-current assets</b>                            | <b>1,233</b>                   | <b>1,030</b>                   | <b>43,460</b>                  | <b>42,660</b>                  |
| <b>Current assets</b>                                      |                                |                                |                                |                                |
| Trade and other receivables                                | 953                            | 1,543                          | 154                            | 138                            |
| Contract assets                                            | 320                            | 805                            | -                              | -                              |
| Inventories                                                | 277                            | -                              | -                              | -                              |
| Cash and cash equivalents                                  | 7,285                          | 6,995                          | 5,414                          | 6,363                          |
| Amount due from subsidiaries                               | -                              | -                              | 131                            | -                              |
| <b>Total current assets</b>                                | <b>8,835</b>                   | <b>9,343</b>                   | <b>5,699</b>                   | <b>6,501</b>                   |
| <b>Total assets</b>                                        | <b>10,068</b>                  | <b>10,373</b>                  | <b>49,159</b>                  | <b>49,161</b>                  |
| <b>EQUITY AND LIABILITIES</b>                              |                                |                                |                                |                                |
| <b>Current liabilities</b>                                 |                                |                                |                                |                                |
| Trade and other payables                                   | 430                            | 822                            | 133                            | 342                            |
| Contract liabilities                                       | 20                             | 65                             | -                              | -                              |
| Dividend payable                                           | 550                            | 950                            | -                              | -                              |
| Loans and borrowings                                       | 30                             | 34                             | -                              | -                              |
| Lease liabilities                                          | 193                            | 65                             | -                              | -                              |
| Income tax liabilities                                     | 8                              | -                              | 4                              | -                              |
| Amount due to subsidiaries                                 | -                              | -                              | 349                            | 207                            |
| <b>Total current liabilities</b>                           | <b>1,231</b>                   | <b>1,936</b>                   | <b>486</b>                     | <b>549</b>                     |
| <b>Non-current liabilities</b>                             |                                |                                |                                |                                |
| Loans and borrowings                                       | 665                            | 679                            | -                              | -                              |
| <b>Total non-current liabilities</b>                       | <b>665</b>                     | <b>679</b>                     | <b>-</b>                       | <b>-</b>                       |
| <b>Total liabilities</b>                                   | <b>1,896</b>                   | <b>2,615</b>                   | <b>486</b>                     | <b>549</b>                     |
| <b>Equity</b>                                              |                                |                                |                                |                                |
| Share capital                                              | 18,713                         | 18,713                         | 62,030                         | 62,030                         |
| Merger reserve                                             | 138                            | 138                            | -                              | -                              |
| Accumulated losses                                         | (11,165)                       | (11,327)                       | (13,357)                       | (13,418)                       |
| <b>Equity attributable to equity owners of the company</b> | <b>7,686</b>                   | <b>7,524</b>                   | <b>48,673</b>                  | <b>48,612</b>                  |
| Non-controlling interests                                  | 486                            | 234                            | -                              | -                              |
| <b>Total Equity</b>                                        | <b>8,172</b>                   | <b>7,758</b>                   | <b>48,673</b>                  | <b>48,612</b>                  |
| <b>Total equity and liabilities</b>                        | <b>10,068</b>                  | <b>10,373</b>                  | <b>49,159</b>                  | <b>49,161</b>                  |

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

**(a) Amount repayable in one year or less, or on demand;**

| As at 30 June 2020 |                     | As at 31 December 2019 |                     |
|--------------------|---------------------|------------------------|---------------------|
| Secured (S\$'000)  | Unsecured (S\$'000) | Secured (S\$'000)      | Unsecured (S\$'000) |
| 30                 | -                   | 34                     | -                   |

**(b) Amount repayable after one year; and**

| As at 30 June 2020 |                     | As at 31 December 2019 |                     |
|--------------------|---------------------|------------------------|---------------------|
| Secured (S\$'000)  | Unsecured (S\$'000) | Secured (S\$'000)      | Unsecured (S\$'000) |
| 665                | -                   | 679                    | -                   |

**(c) Details of any collateral**

The Group's loans and borrowings comprised finance lease liability and property loan. Finance lease liability is secured by the lessor's title to the leased motor vehicle and the total outstanding amount of approximately \$3,000 was fully repaid in 1H 2020. Property loan is secured by a first legal mortgage over the Group's investment property and corporate guarantee of \$698,000 by the Company.

