

Half Year Financial Statements Announcement for the financial period ended 31 January 2019

PART 1 – 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 | | |
|---|-----------|-----------|--------|
| | S\$'000 | | % |
| | 31/1/2019 | 31/1/2018 | Change |
| Revenue | 69,733 | 78,342 | (11%) |
| Other items of income: | | | |
| Interest income | 1,115 | 598 | 86% |
| Dividend income | 32 | 25 | 28% |
| Fair value gain on investment securities held for trading | - | 173 | (100%) |
| | 70,880 | 79,138 | (10%) |
| Items of expenses: | | | |
| Fair value loss on investment securities held for trading | (337) | - | NM |
| Raw materials and consumables used | (19,971) | (17,253) | 16% |
| Changes in inventories of finished goods and work-in-progress | 1,731 | 37 | NM |
| Employee benefits expense | (24,388) | (26,264) | (7%) |
| Depreciation of property, plant and equipment | (13,431) | (13,263) | 1% |
| Operating lease expense | (934) | (848) | 10% |
| Finance costs | (840) | (665) | 26% |
| Other operating expenses | (13,152) | (12,457) | 6% |
| (Loss)/profit before tax | (442) | 8,425 | NM |
| Income tax expense | (806) | (1,302) | (38%) |
| (Loss)/profit for the period | (1,248) | 7,123 | NM |
| Other comprehensive income: | | | |
| Item that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation (loss)/gain | (2,254) | 5,957 | NM |
| Other comprehensive income for the period, net of tax | (2,254) | 5,957 | NM |
| Total comprehensive income for the period | (3,502) | 13,080 | NM |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | (1,826) | 3,271 | NM |
| Non-controlling interests | 578 | 3,852 | (85%) |
| | (1,248) | 7,123 | NM |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | (2,909) | 6,155 | NM |
| Non-controlling interests | (593) | 6,925 | NM |
| | (3,502) | 13,080 | NM |
| (Loss)/earnings per share attributable to owners of the Company (cents) | | | |
| - Basic | (1.49) | 2.66 | NM |

Notes:

- i. NM - Percentage change not meaningful.

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1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediate preceding financial year

The following items have been included in arriving at profit before tax:

| | Group | | |
|---|-----------|-----------|--------|
| | S\$'000 | | % |
| | 31/1/2019 | 31/1/2018 | Change |
| Write-down of inventories | (256) | (37) | NM |
| Reversal of impairment/(impairment) loss on trade receivables | 6 | (1) | NM |
| Exchange loss, net | (100) | (91) | 10% |
| Fixed assets written-off | (40) | - | NM |
| Gain on disposal of investment securities held for trading | 32 | - | NM |
| Net gain on disposal of property, plant and equipment | 94 | 26 | NM |

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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 | |
|---|----------------|--------------------------|-------------------------|---------------|---------------|
| | S\$'000 | | | S\$'000 | |
| | 31/1/2019 | 31/7/2018 (Restated)* | 1/8/2017 (Restated)* | 31/1/2019 | 7/31/2018 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 68,670 | 74,226 | 79,717 | 1,246 | 719 |
| Investment in subsidiaries | - | - | - | 13,637 | 13,637 |
| Deferred tax assets | 1,118 | 1,082 | 249 | - | - |
| Total non-current assets | 69,788 | 75,308 | 79,966 | 14,883 | 14,356 |
| Current assets | | | | | |
| Investment securities held for trading | 2,747 | 3,754 | 3,047 | 507 | 519 |
| Inventories | 6,040 | 4,514 | 5,975 | - | - |
| Prepayments | 1,486 | 1,633 | 1,215 | 111 | 63 |
| Tax recoverables | 199 | 409 | 199 | - | - |
| Trade and other receivables | 28,773 | 35,571 | 36,027 | 4,362 | 3,974 |
| Cash and short-term deposits | 89,450 | 87,383 | 68,195 | 19,269 | 20,410 |
| Total current assets | 128,695 | 133,264 | 114,658 | 24,249 | 24,966 |
| Total assets | 198,483 | 208,572 | 194,624 | 39,132 | 39,322 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 35,727 | 35,727 | 35,727 | 35,727 | 35,727 |
| Retained earnings/(accumulated losses) | 33,429 | 35,623 | 29,187 | (2,952) | (3,207) |
| Other reserves | 13,632 | 14,715 | 12,590 | 155 | 155 |
| Total equity attributable to owners of the Company | 82,788 | 86,065 | 77,504 | 32,930 | 32,675 |
| Non-controlling interests | 60,583 | 61,615 | 53,744 | - | - |
| Total equity | 143,371 | 147,680 | 131,248 | 32,930 | 32,675 |
| Non-current liabilities | | | | | |
| Loans and borrowings | 10,127 | 16,338 | 12,518 | 553 | 319 |
| Loans from subsidiaries | - | - | - | - | - |
| Defined benefit liabilities | 1,056 | 1,049 | 1,033 | - | - |
| Deferred tax liabilities | 2,712 | 2,860 | 1,848 | 1,848 | 1,848 |
| Total non-current liabilities | 13,895 | 20,247 | 15,399 | 2,401 | 2,167 |
| Current liabilities | | | | | |
| Trade and other payables | 20,739 | 21,093 | 34,510 | 986 | 1,983 |
| Loans and borrowings | 20,231 | 19,393 | 13,348 | 2,707 | 2,410 |
| Provisions | 20 | 20 | 22 | - | - |
| Income tax payable | 227 | 139 | 97 | 108 | 87 |
| Total current liabilities | 41,217 | 40,645 | 47,977 | 3,801 | 4,480 |
| Total equity and liabilities | 198,483 | 208,572 | 194,624 | 39,132 | 39,322 |

