



GSS ENERGY LIMITED

RCB No: 201432529C

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

1 (a) (i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of comprehensive income for the half year ended 30 June.

	1H2020 ¹ (S\$'000)	Group 1H2019 ² (S\$'000)	Change in %
Revenue			
PE	42,955	48,715	(11.82)%
O&G	-	-	NM
Group	42,955	48,715	(11.82)%
Cost of sales			
PE	(34,365)	(41,046)	(16.28)%
O&G	-	-	NM
Group	(34,365)	(41,046)	(16.28)%
Gross profit			
PE	8,590	7,669	12.01%
O&G	-	-	NM
Group	8,590	7,669	12.01%
Other items of income			
Other income			
PE	625	158	>100.00%
O&G	-	-	NM
Group	625	158	>100.00%
Other items of expenses			
Distribution and selling expenses			
PE	(4,475)	(4,365)	2.52%
O&G	-	(13)	(100.00)%
Group	(4,475)	(4,378)	2.22%
Administration expenses			
PE	(1,526)	(1,815)	(15.92)%
O&G	(3)	(385)	(99.22)%
Group	(1,529)	(2,200)	(30.50)%
Other operating expenses			
PE	(1)	(1)	0.00%
O&G	-	-	NM
Group	(1)	(1)	0.00%
Profit/(Loss) from operations before net foreign exchange			
PE	3,213	1,646	95.20%
O&G	(3)	(398)	(99.25)%
Group	3,210	1,248	>100.00%
Foreign exchange (loss)/gain, net	(156)	38	NM
Profit from operations after net foreign exchange	3,054	1,286	>100.00%
Corporate Expenses	(694)	(1,186)	(41.48)%
Finance income	33	55	(40.00)%
Finance costs	(126)	(83)	51.81%
Profit before income tax	2,267	72	>100.00%
Income tax expense	(816)	(447)	82.55%
Profit/(Loss) for the financial period	1,451	(375)	NM
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translating of foreign operations	1,141	(624)	NM
Other comprehensive income for the financial period, net of tax	1,141	(624)	NM
Total comprehensive income for the financial period	2,592	(999)	NM
Profit/(Loss) attributable to:-			
Owners of the parent	1,642	(113)	NM
Non-controlling interests	(191)	(262)	(27.10)%
	1,451	(375)	NM
Other comprehensive income attributable to:-			
Owners of the parent	2,806	(734)	NM
Non-controlling interests	(214)	(265)	(19.25)%
	2,592	(999)	NM

1 (a) (ii) Other information

	1H2020 ¹ (S\$'000)	Group 1H2019 ² (S\$'000)	Change in %
Finance income	33	55	(40.00)%
Finance cost	(126)	(83)	51.81%
Amortisation of intangible assets	(10)	(12)	(16.67)%
Amortisation of land use rights	(27)	(27)	0.00%
Depreciation of property, plant and equipment	(1,210)	(1,111)	8.91%
Amortisation of right-of-use assets	(650)	(608)	6.91%
Foreign exchange (loss)/gain, net	(156)	38	NM
Share option expenses	116	511	(77.30)%

Notes

¹ "1H2020": Period from 1 Jan 2020 to 30 Jun 2020

² "1H2019": Period from 1 Jan 2019 to 30 Jun 2019

³ "PE": Precision Engineering Business

⁴ "O&G": Oil and Gas Business

⁵ "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.

