



**Half Year Financial Statement And Dividend Announcement for the Period Ended 29 February 2020**

**Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements**

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

	Group		
	1 Sep 2019 to 29 Feb 2020 S\$'000	1 Sep 2018 to 28 Feb 2019 S\$'000	Increase/ (Decrease) %
<b>Continuing operations</b>			
Revenue	7,425	7,829	-5.2%
Cost of sales	(4,712)	(5,063)	-6.9%
<b>Gross profit</b>	2,713	2,766	-1.9%
<b>Other items of income</b>			
Other income	249	147	69.4%
Fair value gain on financial assets at FVTPL	100,188	-	N.M.
<b>Other items of expense</b>			
Reversal of/(Loss) allowance on trade and other receivables	30	-	N.M.
Selling and distribution expenses	(1,267)	(1,339)	-5.4%
Administrative expenses	(7,900)	(1,980)	299.0%
Finance costs	(193)	(233)	-17.2%
Other expenses	-	(3,326)	N.M.
Share of loss of associate	(12)	-	N.M.
Profit/(Loss) before income tax from continuing operations	93,808	(3,965)	-2465.9%
Income tax (expense)/credit	(10,075)	3	N.M.
<b>Profit/(Loss) for the financial period from continuing operations</b>	83,733	(3,962)	-2213.4%
<b>Discontinued operation</b>			
Profit for the financial period from discontinued operation	-	1,944	N.M.
<b>Profit/(Loss) for the financial period</b>	83,733	(2,018)	-4249.3%
<b>Other comprehensive income:</b>			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Foreign currency differences on translation of foreign operations, net of tax \$Nil	-	(156)	N.M.
Income tax relating to component of other comprehensive income	-	-	N.M.
Other comprehensive income for the financial period	-	(156)	N.M.
<b>Total comprehensive income for the financial period</b>	83,733	(2,174)	-3951.6%
<b>Profit/(Loss) attributable to:</b>			
Owners of the parent	83,733	(2,844)	-3044.2%
Non-controlling interests	-	826	N.M.
	83,733	(2,018)	-4249.3%
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	83,733	(2,934)	-2953.9%
Non-controlling interests	-	760	N.M.
	83,733	(2,174)	-3951.6%

N.M. = Not meaningful

1(a)(ii) The following items have been included in arriving at profit/(loss) before income tax:-

	Group		
	1 Sep 2019 to 29 Feb 2020 S\$'000	1 Sep 2018 to 28 Feb 2019 S\$'000	Increase/ (Decrease) %
<b>Continuing operations</b>			
Bad debts recovered - trade receivables	10	10	0.0%
Loss allowance on other receivables	-	(15)	N.M.
Loss allowance on trade receivables	-	(235)	N.M.
Reversal of loss allowance on other receivables	5	-	N.M.
Reversal of loss allowance on trade receivables	25	1	2400.0%
Depreciation of investment property	(16)	(14)	14.3%
Depreciation of property, plant and equipment	(178)	(158)	12.7%
Depreciation of right-of-use assets	(32)	-	N.M.
Employee benefits expenses	(8,301)	(2,499)	232.2%
Gain/(Loss) on foreign exchange, net	32	(3)	-1166.7%
Gain on disposal of property, plant and equipment	6	-	N.M.
Impairment loss for assets of disposal group classified as held for sale	-	(3,073)	N.M.
Interest on borrowings	(152)	(204)	-25.5%
Interest on lease liabilities	(18)	-	N.M.
Rental income	183	120	52.5%
Inventories written off	(28)	(14)	100.0%
<b>Discontinued operation</b>			
Reversal of loss allowance on trade receivables	-	672	N.M.
Depreciation of property, plant and equipment	-	(812)	N.M.
Employee benefits expenses	-	(3,807)	N.M.
Gain on foreign exchange, net	-	1,596	N.M.
Interest on borrowings	-	(39)	N.M.
Inventories written off	-	(90)	N.M.

