

SPECIAL UPDATE ON COVID-19 AND BUSINESS OUTLOOK

On 16 March 2020, the Group announced that with effect from this financial year ending 31 December 2020 (FY2020), it will adopt half-yearly announcements instead of quarterly announcements.

Accordingly, for FY2020, the next financial results announcement will be for the half-year ending 30 June 2020.

The Group also mentioned that it will continue to proactively engage with stakeholders on any relevant material developments, between the announcements of half-yearly financial statements. The impact of Covid-19 merits a special update to our stakeholders.

Excelpoint's Response to Covid-19

At Excelpoint, we have placed the health and safety of our employees and guests as our top priority. Since the onset of COVID-19 pandemic, we have been closely monitoring the situation and are following the applicable regulations from all government and local advisories where we have operations in. As part of our efforts, we have proactively implemented a series of precautionary measures and enhanced our safety and hygiene standards in all our properties to safeguard our employees and guests from the risk of an infection while complying with local health requirements. All our employees across the regions we operate in are safe and healthy and none of the premises have been infected.

We are glad to share that we have been taking steps over the recent years to enhance the resilience of the Group's businesses and portfolios. We have been vigilantly managing our costs to improve efficiencies, strengthening our credit and inventory control and improving our cash flow with a focus on ensuring that our Group has a strong financial footing. We are heartened to have the continued support from our partners, such as our suppliers, customers, bankers and local government. Our key priority is to conserve our Group's financial resources as the prevailing COVID-19 pandemic continues to evolve. We view that the operating environment for our Group's various business segments will remain challenging this year. We will continue to take care of our suppliers, customers, partners, employees and business operations.

Group Performance Review for 1Q2020

	1Q2020 US\$'000	1Q2019 US\$'000	Change (%)
Revenue	252,969	239,794	5.5
Gross Profit	12,978	14,230	(8.8)
Gross Margin (%)	5.1	5.9	(0.8)
Net Profit	229	1,006	(77.2)
Basic and diluted earnings per share (US cents)	0.19	0.84	(77.4)

The Group's revenue increased by 5.5% from \$239.8 million to \$253.0 million mainly due to higher sales from Singapore Business Unit. This was partially offset by the lower sales from Hong Kong Business Unit which was impacted by the Covid-19 pandemic. However, gross profit decreased by 8.8% from \$14.2 million to \$13.0 million mainly due to lower gross margin attributed to product mix differences.

Operating costs remained relatively stable in 1Q2020 as compared to 1Q2019, as lower operating expenses from cost savings measures and lower interest expense were offset by foreign exchange loss in 1Q2020 arising from the translation of balances denominated in foreign currency into functional currency. As a result, the Group reported profit after taxation of US\$0.2 million for 1Q2020.

	31 Mar 2020 US\$'000	31 Dec 2019 US\$'000	Change (%)
Trade and other debtors	153,609	158,464	3.1
Stocks	162,660	147,375	10.4
Cash and short-term deposits	40,870	14,483	182.2
Total assets	368,957	331,203	11.4
Trade and other creditors	(139,323)	(139,996)	-
Interest-bearing loans and borrowings	(140,070)	(104,643)	33.9
Total liabilities	(291,781)	(254,491)	14.7
Total equity	77,176	76,712	0.6
Net asset value per share (US cents)	64.45	64.06	0.6

In view of disruptions to the global supply chain due to lockdowns in many countries as a result of the Covid-19 pandemic, the Group's stock level was higher to mitigate against supply disruptions. Also, the Group increased its cash and short-term deposits to \$40.9 million.

** To note that the above figures have not been audited or reviewed by our auditors.*

Business Outlook

The arrival of the Covid-19 pandemic has impacted the global semiconductor supply chain in unexpected ways, resulting in an unprecedented crisis across the globe.

Since the start of this year, we have been attentive of the impact of the COVID-19 pandemic in China, which is an important market for our business. More recently, we are seeing some recovery from Chinese manufacturing firms since they resumed work from end March and as the situation stabilises within the region. In addition, our strong capabilities in the sensor and communications segment have also positioned us well in capturing opportunities amidst this recovery.

We have seen a rise in demand for our semiconductor chips in the medical space as medical equipment becomes a crucial need. As countries continue to deploy systems to curb the virus transmissions, we see a shift to telecommuting, work-from-home and virtual learning, creating a rise in demand for technology and semiconductor chips.

Amid escalating concerns over the volatile operating landscape, the Group will continue to monitor these developments closely and adapt our sales and marketing to suit new consumer behaviours resulting from this COVID-19 situation as well as screening the supply chain closely with our partners.

Thank you for your continued support and trust to Excelpoint.

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary

4 May 2020