Statements of Financial Position

	Group			Company		
	30.06.2020 S\$ '000	As at 31.12.2019 S\$ '000	Change in %	30.06.2020 S\$ '000	As at 31.12.2019 S\$ '000	Change in %
ASSETS						
Non-current assets						
Property, plant and equipment	12,681	11,192	13.30%	-	-	NM
Intangible assets	21	30	(30.00)%	-	-	NM
Land use rights	1,366	1,364	0.15%	-	-	NM
Right-of-use assets	764	1,373	(44.36)%	-	-	NM
Investment in subsidiaries	-	-	NM	16,343	28,683	(43.02)%
Investment in an associated company	2,768	2,768	0.00%	2,768	2,768	0.00%
Goodwill	112	112	0.00%	-	-	NM
Deposits	7,515	3,446	>100.00%	-	-	NM
Due from an associated company	9,392	9,392	0.00%	9,392	9,392	0.00%
Due from subsidiaries	-	-	NM	183	181	1.10%
	<u>34,619</u>	<u>29,677</u>	16.65%	<u>28,686</u>	<u>41,024</u>	(30.08)%
Current assets						
Inventories	14,483	11,450	26.49%	-	-	NM
Trade receivables	25,567	22,870	11.79%	1	-	NM
Other receivables and deposits	2,230	3,631	(38.58)%	-	-	NM
Prepayment	240	296	(18.92)%	10	10	0.00%
Due from a related company	285	223	27.80%	-	-	NM
Short-term investments	2,170	966	>100.00%	-	-	NM
Pledge deposits	-	337	(100.00)%	-	-	NM
Cash and cash equivalents	7,963	7,251	9.82%	12	21	(42.86)%
	<u>52,938</u>	<u>47,024</u>	12.58%	<u>23</u>	<u>31</u>	(25.81)%
Total assets	<u>87,557</u>	<u>76,701</u>	14.15%	<u>28,709</u>	<u>41,055</u>	(30.07)%
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	20,243	14,557	39.06%	-	-	NM
Other payables and accruals	5,841	5,358	9.01%	339	348	(2.59)%
Due to a subsidiary	-	-	NM	446	12,383	(96.40)%
Current income tax payable	653	254	>100.00%	-	-	NM
Lease liabilities	708	1,250	(43.36)%	-	-	NM
Loan and borrowings	4,617	5,494	(15.96)%	-	-	NM
	<u>32,062</u>	<u>26,913</u>	19.13%	<u>785</u>	<u>12,731</u>	(93.83)%
Net current assets/(liabilities)	<u>20,876</u>	<u>20,111</u>	3.80%	<u>(762)</u>	<u>(12,700)</u>	(94.00)%
Non-current liabilities						
Lease liabilities	73	151	(51.66)%	-	-	NM
Loan and borrowings	3,000	-	NM	-	-	NM
Retirement benefit obligations	1,734	1,726	0.46%	-	-	NM
	<u>4,807</u>	<u>1,877</u>	>100.00%	<u>-</u>	<u>-</u>	NM
Total liabilities	<u>36,869</u>	<u>28,790</u>	28.06%	<u>785</u>	<u>12,731</u>	(93.83)%
Net assets	<u>50,688</u>	<u>47,911</u>	5.80%	<u>27,924</u>	<u>28,324</u>	(1.41)%
Equity attributable to owners of the parent						
Share capital	58,591	58,522	0.12%	58,591	58,522	0.12%
Accumulated losses	(12,126)	(13,768)	(11.93)%	(34,391)	(33,806)	1.73%
Other reserves	5,176	3,896	32.85%	3,724	3,608	3.22%
	<u>51,641</u>	<u>48,650</u>	6.15%	<u>27,924</u>	<u>28,324</u>	(1.41)%
Non-controlling interests	<u>(953)</u>	<u>(739)</u>	28.96%	<u>-</u>	<u>-</u>	NM
Total equity	<u>50,688</u>	<u>47,911</u>	5.80%	<u>27,924</u>	<u>28,324</u>	(1.41)%
Total equity and liabilities	<u>87,557</u>	<u>76,701</u>	14.15%	<u>28,709</u>	<u>41,055</u>	(30.07)%

1 (b) (ii) Aggregate amount of group's borrowing and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30.06.2020		As at 31.12.2019	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
4,617	-	5,494	-

Amount repayable after one year

As at 30.06.2020		As at 31.12.2019	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
3,000	-	-	-

Note:

Details of any collateral

- (i) The short-term bank loan and invoice financing of a subsidiary company is secured by corporate guarantee of the Company.
(ii) A subsidiary in Singapore obtained a term loan for working capital requirements. The Singapore Government has provided 90% risk-share on this loan.

