



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

First Quarter of FY2020 Financial Statements

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

THIS QUARTERLY REPORTING ANNOUNCEMENT IS MANDATORY MADE PURSUANT TO LISTING RULE 705(2C) OF THE SINGAPORE EXCHANGE REGULATION

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

(i) Consolidated Income Statement

	First Quarter		Increase/ (Decrease) %
	2020 US\$'000	2019 US\$'000	
Revenue	8,535	4,293	98.8
Cost of sales	(7,582)	(4,090)	85.4
Gross profit	953	203	369.5
Other items of income:			
Interest income	219	230	(4.8)
Other income	34	526	(93.5)
Other items of expense:			
Research and development	(183)	(152)	20.4
Marketing and distribution	(364)	(345)	5.5
General administration	(386)	(352)	9.7
Finance expenses	(3)	–	N.M.
Other expenses	(1,363)	–	N.M.
(Loss)/profit before income tax [1]	(1,093)	110	N.M.
Income tax expense	–	–	–
(Loss)/profit for the period	(1,093)	110	N.M.
(Loss)/profit for the period attributable to:			
Owners of the Company	(1,120)	112	N.M.
Non-controlling interests	27	(2)	N.M.
	(1,093)	110	N.M.
(Loss)/earnings per share attributable to owners of the Company (expressed in cents per share):			
– Basic	(0.35)	0.03	N.M.
– Diluted	(0.35)	0.03	N.M.

PS: N.M. – Not Meaningful

(ii) Breakdown and Explanatory Notes to Consolidated Income Statement

[1] Profit before income tax is stated after (charging)/crediting the following:

	First Quarter		Increase/ (Decrease) %
	2020 US\$'000	2019 US\$'000	
Interest income from:			
– Short-term deposits	44	120	(63.3)
– Quoted investments	175	110	59.1
Depreciation of property, plant and equipment	(77)	(45)	71.1
Amortisation of intangible assets	(11)	(9)	22.2
(Provision)/reversal of stock obsolescence	(179)	485	N.M.
Net foreign exchange (loss)/gain	(19)	54	(64.8)
(Loss)/gain on fair value of investment	(1,344)	355	N.M.

PS: N.M. – Not Meaningful

Statement of consolidated comprehensive income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period

	Group		
	1 st Quarter FY2020 US\$'000	1 st Quarter FY2019 US\$'000	Increase/ (Decrease) %
Profit for the period	(1,093)	110	N.M.
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value changes on quoted investments	(149)	478	N.M.
Foreign currency translation	(34)	(19)	78.9
Other comprehensive income for the period, net of tax	(183)	459	N.M.
Total comprehensive income for the period	(1,276)	569	N.M.
attributable to:			
Owners of the Company	(1,303)	571	N.M.
Non-controlling interests	27	(2)	N.M.
	(1,276)	569	N.M.