* Relates to retrospective effects upon application of Singapore Financial Reporting Framework (International) ("SFRS(I)"). Refer to Section 5 for further details.

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

Amount repayable in one year or less, or on demand

| As at 31/1/2019 | | As at 31/7/2018 | |
|-----------------|---------------|-----------------|---------------|
| Secured | Unsecured | Secured | Unsecured |
| S\$5,220,000 | S\$15,011,000 | S\$4,351,000 | S\$15,042,000 |

Amount repayable after one year

| As at 31/1/2019 | | As at 31/7/2018 | |
|-----------------|--------------|-----------------|---------------|
| Secured | Unsecured | Secured | Unsecured |
| S\$3,884,000 | S\$6,243,000 | S\$3,612,000 | S\$12,726,000 |

Details of any collaterals

The Group's loans and borrowings include obligations under finance leases and term loans. Obligations under finance leases and term loans are secured on certain assets of the companies within the Group of net book value amounting to S\$5,208,000 (31/7/2018: S\$3,388,000).

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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

| | As at 31/1/2019 | As at 31/1/2018 |
|---|--------------------|--------------------|
| | S\$'000 | S\$'000 |
| Cash flows from operating activities: | | |
| (Loss)/profit before tax | (442) | 8,425 |
| Adjustments for: | | |
| Interest income | (1,115) | (598) |
| Net gain on disposal of property, plant and equipment | (94) | (26) |
| Depreciation of property, plant and equipment | 13,431 | 13,263 |
| Property, plant and equipment written off | 40 | - |
| Write-down of inventories | 256 | 37 |
| (Write-back)/impairment loss on trade receivables | (6) | 1 |
| Dividend income | (32) | (25) |
| Net fair value loss/(gain) on investment securities held for trading | 337 | (173) |
| Net loss on disposal of investment securities held for trading | 32 | - |
| Finance costs | 840 | 665 |
| Unrealised exchange (gain)/loss | (78) | 48 |
| Operating cash flows before changes in working capital | 13,169 | 21,617 |
| Increase in inventories | (1,782) | (1,037) |
| Decrease in prepayments and receivables | 7,753 | 3,447 |
| Decrease in payables | (3,511) | (10,675) |
| Cash flows from operations | 15,629 | 13,352 |
| Income taxes paid | (671) | (816) |
| Interest paid | (884) | (665) |
| Interest received | 1,078 | 598 |
| Net cash flows from operating activities | 15,152 | 12,469 |
| Cash flows from investing activities: | | |
| Decrease/(increase) in short-term deposits with maturity more than three months | 815 | (159) |
| Dividends received from investment securities held for trading | 32 | 25 |
| Purchases of property, plant and equipment | (6,040) | (9,643) |
| Proceeds from disposal of property, plant and equipment | 94 | 28 |
| Purchases of investment securities held for trading | (191) | (178) |
| Proceeds from disposal of investment securities held for trading | 758 | - |
| Net cash flows used in investing activities | (4,532) | (9,927) |
| Cash flows from financing activities: | | |
| Proceeds from term loans | 5,720 | 12,873 |
| Repayment of term loans | (10,719) | (7,481) |
| Repayment of obligations under finance leases | (1,342) | (815) |
| Dividends paid on ordinary shares | (439) | (368) |
| Dividends paid to non-controlling interests | (368) | (470) |
| Net cash flows (used in)/from financing activities | (7,148) | 3,739 |
| Net increase in cash and cash equivalents | 3,472 | 6,281 |
| Effect of exchange rate changes on cash and cash equivalents | (590) | (1,713) |
| Cash and cash equivalents at beginning of period | 36,627 | 45,430 |
| Cash and cash equivalents at end of period | 39,509 | 49,998 |

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Notes:

During the financial period ended 31 January 2019, the Group generated S\$15,152,000 from its operating activities, and used S\$4,532,000 and S\$7,148,000 in its investing activities and financing activities respectively. These resulted in a net increase of S\$3,472,000 in the Group's cash and cash equivalents as compared to 31 January 2018.