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

|                                                                                                  | Group<br>1H 2020<br>S\$'000 | Group<br>1H 2019<br>S\$'000 |
|--------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Cash flows from operating activities</b>                                                      |                             |                             |
| Profit/(loss) before income tax                                                                  | 129                         | (13,126)                    |
| Adjustments for:                                                                                 |                             |                             |
| Introducer fee                                                                                   | -                           | 790                         |
| Loss on reverse acquisition                                                                      | -                           | 11,335                      |
| Net impairment (gain)/losses on trade receivables and contract assets                            | (206)                       | 149                         |
| Depreciation of property, plant and equipment and investment property and right of use of assets | 140                         | 65                          |
| Interest expense                                                                                 | 12                          | 9                           |
| Interest income                                                                                  | (32)                        | -                           |
| <b>Operating cash flows before working capital changes</b>                                       | <b>43</b>                   | <b>(778)</b>                |
| Changes in working capital:                                                                      |                             |                             |
| Contract assets                                                                                  | 485                         | 352                         |
| Trade and other receivables                                                                      | 774                         | 281                         |
| Inventories                                                                                      | (62)                        | -                           |
| Trade and other payables                                                                         | (391)                       | 1,114                       |
| Contract liabilities                                                                             | (45)                        | -                           |
| Cash generated from operations                                                                   | 804                         | 969                         |
| Interest received                                                                                | 32                          | -                           |
| Income tax paid                                                                                  | (22)                        | (232)                       |
| <b>Net cash generated from operating activities</b>                                              | <b>814</b>                  | <b>737</b>                  |
| <b>Cash flows from investing activities</b>                                                      |                             |                             |
| Purchase of property, plant and equipment                                                        | (27)                        | (44)                        |
| Decrease in fixed deposit with maturity period of more than 3 months                             | 1,600                       | -                           |
| <b>Net cash generated from/(used in) investing activities</b>                                    | <b>1,573</b>                | <b>(44)</b>                 |
| <b>Cash flows from financing activities</b>                                                      |                             |                             |
| Proceeds from compliance placement                                                               | -                           | 7,922                       |
| Dividend paid to former shareholders                                                             | (400)                       | (550)                       |
| Repayment of bank borrowings                                                                     | (14)                        | (282)                       |
| Repayment of finance lease liability                                                             | (3)                         | (6)                         |
| Principal payment of lease liabilities                                                           | (71)                        | -                           |
| Interest paid                                                                                    | (9)                         | (9)                         |
| <b>Net cash (used in)/generated from financing activities</b>                                    | <b>(497)</b>                | <b>7,075</b>                |
| <b>Net increase in cash and cash equivalents</b>                                                 | <b>1,890</b>                | <b>7,768</b>                |
| Cash and cash equivalent at beginning of the financial period                                    | 2,095                       | 1,488                       |
| <b>Cash and cash equivalent at end of the financial period</b>                                   | <b>3,985</b>                | <b>9,256</b>                |
| <b>Analysis of cash and cash equivalents:</b>                                                    |                             |                             |
| Cash at bank                                                                                     | 1,794                       | 9,256                       |
| Short-term deposits                                                                              | 5,490                       | -                           |
| Cash on hand                                                                                     | 1                           | -                           |
|                                                                                                  | 7,285                       | 9,256                       |
| Less: Short-term deposits with maturity period of more than 3 months                             | (3,300)                     | -                           |
| <b>Cash and cash equivalents as per consolidated statement of cash flows</b>                     | <b>3,985</b>                | <b>9,256</b>                |

