



Half Year Financial Statements and Dividend Announcement for the Period Ended 28 February 2021

Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

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

	Group		
	1 Sep 2020 to 28 Feb 2021 S\$'000	1 Sep 2019 to 29 Feb 2020 S\$'000	Increase/ (Decrease) %
Revenue	6,696	7,425	-9.8%
Cost of sales	(4,192)	(4,712)	-11.0%
Gross profit	2,504	2,713	-7.7%
Other items of income			
Other income	1,950	249	683.1%
Fair value gain on financial assets at FVTPL	-	100,188	N.M.
Other items of expense			
Fair value loss on financial assets at FVTPL	(33,632)	-	N.M.
Reversal of loss allowance on trade and other receivables	77	30	156.7%
Selling and distribution expenses	(1,227)	(1,267)	-3.2%
Administrative expenses	(2,439)	(7,900)	-69.1%
Finance costs	(175)	(193)	-9.3%
Other expenses	(73)	-	N.M.
Share of loss of a joint venture	(62)	(12)	416.7%
(Loss)/Profit before income tax	(33,077)	93,808	-135.3%
Income tax credit/(expense)	3,288	(10,075)	-132.6%
(Loss)/Profit for the financial period	(29,789)	83,733	-135.6%
Other comprehensive income:			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Foreign currency differences on translation of foreign operations, net of tax \$Nil	-	-	N.M.
Income tax relating to component of other comprehensive income	-	-	N.M.
Other comprehensive income for the financial period	-	-	N.M.
Total comprehensive income for the financial period	(29,789)	83,733	-135.6%
(Loss)/Profit attributable to:			
Owners of the parent	(29,789)	83,733	-135.6%
Non-controlling interests	-	-	N.M.
	(29,789)	83,733	-135.6%
Total comprehensive income attributable to:			
Owners of the parent	(29,789)	83,733	-135.6%
Non-controlling interests	-	-	N.M.
	(29,789)	83,733	-135.6%

1(a)(ii) The following items have been included in arriving at (loss)/profit before income tax:-

	Group		
	1 Sep 2020 to 28 Feb 2021 S\$'000	1 Sep 2019 to 29 Feb 2020 S\$'000	Increase/ (Decrease) %
Bad debts recovered - trade receivables	6	10	-40.0%
Reversal of loss allowance on other receivables	-	5	N.M.
Reversal of loss allowance on trade receivables	77	25	208.0%
Amortisation of right-of-use assets	(177)	(32)	453.1%
Depreciation of investment property	(19)	(16)	18.8%
Depreciation of property, plant and equipment	(83)	(178)	-53.4%
Employee benefits expenses	(2,902)	(8,301)	-65.0%
Gain on disposal of financial assets at FVTPL	1,556	-	N.M.
(Loss)/Gain on foreign exchange, net	(73)	32	-328.1%
Gain on disposal of property, plant and equipment	60	6	900.0%
Government grants	260	8	3150.0%
Interest expenses	(156)	(170)	-8.2%
Rental income	26	183	-85.8%
Inventories written off	(35)	(28)	25.0%

N.M. = Not meaningful

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 28 Feb 2021 S\$'000	Audited As at 31 Aug 2020 S\$'000	As at 28 Feb 2021 S\$'000	Audited As at 31 Aug 2020 S\$'000
Non-current assets				
Property, plant and equipment	1,223	1,097	-	-
Right-of-use assets	5,496	5,261	693	308
Intangible assets	1,647	1,647	-	-
Investment property	635	654	-	-
Investments in subsidiaries	-	-	18,000	18,000
Investment in a joint venture	521	433	650	500
Financial assets at fair value through profit or loss ("FVTPL")	106,870	166,682	106,870	166,682
Other receivables	46	169	-	-
	116,438	175,943	126,213	185,490
Current assets				
Inventories	14,292	14,852	-	-
Trade and other receivables	3,482	3,203	4,474	260
Prepayments	65	60	18	21
Cash and bank balances	958	106	254	5
	18,797	18,221	4,746	286
Less:				
Current liabilities				
Trade and other payables	3,325	7,334	2,376	8,772
Interest bearing liabilities	992	5,467	-	-
Lease liabilities	152	105	64	14
Derivative financial instruments	-	34	-	-
Current income tax payable	4	29	-	-
	4,473	12,969	2,440	8,786
Net current assets/(liabilities)	14,324	5,252	2,306	(8,500)
Less:				
Non-current liabilities				
Other payables	3,489	6,971	3,489	6,971
Interest bearing liabilities	3,483	5,276	-	-
Lease liabilities	1,328	1,188	482	298
Deferred tax liabilities	10,025	15,665	9,705	15,334
	18,325	29,100	13,676	22,603
Net assets	112,437	152,095	114,843	154,387
Equity				
Share capital	26,700	26,700	26,700	26,700
Retained earnings	85,737	125,395	88,143	127,687
Total equity attributable to owners of the parent	112,437	152,095	114,843	154,387

