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**Unaudited Half-Year Financial Statement And Dividend Announcement for the Period Ended 30/06/2021**


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

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

	Group		
	6 Mths Ended Jun-2021 S\$'000	6 Mths Ended Jun-2020 S\$'000	Increase / (Decrease) %
<b>Revenue</b>	10,208	12,998	(21.46)
Cost of sales	(8,694)	(10,972)	(20.76)
Gross Profit	<u>1,514</u>	<u>2,026</u>	(25.27)
Other operating income	161	308	(47.73)
Selling and distribution expenses	(876)	(886)	(1.13)
General and administrative expenses	(3,776)	(3,862)	(2.23)
Write back of impairment losses on financial assets	9	59	(84.75)
Finance income	25	43	(41.86)
Finance expenses	(367)	(246)	49.19
Finance expenses, net	<u>(342)</u>	<u>(203)</u>	68.47
<b>Loss before income tax</b>	(3,310)	(2,558)	29.40
Income tax	(4)	(59)	(93.22)
<b>Loss after tax for the period</b>	<u>(3,314)</u>	<u>(2,617)</u>	26.63
<b>Other comprehensive income :</b>			
Currency translation difference	124	231	(46.32)
Other comprehensive income, net of tax	<u>124</u>	<u>231</u>	(46.32)
<b>Total comprehensive loss</b>	<u>(3,190)</u>	<u>(2,386)</u>	33.70
<b>Loss for the period attributable to</b>			
Owners of the Company	(2,238)	(1,542)	45.14
Non-controlling interests	(1,076)	(1,075)	0.09
	<u>(3,314)</u>	<u>(2,617)</u>	26.63
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(2,140)	(1,435)	49.13
Non-controlling interests	(1,050)	(951)	10.41
	<u>(3,190)</u>	<u>(2,386)</u>	33.70

N.M. - Not meaningful

Other notes :

Profit before income tax is arrived at after charging / (crediting) the following :

	Group		Increase / (Decrease)
	6 Mths Ended Jun-2021 S\$'000	6 Mths Ended Jun-2020 S\$'000	%
Depreciation of property, plant and equipment	486	775	(37.29)
Depreciation of right-of-use assets	91	76	19.74
Amortisation of intangible assets	71	81	(12.35)
Cost of Sales	8,694	10,972	(20.76)
Write back of Impairment losses on financial assets - trade receivables	(9)	(59)	(85.58)
Write back of Impairment loss of non-financial assets	(10)	-	N.M.
Research and development	19	24	(20.83)
Write back of allowance of inventory obsolescence	-	(1)	(100.00)
Foreign exchange loss / (gain)	4	(21)	N.M.
Loss / (gain) from disposal of property, plant and equipment	6	(39)	N.M.
Interest expense on borrowings and lease liabilities	367	246	49.19
Interest income	(25)	(43)	(41.86)

*N.M. - 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	
	Jun-2021 S\$'000	Dec-2020 S\$'000	Jun-2021 S\$'000	Dec-2020 S\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	8,918	9,077	5	11
Right-of-use assets	977	1,056	11	13
Intangible assets	241	320	241	322
Investment in subsidiaries	-	-	5,119	5,119
Long term prepaid and deferred expenses	20	-	-	-
	<b>10,156</b>	<b>10,453</b>	<b>5,376</b>	<b>5,465</b>
<b>Current Assets</b>				
Inventories	9,459	10,411	-	-
Trade and notes receivables	4,550	4,796	785	1,009
Other receivables	1,215	1,317	1,405	1,910
Prepayment	323	572	76	58
Fixed deposits	1,500	1,500	-	-
Cash and bank balances	7,646	4,469	243	135
	<b>24,693</b>	<b>23,065</b>	<b>2,509</b>	<b>3,112</b>
<b>Total Assets</b>	<b>34,849</b>	<b>33,518</b>	<b>7,885</b>	<b>8,577</b>
<b>Current Liabilities</b>				
Trade payables	2,544	2,462	-	-
Bills payable to banks	549	152	-	-
Other payables and accruals	6,128	5,108	228	312
Contract liabilities	5	124	-	-
Lease liabilities	544	527	5	7
Term loans	10,025	8,534	-	-
	<b>19,795</b>	<b>16,907</b>	<b>233</b>	<b>319</b>
<b>Net Current Assets</b>	<b>4,898</b>	<b>6,158</b>	<b>2,276</b>	<b>2,793</b>
<b>Non-Current Liabilities</b>				
Lease liabilities	407	667	-	2
Term loan	3,833	1,949	-	-
Other long term liabilities	14	13	-	-
Deferred tax liabilities	59	51	-	-
	<b>4,313</b>	<b>2,680</b>	<b>-</b>	<b>2</b>
<b>Net Assets</b>	<b>10,741</b>	<b>13,931</b>	<b>7,652</b>	<b>8,256</b>
<b>Equity</b>				
Share capital	24,603	24,603	24,603	24,603
Capital reserve	294	294	-	-
General reserve	4,417	4,417	-	-
Enterprise expansion fund	4,417	4,417	-	-
Translation reserve	138	40	-	-
Retained losses	(23,481)	(21,243)	(16,951)	(16,347)
	<b>10,388</b>	<b>12,528</b>	<b>7,652</b>	<b>8,256</b>
Non-controlling interests	353	1,403	-	-
<b>Total Equity</b>	<b>10,741</b>	<b>13,931</b>	<b>7,652</b>	<b>8,256</b>