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

|                                                                 | <----- Attributable to equity owners of the Company -----> |                |                                         |                                              |                           |              |
|-----------------------------------------------------------------|------------------------------------------------------------|----------------|-----------------------------------------|----------------------------------------------|---------------------------|--------------|
|                                                                 | Share capital                                              | Merger reserve | (Accumulated losses)/ Retained earnings | Attributable to equity owners of the Company | Non-controlling interests | Total equity |
|                                                                 | S\$'000                                                    | S\$'000        | S\$'000                                 | S\$'000                                      | S\$'000                   | S\$'000      |
| <b>Group</b>                                                    |                                                            |                |                                         |                                              |                           |              |
| <b>Balance at 1 January 2020</b>                                | <b>18,713</b>                                              | <b>138</b>     | <b>(11,327)</b>                         | <b>7,524</b>                                 | <b>234</b>                | <b>7,758</b> |
| Total comprehensive income/(loss) for the period                | -                                                          | -              | 162                                     | 162                                          | (84)                      | 78           |
| <b>Transaction with owners, directly recognised in equity</b>   |                                                            |                |                                         |                                              |                           |              |
| Issue of shares to non-controlling interests                    | -                                                          | -              | -                                       | -                                            | 336                       | 336          |
| <b>Balance at 30 June 2020</b>                                  | <b>18,713</b>                                              | <b>138</b>     | <b>(11,165)</b>                         | <b>7,686</b>                                 | <b>486</b>                | <b>8,172</b> |
| <b>Balance at 1 January 2019</b>                                | <b>-#</b>                                                  | <b>138</b>     | <b>1,603*</b>                           | <b>1,741</b>                                 | <b>163</b>                | <b>1,904</b> |
| Total comprehensive income/(loss) for the period                | -                                                          | -              | (13,193)                                | (13,193)                                     | 23                        | (13,170)     |
| Issuance of ordinary shares pursuant to the Reverse Acquisition | 10,000                                                     | -              | -                                       | 10,000                                       | -                         | 10,000       |
| Issuance of ordinary shares pursuant to the Introducer fee      | 790                                                        | -              | -                                       | 790                                          | -                         | 790          |
| Issuance of ordinary shares pursuant to Compliance Placement    | 7,922                                                      | -              | -                                       | 7,922                                        | -                         | 7,922        |
| <b>Balance at 30 June 2019</b>                                  | <b>18,712</b>                                              | <b>138</b>     | <b>(11,590)</b>                         | <b>7,260</b>                                 | <b>186</b>                | <b>7,446</b> |

**Note:-**

\* dividend declared by Revez Group in September 2018 amounting to S\$1.65 million.

# Less than S\$1,000

|                                                                 | Share capital | Accumulated losses | Total equity   |
|-----------------------------------------------------------------|---------------|--------------------|----------------|
|                                                                 | S\$'000       | S\$'000            | S\$'000        |
| <b>Company</b>                                                  |               |                    |                |
| <b>Balance at 1 January 2020</b>                                | <b>62,030</b> | <b>(13,418)</b>    | <b>48,612</b>  |
| Total comprehensive income for the year                         | -             | 61                 | 61             |
| <b>Balance at 30 June 2020</b>                                  | <b>62,030</b> | <b>(13,357)</b>    | <b>48,673</b>  |
| <b>Balance at 1 January 2019</b>                                | <b>10,658</b> | <b>(11,665)</b>    | <b>(1,007)</b> |
| Total comprehensive loss for the year                           | -             | (2,174)            | (2,174)        |
| Issuance of ordinary shares pursuant to the Reverse Acquisition | 42,660        | -                  | 42,660         |
| Issuance of ordinary shares pursuant to the Introducer fee      | 790           | -                  | 790            |
| Issuance of ordinary shares pursuant to Compliance Placement    | 7,922         | -                  | 7,922          |
| <b>Balance at 30 June 2019</b>                                  | <b>62,030</b> | <b>(13,839)</b>    | <b>48,191</b>  |

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

|                                             | Number of issued<br>shares | Issued and paid-<br>up share capital<br>S\$'000 |
|---------------------------------------------|----------------------------|-------------------------------------------------|
| Balance as at 30 June 2020 and 30 June 2019 | <u>167,499,937</u>         | <u>62,030</u>                                   |

On 25 June 2020, the shareholders of the Company approved the adoption of a performance share plan scheme.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2020 and 30 June 2019.

- 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 June 2020 | As at 30 June 2019 |
|----------------------------------------------------------|--------------------|--------------------|
| Total number of issued shares, excluding treasury shares | <u>167,499,937</u> | <u>167,499,937</u> |

There were no treasury shares as at 30 June 2020 and 30 June 2019.

