

**UNAUDITED HALF-YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 30 JUNE 2020 ("HY2020")**

PART I - INFORMATION REQUIRED FOR HALF-YEAR ANNOUNCEMENTS

1(a) (i) Statement of Comprehensive Income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	HY2020	HY2019	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	4,625	8,323	(44.43)
Cost of sales	(3,283)	(4,837)	(32.13)
Gross profit	1,342	3,486	(61.50)
Other operating income	341	464	(26.51)
Administrative expenses	(1,475)	(1,986)	(25.73)
Other operating expenses	(515)	(509)	1.18
Finance costs	(26)	(19)	36.84
(Loss) / profit before taxation	(333)	1,436	N.M.
Income tax expense	-	(416)	(100.00)
(Loss) / profit, net of tax	(333)	1,020	N.M.

Other comprehensive (loss) / income:

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translation of foreign operations, net of tax

	(96)	(58)	
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Total comprehensive (loss) / income for the period, net of tax

	(429)	962	
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(Loss) / profit attributable to:

Owners of the Company

	(345)	1,017	
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Non-controlling interests

	12	3	
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	(333)	1,020	
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Total comprehensive (loss) / income attributable to:

Owners of the Company

	(421)	965	
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Non-controlling interests

	(8)	(3)	
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	(429)	962	
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The Group's (loss) / profit after taxation is arrived at after charging / (crediting):

	HY2020	HY2019	
	S\$'000	S\$'000	
Depreciation of property, plant and equipment	268	260	
Loss / (gain) on disposal of plant and equipment	7	(19)	
Gain on disposal of a subsidiary	-	(256)	
Impairment loss on trade and other receivables	96	-	
Impairment loss on trade receivables written back	(105)	-	
Bad debt written off	22	-	
Inventories written down	149	12	
Exchange gain	(63)	(12)	
Interest income	(1)	(3)	
Interest expense	26	19	
Under provision of tax in respect of prior years	-	243	

1 (b) (i) 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	
	30-Jun-20 S\$'000	31-Dec-19 S\$'000	30-Jun-20 S\$'000	31-Dec-19 S\$'000
Assets				
Non-current Assets				
Property, plant and equipment	2,499	2,644	261	328
Investment in subsidiaries	-	-	1,269	1,269
	2,499	2,644	1,530	1,597
Current Assets				
Inventories	3,926	3,835	-	-
Trade and other receivables	2,985	3,103	2,878	2,632
Contract assets	45	62	-	-
Prepaid operating expenses	128	272	28	20
Fixed deposits pledged	91	172	30	111
Cash and cash equivalents	4,195	4,212	1,767	2,151
	11,370	11,656	4,703	4,914
Total Assets	13,869	14,300	6,233	6,511
Equity and Liabilities				
Current Liabilities				
Trade and other payables	7,002	6,694	544	828
Contract liabilities	129	223	-	-
Income tax payable	-	4	-	-
Obligation under lease liabilities	493	484	-	99
	7,624	7,405	544	927
Non-current Liability				
Obligation under lease liabilities	468	688	143	93
	468	688	143	93
Total Liabilities	8,092	8,093	687	1,020
Equity				
Share capital	20,322	20,322	20,322	20,322
Accumulated losses	(13,164)	(12,819)	(14,776)	(14,831)
Foreign currency translation reserve	(1,479)	(1,403)	-	-
Attributable to owners of the Company	5,679	6,100	5,546	5,491
Non-controlling interests	98	107	-	-
Total Equity	5,777	6,207	5,546	5,491
Total Equity and Liabilities	13,869	14,300	6,233	6,511

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

Amount repayable in one year or less

	As at 30 June 2020		As at 31 December 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Obligation under lease liabilities	493	-	484	-

Amount repayable after one year

	As at 30 June 2020		As at 31 December 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Obligation under lease liabilities	468	-	688	-

The Group has leases contracts for office and factory premises, plant and machineries and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

