

Unaudited Financial Statement And Related Announcement for the Half Year Ended 30 June 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS

1(a) 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.

**1(a)(i) CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020 AND 30 JUNE 2019**

Consolidated Income Statement

	Group 1H2020	Group 1H2019	Increase/ (Decrease)
	US\$'000	US\$'000	%
Revenue	509,958	470,894	8.3%
Cost of sales	(483,630)	(440,987)	9.7%
Gross profit	26,328	29,907	(12.0%)
Other income	1,242	704	76.4%
Sales and distribution expenses	(15,819)	(16,557)	(4.5%)
General and administrative expenses	(7,301)	(7,670)	(4.8%)
Impairment losses on financial assets	(179)	(1,517)	(88.2%)
Interest expense	(1,858)	(3,168)	(41.4%)
Profit before taxation	2,413	1,699	42.0%
Income tax expense	(364)	(527)	(30.9%)
Profit after taxation	2,049	1,172	74.8%
Profit attributable to:-			
Equity holders of the Company	2,049	1,172	74.8%

Note:-

N.M. = Not meaningful

1(a) 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 (Cont'd).

1(a)(i) **CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2020 AND 30 JUNE 2019 (CONT'D)**

Consolidated Statement of Other Comprehensive Income

	Group 1H2020	Group 1H2019	Increase/ (Decrease)
	US\$'000	US\$'000	%
Profit after taxation	2,049	1,172	74.8%
Other comprehensive income:-			
Item that will not be reclassified subsequently to profit or loss:-			
Net fair value changes on equity instrument at fair value through other comprehensive income	(10)	493	N.M.
Items that may be reclassified subsequently to profit or loss:-			
Foreign currency translation	95	(34)	N.M.
Other comprehensive income for the period	85	459	(81.5%)
Total comprehensive income for the period	2,134	1,631	30.8%
Total comprehensive income attributable to:-			
Equity holders of the Company	2,134	1,631	30.8%

1(a)(ii) **NOTES TO THE CONSOLIDATED INCOME AND STATEMENT OF COMPREHENSIVE INCOME**

Notes to the consolidated income and statement of comprehensive income	Group 1H2020	Group 1H2019
	US\$'000	US\$'000
Interest income	62	65
Interest expenses on loans and borrowings	(1,771)	(3,044)
Interest expenses on lease liabilities	(88)	(123)
Impairment losses on trade debtors	(179)	(1,517)
Bad debt written back	–	108
Reversal of stocks written down	929	1,354
Stocks written down/ off	(981)	(790)
Net (loss)/ gain on disposal of property, plant and equipment	(7)	55
Property, plant and equipment written off	(5)	–
Depreciation of property, plant and equipment	(646)	(768)
Depreciation of right-of-use assets	(1,305)	(1,427)
Net foreign exchange loss	(247)	(259)
Net fair value change on derivatives	(3)	(36)

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.

STATEMENT OF FINANCIAL POSITION	Group 30/06/2020	Group 31/12/2019	Company 30/06/2020	Company 31/12/2019
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	2,720	3,202	–	–
Right-of-use assets	4,209	3,644	–	–
Intangible assets	752	752	–	–
Investments in subsidiaries	–	–	27,878	27,878
Other investments	2,837	2,852	622	632
Deferred tax assets	84	89	–	–
Total non-current assets	10,602	10,539	28,500	28,510
Current assets				
Trade and other debtors	164,542	158,464	10,157	11,987
Prepayments	502	339	7	2
Stocks	153,551	147,375	–	–
Derivatives	–	3	–	–
Cash and short-term deposits	30,571	14,483	2,692	701
Total current assets	349,166	320,664	12,856	12,690
Current liabilities				
Trade and other creditors	(159,504)	(139,996)	(317)	(207)
Contract liabilities	(5,151)	(4,366)	–	–
Interest-bearing loans and borrowings	(107,331)	(104,643)	–	–
Lease liabilities	(1,723)	(2,429)	–	–
Provision for taxation	(1,846)	(1,751)	(98)	(82)
Total current liabilities	(275,555)	(253,185)	(415)	(289)
Net current assets	73,611	67,479	12,441	12,401
Non-current liabilities				
Lease liabilities	(2,611)	(1,306)	–	–
Interest-bearing loans and borrowings	(2,761)	–	–	–
Total non-current liability	(5,372)	(1,306)	–	–
Net assets	78,841	76,712	40,941	40,911
Equity attributable to equity holders of the Company				
Share capital	39,056	39,056	39,056	39,056
Treasury shares	(5)	–	(5)	–
Reserves	39,790	37,656	1,890	1,855
	78,841	76,712	40,941	40,911

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

Amount repayable in one year or less, or on demand

At 30/06/2020 (US\$'000)		At 31/12/2019 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
–	107,331	–	104,643

Amount repayable after one year, or on demand

At 30/06/2020 (US\$'000)		At 31/12/2019 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
–	2,761	–	–

Details of any collateral

There is no collateral on the Group's interest-bearing loans and borrowings as at 30 June 2020.