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

	Group	
	1H2020 ¹ (S\$'000)	1H2019 ² (S\$'000)
Operating activities		
Profit before income tax	2,267	72
Adjustments for:		
Amortisation of intangible assets	10	12
Amortisation of land use rights	27	27
Amortisation of right-of-use assets	650	608
Depreciation of property, plant and equipment	1,210	1,111
Gain on disposal of property, plant and equipment	(8)	-
Finance costs	126	83
Finance income	(33)	(55)
Share option expenses	116	511
Operating cash flows before working capital changes	4,365	2,369
Working capital changes		
Inventories	(2,771)	(1,399)
Trade receivables	(1,829)	(2,269)
Other receivables and deposits	214	(1,206)
Prepayments	56	(123)
Due from a related company	(98)	-
Trade payables	5,162	1,547
Other payables and accruals	297	1,113
Cash generated from operations	5,396	32
Interest received	33	55
Interest paid	(93)	(83)
Income tax paid	(418)	(549)
Net cash generated from/(used in) operating activities	4,918	(545)
Investing activities		
Deposit paid to a acquire property, plant and equipment	(2,558)	-
Purchase of property, plant and equipment	(2,370)	(1,288)
Proceeds from disposal of property, plant and equipment	8	-
Addition to exploration and evaluation assets	-	(389)
Addition to short-term investments	(3,754)	(199)
Proceed from short-term investments	2,569	1,244
Net cash used in investing activities	(6,105)	(632)
Financing activities		
Bank balances pledged	337	(23)
Proceeds from bank loans	12,198	16,599
Proceeds from issue of share capital	69	-
Repayment of bank loans	(10,219)	(16,191)
Repayment of obligations under leases liabilities arising from right-of-use assets	(695)	(606)
Net cash generated from/(used in) financing activities	1,690	(221)
<i>Net increase/(decrease) in cash and cash equivalents</i>	<i>503</i>	<i>(1,398)</i>
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	<i>209</i>	<i>(86)</i>
<i>Cash and cash equivalents at beginning of period</i>	<i>7,251</i>	<i>6,111</i>
Cash and cash equivalents at end of the period	7,963	4,627

Notes

¹ "1H2020": Period from 1 Jan 2020 to 30 Jun 2020

² "1H2019": Period from 1 Jan 2019 to 30 Jun 2019

- 1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for Half Year ended 30 June 2020

	Share capital	Capital reserve	Statutory reserve fund	Foreign currency translation reserves	Share options reserves	Accumulated losses	Equity Non-controlling interests	Total attributable to owners of the parent	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group										
Balance at 1 January 2020	58,522	-	1,282	(1,126)	3,608	(13,768)	132	48,650	(739)	47,911
Net profit/(loss) for the financial period	-	-	-	-	-	1,642	-	1,642	(191)	1,451
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	1,164	-	-	-	1,164	(23)	1,141
Other comprehensive income for the financial period	-	-	-	1,164	-	-	-	1,164	(23)	1,141
Total comprehensive income for the financial period	-	-	-	1,164	-	1,642	-	2,806	(214)	2,592
Contributions by owners										
Issue of share capital in relation to share option	69	-	-	-	-	-	-	69	-	69
Total Contributions by owners	69	-	-	-	-	-	-	69	-	69
Others										
Share option expense	-	-	-	-	116	-	-	116	-	116
Total Others	-	-	-	-	116	-	-	116	-	116
Balance at 30 June 2020	58,591	-	1,282	38	3,724	(12,126)	132	51,641	(953)	50,688
Balance at 1 January 2019	58,522	-	1,156	(192)	2,747	(15,497)	132	46,868	(411)	46,457
Net loss for the financial period	-	-	-	-	-	(113)	-	(113)	(262)	(375)
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	(621)	-	-	-	(621)	(3)	(624)
Other comprehensive income for the financial period	-	-	-	(621)	-	-	-	(621)	(3)	(624)
Total comprehensive income for the financial period	-	-	-	(621)	-	(113)	-	(734)	(265)	(999)
Changes in ownership interest in subsidiary										
Disposal of ownership interest in subsidiary	-	-	-	-	-	-	-	-	337	337
Total changes in ownership interest in subsidiary	-	-	-	-	-	-	-	-	337	337
Others										
Share option expense	-	-	-	-	511	-	-	511	-	511
Total Others	-	-	-	-	511	-	-	511	-	511
Balance at 30 June 2019	58,522	-	1,156	(813)	3,258	(15,610)	132	46,645	(339)	46,306