1(c) Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	HY2020	HY2019
	S\$'000	S\$'000
Operating activities		
(Loss) / profit before tax	(333)	1,436
Adjustments for:		
Impairment loss on trade and other receivables	96	-
Impairment loss on trade receivables written back	(105)	-
Bad debt written off	22	-
Depreciation of plant and equipment and right-of-use assets	268	260
Loss / (gain) on disposal of plant and equipment	7	(19)
Gain on disposal of a subsidiary	-	(256)
Interest expense	26	19
Interest income	(1)	(3)
Inventories written down	149	12
Exchange differences	(10)	(32)
Operating cash flows before changes in working capital	119	1,417
Change in working capital, net of effects from disposal of a subsidiary:		
Increase in inventories	(240)	(543)
Decrease in trade and other receivables and contract assets	238	2,524
Increase / (decrease) in trade and other payables and contract liabilities	213	(2,211)
Cash flows generated from operations	330	1,187
Interest received	1	3
Income taxes paid	(4)	(293)
Net cash flows generated from operating activities	327	897
Investing activities		
Proceeds from disposal of property, plant and equipment	-	5
Disposal of a subsidiary, net of cash disposed of	-	121
Purchase of property, plant and equipment	(198)	(22)
Net cash flows (used in) / generated from investing activities	(198)	104
Financing activities		
Withdrawal of fixed deposits pledged	82	-
Repayment of obligation under lease liabilities	(200)	(113)
Interest paid	(26)	(19)
Net cash flows used in financing activities	(144)	(132)
Net (decrease) / increase in cash and cash equivalents	(15)	869
Effects of currency translation on cash and cash equivalents	(2)	-
Cash and cash equivalents at the beginning of the period	4,212	6,025
Cash and cash equivalents at the end of the period	4,195	6,894

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.

Attributable to owners of the Company						
	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
The Group						
Balance at 1 January 2019	20,322	(5,659)	(1,474)	13,189	95	13,284
Profit for the period	-	1,017	-	1,017	3	1,020
<u>Other comprehensive income</u>						
Exchange differences on translation of foreign operations, net of tax	-	-	(52)	(52)	(6)	(58)
Total comprehensive income for the period	-	1,017	(52)	965	(3)	962
Balance at 30 June 2019	20,322	(4,642)	(1,526)	14,154	92	14,246
At 1 January 2020	20,322	(12,819)	(1,403)	6,100	106	6,206
Loss for the period	-	(345)	-	(345)	12	(333)
<u>Other comprehensive income</u>						
Exchange differences on translation of foreign operations, net of tax	-	-	(76)	(76)	(20)	(96)
Total comprehensive loss for the period	-	(345)	(76)	(421)	(8)	(429)
Balance at 30 June 2020	20,322	(13,164)	(1,479)	5,679	98	5,777
The Company						
Balance at 1 January 2019	20,322	(5,139)	-	15,183	-	15,183
Total comprehensive income for the period	-	3,759	-	3,759	-	3,759
Balance at 30 June 2019	20,322	(1,380)	-	18,942	-	18,942
At 1 January 2020	20,322	(14,831)	-	5,491	-	5,491
Total comprehensive income for the period	-	55	-	55	-	55
Balance at 30 June 2020	20,322	(14,776)	-	5,546	-	5,546

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.

There is no change to the share capital of the company during the HY2020. The company did not have any convertible instruments, treasury shares or subsidiary holding 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.

There were no treasury shares as at 30 June 2020 and 31 December 2019. The total number of issued shares as at 30 June 2020 and 31 December 2019 was 498,498,498 and 498,498,498 respectively.

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 as the company did not have any treasury shares during, and at the end of, the 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.

Not applicable as the company did not have any subsidiary holdings during, and at the end of, the 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 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.

We refer to the Independent Auditor's Report dated 6 April 2020, in the Company's Annual Report 2019. The Company's auditor had reported following matters, being the basis for opinion, including basis for disclaimer opinion on the consolidated financial performance and consolidated cash flows of the Group:

Opening balances 1.1.2019

The auditor is not able to form an opinion on the accompanying consolidated statement of comprehensive income and consolidated statement of cash flows of the Group as to whether these statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial performance and consolidated cash flows of the Group for the year ended 31 December 2019.

The Disclaimer is pertinent to the opening balances as at 1 January 2019, which is related to and in continuation of the disclaimer of opinion on the financial statements for the financial year ended 31 December 2018. This is owing to Acesian Star (S) Pte Ltd ("ASPL"), a wholly-owned subsidiary of the Company, was involved in a business dispute with its major customer in 2016. ASPL was subsequently placed under judicial management in 2017, under which statutory audit was not carried out and given rise to limitation of scope in auditing the financial statements of ASPL as the Judicial Managers (JM) are of the view that the audit of the financial statements should be carried out only after they have completed their duties.

