

NEW WAVE HOLDINGS LTD.

Unaudited Half Year Financial Statement and Dividend Announcement for the Period Ended 30/09/2020

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

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

	Group		Increase/ (Decrease) %
	Half year ended 30 September		
	2020 S\$'000	2019 S\$'000	
Revenue	7,524	7,057	6.6
Cost of sales	(5,792)	(5,565)	4.1
Gross profit	1,732	1,492	16.1
Other income	379	90	321.1
Distribution costs	(143)	(185)	(22.7)
Administrative expenses	(1,658)	(1,810)	(8.4)
Other expenses	(362)	(427)	(15.2)
Finance costs	(101)	(92)	9.8
Loss before income tax	(153)	(932)	(83.6)
Income tax expense	(1)	9	NM
Loss for the financial period	(154)	(923)	(83.3)
<i>Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss:</i>			
Foreign currency translation	(19)	(191)	(90.1)
Total comprehensive income for the financial period	(173)	(1,114)	(84.5)
Loss after tax attributable to:			
Owners of the parent	(168)	(888)	(81.1)
Non-controlling interest	14	(35)	NM
	(154)	(923)	(83.3)
Total comprehensive income attributable to:			
Owners of the parent	(187)	(1,079)	(82.7)
Non-controlling interest	14	(35)	NM
	(173)	(1,114)	(84.5)

NM = Not Meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income

	Group		Increase/ (Decrease) %
	Half year ended 30 September		
Loss before income tax is arrived at:	2020 S\$'000	2019 S\$'000	
After charging:			
Amortisation of intangible asset	114	190	(40.0)
Amortisation of right-of-use assets	160	93	72.0
Depreciation of property, plant and equipment	88	92	(4.3)
Interest expense	101	92	9.8
Foreign exchange loss, net	-	49	NM
and crediting:			
Foreign exchange gain, net	92	-	NM
Government grants	250	15	1,566.7
Interest income	5	5	-
Rental income	10	30	(66.7)
Write back of allowance for impairment of trade receivables no longer required	-	24	NM

NM = 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 30/09/2020 S\$'000	As at 31/03/2020 S\$'000	As at 30/09/2020 S\$'000	As at 31/03/2020 S\$'000
Non-current assets				
Property, plant and equipment	2,230	2,307	1	1
Right-of-use assets	706	801	-	-
Investment properties	5,320	5,320	-	-
Intangible assets	1,826	1,940	-	-
Investments in subsidiaries	-	-	19,733	19,733
Deferred tax asset	36	36	-	-
	<u>10,118</u>	<u>10,404</u>	<u>19,734</u>	<u>19,734</u>
Current assets				
Inventories	8,319	8,291	-	-
Trade and other receivables	3,911	4,201	6,276	6,654
Prepayments	501	667	16	10
Income tax recoverable	143	197	-	-
Cash and cash equivalents	3,308	1,367	142	116
	<u>16,182</u>	<u>14,723</u>	<u>6,434</u>	<u>6,780</u>
Less:-				
Current liabilities				
Trade and other payables	2,608	3,264	3,222	3,248
Lease liabilities	310	275	-	-
Interest-bearing liabilities	2,247	2,218	-	-
Current income tax payable	-	-	-	-
	<u>5,165</u>	<u>5,757</u>	<u>3,222</u>	<u>3,248</u>
Net current assets	<u>11,017</u>	<u>8,966</u>	<u>3,212</u>	<u>3,532</u>
Non-current liabilities				
Interest-bearing liabilities	3,432	1,331	-	-
Lease liabilities	374	509	-	-
Deferred tax liabilities	249	277	-	-
	<u>4,055</u>	<u>2,117</u>	<u>-</u>	<u>-</u>
Net assets	<u>17,080</u>	<u>17,253</u>	<u>22,946</u>	<u>23,266</u>
Capital and reserves				
Share capital	27,460	27,460	27,460	27,460
Asset revaluation reserve	315	315	-	-
Share-based payment reserve	31	31	31	31
Foreign currency translation reserve	(1,594)	(1,575)	-	-
Accumulated losses	(9,069)	(8,901)	(4,545)	(4,225)
Equity attributable to owners of the parent	<u>17,143</u>	<u>17,330</u>	<u>22,946</u>	<u>23,266</u>
Non-controlling interest	(63)	(77)	-	-
Total equity	<u>17,080</u>	<u>17,253</u>	<u>22,946</u>	<u>23,266</u>

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

Amount repayable in one year or less, or on demand

As at 30/09/2020		As at 31/03/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
118	2,202	123	2,174

Amount repayable after one year

As at 30/09/2020		As at 31/03/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
888	2,604	940	480

Details of any collateral

Amounts due to finance lease creditors (included in lease liabilities) are secured by plant and equipment acquired under finance lease contracts.