PS: N.M. – Not Meaningful

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

BALANCE SHEETS AS AT	GROUP		COMPANY	
	31 Mar 2020 US\$'000	31 Dec 2019 US\$'000	31 Mar 2020 US\$'000	31 Dec 2019 US\$'000
Non-current assets				
Property, plant and equipment	1,200	1,375	1	1
Right-of-use assets	212	115	–	–
Intangible assets	641	633	167	173
Investment in subsidiaries	–	–	1,583	1,583
Investment in associates	–	–	5	5
Quoted investments	7,794	7,943	7,794	7,943
Unquoted investments	4,005	4,005	4,005	4,005
	13,852	14,071	13,555	13,710
Current assets				
Inventories	7,590	3,998	–	–
Trade and other receivables	1,201	1,226	290	128
Prepayments	59	46	12	4
Quoted investments held for trading	15,072	16,290	15,072	16,290
Unquoted investments held for trading	606	629	606	629
Short term deposits	12,334	15,011	6,628	10,825
Cash at banks and on hand	566	1,667	3	1,008
	37,428	38,867	22,611	28,884
Total assets	51,280	52,938	36,166	42,594
Current liabilities				
Trade payables and accruals	4,285	4,505	4,062	9,135
Other payables	1,742	1,870	199	177
Lease liability	79	98	–	–
Income tax payable	554	649	–	–
	6,660	7,122	4,261	9,312
Net current assets	30,768	31,745	18,350	19,572
Non-current liabilities				
Deferred taxation	43	43	–	–
Lease liability	103	23	–	–
	146	66	–	–
Total liabilities	6,806	7,188	4,261	9,312
Net assets	44,474	45,750	31,905	33,282
Equity attributable to the owners of the Company				
Share capital	37,829	37,829	37,829	37,829
Treasury shares	(507)	(507)	(507)	(507)
Revenue reserve	1,433	2,539	(6,488)	(5,273)
Capital reserve	2,717	2,717	–	–
Asset revaluation reserve	1,056	1,056	–	–
Translation reserve	76	110	–	–
Other reserves	981	1,144	1,071	1,233
	43,585	44,888	31,905	33,282
Non-controlling interests	889	862	–	–
Total equity	44,474	45,750	31,905	33,282
Total equity and liabilities	51,280	52,938	36,166	42,594

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (Cont'd)

Other Matters

Shareholders are to be informed that the comparative Balance Sheet as at 31 December 2019 is based on the unaudited financial statements previously announced on 28 February 2020. This is used for 1QFY2020 comparatives as there was a delay in the completion of audit for FY2019. Material variances are expected from the audit and these will be disclosed once the audit is completed. Shareholders are to refer to the Notice of Extension of Time for AGM and Dispatch of Annual Report announcement released on 8 April 2020 and Profit Warning announcement released on 30 April 2020 by the Company.

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

Amount repayable in one year or less, or on demand

As at 31 March 2020		As at 31 December 2019	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31 March 2020		As at 31 December 2019	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral:

Not applicable.

The Group's borrowings presented above did not include Banker's Guarantees of US\$ 4.5 million issued by a bank to a supplier for credit terms granted to a subsidiary of the Company in FY2019. These Banker's Guarantees were secured by a personal guarantee from the Controlling Shareholder of the Company, Mr Henn Tan, to the bank. The Company reimbursed Mr Tan for the bank commissions of US\$20,619 paid by him in FY2019. As the value of the interested person transaction in relation to the reimbursement of bank commissions to Mr Tan was below S\$100,000, disclosure was not required under Rule 907 of the SGX Rulebook.

For avoidance of doubt, other than the reimbursements mentioned above, Mr Tan did not receive any cash or benefits-in-kind. Mr Tan also did not benefit personally, financially or otherwise from the Company and its subsidiaries. These transactions were done on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

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

CONSOLIDATED CASH FLOW STATEMENT for the 3 months periods ended 31 March

	FY2020 US\$'000	FY2019 US\$'000
Cash flow from operating activities:		
(Loss)/profit before income tax	(1,093)	110
Adjustments for:		
Amortisation of intangible assets	11	9
Depreciation of property, plant and equipment	77	45
Loss/(gain) on fair value of investment	1,344	(355)
Provision/(reversal) of stock obsolescence	179	(485)
Interest income	(219)	(230)
Interest expense	3	–
Unrealised foreign exchange gain	(34)	(19)
Operating (loss)/profit before changes in working capital	268	(925)
Decrease/(increase) in trade and other receivables, and prepayments	12	(1,366)
Increase in inventories	(3,770)	(4)
Decrease in trade and other payables	(250)	(67)
Cash used in operating activities	(3,740)	(2,362)
Income tax (paid)/refunded	(95)	647
Interest received	44	120
Net cash used in operating activities	(3,791)	(1,595)
Cash flow from investing activities		
Purchase of property, plant and equipment	(1)	(4)
Purchase of unquoted investments	(103)	(4,030)
Payment for patent and trademark registration expenses	(13)	(13)
Payment for development expenditures	(6)	(40)
Interest income from quoted investments	175	110
Net cash used in investing activities	52	(3,977)
Cash flow from financing activities		
Purchase of treasury shares	–	(59)
Payment of lease liabilities	(36)	–
Interest expense on lease	(3)	–
Net cash used in financing activities	(39)	(59)
Net decrease in cash and cash equivalents	(3,778)	(5,631)
Cash and cash equivalents at beginning of period	16,678	25,689
Cash and cash equivalents at end of period	12,900	20,058