The Company, Acesian Star (S) Pte. Ltd. ("ASPL") and other subsidiaries that were associated with the several long-standing legal disputes as announced on 18 December 2019 on SGXNet, entered into a Deed of Global Settlement ("Global Settlement") on 12 December 2019 pursuant to which all the parties related to the legal disputes agreed to amicably settle all the legal disputes on a "drop hands" basis without the payment of any money by Party to any other Party.

The foregoing legal disputes were in relation to inter-alia, arbitration with a major customer of ASPL, writ of summons involved preferential payment claim, court appeal in respect of ASPL's judicial managers' professional fees and any other related disputes, claims, actions or other proceedings.

As a result of the aforesaid Global Settlement, all the aforesaid legal disputes had been discontinued. Nonetheless, ASPL still remains under judicial management and the Judicial Management Order has been extended to 15 September 2020.

Accordingly, the net asset value of ASPL has declined from \$6.2 million as at 31 December 2018 to net liability of approximately \$178,000 as at 31 December 2019. The decline in net asset value mainly due to write-off of non-recoverable assets, being partially offset by the write-back of extinguished liabilities, of ASPL in FY2019 resulting from the Global Settlement. The net liability of ASPL of \$178,000, after the write-off, is approximately 2.9% of the net asset value of the Group's consolidated financial position for the FY2019, and ASPL is no longer a significant subsidiary of the Company. ASPL is expected to be wound up, and the winding up process will be undertaken by the JM.

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

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

The accounting policies and methods of computation are consistent with the previous audited financial statements, except as described in section 5 below.

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 financial statements of the Company and the Group have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") under the historical cost convention.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statement of the previous financial year, except where new or amended IFRS or SFRS(I) and Interpretation to FRS ("INT FRS") became effective from this financial year.

The adoption of the new or amended IFRS and INT IFRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior year.

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.

	HY2020	HY2019
	S\$'000	S\$'000
Net (loss) / profit attributable to owners of the company	(345)	1,017
(Loss) / earnings per share for the period based on the weighted average number of shares in issue of 498,498,498 for HY2020 (HY2019: 498,498,498)		
	Cents	Cents
Basic (loss) / earnings per share	(0.07)	0.20
Diluted (loss) / earnings per share	(0.07)	0.20

There is no dilutive effect for the period ended 30 June 2020.

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 period reported on and (b) immediately preceding financial year.

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
	Cents	Cents	Cents	Cents
Net asset value per share	1.14	1.22	1.11	1.10

Net asset value per ordinary share as at 30 June 2020 and 31 December 2019 has been computed based on 498,498,498 and 498,498,498 ordinary shares respectively.

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 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.

Statement of Comprehensive Income (HY2020 vs. HY2019)

Revenue

The business in the first half of the year contracted significantly, which was jolted by the unprecedented and magnitude of the fallout from the Covid-19 pandemic. The lockdown-induced contraction brought the business activities of the construction sector to a halt, and correspondingly led to an intense slowdown to our businesses in particular the manufacturing segment. It has a pronounced impact particularly on the business of our manufacturing segment, which led to a decrease in revenue by approximately 63.6% or \$3.9 million from \$6.1 million in HY2019 to \$2.2 million in HY2020. The engineering segment was affected as well. However, on the flip side, the coronavirus crisis has given rise to a spike in demand for some information and communications technology (ICT) equipment (such as security management systems) and mitigated the Covid-19 impact. The revenue from engineering segment in HY2020 of \$2.4 million was 9.6% or \$0.2 million higher than HY2019. Overall, the Group's revenue dropped by 44.4% or \$3.7 million from \$8.3 million in HY2019 to \$4.6 million in HY2020. The manufacturing segment which was the main revenue contributor at 73.5% in HY2019 dropped to 48.2% in HY2020.

Gross profit

Gross profit for the Group declined by 61.5% from \$3.5 million in HY2019 to \$1.3 million in HY2020 on the back of lower revenue. Gross profit margin dropped by 12.9 percentage points partly attributed to costs that were largely fixed in nature which were not change in tandem with revenue trend and reduced at much slower pace that revenue decline, and other factors including product mix.

Other operating income

Other operating income decreased by 26.5% or \$0.12 million from \$0.46 million in HY2019 to \$0.34 million in HY2020 due to absence of one-off gain pertaining to disposal of a subsidiary in HY2019 which was partially offset by Singapore Government's support measures, such as jobs support scheme to offset local employees' wages, recognised in HY2020.