Statement of Changes in Equity for Half Year ended 30 June 2020 (cont'd)

	Share capital	Share option reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 1 January 2020	58,522	3,608	(33,806)	28,324
Loss for the financial period	-	-	(585)	(585)
Total comprehensive income for the financial period	-	-	(585)	(585)
Issue of share capital in relation to share option	69	-	-	69
Share option expenses	-	116	-	116
Balance at 30 June 2020	58,591	3,724	(34,391)	27,924
Balance at 1 January 2019	58,522	2,747	(36,878)	24,391
Loss for the financial period	-	-	(4,917)	(4,917)
Total comprehensive income for the financial period	-	-	(4,917)	(4,917)
Share option expenses	-	511	-	511
Balance at 30 June 2019	58,522	3,258	(41,795)	19,985

- 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, issues 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, 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 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.

During the period ended 30 June 2020, The Company issued additional 700,000 ordinary shares under GEL Scheme.

Share options

The GSS Energy Limited Executives' Share Option Scheme (the "GEL Scheme") and GSS Energy Limited 2018 Executives' Share Option Scheme (the "GEL 2018 Scheme") were approved by the shareholders at the annual general meeting on 22 April 2016 and 23 April 2018, respectively. During 1H2020, 700,000 (1H2019: 44,600,000) share options were lapsed under GEL Scheme and 700,000 share options were exercised during the period under GEL Scheme. No new share options were granted under GEL Scheme and GEL 2018 Scheme. As at 30 June 2020, the number of shares that may be issued on conversion of all the outstanding share options was 27,423,000 (30 Jun 2019: 28,823,000) which represented approximately 5.52% (30 June 2019: 5.81%) of the total issued shares excluding treasury shares and subsidiary holdings.

The movement of share options of the Company during the financial period 1H2020 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.01.2020	Number of options			Balance as at 30.06.2020	Balance as at 30.06.2019	Exercise period
			Granted during the financial period	Exercised during the financial period	Cancelled/lapsed during the financial period			
27.02.2017	S\$0.09856	1,400,000	-	(700,000.00)	(700,000.00)	-	1,400,000	28.02.2019 to 27.02.2020
27.02.2017	S\$0.09856	10,200,000	-	-	-	10,200,000	10,200,000	28.02.2019 to 27.02.2022
23.02.2018	S\$0.12512	1,150,000	-	-	-	1,150,000	1,150,000	23.02.2020 to 22.02.2021
23.02.2018	S\$0.12512	16,073,000	-	-	-	16,073,000	16,073,000	23.02.2020 to 22.02.2023
Total		28,823,000	-	(700,000)	(700,000)	27,423,000	28,823,000	

Save as disclosed above, there were no other outstanding options and convertibles as at 30 June 2020 and 30 June 2019.

There were also no treasury shares or subsidiary holdings as at 30 June 2020 and 30 June 2019.

- 1 (d) (iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.

	Company	
	30 June 2020	31 Dec 2019
Total number of issued shares (excluding treasury shares)	496,858,657	496,158,657

- 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, transfer, cancellation and/or use of treasury shares during and as at 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 sales, transfer, cancellation and/or use of subsidiary holdings during and as at 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 external auditors of the Company.

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

Not applicable.

- 3 A 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.

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

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 Note 5, the Group and the Company have adopted the same accounting policies and methods of computation for the current financial period as those for the financial 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 effects of, the change.**

The Group and Company have adopted all the new/revised Singapore Financial Standards (International)("SFR(I)") that become effective for financial period beginning 1 January 2020. The adoption of these new/revised SFRS(I) does not have any material impact to the Group's financial statement.