As at 30 June 2020, the Company has provided corporate guarantees to banks and institutions in connection with credit facilities provided to its subsidiaries, of which US\$112,316,000 (31 December 2019: US\$104,714,000) of the credit facilities have been utilised.

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 1H2020	Group 1H2019
	US\$'000	US\$'000
Operating activities		
Profit before taxation	2,413	1,699
Adjustments for:-		
Interest income	(62)	(65)
Interest expense	1,859	3,167
Depreciation of property, plant and equipment	646	768
Depreciation of right-of-use assets	1,305	1,427
Net loss/ (gain) on disposal of property, plant and equipment	7	(55)
Property, plant and equipment written off	5	–
Impairment losses on trade debtors	179	1,517
Net stocks written down/ (reversal of stocks written down)	52	(564)
Net fair value changes on derivatives	3	36
Share based payments under EPSS	–	34
Operating cash flows before changes in working capital	6,407	7,964
(Increase)/ decrease in stocks	(6,228)	16,939
(Increase)/ decrease in trade and other debtors and prepayments	(6,420)	25,448
Increase/ (decrease) in trade and other creditors and contract liabilities	20,293	(24,402)
Cash flows generated from operations	14,052	25,949
Interest received	62	65
Interest paid	(1,859)	(3,167)
Income tax paid	(268)	(603)
Net cash flows generated from operating activities	11,987	22,244
Investing activities		
Purchase of investment	–	(2,000)
Purchase of property, plant and equipment	(224)	(1,093)
Proceed from disposal of property, plant and equipment	42	55
Proceed from derivatives	–	49
Net cash flows used in investing activities	(182)	(2,989)
Financing activities		
Net increase/ (decrease) in interest-bearing loans and borrowings	5,449	(19,533)
Dividend paid on ordinary shares	–	(3,501)
Purchase of treasury shares	(5)	–
Payment of principal portion of lease liabilities	(1,289)	(1,329)
Net cash flows generated from/ (used in) financing activities	4,155	(24,363)
Net increase/ (decrease) in cash and cash equivalents	15,960	(5,108)
Effects of exchange rate changes on cash and cash equivalents	128	(34)
Cash and cash equivalents at beginning of period	14,483	20,571
Cash and cash equivalents at end of period	30,571	15,429

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 equity holders of the Company									
Group	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
1H2020									
Opening balance at 1 January 2020	76,712	39,056	–	37,656	227	246	25	42	37,116
Profit for the period	2,049	–	–	2,049	–	–	–	–	2,049
Other comprehensive income for the period	85	–	–	85	–	(10)	–	95	–
Total comprehensive income for the period	2,134	–	–	2,134	–	(10)	–	95	2,049
Contribution by and distribution to owners:-									
Purchase of treasury shares	(5)	–	(5)	–	–	–	–	–	–
Total transactions with owners in their capacity as owners	(5)	–	(5)	–	–	–	–	–	–
Closing balance at 30 June 2020	78,841	39,056	(5)	39,790	227	236	25	137	39,165
1H2019									
Opening balance at 1 January 2019	77,870	38,859	–	39,011	227	602	25	(21)	38,178
Profit for the period	1,172	–	–	1,172	–	–	–	–	1,172
Other comprehensive income for the period	459	–	–	459	–	493	–	(34)	–
Total comprehensive income for the period	1,631	–	–	1,631	–	493	–	(34)	1,172
Contribution by and distribution to owners:-									
Issuance of new shares	34	34	–	–	–	–	–	–	–
Dividends on ordinary shares	(3,501)	–	–	(3,501)	–	–	–	–	(3,501)
Total transactions with owners in their capacity as owners	(3,467)	34	–	(3,501)	–	–	–	–	(3,501)
Closing balance at 30 June 2019	76,034	38,893	–	37,141	227	1,095	25	(55)	35,849

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 (Cont'd).