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

**Amount repayable in one year or less, or on demand**

As at 6/30/2021		As at 12/31/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,586	532	8,699	514

**Amount repayable after one year**

As at 6/30/2021		As at 12/31/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,856	384	1,973	643

**Details of any collateral**

**Secured borrowings**

As at 30 June 2021, our Group's borrowings are secured by the following:

- i) Term loan and bills payable to banks of approximately S\$14.4m (31 December 2020: S\$10.6m) were granted to the subsidiaries of the company and were used mainly as working capital and for financing of purchases made in the ordinary course of business. The financing are secured by fixed deposit of S\$1.5m (31 December 2020: S\$1.5m) and properties, owned by our Singapore and PRC subsidiaries; and
- ii) The lease liabilities under the hire purchase is approximately S\$35k (31 December 2020: S\$37k) secured by the underlying assets acquired with total net book values of approximately S\$32k as of 30 June 2021 ( 31 December 2020: S\$35k).

**Unsecured borrowings**

- i) The unsecured debts securities include the office rental which arises from the adoption of SFRS(I) 16 Leases.

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.

	Note	6 Mths Ended Jun-2021 S\$'000	6 Mths Ended Jun-2020 S\$'000
<b>Cash flow from operating activities</b>			
<b>Loss before income tax</b>		<b>(3,310)</b>	<b>(2,558)</b>
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment		486	775
Depreciation of right-of-use assets		91	76
Amortisation of intangible assets		71	81
Write back of Impairment losses on financial assets - trade receivables		(9)	(59)
Loss/ (gain) from disposal of property, plant and equipment		6	(39)
Write back of Impairment loss of non-financial assets		(10)	-
Write back of allowance for inventory obsolescence		-	(1)
Interest expense on borrowings and lease liabilities		367	246
Interest income		(25)	(43)
Translation adjustments		(312)	(212)
<b>Operating loss before working capital changes</b>		<b>(2,645)</b>	<b>(1,734)</b>
Decrease in inventories		735	681
Decrease in trade and note receivables		433	2,803
(Increase) / decrease in other receivables and prepayments		(5)	28
Increase / (decrease) in trade and other payables		1,713	(2,233)
Decrease in contract liabilities		(114)	(541)
Decrease in Deferred Tax Liabilities		7	8
<b>Cash generated from / (used in) operations</b>		<b>124</b>	<b>(988)</b>
Interest received		25	43
Interest paid		(367)	(246)
Income tax paid		2	(26)
<b>Net cash used in operating activities</b>		<b>(216)</b>	<b>(1,217)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(109)	(59)
Proceeds from disposal of property, plant and equipment		5	65
<b>Net cash (used in) / generated from investing activities</b>		<b>(104)</b>	<b>6</b>

	<b>6 Mths Ended Jun-2021 S\$'000</b>	<b>6 Mths Ended Jun-2020 S\$'000</b>
<b>Cash flow from financing activities</b>		
Decrease in restricted cash	-	267
Proceeds from loans and borrowings	3,976	3,306
Repayment of loans and borrowings	(391)	(1,575)
Payment of principal portion of lease liabilities	(207)	(209)
<b>Net cash generated from financing activities</b>	<b>3,378</b>	<b>1,789</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>3,058</b>	<b>578</b>
Effect of exchange rate changes on cash and cash equivalents	119	58
<b>Cash and cash equivalents at beginning of financial period</b>	<b>4,469</b>	<b>3,218</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>7,646</b>	<b>3,854</b>

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**Note A: Cash and cash equivalents**

Cash and cash equivalents consists of bank balances and fixed deposits.

