

(Company Registration No : 198300506G)

2020 HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

 1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020
 (In Singapore Dollars)

	GROUP		
	30/06/2020	30/06/2019	% Increase/ (Decrease)
	S\$'000	S\$'000	
Revenue	3,751	4,135	(9.3)
Cost of sales	(4,068)	(4,294)	(5.3)
Gross loss	(317)	(159)	99.4
Other income			
- Other operating income	331	46	619.6
- Finance income	139	283	(50.9)
Expenses			
- Selling & distribution expenses	(259)	(269)	(3.7)
- Administrative expenses	(1,862)	(1,997)	(6.8)
- Finance cost	(210)	(225)	(6.7)
Share of results of associate	9	(59)	nm
Loss before tax	(2,169)	(2,380)	(8.9)
Taxation	(3)	-	nm
Loss net of tax	(2,172)	(2,380)	(8.7)
Other comprehensive income :			
Share of foreign currency translation of associated company	(10)	2	nm
Other comprehensive income for the period	(10)	2	nm
Total comprehensive loss for the period, net of tax	(2,182)	(2,378)	(8.2)
Loss for the period attributable to:			
Owners of the Company	(2,172)	(2,380)	(8.7)
	(2,172)	(2,380)	(8.7)
Total comprehensive loss attributable to:			
Owners of the Company	(2,182)	(2,378)	(8.2)
	(2,182)	(2,378)	(8.2)

nm - not meaningful

Notes to the Consolidated Statement of Comprehensive Income :		
	30/06/2020	30/06/2019
	S\$'000	S\$'000
The loss after tax is determined after (crediting) / charging the following :		
Interest income on fixed deposits	(139)	(283)
Depreciation of property, plant and equipment	566	555
Interest on term loan	36	47
Interest on finance lease	174	178
Foreign exchange loss	1	18
Loss on disposal of property, plant and equipment	37	2

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Non-current assets				
Property, plant and equipment	8,731	9,060	1,803	1,843
Right-of-use asset	7,371	7,532	7,371	7,532
Leasehold land	1,598	1,650	-	-
Investment in subsidiaries	-	-	8,435	8,435
Investment in associate	1,415	1,416	-	-
	19,115	19,658	17,609	17,810
Current assets				
Inventories	3,166	2,903	-	-
Trade receivables	1,414	1,632	16	15
Amounts due from subsidiaries	-	-	4,283	2,033
Receivable from associate	209	204	7	7
Other receivables	2,894	1,847	2	261
Prepaid operating expenses	58	42	9	7
Cash and cash equivalents	30,865	33,906	29,693	32,395
	38,606	40,534	34,010	34,718
Current liabilities				
Trade payables	1,323	1,688	26	20
Other payables	3,446	3,154	404	568
Current portion of term loans	370	370	-	-
Provision for taxation	50	50	50	50
Current portion of lease liability	188	188	188	188
	5,377	5,450	668	826
Net current assets	33,229	35,084	33,342	33,892
Non-current liabilities				
Non-current portion of term loans	1,881	2,004	-	-
Deferred tax liability	289	289	289	289
Non-current portion of lease liability	7,393	7,486	7,393	7,486
	9,563	9,779	7,682	7,775
Net assets	42,781	44,963	43,269	43,927
Equity attributable to owners of the Company				
Share capital	71,977	71,977	71,977	71,977
Treasury shares	(3,315)	(3,315)	(3,315)	(3,315)
Foreign currency translation reserves	79	89	-	-
Accumulated losses	(25,960)	(23,788)	(25,393)	(24,735)
	42,781	44,963	43,269	43,927
Total Equity	42,781	44,963	43,269	43,927

1(b)(ii) AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES

Term Loans :

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

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
370	-	370	-

Amount repayable after one year :

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,881	-	2,004	-

Details of any collateral

Certain term loan is secured by lessor's charge over the leasehold land and also by a corporate guarantee from the Company. Certain term loan is solely secured by corporate guarantee from the Company.

Lease Liability :

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

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
188	-	188	-

Amount repayable after one year :