The Group's cash and cash equivalents in the consolidated statement of cash flow consist of the following:

	31 Mar 2020 US\$'000	31 Mar 2019 US\$'000
Cash at banks and on hand	566	1,231
Short-term deposits	12,334	18,827
	12,900	20,058

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 owners of the Company								Non-Controlling Interests US\$'000	Total Equity US\$'000
	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve US\$'000	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000	Total US\$'000		
THE GROUP										
Balance as at 1 January 2019	37,829	(322)	2,494	2,717	1,056	70	490	44,334	1,296	45,630
Purchase of treasury shares	–	(59)	–	–	–	–	–	(59)	–	(59)
Adjustments to Non-Controlling Interests	–	–	–	–	–	–	(49)	(49)	49	–
Total comprehensive income for the period	–	–	112	–	–	(19)	478	571	(2)	569
Balance as at 31 March 2019	37,829	(381)	2,606	2,717	1,056	51	919	44,797	1,343	46,140
Balance as at 1 January 2020	37,829	(507)	2,539	2,717	1,056	110	1,144	44,888	862	45,750
Total comprehensive income for the period	–	–	(1,120)	–	–	(34)	(149)	(1,303)	27	(1,276)
Share options lapsed	–	–	14	–	–	–	(14)	–	–	–
Balance as at 31 March 2020	37,829	(507)	1,433	2,717	1,056	76	981	43,585	889	44,474
THE COMPANY										
Balance as at 1 January 2019	37,829	(322)	(7,078)	–	–	–	529	30,958		
Purchase of treasury shares	–	(59)	–	–	–	–	–	(59)		
Total comprehensive income for the period	–	–	525	–	–	–	478	1,003		
Balance as at 31 March 2019	37,829	(381)	(6,553)	–	–	–	1,007	31,902		
Balance as at 1 January 2020	37,829	(507)	(5,273)	–	–	–	1,233	33,282		
Total comprehensive income for the period	–	–	(1,229)	–	–	–	(148)	(1,377)		
Share options lapsed	–	–	14	–	–	–	(14)	–		
Balance as at 31 March 2020	37,829	(507)	(6,488)	–	–	–	1,071	31,905		

Other Matters

Shareholders are to be informed that the Opening Balance as at 1 January 2020 is based on the unaudited financial statements previously announced on 28 February 2020. This is used for this 1QFY2020 reporting announcement as there was a delay in the completion of audit for FY2019. Material variances are expected from the audit and these will be disclosed once the audit is completed. Shareholders are to refer to the Notice of Extension of Time for AGM and Dispatch of Annual Report announcement released on 8 April 2020 and Profit Warning announcement released on 30 April 2020 by the Company.

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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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 were no changes in the issued and paid-up capital of the Company, since the previous period reported on.

During the first quarter ended 31 March 2020 ("1QFY2020"), no share options were granted under the Trek 2000 International Share Options Scheme 2011.

The outstanding share options under Trek 2000 International Share Options Scheme is as follows:

Unexercised share options	First Quarter Ended	
	FY2020 No. of share options	FY2019 No. of share options
Balance as at 1 January	3,790,000	3,830,000
Share options forfeited during the period	90,000	–
Balance as at 31 March	3,700,000	3,830,000

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 31 March 2020, the share capital of the Company (excluding treasury shares) is as follows:

Ordinary shares issued and fully paid	No. of shares	US\$
Balance as at 1 January 2020	319,453,425	37,322,391
Movement in ordinary shares during the period	-	-
Balance as at 31 March 2020	319,453,425	37,322,391

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

During the period under review, no new treasury shares were acquired by the Company to acquire shares pursuant to the Share Purchase Mandate to be held as "Treasury Shares".