Administrative expenses

Administrative expenses decreased by 25.7% or \$0.5 million from \$2.0 million in HY2019 to \$1.5 million in HY2020 mainly due to legal expenses of \$0.3 million incurred in HY2019 in relation to several long-standing legal disputes which were subsequently settled amicably in December 2019, and reduction in salary and related costs.

Other operating expenses

The other operating expenses in HY2020 was largely in line with HY2019 at \$0.5 million, of which inventories written down increased by \$0.13 million in HY2020 as compared to HY2019 and offset by other cost reductions.

Income tax expense

Tax expense was nil in HY2020 as compared to \$0.4 million in HY2019, in which the tax expense of HY2019 was related to tax adjustments of prior years.

(Loss) / profit after taxation

As a result, loss after tax was \$0.3 million in HY2020 as compared to profit after tax of \$1.0 million in HY2019, and the decrease mainly attributable to lower revenue and gross margin in HY2020, being partially offset by lower operating cost.

Statement of Financial Position (HY2020 vs. FY2019)

In HY2020, property, plant and equipment decreased by \$0.1 million mainly due to depreciation charge for the period. The PPE included right-of-use assets of \$0.6 million as at 30 June 2020.

Inventories increased by \$0.1 million from \$3.8 million as at 31 December 2019 to \$3.9 million as at 30 June 2020 owing mainly to inventories written down in HY2020 and undelivered completed goods.

The decrease in trade and other receivables and contract assets of \$0.1 million in HY2020 mainly due to accounts receivables written off of \$22,000 and debt collection during HY2020.

Trade and other payables increased by \$0.3 million in HY2020 mainly due to new purchases outpacing payment of suppliers' invoices.

The obligation under lease liabilities decreased by \$0.2 million in HY2020 mainly due to lease payments during HY2020.

Acesian Star (S) Pte Ltd ("ASPL"), a wholly-owned subsidiary of the Group, is under judicial management. The Group faced significant restrictions on its ability to access or use ASPL's assets. The carrying amounts of ASPL's assets and liabilities as at 30 June 2020 after eliminations of intercompany balances are as follows:

	S\$'000
Total assets	199
Total liabilities	<u>(376)</u>
Carrying amount	<u>(177)</u>

Liquidity

The Group's cash and cash equivalents of \$4.2 million as at 30 June 2020 is relatively in line with the period as at 31 December 2019. The significant cash movements during HY2020 were as follows:

In HY2020, net cash flows of \$0.3 million was generated from operating activities taking into account the working capital changes.

In HY2020, net cash of \$0.2 million in investing activities was mainly used for purchases of machineries.

In HY2020, net cash of \$0.1 million was used in financing activities mainly for payment of obligations under lease liabilities and interest paid during the period.

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 fundamental order of markets has been severely disrupted by the Covid-19 pandemic and sparked an intense global economic slowdown and upended local and global supply chains. The construction sector in Singapore is badly hit and the restrictions on business activities continued even after lifting of circuit breaker. A protracted Covid-19 activity restriction will curtail the business activities and performance of the Group. Customers are expected to slash capital spending as they reel from the fallout of the Covid-19 pandemic. Given the enormous amount of uncertainty and changing circumstances, market outlook and operating environment in the near term is uncertain in the wake of the evolving Covid-19 situation and resurgence.

The rising US-China trade tensions which unsettled the markets may weigh on businesses and its impact, in particular semiconductor sector, is unpredictable.

Based on some feedbacks from our customers, some construction projects may restart in Q4 of 2020, however, it is very much conditional upon the Covid-19 situation. The Group has taken the necessary mitigating measures in correspondence to these uniquely challenging times such as austerity measures in an effort to ensure survival of the Group's businesses.

11. Dividend

(a) Current Financial Period Report 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 and the reason(s) for the decision.

No dividend has been declared or recommended for the six months ended 30 June 2020 as the Company has accumulated losses as at 30 June 2020.

13. If the Group has obtained a general mandate from shareholders for interested person transactions (the "IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	HY2020	HY2020
	\$'000	\$'000
Purchase of trade products		
Chern Dar Enterprise Co. Ltd	-	318

The Company wishes to advise that there is a general mandate obtained from shareholders for interested person transactions approved on 25 June 2020.

14. Confirmation by the Board pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company, in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Rules.

15. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST.

On behalf of the Board of Directors of the Company, we, confirm 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 unaudited financial statements for the half-year ended 30 June 2020 to be false or misleading in any material aspect.

By Order of the Board

Loh Yih
Managing Director

13 August 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement 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.

The contact person for the Sponsor is Mr. Liau H. K.

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