Cash and cash equivalents included in consolidated statement of cash flows comprise the following balance sheet amounts:

	<b>Jun-2021 S\$'000</b>	<b>Jun-2020 S\$'000</b>
Cash and bank balances	7,646	3,854
Fixed deposits	1,500	1,500
	<b>9,146</b>	<b>5,354</b>
Less : Restricted cash*	(1,500)	(1,500)
<b>Cash and cash equivalents</b>	<b>7,646</b>	<b>3,854</b>

\*As at 30 June 2021, there was S\$1.5m cash at bank held by the Group (31 December 2020: S\$1.5m) placed with the banks of subsidiary companies, which was used to pledge as collateral for the short term loan and issuance of commercial bills.

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

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Capital reserve	General reserve	Enterprise expansion fund	Translation reserve	Retained losses	Sub-total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>									
<b>As at 01-January-2020</b>	23,406	294	4,417	4,417	(789)	(14,840)	16,905	4,756	21,661
Loss for the period	-	-	-	-	-	(1,542)	(1,542)	(1,075)	(2,617)
Other comprehensive loss for the period	-	-	-	-	107	-	107	124	231
Total comprehensive loss for the period	-	-	-	-	107	(1,542)	(1,435)	(951)	(2,386)
<b>As at 30-June-2020</b>	<b>23,406</b>	<b>294</b>	<b>4,417</b>	<b>4,417</b>	<b>(682)</b>	<b>(16,382)</b>	<b>15,470</b>	<b>3,805</b>	<b>19,275</b>
<b>As at 01-January-2021</b>									
<b>As at 01-January-2021</b>	24,603	294	4,417	4,417	40	(21,243)	12,528	1,403	13,931
Loss for the period	-	-	-	-	-	(2,238)	(2,238)	(1,076)	(3,314)
Other comprehensive income for the period	-	-	-	-	98	-	98	26	124
Total comprehensive loss for the period	-	-	-	-	98	(2,238)	(2,140)	(1,050)	(3,190)
<b>As at 30-June-2021</b>	<b>24,603</b>	<b>294</b>	<b>4,417</b>	<b>4,417</b>	<b>138</b>	<b>(23,481)</b>	<b>10,388</b>	<b>353</b>	<b>10,741</b>
<b>Company</b>									
<b>As at 01-January-2020</b>	23,406	-	-	-	-	(14,702)	8,704	-	8,704
Loss for the period	-	-	-	-	-	(1,169)	(1,169)	-	(1,169)
Issued of new ordinary shares	-	-	-	-	-	-	-	-	-
<b>As at 30-June-2020</b>	<b>23,406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,871)</b>	<b>7,535</b>	<b>-</b>	<b>7,535</b>
<b>As at 01-January-2021</b>									
<b>As at 01-January-2021</b>	24,603	-	-	-	-	(16,347)	8,256	-	8,256
Loss for the period	-	-	-	-	-	(604)	(604)	-	(604)
Prior year adjustment	-	-	-	-	-	-	-	-	-
Issued of new ordinary shares	-	-	-	-	-	-	-	-	-
<b>As at 30-June-2021</b>	<b>24,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,951)</b>	<b>7,652</b>	<b>-</b>	<b>7,652</b>

**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 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 subsidiary holdings held against the total percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no change in the Company's share capital for the six-month period ended 30 June 2021. There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2021 and 30 June 2020.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

There were no treasury shares as at 30 June 2021. The share capital of the Company comprises 311,698,153 ordinary shares as at 30 June 2021 (31 December 2020 : 311,698,153 ordinary shares).

**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.**

Not applicable. The Company does not have any treasury shares as at 30 June 2021.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company did not hold any subsidiary holdings as at 31 December 2020 and 30 June 2021.