Company	Attributable to equity holders of the Company						
	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
1H2020							
Opening balance at 1 January 2020	40,911	39,056	–	1,855	227	246	1,382
Profit for the period	45	–	–	45	–	–	45
Other comprehensive income for the period	(10)	–	–	(10)	–	(10)	–
Total comprehensive income for the period	35	–	–	35	–	(10)	45
Contribution by and distribution to owners:-							
Purchase of treasury shares	(5)	–	(5)	–	–	–	–
Total transactions with owners in their capacity as owners	(5)	–	(5)	–	–	–	–
Closing balance at 30 June 2020	40,941	39,056	(5)	1,890	227	236	1,427
1H2019							
Opening balance at 1 January 2019	41,461	38,859	–	2,602	227	602	1,773
Profit for the period	2,163	–	–	2,163	–	–	2,163
Other comprehensive income for the period	493	–	–	493	–	493	–
Total comprehensive income for the period	2,656	–	–	2,656	–	493	2,163
Contributed by and distribution to owners:-							
Issuance of new shares	34	34	–	–	–	–	–
Dividends on ordinary shares	(3,501)	–	–	(3,501)	–	–	(3,501)
Total transactions with owners in their capacity as owners	(3,467)	34	–	(3,501)	–	–	(3,501)
Closing balance at 30 June 2019	40,650	38,893	–	1,757	227	1,095	435

- 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.**

	1H2020		1H2019	
	No. of shares	US\$'000	No. of shares	US\$'000
<u>Issued share capital</u>				
At beginning of financial period	119,757,140	39,056	119,192,840	38,859
Issuance of EPSS	–	–	80,000	34
At end of financial period	119,757,140	39,056	119,272,840	38,893

Grant of Share Awards Pursuant to the Excelpoint Performance Share Scheme ("EPSS")

In May 2019, the Company allotted and issued 80,000 ordinary shares in the share capital of the Company at the market price of US\$0.42 (S\$0.57) under the EPSS.

- 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 excluding treasury shares as at 30 June 2020 is 119,737,740 (31 December 2019: 119,757,140). The treasury shares as at 30 June 2020 is 19,400 (31 December 2019: Nil). As at 30 June 2020, the number of treasury shares held by the Company represented 0.016% (31 December 2019: Nil) of the total number of issued shares (excluding treasury shares).

- 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.**

There were no sales, transfers, cancellation and/or use of treasury share during 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.**

There were no subsidiary holdings during the current financial period reported on.

- 2. Whether the figures have been audited or reviewed, in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

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

Not applicable ("N.A.").

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer opinion:-

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**
 (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

N.A. The latest audited financial statements of the Group for the financial year ended 31 December 2019 are not subject to any adverse opinion, qualified opinion or disclaimer opinion.

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 Group's accounting policies adopted are consistent with those disclosed in the FY2019 audited financial statements except that in the current financial period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 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 adoption of the new and revised standards did not have material effect on the financial position or financial performance of the Group.

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	
	1H2020	1H2019
Basic and diluted earnings per share (US cent)	1.71	0.98
Weighted average number of ordinary shares	119,747,337	119,216,265

The basic and diluted earnings per share of the Group were the same, as there were no share options and warrants granted.

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued share 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	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Net asset value per ordinary share based on existing issued share capital as at end of period reported on (US cents)	65.84	64.06	34.19	34.16
Number of ordinary shares, excluding treasury shares	119,737,740	119,757,140	119,737,740	119,757,140

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

INCOME STATEMENT

The Group's revenue increased by 8.3% from US\$470.9 million to US\$510.0 million, mainly due to higher sales from Singapore Business Unit. However, gross profit decreased by 12.0% from US\$29.9 million to US\$26.3 million mainly due to change in product mix.

Other income increased from US\$0.7 million to US\$1.2 million, mainly due to the government grant received.

Sales and distribution costs decreased by 4.5% from US\$16.6 million to US\$15.8 million, and general and administrative expense decreased by 4.8% from US\$7.7 million to US\$7.3 million. These were mainly due to lower staff cost and lower travelling expenses in 1H2020.

Impairment losses on financial assets decreased by US\$1.3 million. This was due to lower impairment loss of trade debtors in 1H2020.

Interest expense decreased by 41.4% from US\$3.2 million to US\$1.9 million, due to lower interest rate.