- 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.

The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

- 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 auditors.

- 3 - Whether the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

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

- 3A. - Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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.

Save as disclosed in section 5 below, the Company has adopted the same accounting policies and methods of computation in the presentation of the unaudited financial statements for the financial period ended 30 June 2020 as compared with the audited financial statements for the financial year ended 31 December 2019.

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

The Group has adopted all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretation of SFRS(I) that are relevant to its operations and become effective for the annual reporting period beginning on 1 January 2020. The adoption of these standards did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the Group's and the Company's financial statements for the current financial reporting period.

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

|                                                               | Group<br>1H 2020 | Group<br>1H 2019 |
|---------------------------------------------------------------|------------------|------------------|
| Profit/(loss) attributable to owners of the Company (S\$'000) | 162              | (13,193)         |
| Weighted average number of ordinary shares                    | 167,499,937      | 145,540,439      |
| Basic and diluted earnings/(loss) per share (cents)           | 0.10             | (9.06)           |

As there are no dilutive potential ordinary shares that were outstanding during the respective financial periods, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

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

|                                             | Group               |                     | Company             |                     |
|---------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                             | as at<br>30/06/2020 | as at<br>31/12/2019 | as at<br>30/06/2020 | as at<br>31/12/2019 |
| Net assets value <sup>(1)</sup> (S\$'000)   | 7,686               | 7,524               | 48,673              | 48,612              |
| Number of issued ordinary shares            | 167,499,937         | 167,499,937         | 167,499,937         | 167,499,937         |
| Net assets value per ordinary share (cents) | 4.59                | 4.49                | 29.06               | 29.02               |

<sup>(1)</sup>Net assets value ("NAV") denotes NAV attributable to equity owners of the Company

Net asset value per share is calculated based on share capital of 167,499,937 ordinary shares in issue as at 30 June 2020 and 31 December 2019.

- 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.

## **REVIEW OF GROUP'S PERFORMANCE FOR HALF YEAR ENDED 30 JUNE 2020 ("1H2020") AS COMPARED TO THE HALF YEAR ENDED 30 JUNE 2019 ("1H2019")**

### **Revenue**

Revenue decreased by approximately \$530,000 or 21.0% for 1H2020 from \$2.5 million in 1H2019 to \$2.0 million in 1H2020. The overall decrease in revenue were mainly due to slow down in business volume for Meetings, Incentive, Conferences, Exhibition ("MICE support") and delays in achieving project milestones under its IT products & solutions' business segment due to the COVID-19 pandemic. The decrease in revenue was cushioned by the contribution of approximately \$140,000 to the Group's revenue for 1H2020 by the new joint venture company, AIAC Pte. Ltd ("AIAC"), an industrial automation service provider, incorporated in February 2020. AIAC mainly provides engineering consultancy and robotic solutions to customers in the manufacturing sector which Company ventured in 1H2020. The outstanding sales contracts remain relatively stable for the comparative periods.

### **Other income**

Other income increased by approximately \$475,000 or 609.0% for 1H2020 from approximately \$78,000 in 1H2019 to approximately \$553,000 in 1H2020 due mainly to the government support relief scheme measure for business disruption from the COVID-19 pandemic and government grant received in 1H2020. Interest income increases by approximately \$32,000 in 1H2020 mainly from fixed deposit placement.

### **Costs and profitability**

#### **Material costs and change in inventories**

Material costs and changes in inventories decreased by approximately \$369,000 or 40.5% for 1H2020 from approximately \$910,000 in 1H2019 to approximately \$541,000 in 1H2020 due mainly to corresponding lower revenue and decrease in outsourcing activities for IT solutions projects.

#### **Salaries and employees' benefits**

Salaries and employees' benefits increased by approximately \$573,000 or 53.3% for 1H2020 from approximately \$1.1 million in 1H2019 to approximately \$1.6 million in 1H2020 due mainly to an increase in employees' salaries of the Group as the Group expands.