**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 audited financial statement for the financial year ended 31 December 2020 were 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.

**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 and Company have applied the same accounting policies and methods of computation for the current reporting period compared with audited financial statement as at 31 December 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.**

Not applicable

**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.**

<b>Loss per share</b> based on loss for the year attributable to owners of the Company	<b>6 Mths Ended Jun-2021 Cents</b>	<b>6 Mths Ended Jun-2020 Cents</b>
(a) Based on weighted average number of ordinary shares	(0.72)	(0.58)
(b) Based on a fully diluted basis	(0.72)	(0.58)
Weighted average number of ordinary shares in issue	311,698,153	267,392,320

Loss per share was calculated based on 311,698,153 ordinary shares in issue for the half-year ended 30 June 2021 and 267,392,320 ordinary shares for the half-year ended 30 June 2020.



7 **Net asset value (for the issuer and group) per ordinary share based on the total number of 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	
	Cents		Cents	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
<b>Net asset value per ordinary share</b> based on total number of issued shares excluding treasury shares at the end of the respective period	3.33	4.02	2.45	2.65

Net asset value per share as of 30 June 2021 was computed based on 311,698,153 ordinary shares (31 December 2020 : 311,698,153 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 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.**

**Review of financial performance**

**Revenue**

The Group recorded a total revenue of S\$10.2m for the half-year ended 30 June 2021 ("HY2021"), a drop of S\$2.8m or 21.5% in the Group's revenue as compared to the corresponding period ended 30 June 2020 ("HY2020") of S\$13.0m. The decrease in the revenue for HY2021 was due mainly to the impact of COVID-19 pandemic that has disrupted the Group's business and operations since early 2020.

**Gross Profit**

For HY2021, gross profit margin has decreased from 15.6% in HY2020 to 14.8% in HY2021 mainly due to increased cost of purchase and lower revenue. Gross profit for the period reduced by S\$0.5m from S\$2.0m in HY2020 to S\$1.5m in HY2021.

**Net Operating Expenses**

The selling and distribution expenses and G&A expenses reduced by S\$0.09m to S\$4.66m in HY2021 as compared to HY2020 of S\$4.75m. The decline in selling and distribution expenses and G&A expenses was mainly due to reduction of Directors' remuneration of \$0.13m and staff salaries and wages of S\$0.02m in HY2021, and the absence of the bad debt recovery of S\$0.06m which occurred in HY2020.

Overall, the net operating expenses remained relatively unchanged in HY2021 of S\$4.5m as compared to S\$4.4m in HY2020.

Other operating income included government financial grants (Jobs Support Scheme) of S\$74k in HY2021 as compared to S\$152k in HY2020.

**Net Financial Expense**

The Group recorded a net finance expenses of S\$342k in HY2021, as compared to an amount of S\$203k in HY2020 due mainly to higher term loans.

**Tax**

Taxation is in line with profits made by certain subsidiaries in China and Malaysia.

**Net Results**

As a result of the above, the Group registered a loss before tax of S\$3.3m for HY2021 as compared to loss before tax of S\$2.6m for HY2020. The loss for the period attributable to owners of the Group is approximately S\$2.2m in HY2021, as compared to S\$1.5m in HY2020.

## Review of financial position

The Group's property, plant and equipment ("PPE") including the land use rights and right-of-use assets were S\$9.9m and S\$10.1m as at 30 June 2021 and 31 December 2020 respectively. The reduction in PPE was mainly attributable to the depreciation and amortisation charges of S\$0.6m, and this was partially offset by a capital expenditures of S\$109k, which was used to upgrade old machines and automate part of the production facilities and S\$0.2m of forex translation on PPE.

Intangible assets reduced by S\$80k as at 30 June 2021 as compared to 31 December 2020 due mainly to amortisation of intangible assets.

Inventories were at S\$9.5m as at 30 June 2021 and S\$10.4m as at 31 December 2020. The decline in inventories was in line with the decrease in revenue recorded for the year.