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	
	As at 29 Feb 2020 S\$'000	Audited As at 31 Aug 2019 S\$'000	As at 29 Feb 2020 S\$'000	Audited As at 31 Aug 2019 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	5,547	5,511	-	-
Right-of-use assets ("ROU")	1,118	-	57	-
Intangible assets	1,647	1,647	-	-
Investment property	533	549	-	-
Investments in subsidiaries	-	-	18,000	18,000
Investment in an associate	238	-	250	-
Financial assets at fair value through profit or loss ("FVTPL")	231,936	124,967	231,936	124,967
Other receivables	250	-	250	-
	241,269	132,674	250,493	142,967
<b>Current assets</b>				
Inventories	14,859	14,569	-	-
Trade and other receivables	3,956	3,764	25	1,727
Prepayments	58	84	16	20
Derivative financial instruments	-	12	-	-
Cash and bank balances	170	325	3	5
	19,043	18,754	44	1,752
Less:				
<b>Current liabilities</b>				
Trade and other payables	1,824	2,728	2,500	1,876
Interest bearing liabilities	8,953	5,408	-	-
Lease liabilities	49	-	22	-
Current income tax payable	58	14	-	-
	10,884	8,150	2,522	1,876
<b>Net current assets/(liabilities)</b>	8,159	10,604	(2,478)	(124)
Less:				
<b>Non-current liabilities</b>				
Other payables	23,707	11,425	23,707	11,425
Interest bearing liabilities	1,751	1,802	-	-
Lease liabilities	1,076	-	35	-
Deferred tax liabilities	21,718	11,711	21,377	11,359
	48,252	24,938	45,119	22,784
<b>Net assets</b>	201,176	118,340	202,896	120,059
<b>Equity</b>				
Share capital	26,700	26,700	26,700	26,700
Reserves	174,476	91,640	176,196	93,359
<b>Equity attributable to owners of the parent</b>	201,176	118,340	202,896	120,059
Non-controlling interests	-	-	-	-
<b>Total equity</b>	201,176	118,340	202,896	120,059

1(b)(ii) The aggregate amount of the group's borrowings 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:-

The amount repayable in one year or less, or on demand

As at 29 Feb 2020 (S\$'000)		As at 31 Aug 2019 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
8,953	-	5,408	-

The amount repayable after one year

As at 29 Feb 2020 (S\$'000)		As at 31 Aug 2019 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,751	-	1,802	-

**Details of collaterals**

The Group's borrowings are secured by:

- Corporate guarantee by the Company
- First legal mortgage of subsidiaries' properties and investment property

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	
	1 Sep 2019 to 29 Feb 2020 S\$'000	1 Sep 2018 to 28 Feb 2019 S\$'000
<b>Operating activities</b>		
Profit/(Loss) before income tax from continuing operations	93,808	(3,965)
Profit before income tax from discontinued operation	-	2,068
Profit/(Loss) before income tax, total	93,808	(1,897)
Adjustments for:		
Loss allowance on other receivables	-	15
Loss allowance on trade receivables	-	235
Reversal of loss allowance on other receivables	(5)	-
Reversal of loss allowance on trade receivables	(25)	(673)
Depreciation of investment property	16	14
Depreciation of property, plant and equipment	178	970
Depreciation of right-of-use assets	32	-
Fair value loss on derivative financial instruments	-	5
Fair value gain on financial assets at FVTPL	(100,188)	-
Gain on disposal of property, plant and equipment	(6)	-
Impairment loss for assets of disposal group classified as held for sale	-	3,073
Interest on borrowings	152	243
Interest on lease liabilities	18	-
Interest income	*	(4)
Inventories written off	28	104
Share of loss of associate	12	-
Unrealised foreign exchange gain	(18)	(61)
Operating cash flows before working capital changes	(5,998)	2,024
Changes in working capital:		
Inventories	(318)	877
Trade and other receivables	(264)	3,263
Prepayments	26	(833)
Trade and other payables	4,595	(483)
Cash (used in)/generated from operations	(1,959)	4,848
Interest received	*	4
Income taxes paid	(23)	(573)
Net cash (used in)/from operating activities	(1,982)	4,279
<b>Investing activities</b>		
Acquisition of an associate	(250)	-
Convertible loan to an associate	(250)	-
Proceeds from disposal of financial assets at FVTPL	-	3,080
Additions in investment property	-	(32)
Deposits placed to purchase of property, plant and equipment	94	-
Proceeds from disposal of property, plant and equipment	6	2
Purchase of property, plant and equipment	(101)	(143)
Net cash (used in)/from investing activities	(501)	2,907
<b>Financing activities</b>		
Dividend paid to shareholders	(897)	(1,794)
Repayment of lease liabilities	(24)	-
Repayment of obligations under finance leases	(32)	(255)
Proceeds from bank borrowings	3,041	5,410
Repayment of bank borrowings	(184)	(10,701)
Interest paid	(170)	(243)
Net cash from/(used in) financing activities	1,734	(7,583)
Net change in cash and cash equivalents	(749)	(397)
Cash and cash equivalents at beginning of financial period	325	5,583
<b>Cash and cash equivalents at end of financial period</b>	<b>(424)</b>	<b>5,186</b>
<b>Cash and cash equivalents comprise:</b>		
Short-term deposits with banks	-	-
Cash and bank balances	170	5,803
<b>Cash and cash equivalents on statement of financial position</b>	<b>170</b>	<b>5,803</b>
Short-term deposits pledged	-	-
Bank overdraft	(594)	(617)
<b>Cash and cash equivalents on statement of cash flows</b>	<b>(424)</b>	<b>5,186</b>

\* denotes amounts less than \$1,000

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.