6 **Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	1H2020 S'pore cents	1H2019 S'pore cents
Earnings per ordinary share for the period:		
a) Based on weighted average number of shares in issue during the period	0.33	(0.02)
Weighted average number of ordinary shares	496,839,426	496,158,657
b) On a fully diluted basis	0.33	(0.02)
Adjusted weighted average number of ordinary shares	496,839,426	498,987,510

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital (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 June 2020 S'pore cents	31 December 2019 S'pore cents	30 June 2020 S'pore cents	31 December 2019 S'pore cents
Net assets value per ordinary share (S'pore cents)	10.39	9.80	5.62	5.71
Net tangible assets value per ordinary share (S'pore cents)	9.94	9.22	5.62	5.71

The net assets/net tangible assets value per share for the period ended 30 June 2020 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 496,858,657 ordinary shares (31 December 2019: 496,158,657 ordinary shares).

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 (a) any significant factors that effected 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.**

General

- (i) The Group is engaged largely in the precision engineering business ("PE") and the remaining interest in oil and gas services business ("O&G").

Consolidated Income Statement

- (ii) The Group recorded a lower revenue of S\$42.96 million during 1H2020, a decline of 11.82% from S\$48.72 million in 1H2019. The COVID-19 pandemic from late 2019 had weakened global economies considerably and contributed to reduced demand for consumer electronic products and parts manufactured by our factories.
- (iii) The Group achieved a gross margin of 20.00% for 1H2020 as compared to 15.74% in 1H2019. This was mainly due to changes in product mix, end of project reimbursement from a PE client and waiver of foreign worker levy extended from the government.
- (iv) The Group recorded other income of S\$0.63 million for 1H2020 as compared to S\$0.16 million in 1H2019. The increase was mainly due to various government grants received by the Group due to COVID-19.
- (v) Total selling and administration expenses for 1H2020 was S\$6.00 million, similar to 1H2019. Our O&G operation is now handled by our business partner and we keep O&G related expenses to the minimal. We continue to engage our O&G partners to protect shareholders' interest.
- (vi) The Group recorded a net foreign exchange loss of S\$0.16 million for 1H2020, compared to net foreign exchange gain of S\$0.04 million for 1H2019. This is mainly due to weakening of United States Dollars against Singapore dollars in 1H2020.
- (vii) Corporate expenses for 1H2020 was S\$0.69 million, compared to S\$1.19 million in 1H2019. The decrease in corporate expenses was mainly due to lower share option expenses.
- (viii) Finance income for 1H2020 was S\$0.03 million, compared to S\$0.06 million in 1H2019. The decrease in finance income was due to lower amount placed in the short-term investments.
- (ix) Finance cost for 1H2020 was S\$0.13 million, compared to S\$0.08 million in 1H2019. The increase was due to the drawdown of loan facilities to finance working capital requirements.
- (x) The Group recorded a net gain after tax of S\$1.45 million for 1H2020. The Group achieved a net profit after tax of S\$2.04 million (S\$1.24 million for 1H2019) for PE business and S\$0.10 million (S\$0.43 million loss for 1H2019) for O&G due to foreign exchange revaluation, and offset by corporate expenses of S\$0.69 million (S\$1.19 million for 1H2019).