1(b)(ii) The aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

The amount repayable in one year or less, or on demand

As at 28 Feb 2021		As at 31 Aug 2020	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
1,093	-	5,522	-

The amount repayable after one year

As at 28 Feb 2021		As at 31 Aug 2020	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
3,786	-	5,413	-

Details of collaterals

The Group's borrowings are secured by:
- Corporate guarantee by the Company.
- First legal mortgage of subsidiaries' properties and investment property.

The Group's obligation under leases are secured by the leased assets.

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.**

	Group	
	1 Sep 2020 to 28 Feb 2021 S\$'000	1 Sep 2019 to 29 Feb 2020 S\$'000
Operating activities		
(Loss)/Profit before income tax	(33,077)	93,808
Adjustments for:		
Reversal of loss allowance on other receivables	-	(5)
Reversal of loss allowance on trade receivables	(77)	(25)
Amortisation of right-of-use assets	177	32
Depreciation of investment property	19	16
Depreciation of property, plant and equipment	83	178
Fair value loss/(gain) on financial assets at FVTPL	33,632	(100,188)
Gain on disposal of financial assets at FVTPL	(1,556)	-
Gain on disposal of property, plant and equipment	(60)	(6)
Interest expenses	156	170
Interest income	(7)	*
Inventories written off	35	28
Share of loss of a joint venture	62	12
Unrealised foreign exchange loss/(gain)	38	(18)
Operating cash flows before working capital changes	(575)	(5,998)
Changes in working capital:		
Inventories	525	(318)
Trade and other receivables	(202)	(76)
Prepayments	(5)	26
Trade and other payables	(5,076)	4,595
Cash used in operations	(5,333)	(1,771)
Interest received	7	*
Income taxes paid	(2,377)	(23)
Net cash used in operating activities	(7,703)	(1,794)
Investing activities		
Acquisition of a joint venture	(150)	(250)
Convertible loan to a joint venture	-	(250)
Proceeds from disposal of financial assets at FVTPL	25,319	-
Deposits placed to purchase of property, plant and equipment	(46)	(94)
Proceeds from disposal of property, plant and equipment	60	6
Purchase of property, plant and equipment	(40)	(101)
Purchase of right-of-use assets	(163)	-
Net cash from/(used in) investing activities	24,980	(689)
Financing activities		
Dividend paid to shareholders	(9,869)	(897)
Repayment of obligations under leases	(62)	(56)
Proceeds from bank borrowings	1,500	3,041
Repayment of bank borrowings	(7,596)	(184)
Interest paid	(156)	(170)
Net cash (used in)/from financing activities	(16,183)	1,734
Net change in cash and cash equivalents	1,094	(749)
Cash and cash equivalents at beginning of financial period	(136)	325
Effect of foreign exchange rate changes on cash and cash equivalents	*	-
Cash and cash equivalents at end of financial period	958	(424)
Cash and cash equivalents comprise:		
Short-term deposits with banks	-	-
Cash and bank balances	958	170
Cash and cash equivalents on statement of financial position	958	170
Short-term deposits pledged	-	-
Bank overdraft	-	(594)
Cash and cash equivalents on statement of cash flows	958	(424)

* denotes amounts less than \$1,000

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 S\$'000	Retained earnings S\$'000	Total equity attributable to owners of the parent S\$'000
Group			
Balance at 1 September 2020	26,700	125,395	152,095
Loss for the financial period, representing total comprehensive income for the financial period	-	(29,789)	(29,789)
Dividend paid	-	(9,869)	(9,869)
Balance at 28 February 2021	26,700	85,737	112,437

Balance at 1 September 2019	26,700	91,640	118,340
Profit for the financial period, representing total comprehensive income for the financial period	-	83,733	83,733
Dividend paid	-	(897)	(897)
Balance at 29 February 2020	26,700	174,476	201,176

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company			
Balance at 1 September 2020	26,700	127,687	154,387
Loss for the financial period, representing total comprehensive income for the financial period	-	(29,675)	(29,675)
Dividend paid	-	(9,869)	(9,869)
Balance at 28 February 2021	26,700	88,143	114,843

Balance at 1 September 2019	26,700	93,359	120,059
Profit for the financial period, representing total comprehensive income for the financial period	-	83,734	83,734
Dividend paid	-	(897)	(897)
Balance at 29 February 2020	26,700	176,196	202,896

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

Shares

Date	Description	Number of shares	Paid-up capital S\$'000
1 Sep 2020 and 28 Feb 2021	Issued and paid-up capital	29,905,222	26,700
1 Sep 2019 and 29 Feb 2020	Issued and paid-up capital	29,905,222	26,700

There were no changes in the Company's share capital as no share option and performance share were granted since the end of the previous period reported on.