Group	Share capital S\$'000	Statutory reserve fund S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings/ (Accumulated losses) S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>Balance at 1 September 2019</b>	26,700	-	-	-	91,640	118,340	-	118,340
<b>Profit for the financial period</b>	-	-	-	-	83,733	83,733	-	83,733
<b>Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss:</b>								
Foreign currency differences on translation of foreign operations, net of tax	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(897)	(897)	-	(897)
<b>Balance at 29 February 2020</b>	26,700	-	-	-	174,476	201,176	-	201,176
<b>Balance at 31 August 2018</b>	26,700	691	23,375	290	(724)	50,332	6,982	57,314
Effect of adopting SFRS(I) 9	-	-	(23,375)	-	23,375	-	-	-
<b>Balance at 1 September 2018</b>	26,700	691	-	290	22,651	50,332	6,982	57,314
<b>(Loss)/Profit for the financial period</b>	-	-	-	-	(2,844)	(2,844)	826	(2,018)
<b>Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss:</b>								
Foreign currency differences on translation of foreign operations, net of tax	-	-	-	(90)	-	(90)	(66)	(156)
Dividend paid	-	-	-	-	(1,794)	(1,794)	-	(1,794)
<b>Balance at 28 February 2019</b>	26,700	691	-	200	18,013	45,604	7,742	53,346

<b>Company</b>	<b>Share capital S\$'000</b>	<b>Fair value reserve S\$'000</b>	<b>Retained earnings/ (Accumulated losses) S\$'000</b>	<b>Total equity S\$'000</b>
<b>Balance at 1 September 2019</b>	26,700	-	93,359	120,059
Profit for the financial period, representing total comprehensive income for the financial period	-	-	83,734	83,734
Dividend paid	-	-	(897)	(897)
<b>Balance at 29 February 2020</b>	<b>26,700</b>	<b>-</b>	<b>176,196</b>	<b>202,896</b>
<b>Balance at 31 August 2018</b>	26,700	23,375	(1,727)	48,348
Effect of adopting SFRS(I) 9	-	(23,375)	23,375	-
<b>Balance at 1 September 2018</b>	26,700	-	21,648	48,348
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(487)	(487)
Dividend paid	-	-	(1,794)	(1,794)
<b>Balance at 28 February 2019</b>	<b>26,700</b>	<b>-</b>	<b>19,367</b>	<b>46,067</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 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.

Shares

Date	Description	Number of shares	Paid-up capital S\$'000
1 Sep 2019 and 29 Feb 2020	Issued and paid-up capital	29,905,222	26,700
1 Sep 2018 and 28 Feb 2019	Issued and paid-up capital	29,905,222	26,700

There were no changes in the Company's share capital as no share option and performance share were granted since the end of the previous period reported on.

- 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.

	As at 29 Feb 2020	Audited As at 31 Aug 2019
Total number of issued shares	29,905,222	29,905,222
Less: Treasury shares	-	-
<b>Total number of issued shares excluding treasury shares</b>	<b>29,905,222</b>	<b>29,905,222</b>

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not Applicable.

- 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.

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

The figures in this announcement have not been audited or reviewed by the auditors.

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

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 accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements except as disclosed in Item 5 below.

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

The Group has adopted the SFRS(I) 16 Leases in the financial year beginning on 1 September 2019 using the modified retrospective method in accordance with the transitional provision, and therefore recognised leases on statement of financial position as at 1 September 2019.

As at 1 September 2019, the adoption of SFRS(I) 16 Leases resulted in the following key effects at the Group:

		Group \$'000
<b>Non-current assets</b>	Right-of-use assets ("ROU")	1,150
<b>Current liabilities</b>	Lease liabilities	49
<b>Non-current liabilities</b>	Lease liabilities	1,101

The ROU assets were mainly related to leases of land rent from Jurong Town Corporation by the subsidiary.

**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	
	1 Sep 2019 to 29 Feb 2020	1 Sep 2018 to 28 Feb 2019
Weighted average number of ordinary shares in issue	29,905,222	29,905,222
<b>Continuing operations</b>		
Profit/(Loss) for the financial period attributable to owners of the parent (\$'000)	83,733	(3,962)
- Basic and diluted (cents)	279.995	(13.249)
<b>Discontinued operation</b>		
Profit for the financial period attributable to owners of the parent (\$'000)	-	1,118
- Basic and diluted (cents)	-	3.739

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

	Group		Company	
	As at 29 Feb 2020	Audited As at 31 Aug 2019	As at 29 Feb 2020	Audited As at 31 Aug 2019
Net assets value per ordinary share based on issued share capital of the issuer at the end of the period reported (cents)	672.71	395.72	678.46	401.47
Number of ordinary shares in issue	29,905,222	29,905,222	29,905,222	29,905,222

**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

The Group recorded revenue of S\$7.425 million for the first half of FY2020 ended 29 February 2020 as compared to S\$7.829 million in last corresponding period. The Group revenue was contributed by 35.7% from Retail business segment, 46.9% from Export business segment and remaining 17.4% from Original Equipment Manufacturing ("OEM") business segment.