	Group		Company	
	No. of shares	US\$	No. of shares	US\$
Balance as at 1 January 2020	4,663,500	506,550	4,663,500	506,550
Purchase of shares held as Treasury Shares	-	-	-	-
Balance as at 31 March 2020	4,663,500	506,550	4,663,500	506,550

	Group		Company	
	No. of shares	US\$	No. of shares	US\$
Balance as at 1 January 2019	2,090,100	321,886	2,090,100	321,886
Purchase of shares held as Treasury Shares	795,100	59,380	795,100	59,380
Balance as at 31 March 2019	2,885,200	381,266	2,885,200	381,266

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard or practice.

The above figures have not been audited or reviewed by its auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements for the 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 reasons for, and the effect of, the change

The Group has adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. The adoption of these SFRS(I)s, interpretations and amendments did not have any significant effect on the financial statements of the Group and the Company.

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

THE GROUP	First Quarter Ended	
	FY2020	FY2019
(Loss)/Profit net of tax attributable to ordinary equity holders of the Company used in computation of basic earnings per share (US\$'000)	(1,120)	112
Weighted average number of ordinary shares for basic earnings per share computation (in '000)	321,340	321,441
Weighted average number of ordinary shares for diluted earnings per share computation (in '000)	321,340	321,441
(Amount in USD cents)		
(Loss)/earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Basic earnings per share (in cents)	(0.35)	0.03
(ii) Diluted earnings per share (in cents)	(0.35)	0.03

Note:

Basic earnings per share amounts are calculated by dividing profit for the period that is attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share amounts are calculated by dividing profit for the period that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

NET ASSET VALUE	GROUP		COMPANY	
	31 Mar 20	31 Dec 2019	31 Mar 20	31 Dec 2019
Number of ordinary shares (in '000)	319,453	319,453	319,453	319,453
(Amount in USD cents)				
Net asset value per ordinary share based on issued share capital at the end of the period	13.64	14.05	9.99	10.42

Net asset value represents total assets less total liabilities and non-controlling interests.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

For 1QFY2020, the Group reported a 98.8% quarter on quarter ("qoq") increase in revenue from US\$4.3 million for 1QFY2019 to US\$8.5 million in 1QFY2020. Gross profit increased by 369.5% from US\$203,000 in 1QFY2019 to US\$953,000 in 1QFY2020. The Group reported a net loss after tax attributable to owners of the Company of US\$1.1 million in 1QFY2020 as compared to a net profit of US\$112,000 in 1QFY2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)**

The Group's performance is attributable to the following factors:

Revenue

The increase in sales revenue of 98.8% in 1QFY2020 was due to the replenishment of inventory by our customers on our IoT solutions during this period.

Profitability

Gross profit margin increased from 4.7% in 1QFY2019 to 11.2% in 1QFY2020. The increase in gross profit margin was due mainly to higher sales and increased demand for Trek's solutions in 1QFY2020.

Other Items of Income

- Interest income decreased by 4.8% qoq in 1QFY2020 mainly due to the decrease in fixed deposits as the company invested in more quoted and unquoted investments utilizing part of the fixed deposits.
- Other income decreased from US\$526,000 in 1QFY2019 to US\$34,000 in 1QFY2020 mainly due to bearish market as a result of COVID-19 pandemic, as foreign exchange loss and loss on fair value of investments were incurred in 1QFY2020 as compared to foreign exchange gain and gain on revaluation of investments in 1QFY2019.