- 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 28 Feb 2021	Audited As at 31 Aug 2020
Total number of issued shares	29,905,222	29,905,222
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	29,905,222	29,905,222

- 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, 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 in this announcement have not been audited or reviewed by the auditors.

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

Not Applicable.

- 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.

Not Applicable.

- (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.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

- 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 same accounting policies and methods of computation as in the Group's most recently audited financial statements for the financial year ended 31 August 2020 have been applied.

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	
	1 Sep 2020 to 28 Feb 2021	1 Sep 2019 to 29 Feb 2020
Weighted average number of ordinary shares in issue	29,905,222	29,905,222
(Loss)/Profit for the financial period attributable to owners of the parent (\$'000)	(29,789)	83,733
(Loss)/Earnings per share: - Basic and diluted (cents)	(99.611)	279.995

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:-**

	Group		Company	
	As at 28 Feb 2021	Audited As at 31 Aug 2020	As at 28 Feb 2021	Audited As at 31 Aug 2020
Net assets value per ordinary share based on issued share capital of the issuer at the end of the period reported (cents)	375.98	508.59	384.02	516.25
Number of ordinary shares in issue	29,905,222	29,905,222	29,905,222	29,905,222

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

The Group recorded a revenue of S\$6.696 million for the first half-year ended 28 February 2021 ("1H2021"), a 9.8% decreased from S\$7.425 million compared to the last corresponding period. The decrease was mainly due to the significant drop of S\$0.960 million (58.9%) in the Indonesian market and S\$0.529 million (14.7%) in local market, primarily from the adverse impact of the COVID-19 pandemic. Except for Original Equipment Manufacturing ("OEM"), all business segments contributed to the decrease.

For the Group revenue, the Retail business segment contributed 32.5%, the Export business segment contributed 48.0%, and remaining 19.5% from OEM business segment. Geographically, revenue from local market consists of 45.8%, and overseas market consists of 54.2%, mainly from Malaysia (25.5%), Indonesia (10.0%) and Hong Kong (6.7%).

Given the sluggish recovery in global growth, the gross profit of the Group was decreased by 7.7% as compared to the corresponding period. Despite the lower revenue and gross profit, the gross profit margin increased from 36.5% to 37.4% in the current financial period.

Other income increased by S\$1.701 million (683.1%) in 1H2021, mainly due to a disposal of 682,176 shares in Espressif Systems (Shanghai) Co., Ltd. ("Espressif Shanghai") (the "Disposal"). The Group recorded a gain before tax of S\$1.556 million from the Disposal. Besides, the Group has received several government grants of S\$0.260 million to curb the COVID-19 pandemic. Rental income dropped by S\$0.157 million (85.8%) due to decreased in the occupancy of workers' dormitory.

Based on the market closing price in the Shanghai Stock Exchange STAR Market ("SSE STAR Market") on 26 February 2021, the Group had revalued the holding value of Espressif Shanghai. The Group recognised a fair value loss on financial assets of S\$33.632 million after offsetting S\$2.450 million of the value-added tax ("VAT") plus related VAT surcharge and S\$0.042 million of related transaction fees. As a result, the related withholding tax reduced by S\$3.431 million, and employee benefits reduced to S\$2.902 million mainly due to decreased of variable bonus provision.

The Group had reassessed the expected credit loss of trade receivables at the end of current period using provision matrix as required under SFRS(I) 9, which resulted a reversal of allowance on trade receivables of S\$0.077 million due to the lower revenue contribution in 1H2021.

In 1H2021, amortisation of right-of-use ("ROU") assets increased by S\$0.145 million (453.1%); depreciation of property, plant and equipment ("PPE") decreased by S\$0.095 million (53.4%). The changes were due to the reclassification of account, leasehold buildings, plant & machinery and motor vehicles from PPE to ROU assets, and land rent for dormitory from ROU assets to investment property in 2H2020.