Term loan (included in interest bearing liabilities) to finance the purchase of the Malaysian factory is secured by a legal charge against the property as well as a corporate guarantee provided by the Company.

Trust receipts of the subsidiaries (included in interest bearing liabilities) are secured by corporate guarantees provided by the Company.

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	
	Half year ended 30 September	
	2020	2019
	S\$'000	S\$'000
Operating activities		
Loss before income tax	(153)	(932)
Adjustments for:-		
Amortisation of intangible assets	114	190
Amortisation of right-of-use assets	160	93
Depreciation of property, plant and equipment	88	92
Interest expense	101	92
Interest income	(5)	(5)
Write down of inventories	-	4
Write back of allowance for impairment of trade receivables no longer required	-	(24)
Operating cash flows before working capital changes	305	(490)
Working capital changes:-		
Inventories	(47)	1,406
Trade and other receivables	287	(240)
Trade and other payables	(651)	249
Prepayments	163	35
Cash from operations	57	960
Interest received	5	5
Interest paid	(101)	(92)
Income taxes refunded, net	25	22
Net cash (used in)/from operating activities	(14)	895
Investing activity		
Purchase of plant and equipment, representing net cash used in investing activity (Note B)	(12)	(24)
Financing activities		
Proceeds from trust receipts	3,532	2,529
Repayment of trust receipts	(4,040)	(3,251)
Proceeds from term loans	3,400	-
Repayment of term loans	(750)	(21)
Repayment of lease liabilities	(166)	(91)
Net cash from/(used in) financing activities	1,976	(834)
Net change in cash and cash equivalents	1,950	37
Cash and cash equivalents at the beginning of the financial period	1,355	1,550
Effect of currency translation on cash and cash equivalents	3	(12)
Cash and cash equivalents at the end of the financial period (Note A)	3,308	1,575

Note A:

Cash and cash equivalents comprised:

	As at 30/09/2020 S\$'000	As at 30/09/2019 S\$'000
Fixed deposits with banks	401	390
Cash and bank balances	<u>2,907</u>	<u>1,275</u>
	3,308	1,665
Less: bank overdrafts	<u>-</u>	<u>(90)</u>
Total as per cash flow statement	<u>3,308</u>	<u>1,575</u>

Note B:

Additions to property, plant and equipment comprised:

	Half year ended 30 September	
	2020 S\$'000	2019 S\$'000
Additions to property, plant and equipment	12	133
Acquired under finance lease agreements	<u>-</u>	<u>(109)</u>
	<u>12</u>	<u>24</u>

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

The Group	Equity attributable to owners of the parent							
	Share capital S\$'000	Asset revaluation reserve S\$'000	Share-based payment reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	NCI S\$'000	Total Equity S\$'000
Balance at 1 April 2020	27,460	315	31	(1,575)	(8,901)	17,330	(77)	17,253
Loss for the financial period	-	-	-	-	(168)	(168)	14	(154)
Other comprehensive income for the financial period								
Exchange differences on translating foreign operations	-	-	-	(19)	-	(19)	-	(19)
Total comprehensive income for the financial period	-	-	-	(19)	(168)	(187)	14	(173)
Balance at 30 September 2020	27,460	315	31	(1,594)	(9,069)	17,143	(63)	17,080
Balance at 1 April 2019	27,460	315	31	(1,506)	(6,763)	19,537	(29)	19,508
Loss for the financial period	-	-	-	-	(888)	(888)	(35)	(923)
Other comprehensive income for the financial period								
Exchange differences on translating foreign operations	-	-	-	(191)	-	(191)	-	(191)
Total comprehensive income for the financial period	-	-	-	(191)	(888)	(1,079)	(35)	(1,114)
Balance at 30 September 2019	27,460	315	31	(1,697)	(7,651)	18,458	(64)	18,394

The Company	Share capital S\$'000	Share-based payment reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 April 2020	27,460	31	(4,225)	23,266
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(320)	(320)
Balance at 30 September 2020	<u>27,460</u>	<u>31</u>	<u>(4,545)</u>	<u>22,946</u>
Balance at 1 April 2019	27,460	31	(3,473)	24,018
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(429)	(429)
Balance at 30 September 2019	<u>27,460</u>	<u>31</u>	<u>(3,902)</u>	<u>23,589</u>

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.