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
7,393	-	7,486	-

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

Group

	30/06/2020 S\$'000	30/06/2019 S\$'000
Cash flows from operating activities :		
Loss before tax	(2,169)	(2,380)
Adjustments for :		
Depreciation expense	566	555
Amortisation on leasehold land	52	86
Amortisation of right-of-use asset	161	161
Loss on disposal of property, plant and equipment	37	2
Share of results of associate	(9)	59
Translation differences - foreign subsidiary	10	(2)
Interest expense	36	47
Interest expense on right-of-use asset	174	178
Interest income	(139)	(283)
Write-down of inventories to net realisable value	71	51
Operating loss before reinvestment in working capital	(1,210)	(1,526)
Increase in receivables	(1,109)	(96)
(Increase)/decrease in inventories	(334)	849
Decrease in payables	(491)	(13)
Cash used in operations	(3,144)	(786)
Interest paid	(36)	(47)
Interest paid - right-of-use asset	(174)	(178)
Income tax paid, net of refund	(3)	(0)
Interest received	398	291
Net cash used in operating activities	(2,959)	(720)
Cash flows from investing activity :		
Proceeds from disposal of property, plant and equipment	0	-
Purchase of property, plant and equipment	(156)	(125)
Net cash used in investing activity	(156)	(125)
Cash flow from financing activities :		
Advances from Corporation owned by directors of subsidiary companies	300	-
Repayment of finance lease obligations	(93)	(89)
Repayment of term loans	(123)	(185)
Net cash received from / (used in) financing activities	84	(274)
Net decrease in cash and cash equivalents	(3,031)	(1,119)
Effect of exchange rate changes on cash and cash equivalents	(10)	2
Cash and cash equivalents at 1 January	33,906	38,065
Cash and cash equivalents at end of the period	30,865	36,948

"0" denotes amount less than \$1,000

1(d)(i) STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Owners of the Company				
	Share	Treasury	Foreign Currency Translation	Accumulated	Total
	Capital S\$'000	Shares S\$'000	Reserves S\$'000	Losses S\$'000	Equity S\$'000
As at 1 January 2019	71,977	(1,697)	80	(17,933)	52,427
Loss for the year	-	(1,618)	-	(5,855)	(7,473)
Other comprehensive loss					
Share of foreign currency translation of associate	-	-	9	-	9
As at 31 December 2019	71,977	(3,315)	89	(23,788)	44,963
As at 1 January 2020	71,977	(3,315)	89	(23,788)	44,963
Loss for the period	-	-	-	(2,172)	(2,172)
Other comprehensive income					
Share of foreign currency translation of associate	-	-	(10)	-	(10)
As at 30 June 2020	71,977	(3,315)	79	(25,960)	42,781
Company	Share	Treasury	Accumulated	Total	
	Capital	Shares	Losses	Equity	
	S\$'000	S\$'000	S\$'000	S\$'000	
As at 1 January 2019	71,977	(1,697)	(20,163)	50,117	
Total comprehensive loss for the year	-	(1,618)	(4,572)	(6,190)	
As at 31 December 2019	71,977	(3,315)	(24,735)	43,927	
As at 1 January 2020	71,977	(3,315)	(24,735)	43,927	
Total comprehensive loss for the period	-	-	(658)	(658)	
As at 30 June 2020	71,977	(3,315)	(25,393)	43,269	

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 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.

None

	Ordinary Shares ¹	Warrants
Balance as at 1 January 2020	54,722,959	27,119,659
Balance as at 30 June 2020	54,722,959	27,119,659
As a percentage of total ordinary shares ¹ issued		50%

¹ Excludes 3,009,200 treasury shares.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 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.

Total number of issued shares excluding treasury shares as at 30 June 2020 was 54,722,959 (31 December 2019: 54,722,959). Total number of treasury shares as at 30 June 2020 was 3,009,200 (31 December 2019: 3,009,200). No treasury shares were re-issued for the period ended 30 June 2020.

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.

None.

1(d)(v) Status on the use of proceeds from IPO and any offerings pursuant to Chapter 8 of the SGX Listing Manual and whether the use of proceeds is in accordance with the stated use.

On 27 April 2018, approximately \$23 million net proceeds were raised from the Tranche 1 Share Subscription. As at 30 June 2020, none of the net proceeds has been utilised.

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 our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications 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.

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 under item 5 below, the Group has the same accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2020. The adoption of these standards and interpretations did not have any effect on the financial performance or position 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.

Earnings per share (EPS)	Group	
	30/06/2020	30/06/2019
i) Based on weighted average number of ordinary shares	(4.0) cents	(4.2) cents
Weighted average number of shares	54,722,959	56,732,159
ii) On a fully diluted basis	(4.0) cents	(4.2) cents

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital 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	30/06/2019	30/06/2020	30/06/2019
Net asset value per ordinary share based on the existing issued share capital at the respective period	78.2 cents	88.2 cents	79.1 cents	87.3 cents

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.

Group Performance Review

The Group's revenue decreased by 9.3% to \$3.8 million for HY2020 due to competitively depressed pricing as well as lower scrap sales and customer demand due to disruptions caused by the imposition of the safe-distancing measures by the Singapore Government amidst the rising threat of the COVID-19 spread.

The Group recorded a gross loss of \$0.32 million mainly due to lower sales and higher overheads absorption.

Other operating income increased by 619.6% to \$0.33 million, compared to \$0.05 million in HY2019. The increase was mainly due to Government payouts received under the Job Support Scheme and Foreign Worker Levy rebates, as announced during the 2020 Budget, to tide companies through this period of economic uncertainty.