Consolidated Statement of Financial Position

- (xi) Property, plant and equipment as at 30 June 2020 was S\$12.68 million. This is an increase of S\$1.49 million from 31 December 2019 which includes S\$2.37 million for acquiring machineries and equipments, and partially offset by depreciation for the period.
- (xii) Intangible assets as at 30 June 2020 was S\$0.02 million. This is a decrease of S\$0.01 million from 31 December 2019, due to amortisation of intangible assets.
- (xiii) Pursuant to the adoption of SFRS(I) 16 Leases, the Group recognised right-of-use assets for its leases previously classified as operating leases (excluding short-term leases and leases for which the underlying assets are of low value) with a net carrying amount of S\$0.76 million as at 30 June 2020. Correspondingly, lease liabilities (both current and non-current) arising from the right-of-use assets with a net carrying value amount of S\$0.78 million was recognised as at 30 June 2020.
- (xiv) Inventories as at 30 June 2020 was S\$14.48 million, an increase of S\$3.03 million from 31 December 2019. This is mainly due to greater requirements for wider varieties of materials and components for new models and new product line for personal healthcare products we have been pursuing.
- (xv) Trade receivables and trade payables as at 30 June 2020 was S\$25.57 million and S\$20.24 million, respectively. This is an increase of S\$2.70 million for trade receivables and S\$5.69 million for trade payables from 31 December 2019, due mainly to higher PE sales, material purchase to meet higher sales order forecast and also acquiring of new machines.
- (xvi) There was no pledged deposits as at 30 June 2020. The pledge has been lifted upon full settlement of bank loan of a subsidiary company.
- (xvii) Loan and borrowings as at 30 June 2020 was S\$7.62 million, an increase of S\$2.12 million from 31 December 2019 due to increased financing obtained for working capital requirements.
- (xviii) Income tax payable as at 30 June 2020 was S\$0.65 million. This is an increase S\$0.40 million from 31 December 2019 mainly attributable to tax provision for subsidiaries.
- (xix) The net assets of the Group as at 30 June 2020 was S\$50.69 million.

Consolidated Statement of Cash Flows

- 8 (xx) The Group generated a net operating cash inflow of S\$4.92 million for 1H2020.
- (xxi) Net cash used in investing activities during the period was S\$6.11 million. This includes S\$2.56 million deposit paid for land and construction of new factory building at Batam Indonesia, S\$2.37 million for acquiring machines and equipment and S\$1.19 million for additional short-term investments.
- (xxii) Net cash generated from financing activities amounted to S\$1.69 million for 1H2020. This includes proceeds of S\$12.22 million from loan and borrowings, and offset by S\$0.70 million for repayment of obligations under lease liabilities arising from right-of-use assets and S\$10.22 million for repayment of loan and borrowings. During the period ended 30 June 2020, the Company issued additional 700,000 ordinary shares under GEL Scheme.
- (xxiii) Net cash and cash equivalents as at 30 June 2020 stood at S\$7.96 million, an increase of S\$0.71 million from 31 December 2019.

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 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 Group continues to operate in the PE and O&G sectors.

The Group's business activities in 1H2020 was carried by the momentum of delivering orders placed from the remaining months of 2019. However, with the severity of measures imposed by economies to contain the spread of COVID-19, the outlook for 2H2020 is uncertain for now unless significant and timely breakthrough of a vaccine is available to facilitate recovery in global economies and restore consumer confidence in our major markets. In the meantime, the Group continues to exercise great caution in managing our production with focus on staff welfare and workplace safety whilst remaining vigilant on cost management to safeguard our balance sheet to overcome this challenging period. In the O&G business, we are working closely with our Indonesian partner to keep their work schedule on operationalizing their gas sales in a difficult operating environment.

In the O&G business, we continue to work with our farm-in partner towards monetisation of Trembul Production Area assets.

11 **If a decision regarding dividend has been made:**

None.

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) (i) Amount per share ... cents

Not applicable.

(b) (ii) Previous corresponding period ... cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

The Board is concerned with the impact of COVID-19 pandemic and uncertainties casted in the global economy outlook. It is the view of the Board at this point to consolidate the Group's financial resources to weather through this period. For these considerations, the Board has decided not to recommend a dividend payment.

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 general mandate for IPTs has been obtained from shareholders. There are no IPTs of S\$100,000 or more during the period under review.

14 **Negative confirmation pursuant to Rule 705(5)**

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results for the half year ended 30 June 2020 to be false or misleading in any material aspect.

15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company confirms that undertakings under Rule 720(1) have been obtained from its directors and executive officers in the format set out in Appendix 7H.

16 **Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

No proceeds raised from IPO and any offerings for the period under review.

BY ORDER OF THE BOARD

Ng Say Tiong/Wong Liong Khoon
Company Secretaries

Date 14 August 2020

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd ("Sponsor"). It has not been examined or approved by Singapore Exchange Securities Trading Limited ("SGX-ST") and SGX-ST 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 announcement.

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