The share capital of the Company was S\$27,459,753 comprising 1,727,469,695 shares as at 30 September 2020 and at 31 March 2020. There was no change in the Company's share capital from 31 March 2020 up to 30 September 2020. There were no outstanding convertible securities, treasury shares or subsidiary holdings as at 30 September 2020 and 30 September 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.

The total number of issued shares as at 30 September 2020 and 31 March 2020 was 1,727,469,695 shares.

The Company did not have treasury shares as at 30 September 2020 and 31 March 2020.

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 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.

Not applicable as there are no 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 Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications 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. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Save as disclosed in paragraph 5 below, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements for the financial year ended 31 March 2020.

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 or revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to SFRS(I) ("SFRS(I) INT") that are relevant to its operations and are effective in the financial year ending 31 March 2021 ("FY2021"). The adoption of these new or revised SFRS(I) and SFRS(I) INT where relevant has no material impact on the Group's accounting policies or the financial statements for the current financial period reported on.

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	
	Half year ended	
	30/09/2020	30/09/2019
Loss attributable to owners of the parent (SGD'000)	(168)	(888)
Loss per ordinary share after deducting any provision for preference dividends:-		
(a) Based on the weighted average number of ordinary shares in issue (SGD cents)	(0.01)	(0.05)
(b) On a fully diluted basis (SGD cents)	(0.01)	(0.05)

Loss per ordinary share for the financial period ended 30 September 2020 (“1HFY21”) and for the financial period ended 30 September 2019 (“1HFY20”) in Item 6(a) are computed based on the loss attributable to the owners of the parent for each respective financial period divided by the weighted average number of ordinary shares in issue of 1,727,469,695 shares.

Loss per ordinary share on a fully diluted basis for 1HFY21 and for 1HFY20 in Item 6(b) are the same as the basic loss per ordinary share because the Company did not have any potentially dilutive ordinary shares during and as at the end of the said financial periods.

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

	Group		Company	
	As at 30/09/2020	As at 31/03/2020	As at 30/09/2020	As at 31/03/2020
Net asset value per ordinary share based on issued share capital (SGD cents)	0.99	1.00	1.33	1.35

Net asset value per ordinary share of the Group and the Company are computed based on the net assets of the Group and the Company respectively, divided by the number of issued ordinary shares of 1,727,469,695 shares as at 30 September 2020 and 31 March 2020.

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, asset or liabilities of the group during the current financial period reported on.

Review of the Financial Performance of the Group – Six months ended 30 September 2020 (“1HFY21”) vs. Six months ended 30 September 2019 (“1HFY20”)

Turnover and Gross Profit

Despite the global COVID-19 pandemic, the Group recorded a small increase of 6.6% in sales, due mainly to the better performance of the PRC subsidiaries, as the Chinese economy recovered rapidly from the adverse impact of the pandemic. The gross margin also recorded an increase from 21.1% to 23.0% due mainly to better product mix and quicker turnaround orders which commanded higher gross margins, and this improvement further boosted the gross profit, which increased by 16.1% for the year-on-year comparison.

Profit Before Income Tax

Other income was substantially higher in 1HFY21 as compared to 1HFY20 due to the receipt of S\$0.25 million of government grants from governmental bodies in Singapore, Malaysia and the PRC where our subsidiaries are located. The grants received includes wage subsidies, property tax rebates and other rebates. In addition, the Group recorded a foreign exchange gain of S\$0.09 million in 1HFY21, whereas an exchange loss was recognized in 1HFY20 under other expenses. The exchange gain was mainly derived from the US dollar depreciating against both the Singapore dollar and the Renminbi during 1HFY21.

With the exception of finance costs, Group expenses decreased partly as a direct result of the COVID-19 pandemic and partly due to cost-cutting measures implemented by the management to counter the anticipated adverse impact of the pandemic on Group revenues. Distribution costs, which comprised selling, marketing and delivery expenses, had the largest decrease of 22.7%, as the component marketing expenses fell sharply due to the lockdowns and the social distancing measures.

Other expenses decreased as the customer relationships from the acquisition of the MSC Group (comprising MSC Aluminium Holdings Pte. Ltd. and its subsidiaries) **were** fully amortised by the end of the previous financial year, giving rise to a reduction of S\$0.08 million. In addition, the Group recorded a foreign exchange loss of S\$0.05 million in 1HFY20, whereas there was a gain of S\$0.09 million in 1HFY21 recorded under other income. These decreases however were partially offset by an increase in amortization of right-of-use assets of S\$0.06 million, which in the previous corresponding period had been recorded under rental expense before the decision had been made in respect of its renewal in 2HFY20. These rental expenses were not classified as leases under SFRS(I) 16 in 1HFY20 due to their imminent expiry within the financial year, and the decision then was not made as to their renewal.