Expenses

The Group's total expenses amounted to US\$2.3 million in 1QFY2020 (1QFY2019: US\$849,000) representing an increase of 170.8% qoq. The factors contributing to the decreases are as follow:

- Research and development expenses reported an increase of 20.4% qoq to US\$183,000 in 1QFY2020 (1QFY2019: US\$152,000). The increase was mainly due to the higher professional and salary expenses incurred as the company increased its R&D effort in 1QFY2020.
- Marketing and distribution expenses increased by 5.5% qoq to US\$364,000 in 1QFY2020 (1QFY2019: US\$345,000). This was mainly due to the increase in staff and marketing expenses as the sales activities in the region increased in 1QFY2020.
- General administrative expenses increased by 9.7% from US\$352,000 in 1QFY2019 to US\$386,000 in 1QFY2020 mainly due to higher professional fees.
- Finance expenses was US\$3,000 in FY2020 (FY2019: Nil) and this was the recognition of lease interest on lease commitments in 1QFY2020.
- Other expense of US\$1.4 million was incurred in 1QFY2020 (1QFY2019: Nil) and this was mainly due to the loss on fair value of investments (US\$1.3 million) and loss on foreign exchange (US\$19,000) incurred in 1QFY2020. These losses were mainly due to the bearish investment market in 1QFY2020 as a result of the COVID-19 pandemic situation.

Net profit after tax attributable to owners of the Company

The Group reported a net loss attributable to owners of the Company of US\$1.1 million in 1QFY2020 (1QFY2019: net profit of US\$112,000) as a result of the above.

Other Financial Highlights

- **Property, plant and equipment** – The decrease in the Group's property, plant and equipment was mainly due to depreciation expenses and assets reclassified to right-of-use assets in 1QFY2020. Plant and equipment purchased in 1QFY2020 totalled US\$1,000 and, this was offset by an asset on hire purchase reclassified to right-of-use assets amounting to US\$141,000 and depreciation expenses amounting to US\$35,000 in 1QFY2020.
- **Right-of-use assets** – These assets comprised of lease commitments entered into by the Group. The leased assets in 1QFY2020 increased mainly due to the reclassification of an asset on hire purchase from property, plant and equipment to right-of-use assets. In 1QFY2020, an asset on hire purchase amounting to US\$141,000 was reclassified from property, plant and equipment, and this was partly offset by depreciation expenses amounting to US\$44,000.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)

- **Intangible assets** – The increase in Group's intangible assets was mainly due to capitalisation of development costs and patent expenses incurred (US\$19,000), and this was partly offset by amortisation (US\$11,000) in 1QFY2020.
- **Quoted investments** – The Group's investment in quoted investments in non-current asset and current assets decreased by US\$149,000 and USD1.2 million respectively in 1QFY2020 to US\$7.8 million and US\$15.1 million as at 31 March 2020 (31 December 2019: non-current asset of US\$7.9 million and current asset of US\$16.3 million). The decrease was mainly due to the bearish bond and equity markets as a result of the COVID-19 pandemic situation in 1QFY2020
- **Unquoted investments** – The Group's total investment in unquoted investment as at 31 March 2020 was US\$4.6 million (31 December 2019: US\$4.6 million), comprising of US\$4.0 million (31 December 2019: US\$4.0 million) in non-current assets and US\$606,000 (31 December 2019: US\$629,000) in current assets for an unquoted fund that was held for trading. The slight decrease in the investment value of unquoted fund in current assets was mainly due to the bearish equity market as a result of the COVID-19 pandemic situation in 1QFY2020.
- **Inventories** – The Group's inventories amounted to US\$7.6 million as at 31 March 2020, an increase of US\$3.6 million from 31 December 2019 (US\$4.0 million). Inventory turnover days in 1QFY2020 were 90 days (31 December 2019: 59 days).
- **Trade and other receivables** – The Group's trade and other receivables amounted to US\$1.2 million as at 31 March 2020 (31 December 2019: US\$1.2 million). Trade receivable turnover days in 1QFY2020 were 7 days (31 December 2019: 7 days).
- **Trade payables and accruals** – The Group's trade payables and accruals amounted to US\$4.3 million as at 31 March 2020 as compared to US\$4.5 million as at 31 December 2019. Trade payable turnover days in 1QFY2020 were 30 days (31 December 2019: 30 days).
- **Lease liability** – The Group's lease liability in 1QFY2020 totalled US\$182,000, comprising of US\$79,000 in current assets (31 December 2019: US\$98,000) and US\$103,000 in non-current assets (31 December 2019: US\$23,000). This was an increase of US\$61,000 from December 2019 (US\$121,000). The increase in lease liability was mainly due to the reclassification of hire purchase liability of US\$100,000 from Other Payables and this was partly offset by payment of lease liability of US\$39,000 in 1QFY2020.