Financial assets carried at amortised costs comprise the following: -

	Group	
	Jun-2021	Dec-2020
	\$'000	\$'000
Trade receivables	2,699	3,331
Notes Receivable	1,851	1,465
Total Trade and notes receivables	4,550	4,796
Add:		
Other Receivables	1,177	1,156
Deposit	38	38
Cash and bank balances	7,646	4,469
Fixed deposits	1,500	1,500
Total financial assets carried at amortised cost	14,911	11,959

Current and non-current trade and notes receivables decreased from S\$4.8m as at 31 December 2020 to S\$4.6m as at 30 June 2021, due mainly to the reduction in sales.

Other receivables decreased by S\$102k to S\$1.2m as at 30 June 2021, in line with the reduction in sales.

Prepayment has reduced by S\$0.2m to S\$0.3m as at 30 June 2021 from S\$0.6m as at 31 December 2020, due mainly to reduction in advance payment to suppliers.

Cash and cash equivalents for the period increased from S\$4.5m as at 31 December 2020 to S\$7.6m as at 30 June 2021. The increase in cash was due mainly to the S\$4.0m loans and borrowings obtained by our subsidiaries, which was partially offset by cash used in operations and repayment of loans and borrowings.

Financial liabilities at amortised cost comprise the following:-

	Group	
	Jun-2021	Dec-2020
	\$'000	\$'000
Trade payables	2,544	2,462
Add:		
Bills payables to banks	550	152
Other payables and accruals *	6,142	5,121
Lease liabilities	951	1,194
Term loans	13,858	10,483
Less:		
Provision for unutilised leave	(50)	(50)
Deferred capital grant	(181)	(187)
Total financial liabilities at amortised cost	23,814	19,175

\* Other Payables and Accruals

	Group	
	Jun-2021	Dec-2020
	\$'000	\$'000
Other Payables	5,492	4,347
Accrued operating expenses	90	171
Accrued payroll related expenses	379	416
Deferred capital grant	181	187
Total other payables and accruals	6,142	5,121

Trade payables increased from S\$2.46m as at 31 December 2020 to S\$2.54m as at 30 June 2021. The increase in trade payables was due mainly to 90 days credit term obtained from a strategic partner.

Other payables and accruals has increased from S\$5.1m as at 31 December 2020 to S\$6.1m as at 30 June 2021, due mainly to downpayment of RMB5.0m from potential buyer for Matex Chemicals (Taixing) Co., Ltd.

Term loan has increased from S\$10.5m as at 31 December 2020 to S\$13.9m as at 30 June 2021. This was due mainly to the increase in loans and borrowings of S\$4.0m which was used mainly as working capital and for financing of purchases made in the ordinary course of business, and partially offset by repayment in loans and borrowings.

Overall, Group's equity as at 30 June 2021 was S\$10.7m, a reduction of approximately S\$3.2m or 23.0% as compared to S\$13.9m as at 31 December 2020. This was due mainly to the loss incurred during HY2021.

## **Review of cash flow**

### **Net cash generated from operating activities**

In HY2021, approximately S\$0.2m of net cash was used to fund the operating activities, which was a result of operating loss before changes in working capital of S\$2.6m, net working capital inflows of approximately S\$2.7m and net interest and tax expense of S\$0.3m.

### **Net cash used in investing activities**

In HY2021, the Group's net cash outflow from investing activities amounted to approximately S\$104k, which was due mainly to the purchase of property, plant and equipment of S\$109k and partially offset by the proceeds from the disposal of property, plant and equipment of S\$5k.

### **Net cash from financing activities**

In FY2020, the Group's net cash inflow from financing activities amounted to approximately S\$3.4m. This was due mainly to the increase in loans and borrowings of S\$4.0m, and partially offset by loan repayments of S\$0.4m and lease liabilities repayment of S\$0.2m.

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

There has not been any forecast or prospect statement in relation to the Group's results 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 continued impact of the COVID-19 pandemic on Asia's textile and apparel manufacturers has been unprecedented. These manufacturers had been severely impacted by the various restrictions and lock downs in their respective countries as a result of the pandemic and had seen a significant drop in the international demand for their products.

China's textile and apparel market, which was already adversely affected by the China-U.S. trade war, had to face additional constraints such as factory shut downs, travel bans and quarantine measures due to the pandemic as well as the slow-down of the global apparel supply chain.

The Company is not spared from the above repercussions and the Group's overall performance is similarly impacted adversely by the pandemic. This is in addition to the already challenging market conditions and the competitive business landscape that the Group had experienced in recent years.