Overall, the Group reported profit after taxation of US\$2.0 million for 1H2020.

CASHFLOW AND FINANCIAL POSITION

Cashflow

The Group's net cash flows generated from operating activities was US\$12.0 million compared to US\$22.2 million in 1H2019.

Net cash flows used in investing activities was US\$0.2 million compared to US\$3.0 million in 1H2019. This was mainly due to non-recurring investment in 1H2019 and lower capital expenditure.

Net cash flows generated from financing activities was US\$4.2 million compared to net cash flows used in financing activities of US\$24.4 million in 1H2019. This was mainly due to lower working capital requirement in 1H2019.

Cash and short-term deposits was US\$30.6 million as at 30 June 2020 as compared to US\$15.4 million as at 30 June 2019.

Financial Position

Non-current assets increased from US\$10.5 million to US\$10.6 million as at 30 June 2020 mainly due to the addition of right-of-use assets. This was partially offset by the depreciation of property, plant and equipment and right-of-use assets.

Current assets increased from US\$320.7 million to US\$349.2 million as at 30 June 2020 mainly due to:-

- a) increase in trade and other debtors of US\$6.1 million due to higher sales;
- b) increase in stocks of US\$6.2 million due to higher stock holding to mitigate supply disruptions as a result of the Covid-19 pandemic; and
- c) increase in cash and short-term deposits of US\$16.1 million.

Current liabilities increased from US\$253.2 million to US\$275.6 million as at 30 June 2020 mainly due to:-

- a) increase in trade and other creditors of US\$19.5 million due to higher purchase of stocks;
- b) increase in interest-bearing loans and borrowings of US\$2.7 million due to higher working capital requirement; and
- c) partially offset by decrease in lease liabilities of US\$0.7million due to repayment of lease liabilities.

Non-current liabilities increased from US\$1.3 million to US\$5.4 million as at 30 June 2020 mainly due to new leases recognised in 1H2020 and new term loans for working capital requirement.

Overall, shareholders' equity increased from US\$76.7 million to US\$78.8 million as at 30 June 2020, mainly due to net profit of US\$2.0 million and foreign currency translation of US\$0.1 million in 1H2020.

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

N.A. No forecast or a prospect statement has been 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 business environment amidst the Covid-19 pandemic and geopolitical uncertainties continues to be challenging but we see new opportunities arising. We have started to see significant recovery in China as the situation stabilises with the resumption of work for many manufacturing firms. In addition, we see new business opportunities coming from Vietnam as manufacturing giants start building their presence there. Our focus in segments such as sensors and communications remain crucial as they are a part of the medical space for medical equipment such as ventilators. The shift to telecommuting, work-from-home and virtual learning remains strong and will continue to give rise in the demand for technology and semiconductor chips.

As the Group adapts its business to suit the new normal resulting from the pandemic, we remain committed towards strengthening our core competencies and value-add to our partners. The environment will remain challenging and Excelpoint will continue to take a vigilant approach when screening the supply chain with caution for new business opportunities.

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 year? **No.**

(c) Date payable

N.A.

(d) Record date

N.A.

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 for the current financial period reported on. Dividend, if any, will be recommended in the full year financial statement and related announcement.

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.

No IPT mandate has been obtained.

The aggregate value of all interested person transactions during the financial period ended 30 June 2020 were as follows:-

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)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Nil	N.A.	N.A.	N.A.

14. Use of Placement Proceeds as at Date of this Announcement

The Company refers to the net proceeds of approximately S\$7,825,000 raised from the placement of 15 million new ordinary shares at S\$0.525 each in the issued and paid-up share capital of the Company on 5 October 2016 (the "Net Proceeds") (as defined in the Company's announcement dated 2 September 2016).

The status on the use of the Net Proceeds is as follows:-

Intended Uses	Approximate Amount (S\$'000)	Estimated Percentage Allocation of Net Proceeds	Amount Utilised as at Date of this Announcement (S\$'000)	Balance as at Date of this Announcement (S\$'000)
Strategic Investments and Acquisitions	5,000	63.9%	(3,054)	1,946
Development of New Technology and Application	1,700	21.7%	(1,059)	641
Investments in Research and Development Expertise	1,125	14.4%	(1,125)	–
Total	7,825	100.0%	(5,238)	2,587

15. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to their attention which may render the financial statements for the first half ended 30 June 2020 to be false or misleading.

16. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary
5 August 2020