Cashflow

The Group's cash and cash equivalent as at 31 March 2020 totalled US\$12.9 million as compared to US\$16.7 million as at 31 December 2019, a decrease of US\$3.8 million. The main decrease in the cash position in 1QFY2020 was mainly due to the cash outflow from operating activities of US\$3.8 million. Cash inflow from investment activities amounted to US\$53k (mainly from interest income of quoted investments) and this was partly offset by lease payment of US\$39,000.

The cash outflow in operating activities of US\$3.8 million in 1QFY2020 arose mainly from the cash outflow incurred in working capital of US\$4.0 million (mainly due to increase in inventory of US\$3.8 million) and tax payment of US\$95,000, and these were partly offset by operating cash inflow of US\$268,000 and interest income from time deposit of US\$44,000.

Other Matters

Shareholders are to be informed that the comparative Balance Sheet as at 31 December 2019 is based on the unaudited financial statements previously announced on 28 February 2020. This is used for 1QFY2020 comparatives as there was a delay in the completion of audit for FY2019. Material variances are expected from the audit and these will be disclosed once the audit is completed. Shareholders are to refer to the Notice of Extension of Time for AGM and Dispatch of Annual Report announcement released on 8 April 2020 and Profit Warning announcement released on 30 April 2020 by the Company.

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 COVID-19 pandemic situation that arose since early this year had adversely affected the global business economy. Many countries had since resorted to containment and lockdown measures to combat this pandemic. Most of these measures had an adverse effect on economic and social situation in the global market, and disrupted the global supply chain. The semiconductor industry, which the Group is in was also adversely affected.

We foresee that due to the widespread economic and social damages caused by the pandemic in the global economy, coupled with the extended Circuit Breaker and Lockdown measures adopted in Singapore and our markets in the region, it is uncertain as to when the global economy will recover and the global supply chain will stabilize.

As a result, our Group foresees the industry to remain challenging in the next 12 months. In this challenging period, the Group will be selective in exercising priority on projects and exercise prudence in our financial management.

To stay relevant and sustainable in this dynamic market, the Group continues to invest in R&D and coming up with innovative solutions to meet the demand of the 5G technology market.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? **NO**

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial period?
NO

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The Company will not be declaring dividend as the Company continues to invest in research and development on the latest technology in the market.

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). If no IPT mandate has been obtained, a statement to that effect

The Company does not have any general mandate from shareholders pursuant to Rule 920.

14. If the case of an announcement of interim financial statement (quarterly or half-yearly), the issuer's directors must confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading, in any material aspect. Please confirm that such a statement has been made.

The Company has not issued any interim financial statements which may render the interim financial statements to be false or misleading, in any material aspect pursuant to Rule 705(5).

15. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1)).

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable.

- 17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 18. A breakdown of sales**

Not applicable.

- 19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

BY ORDER OF THE BOARD

TAN JOON YONG WAYNE

Executive Director

14 May 2020

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render to the unaudited financial statements for the period ended 31 March 2020 to be false and misleading in any material aspect.

On behalf of the Directors

Signed

TAN JOON YONG WAYNE

Executive Director

14 May 2020

Signed

KUAN MUN KWONG

Executive Director