In 1H2021, finance costs decreased by S\$0.018 million (9.3%) due to lower Trust Receipt interest costs from repayment of S\$1.803 million Trust Receipts financing.

In 1H2021, the Group incurred a foreign exchange loss of S\$0.073 million due to the strengthening of United States Dollars (USD) against Singapore Dollars (SGD).

The Group incurred a share of loss of investment in ESSE PI Pte. Ltd. ("ESSE") for S\$0.062 million due to the impact of the COVID-19 pandemic to the business.

Overall, the Group recorded a loss before tax of S\$33.077 million compared with the profit before tax of S\$93.808 million in the last corresponding period.

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

As required by SFRS(I) 9, the Group revalued the current balance holding of 5.145% Espressif Shanghai's shares based on the market closing price on 26 February 2021 in the SSE STAR Market. As a result, the financial assets at FVTPL decreased by S\$36.124 million on 28 February 2021 as compared to 31 August 2020.

The Group applied for the allotment of 37,234 ordinary shares in the capital of ESSE for an aggregate cash consideration of S\$0.150 million, which ranks pari passu with all the issued ordinary shares of ESSE. The Group holds 25% of equity interest in ESSE after the share allotment.

Inventories decreased by S\$0.560 million due to lower goods purchased in 1H2021.

Trade and other receivables in current assets increased by S\$0.279 million due to lower debtor's collection.

Trade and other payables in current liabilities decreased by S\$4.009 million mainly due to repayment for variable bonus of financial year 2019.

The other payables in non-current liabilities decreased by S\$3.482 million, due to lower VAT plus related VAT surcharge and related transaction fees derived from fair value loss on financial assets after revaluation and the disposal of 0.85% Espressif Shanghai's shares in 1H2021. With these changes, the Group managed to reduce the deferred tax liabilities by S\$5.640 million in 1H2021.

As compared to 31 August 2020, the Group's liquidity position has improved in 1H2021. The Group received net cash proceeds of S\$21.928 million from the disposal of 0.85% shares in Espressif Shanghai. The Group utilised the cash proceeds to reduce the interest-bearing liabilities of S\$6.628 million, variable bonus repayment of S\$3.377 million and dividend payment of S\$9.869 million to the Shareholders in 1H2021.

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

Not Applicable.

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 GDP Growth forecast released on 15 February 2021 by Singapore's Ministry of Trade and Industry indicated that Singapore's GDP contracted by 2.4% on a year-on-year basis in 4Q 2020, an improvement from the 5.8% contraction in the preceding quarter. The wholesale trade sector grew by 1.8% year-on-year, a turnaround from the 5.0% contraction in the 3Q 2020.

The prolonged COVID-19 pandemic situation around the world affected the Group's financial performance for 1H2021. Our imports have been affected by the longer lead time for the incoming shipments to fulfil customer orders.

Though Singapore has entered Phase 3 of the reopening since late December 2020, the activity level has not resumed to pre-COVID times due to constant fears of community spread of the virus. Countries such as Malaysia, Indonesia and Eurozone countries are still in varying degrees of lockdowns and restrictions. The availability of vaccines is not an immediate antidote to the outbreak and widespread vaccination globally is unlikely to happen until mid-late 2021. In view of this, Management expects trading conditions to remain challenging. Rising raw material prices and labour cost challenges will remain as headwinds for our business.

The Group will continue to focus on optimising its balance sheet, monitoring the business' risk exposures and adjusting our response to the evolving situation, where possible. While the Group currently faces no liquidity risk concern, the Group has secured temporary financing lines from banks as a contingency plan to support the Group's working capital needs as and when required.

11 Dividend

- (a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount (SGD)	2.0 cents per ordinary share
Tax Rate	One-tier tax exempt

- (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

The date of payment of the interim dividend will be announced at a later date.

- (d) Books closure date

The books closure date for the interim dividend will be announced at a later date.

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

Not Applicable.

13 Interested person transactions pursuant to Rule 920(1)(a)(ii).

No mandate was sought or obtained from shareholders for the Company to deal with interested persons in recurrent transactions of a revenue or trading nature or in transactions necessary for day-to-day operations.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
ESSE PI Pte. Ltd. (New shares allotment from a joint venture)	S\$'000 150	S\$'000 -

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

We, Loh Suan Len and Teo Teck Leong, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half-year ended 28 February 2021 to be false or misleading.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company confirms that all the required undertakings under Rule 720(1) have been obtained from all its directors and Group Financial Controller.

BY ORDER OF THE BOARD

Teo Teck Leong
Managing Director
13 Apr 2021