#### **Depreciation of plant, property and equipment and investment property**

Depreciation increased by approximately \$75,000 or 115.4% for 1H2020 from approximately \$65,000 in 1H2019 to approximately \$140,000 in 1H2020 due mainly to depreciation of right-of-use assets increasing by approximately \$67,000 in 1H2020 as a result of adoption of SFRS(I) 16 *Leases* with new office lease and renewal of office lease during 1H2020 and additional depreciation incurred for the new purchases of equipment of approximately \$26,000 in 1H2020 to cater for the Group's expansion in headcounts and upgrade of office servers.

#### **Net impairment gain/(losses) on trade and other receivables and contract assets**

Write back of allowance for impairment losses on trade and other receivables and contract assets of approximately of \$206,000 due to the recovery of outstanding receivables in 1H2020 as compared to a net impairment losses on trade and other receivables and contract assets of approximately \$149,000 provided in 1H2019.

#### **Other operating expenses**

Other operating expenses increased by approximately \$90,000 or 46.6% for 1H2020 from approximately \$193,000 in 1H2019 to approximately \$283,000 in 1H2020 due mainly to an increase by approximately \$155,000 in SGX listing fees and continuing sponsorship fees since the Company listed in May 2019 and partly offset by approximately \$55,000 decrease in office rental mainly due to the adoption of SFRS(I) 16 *Leases*.

#### **Finance costs**

Finance costs increased by approximately \$3,000 or 33.3% for 1H2020 from approximately \$9,000 in 1H2019 to approximately \$12,000 in 1H2020 due mainly to an increase of approximately \$4,000 in lease interest expense and partly offset by approximately \$1,000 decrease in finance lease interest expense as the Group's finance lease loan was fully repaid in 1H2020.

#### **Loss on reverse acquisition**

The loss on reverse acquisition of approximately \$11.0 million for 1H2019 was due to the difference between purchase consideration and identifiable net liabilities of the Company. This is a one-off transaction relating to the RTO in 1H2019.

**Acquisition-related costs**

Acquisition related expenses of approximately \$1.99 million for 1H2019 was due mainly to professional fees for the execution of the reverse acquisition; included therein was the introducer fee of approximately \$790,000 paid via share issuance, a non-cash transaction with no cash outflow. This is a one-off transaction relating to the RTO in 1H2019.

**Profit/(loss) before income tax**

The Group's profit before income tax of approximately \$129,000 in 1H2020 as compared to loss before tax of approximately \$13.1 million in 1H2019 due mainly to incurring non-operating expenses of approximately \$13.3 million relating to acquisition-related costs and loss on reverse acquisition in 1H2019. Profit before exceptional items decreases by approximately \$72,000 or 35.8% for 1H2020 from approximately \$201,000 in 1H2019 to approximately \$129,000 in 1H2020 mainly due to the decrease in revenue and higher salaries and partly offset by the write back in impairment on trade receivables and contract assets.

**Taxation**

Taxation increased by approximately \$7,000 or 15.9% for 1H2020 from approximately \$44,000 in 1H2019 to approximately \$51,000 in 1H2020 mainly due to lower corporate tax exemptions.

**REVIEW OF FINANCIAL POSITION  
AS AT 30 JUNE 2020****Non-current assets**

The Group's non-current assets as at 30 June 2020 comprised the Group's property, plant and equipment of approximately \$573,000, and investment property of approximately \$660,000. The property, plant and equipment consisted computers, office equipment, delivery vehicles, renovations, furniture and fittings and right-of-use assets.

The investment property is a commercial property premises at 18 Howard Road Novelty Bizcentre, #09-05. This property was rented out to a third party to generate rental income.

The increase in non-current assets as at 30 June 2020 of approximately \$203,000 from approximately \$1,030,000 as at 31 December 2019 to approximately \$1,233,000 was due mainly to an increase in right-of-use assets of approximately \$128,000 with additional office space leased for Industrial Automation business and renewal of office lease for MICE support business in 1H2020. Industrial Automation segment purchased the manufacturing equipment for approximately \$120,000 from the non-controlling interests and paid via share issuance in our subsidiary, AIAC, a non-cash transaction with no cash outflow.

**Current assets**

The Group's current assets as at 30 June 2020 comprised contract assets of approximately \$320,000, trade and other receivables of approximately \$953,000, inventories of approximately \$277,000 and cash and cash equivalents of approximately \$7,285,000.