In view of sluggish recovery in global growth due to trade war started in 2018 and coronavirus ("COVID-19") outbreak, the revenue and gross profit of the Group were decreased by 5.2% and 1.9% respectively as compared to first half of FY2019. Despite of the lower revenue and gross profit, the gross profit margin increased from 35.3% to 36.5% in the current period.

Based on the market closing price in the Shanghai Stock Exchange "STAR Market" on 28 February 2020, the Group had revalued the holding of Espressif Systems (Shanghai) Co., Ltd and recognised the fair value gain on financial assets of S\$100.188 million which was after offsetting S\$6.781 million of the value-added tax ("VAT") plus related VAT surcharge. Furthermore, the Group had also increased the withholding income tax by S\$10,018 million for the fair value gain on financial assets. Overall, the Group attained profit before income tax from continuing operations of S\$93.808 million compared with the loss of S\$3.965 million in last corresponding period.

The Group had reassessed the expected credit loss of trade and other receivables at the end of current period using provision matrix under SFRS(I) 9, hence there is a reversal of allowance on trade and other receivables of S\$30k. Upon adoption of SFRS(I) 16 on 1 September 2019, the Group had recognised the operating leases in the statement of financial position and recorded the depreciation of right-of-use assets of S\$32k and interest on lease liabilities of S\$18k in the statement of comprehensive income.

Besides, the Group had provided the variable bonus provision for directors resulting to the increase of employee benefits expenses by 232.2%. Rental income rose by 52.5% as increased in the occupancy of workers' dormitory. Finance costs decreased by 17.2% due to lower term loans since first half of FY2019.



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

In the period ended 29 February 2020, the Group had revalued the holding of Espressif Systems (Shanghai) Co., Ltd based on closing market price in the Shanghai Stock Exchange "STAR Market", resulting the financial assets at FVTPL increased by S\$106.969 million. Apart of this, the Group had invested S\$250k in shares of Esse PI Pte. Ltd.

Upon adoption of SFRS(I) 16, the Group had recognised the operating leases in the beginning of financial year with a net carrying amount of S\$1.118 million in ROU assets and S\$1.125 million in lease liabilities as at 29 February 2020.

Trade and other receivables in current assets were increased by S\$192k due to higher advance payment to suppliers by S\$81k and deposits of S\$94k to purchase computer software, plant and machinery.

Other payables in non-current liabilities increased by S\$12.282 million was mainly due to the accrual of variable bonus provision for directors and VAT plus related VAT surcharge from fair value gain on financial assets.

Interest bearing liabilities increased by S\$3.494 million mainly consisting of bank overdraft of S\$594k, higher finance leases by S\$74k, higher trust receipts utilisation of S\$491k and new revolving loans of S\$2.550 million to fund the Group's working capital needs.

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

Not Applicable.

**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 outbreak of COVID-19 has spreading around the world, and with more countries, including Singapore, imposing travel restrictions and tightened border controls, the global economic activities have been and continue to severely and adversely impacted. The COVID-19 outbreak is likely to dampen the growth prospects of those affected countries in next 12 months.

The extent of the spread of COVID-19 is uncertain, the Group will take steps to limit the effects of external factors, precaution measures for collection to reduce the default debts from customers and exercising prudence over cost control. The Group also in place health and precautionary measures at our property to reduce the risk of spread for COVID-19, to safeguard our employees and visitors, and minimise the impact to our business.

**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? Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount (SGD)	6.0 cents per ordinary share
Tax Rate	One-tier tax exempt

- (c) Date payable

Not Applicable.

- (d) Books closure date

Not Applicable.

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

No dividend has been declared for the period ended on 29 February 2020.

**13 Interested person transactions pursuant to Rule 920(1)(a)(ii).**

No mandate was sought or obtained from shareholders for the Company to deal with interested persons in recurrent transactions of a revenue or trading nature or in transactions necessary for day-to-day operations.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
-	S\$'000 -	S\$'000 -

**14 Confirmation by the Board pursuant to Rule 705(5).**

We, Loh Suan Len and Teo Teck Leong, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half-year ended 29 February 2020 to be false or misleading.

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

The Company confirms that all the required undertakings under Rule 720(1) have been obtained from all its directors and Chief Financial Officer.

**BY ORDER OF THE BOARD**

Teo Teck Leong  
Managing Director  
13 Apr 2020