Administrative expense decreased mainly due to a reduction of employment costs as the management implemented an across the board pay cut for all employees, and a freeze on recruitment.

Finance costs however increased due to the Group having to service the interest charges payable on the term loans from banks, granted to the Singapore subsidiaries under the Enterprise Financing Scheme (EFS), being a government aided assistance to local businesses to mitigate the effect of the COVID-19 pandemic. The total outstanding term loan stood at S\$3.27 million as at the end of the period under review and the proceeds were used for working capital purposes.

Assets and Liabilities

Property, plant and equipment decreased due to a depreciation charge of S\$0.09 million. There were minor additions of S\$0.01 million of sundry computers and equipment during 1HFY21.

Right-of-use assets, which included capitalized lease rentals as well as leased assets, decreased by an amortization of S\$0.16 million. There were renewal of tenancy agreements during the period which gave rise to an addition of S\$0.06 million of capitalized lease rentals.

Intangible assets decreased due to an amortisation charge. Intangible assets comprised goodwill and customer relationships arising from the acquisition of MSC Aluminium Holdings Pte. Ltd. and its subsidiaries (the “MSC Group”) and Alutech Metals Asiatic Pte. Ltd. (the “Alutech Group”).

Inventories remained fairly constant with vigilant monitoring to avoid unnecessary stockpiling as the Group closely monitors the evolving COVID-19 situation.

Trade receivables decreased slightly due to more stringent monitoring of outstanding debts, while other receivables decreased upon receipt of payment of the S\$0.07 million of grants under the Jobs Support Scheme recognized as receivables at the end of the preceding financial year. There was also a reduction of VAT receivable as the PRC subsidiaries bought more locally produced goods and enjoyed quicker turnover of stockholdings.

Prepayments decreased mainly due to a decrease in the balance of prepaid stocks outstanding which were purchased locally by the PRC subsidiaries.

Trade payables decreased as two consignments received late in the preceding financial year were subsequently settled during 1HFY21. Other payables which included accruals of expenses decreased as various accruals for expenses made at the financial year end of 31 March 2020 was settled during 1HFY21.

The increase in current lease liabilities of S\$0.03 million corresponded to the increase in right-of-use assets from leased premises due to renewed tenancy agreements.

Current interest-bearing liabilities comprised trust receipts and the current portion of term loans and finance leases. Some early settlement of trust receipts were done using the EFS term loans drawn down, thus the decrease in trust receipts from S\$2.04 million to S\$1.54 million were offset by the increase of term loan balances from S\$0.16 million to S\$0.71 million.

Non-current interest-bearing liabilities increased due to the addition of the EFS term loans drawn down during 1HFY21.

The Group had a positive working capital of S\$11.02 million as at the end of 1HFY21.

Cash Flow and Working Capital

Net cash used in operating activities mainly arose from the decrease of trade and other payables amounting to S\$0.65 million. However this amount was offset by cash inflows from the decrease in trade and other receivables and prepayment, as well as by an amount of S\$0.31 million generated from operations.

Net cash from financing activities was the proceeds of the EFS term loans drawn down during 1HFY21, after usage for repayments of trust receipts, the payment of term loans instalments as they fall due and instalment payments for finance leases.

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

Not applicable as no forecast or prospect statement has been disclosed previously 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 continuing trade tensions amongst the larger economies and the COVID-19 pandemic continued to be the key factors that hamper our revenue growth. The Group will continue with its efforts to contain operating costs while monitoring closely our business environment, so as to be able to react and readjust rapidly whenever the changes in circumstances so required.

The Group intends to leverage on its customer base and market coverage, in particular, in the PRC and in Malaysia to improve revenues and consolidate its earnings base.

11. Dividend

(a) Current Financial Period Reported 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 1HFY21 as the Company was not profitable.

13. Requirement under Rule 705(5) of the SGX-ST Listing Manual Section B: Rules of Catalyst

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial results for 1HFY21 to be false or misleading in any material aspect.

- 14. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“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 Group does not have a general mandate for interested person transactions. There was no interested person transaction with a value of S\$100,000 or more during 1HFY21.

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

The Company confirms that it has procured undertakings from all its directors and executive officers (in the form set out in Appendix 7H) under Rule 720(1).

- 16. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A**

There were no acquisitions or realization of shares by the Company or any of the Group entities during 1HFY21. The Company and the Group entities did not incorporate any new subsidiary or associated company during 1HFY21.

BY ORDER OF THE BOARD

Ong Kian Soon
Chief Executive Officer
12 November 2020

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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