The decrease in current assets as at 30 June 2020 of approximately \$508,000 from \$9,343,000 as at 31 December 2019 to \$8,835,000 as at 30 June 2020 was due mainly to the decrease in trade and other receivables of approximately \$590,000 and decrease in contract assets of approximately \$485,000 and offset by an increase in cash and cash equivalents of approximately \$290,000 and an increase in inventories of approximately \$277,000. The increase in inventories was due to items purchased to assemble Manufacturing equipment for customers and resale. The Company purchased for the inventory of approximately \$214,000 from the non-controlling interests for the Industrial Automation business and paid via share issuance in subsidiary, AIAC, a non-cash transaction with no cash outflow. The net increase in cash and cash equivalents was mainly due to receipts from customers and government grants, partially offset by capital expenditures of approximately \$27,000 and payment of dividends declared in September 2018 of approximately \$400,000 to executive directors. The decrease in trade and other receivables was due mainly to close monitoring of outstanding trade receivables by the management to achieve better collection of outstanding debts. The decrease in contract assets was in line with the decrease in revenue recognised and due to timing of billings to customers in 1H2020 for completed projects.

**Current liabilities**

Current liabilities as at 30 June 2020 comprised trade and other payables of approximately \$430,000, contract liabilities approximately of \$20,000, dividends declared in September 2018 of \$550,000 payable to the executive directors, current portion of loans and borrowings of approximately \$30,000, lease liabilities of approximately \$193,000 and income tax liabilities of approximately \$8,000.

The decrease in current liabilities as at 30 June 2020 of approximately \$705,000 from approximately \$1,936,000 as at 31 December 2019 to approximately \$1,231,000 was due mainly to the decrease in trade and other payables of approximately \$392,000, decrease in dividend payable due to partial repayment of dividends declared in September 2018 to the executive directors of approximately \$400,000, decrease in contract liabilities of \$45,000 due to revenue recognition from the advanced cash received from projects during the 1H2020, partially offset by \$128,000 increase in lease liabilities with additional office lease for Industrial Automation business segment and renewal of lease for MICE support during 1H2020. Loans and borrowings decrease approximately by \$4,000 due mainly to the full repayment of finance lease of approximately \$3,000 for the motor vehicle.

**Non-current liabilities**

Non-current liabilities as at 30 June 2020 comprised non-current portion of loans and borrowings of approximately \$665,000 mortgage term loan of the commercial property at 18 Howard Road, Novelty BizCentre, #09-05.

The decrease in non-current liabilities as at 30 June 2020 of approximately \$14,000 was due to the repayment of mortgage property loan in 1H2020.

**Total Equity**

Total equity as at 30 June 2020 of approximately \$8,172,000 comprised share capital of approximately \$18,713,000, merger reserve of approximately \$138,000 arising from merging of entities of the Group before the execution of reverse acquisition, and non-controlling interests of approximately \$486,000 offset by accumulated losses of approximately \$11,165,000.

The increase in total equity of the Group as at 30 June 2020 of approximately \$414,000 from \$7,758,000 as at 31 December 2019 to \$8,172,000 as at 30 June 2020 was due mainly to issuance of shares in subsidiary, AIAC, to non-controlling interests of approximately \$336,000 and profit after tax of approximately \$78,000 for 1H2020.

**Liquidity and capital resources**

As at 30 June 2020, the Group had cash and cash equivalents of approximately \$7,285,000 and net current assets of approximately \$7,604,000. The Group's equity attributable to equity owners of the Company amounted to approximately \$7,686,000, and total liabilities amounted to approximately \$1,896,000.

**REVIEW OF STATEMENT OF CASH FLOWS****1H2020**

The Group's net cash generated from operating activities of approximately \$814,000 for 1H2020 was mainly due to operating cash flows before changes in the working capital of approximately \$43,000 and net working capital inflow of approximately \$761,000 and income tax payment of approximately \$22,000, offset by interest income received of approximately \$32,000.

The Group's net cash generated from investing activities of approximately \$1,573,000 for 1H2020 was mainly due to the purchase of property, plant and equipment of approximately \$27,000 for upgrade of office infrastructure and reclassification of fixed deposit placement of approximately \$1,600,000 with maturity with more than 3 months to generate interest income.