In line with the Company's plan to cut losses and to dispose loss-making subsidiaries which are in net liabilities position, the Company had on 7 April 2021 announced the strategic disposal of the Group's 60% equity interest in Matex Chemicals (Taixing) Co., Ltd. ("MCT") ("**Proposed Disposal**"), and had on 28 April 2021, obtained Shareholders' approval for the Proposed Disposal at the extraordinary general meeting held on the same day. The Proposed Disposal is subject to certain conditions precedent, including having the shareholders of the remaining 40% equity interest in MCT ("**Other Shareholders of MCT**") to also sell their stakes to the purchaser.

As an update, the above condition precedent has not been fulfilled and hence the Proposed Disposal has not been completed. The Company is currently working to get the Other Shareholders of MCT to agree to dispose their 40% interest in MCT.

As disclosed in the circular to Shareholders dated 13 April 2021 in relation to the Proposed Disposal, after the completion of the Proposed Disposal, the Group intends to focus on value added specialty chemicals, widen its customer base beyond the textile industry, deliver more cost-effective and eco-friendly solutions and accelerate its distribution of functional chemicals to meet immediate market demands. The Group is also looking to expand into the area of wastewater treatment systems by licensing technologies on patented nano-membranes.

Concurrently, the Company is actively exploring suitable businesses and opportunities for diversification with the funds expected to be obtained from the disposal of MCT.

With the above measures taken, the Company is committed and determined to work towards overcoming these challenges at the difficult times.

## **11 Dividend**

### ***(a) Current Financial Period Reported On***

Any dividend declared/(recommended) for the current financial period reported on?

None.

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared/(recommended) for the corresponding period of the immediately preceding financial year?

None.

### ***(c) Whether the dividend is before tax, net of tax or tax exempt***

Not applicable.

### ***(d) Date payable***

Not applicable.

### ***(e) Books closure date***

Not applicable.

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

No dividend has been declared/(recommended) as the Group is not profitable.

**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 Group has not obtained a general mandate from shareholders for interested person transactions.

During the financial year, there were interested person transactions based on the terms agreed between the parties as follows:

	Group	
	Jun-21	Jun-20
	S\$'000	S\$'000
Fees incurred or paid to a law firm which a director, Mr Wang Dao Fu is a partner	24	6

**14 Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A**

There were no acquisitions or realisation of shares in any of the Group's subsidiary or associated company nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during HY2021.

**15 Negative confirmation pursuant to the Rule 705(5).**

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to its attention which may render financial results for the half-year ended 30 June 2021 to be false or misleading in any material aspect.

**ON BEHALF OF THE BOARD OF DIRECTORS**

Dr Tan Pang Kee  
Chief Executive Officer / Managing Director

Mr Dro Tan Guan Liang  
Executive Director

**16 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H, under Rule 720(1)).**

The Company has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules, in accordance with Rule 720(1) of Catalist Rules.

**17 Segmented revenue and results for operating segments (of the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	PRC		Other Asia Pacific		Eliminations		Group	
	6 Mths Ended		6 Mths Ended		6 Mths Ended		6 Mths Ended	
	Jun-2021	Jun-2020	Jun-2021	Jun-2020	Jun-2021	Jun-2020	Jun-2021	Jun-2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue								
Sales to external customers	7,107	8,901	3,101	4,097	-	-	10,208	12,998
Inter-segment sales	3,536	6,390	138	508	(3,674)	(6,898)	-	-
Total revenue	10,643	15,291	3,239	4,605			10,208	12,998
Segment results	(2,328)	(173)	(655)	(2,217)	15	36	(2,968)	(2,355)
Financial expense, net							(342)	(203)
Loss before tax							(3,310)	(2,558)
Income tax							(4)	(59)
Loss after tax							(3,314)	(2,617)
Non-controlling interest							1,076	1,075
Loss attributable to owners of the parent							(2,238)	(1,542)

The revenue of the Group is primarily derived from the manufacturing and sales of dye stuffs and auxiliary chemicals. As such, no operating segment revenue and results have been prepared.

**18 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8 of this announcement for a review of the performance of the Group.

**BY ORDER OF THE BOARD**

Dr Tan Pang Kee  
Chief Executive Officer / Managing Director

13 August 2021

This document has been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("**Sponsor**"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. 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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