Finance income decreased by 50.9% from \$0.3 million to \$0.1 million in HY2020. Finance income comprised interest income earned on bank fixed deposits. The decrease was due to lower bank deposits balance and lower deposit rates.

Selling and distribution expenses decreased by 3.7% from \$0.27 million in HY2019 to \$0.26 million in HY2020. The decrease was due to lower sales salaries and travelling expenses.

Administrative expenses decreased by 6.8% to \$1.9 million from \$2.0 million in HY2019. The decrease was mainly due to lower building maintenance cost on for-sale Penjuru property, rebates on property tax as well as lower directors' fee due to changes in the composition of the Board.

Finance cost in HY2020 comprised of interest expense of \$0.04 million on bank loans taken to finance the acquisition of Tuas South land and \$0.17m of finance cost on lease liability. The decrease was mainly due to lower interest rate on bank loans.

The Group recorded a small share of results of associated company's gain of \$9,000 for HY2020 compared with share of loss of \$0.06 million for HY2019. The gain was mainly due to exchange gain from the strengthening of Chinese RMB.

At the pre-tax level, the Group reported a loss of \$2.2 million, compared with a loss of \$2.4 million in the corresponding period last year.

Group Balance Sheet and Cash Flow Review

The Group's non-current assets decreased by \$0.5 million from \$19.7 million as at 31 December 2019 to \$19.1 million as at 30 June 2020. The decrease was due to depreciation property and plant and equipment as well as amortization of right-of-use asset, partially offset by purchase of tools and equipment.

The Group reported a total current asset of \$38.6 million as at 30 June 2020, a decrease of \$1.9 million from last year end of \$40.5 million. The decrease was due to mainly to lower cash balances and lower trade receivable balances, offset by increase in inventory level and other receivable balance. The increase in other receivables was due to the Group's advances made to a joint venture that the Group participated in.

The Group's total liabilities decreased by \$0.3 million from \$15.2 million as at 31 December 2019 to \$14.9 million as at 30 June 2020. The decrease was due to repayment of term loan taken to finance the construction of Tuas South factory and repayment of lease liability.

Net cash used in operating activities for HY2020 was \$3.0 million compared with net cash used of \$0.7 million for the corresponding period last year. The negative operating cashflow for HY2020 was mainly due to operating loss, higher trade receivable and inventory balances and lower balance of payables.

The Group's net cash used in investing activity for HY2020 was \$0.2 million, compared with \$0.1 million in HY2019. Cash was used to purchase plant and equipment.

The Group's net cash received from financing activities in HY2020 relates to the advances from the directors of a subsidiary company, offset by repayment of term loan obligations.

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

The Group's negative results are in line with the statement made on 28 February 2020 and the profit guidance issued on 28 July 2020.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Covid-19 outbreak in January 2020 disrupted economic activities and caused disruptions to global supply chains. As of now, the Covid-19 pandemic is still evolving around the world and Singapore has been projected to go into recession in the year of 2020. The Company's immediate aim is to stay in operation and maintain the supply to customers under the restrictive safety measures. As more cost will be incurred for compliance with the safety measures and with the expected uncertainty in demand due to disruption in our customers' operation, the Covid-19 situation is expected to have a negative impact on the Group's performance. The Group is currently reviewing the effects of the Covid-19 may have on significant assets and will assess if these assets' value is appropriately reported in FY2020 financial statements by conducting an updated valuation assessment by year end.

The pandemic has a severe impact on business operations and this delayed the Company's business transformation effort to inject a new core business into the Group. Given the everchanging business environment and limited resources, the Group is careful with the acquisition choices as the goal is to seek business that promises better potential for growth and profitability. The Company will make relevant announcements as and when information on the diversification of new business directions become available.

As announced on 15 June 2020, the conditions precedent to the Proposed Sale of the Group's Penjuru property has yet to be obtained by the Target Date. In view of the extended transaction timeline, the Company has entered into a supplemental deed with ACW Holdings Pte Ltd ("Purchaser") to amend certain terms and conditions. Both parties are working actively to meet the conditions precedent. The Company will make necessary announcements as and when information on any further developments relating to the sale becomes available.

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

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 the financial period ended 30 June 2020 as the company does not have retained earnings and had incurred losses for the current period.

13. If the Group has obtained 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 did not obtain a general mandate from shareholders for IPTs.

14. Confirmation by Directors pursuant to rule 705 (5) of the listing manual.

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial

statements of the Group for the first half ended 30 June 2020 to be false or misleading in any material respect.

15. Confirmation of procurement of Undertakings from all Directors and Executive Officers.

The Company confirms that it has procured the 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

SUN QUAN

EXECUTIVE DIRECTOR

7 August 2020