The Group had net cash used in financing activities of approximately \$497,000 for 1H2020. This was due mainly to partial payment of dividends amounting to \$400,000 declared in September 2018 to the executive directors, repayments of finance lease creditor and bank borrowings of approximately \$3,000 and \$14,000 respectively, and interest payment of approximately \$9,000. The repayment of lease liabilities of \$71,000 is due to the adoption of SFRS(I) 16 *Leases*.

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

No forecast or prospect statement was previously disclosed to shareholders.

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

The 2019 Novel Coronavirus (COVID-19) restriction measures imposed in Singapore has affected the operations of the Group in general. Following phase 2 of Singapore's reopening, the Group is resuming project executions for customers gradually for all segments but businesses such as MICE support and Industrial Automation segments are expected to continue to be weak due to the on-going COVID-19 pandemic and its restrictive measures. The Group will continue to focus on strengthening its technological capabilities and expanding new IT offerings that includes cybersecurity solutions. Our operations continue to operate as per normal with a business continuity plan in place which includes employees observing safe distancing measures in office and work from home arrangements.

The Group will continue to monitor the current COVID-19 while ensuring adequate liquidity and financial strength to sustain its operations and business growth.

**11 - If a decision regarding dividend has been made**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended).**

None

**(b) (i) Amount per share**

Not applicable

**(ii) Previous corresponding period**

Not applicable

**(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 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) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.**

Not applicable

**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/recommended for the current financial period as the Company has adopted a prudent approach to conserve cash amidst the current challenging business environment.

**13 - If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a general mandate from shareholders for interested person transactions.

There were no interested person transactions exceeding S\$100,000 entered into between the Group and any other interested person during 1H2020.

**14 - Update on use of Compliance Placement Proceeds**

|                                                                                                                                                                                 | <b>Compliance<br/>Placement Proceeds<br/>Allocation (S\$'000)</b> | <b>Utilisation up to<br/>5 August 2020<br/>(S\$'000)</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|
| Repayment of debts owing by the Company before RTO                                                                                                                              | 1,422                                                             | 892 <sup>(1)</sup>                                       |
| To fund general corporate activities including, but not limited to, acquisitions, joint ventures and/or strategic alliances, establishing overseas companies and branch offices | 4,000                                                             | 800 <sup>(2)</sup>                                       |
| General working capital <sup>(1)</sup>                                                                                                                                          | 1,360                                                             | 44 <sup>(3)</sup>                                        |
| <b>Net Proceeds / Utilisation</b>                                                                                                                                               | <b>6,782</b>                                                      | <b>1,736</b>                                             |
| Professional fees and expenses <sup>(4)</sup>                                                                                                                                   | 960                                                               | 960                                                      |
| Miscellaneous expenses                                                                                                                                                          | 180                                                               | 180                                                      |
| <b>Gross Proceeds / Utilisation</b>                                                                                                                                             | <b>7,922</b>                                                      | <b>2,876</b>                                             |

<sup>(1)</sup> All debts owing by the Company before the RTO have been repaid by the Company. The balance of approximately S\$530,000 shall be reallocated as general working capital. The old debts repayment was less than budgeted due mainly to reduction of debts owing to several creditors after negotiation by the management.

<sup>(2)</sup> The Company has paid in cash S\$800,250 for the issued share capital for AIAC incorporated on 19 February 2020.

<sup>(3)</sup> Approximately S\$44,000 of the working capital from the Placement proceeds were used to pay for the RTO and Placement related professional expenses.

<sup>(4)</sup> This includes fees payable to professionals including sponsor, legal advisers, tax advisers, auditors, valuers and public relations consultants in connection with the RTO.

The use of the Net Proceeds and Gross Proceeds as disclosed above is in accordance with the stated use in the Circular to Shareholders dated 29 March 2019.

- 15 - Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

The Company confirms that there is no such person occupying a managerial position in the Company and its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company during 1H2020.

- 16 - Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules**

The Company hereby confirms that it has procured all the required undertakings from all the Directors and Executive Officer of the Company (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

- 17 - Negative Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results for the half year period ended 30 June 2020 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Neo Wee Han, Victor  
Executive Director, Chief Executive Officer, Deputy Board Chairman

7 August 2020