Cash and cash equivalents as at 31 January 2019 comprised of the following:

| | Group | |
|--|-----------|-----------|
| | S\$'000 | |
| | 31/1/2019 | 31/1/2018 |
| Cash at banks and on hand | 21,562 | 17,607 |
| Bank deposits | 67,888 | 55,315 |
| Cash and short-term deposits | 89,450 | 72,922 |
| Less: Bank deposits with maturity more than three months | (49,941) | (22,924) |
| Cash and cash equivalents | 39,509 | 49,998 |

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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

Statement of changes in equity for financial period ended 31 January 2019

| | Total equity | Total equity attributable to owners of the Company | Share capital | Retained earnings/ (accumulated losses) | Foreign currency translation reserve | Capital reserve | Statutory reserve fund | Non-controlling interests |
|---|--------------|--|---------------|---|--------------------------------------|-----------------|------------------------|---------------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| The Group | | | | | | | | |
| As at 1 August 2018, as previously reported | 147,680 | 86,065 | 35,727 | 52,695 | (14,947) | 11,730 | 860 | 61,615 |
| Effect of adopting of SFRS(I) | - | - | - | (17,072) | 17,072 | - | - | - |
| As at 1 August 2018, as restated | 147,680 | 86,065 | 35,727 | 35,623 | 2,125 | 11,730 | 860 | 61,615 |
| Profit for the period | (1,248) | (1,826) | - | (1,826) | - | - | - | 578 |
| Other comprehensive income for the period, net of tax | (2,254) | (1,083) | - | - | (1,083) | - | - | (1,171) |
| Total comprehensive income for the period | 144,178 | 83,156 | 35,727 | 33,797 | 1,042 | 11,730 | 860 | 61,022 |
| Dividends paid on ordinary shares | (807) | (368) | - | (368) | - | - | - | (439) |
| As at 31 January 2019 | 143,371 | 82,788 | 35,727 | 33,429 | 1,042 | 11,730 | 860 | 60,583 |
| The Company | | | | | | | | |
| As at 1 August 2018 | 32,675 | 32,675 | 35,727 | (3,207) | - | 155 | - | - |
| Profit for the period | 623 | 623 | - | 623 | - | - | - | - |
| Total comprehensive income for the period | 33,298 | 33,298 | 35,727 | (2,584) | - | 155 | - | - |
| Dividends paid on ordinary shares | (368) | (368) | - | (368) | - | - | - | - |
| As at 31 January 2019 | 32,930 | 32,930 | 35,727 | (2,952) | - | 155 | - | - |

Statement of changes in equity for financial period ended 31 January 2018

| | Total equity | Total equity attributable to owners of the Company | Share capital | Retained earnings/ (accumulated losses) | Foreign currency translation reserve | Capital reserve | Statutory reserve fund | Non-controlling interests |
|---|--------------|--|---------------|---|--------------------------------------|-----------------|------------------------|---------------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| The Group | | | | | | | | |
| As at 1 August 2017, as previously reported | 131,248 | 77,504 | 35,727 | 46,259 | (17,072) | 11,730 | 860 | 53,744 |
| Effect of adopting of SFRS(I) | - | - | - | (17,072) | 17,072 | - | - | - |
| As at 1 August 2017, as restated | 131,248 | 77,504 | 35,727 | 29,187 | - | 11,730 | 860 | 53,744 |
| Profit for the period | 7,123 | 3,271 | - | 3,271 | - | - | - | 3,852 |
| Other comprehensive income for the period, net of tax | 5,957 | 2,884 | - | - | 2,884 | - | - | 3,073 |
| Total comprehensive income for the period | 144,328 | 83,659 | 35,727 | 32,458 | 2,884 | 11,730 | 860 | 60,669 |
| Dividends paid on ordinary shares | (802) | (368) | - | (368) | - | - | - | (434) |
| As at 31 January 2018, as restated | 143,526 | 83,291 | 35,727 | 32,090 | 2,884 | 11,730 | 860 | 60,235 |
| The Company | | | | | | | | |
| As at 1 August 2017 | 32,577 | 32,577 | 35,727 | (3,305) | - | 155 | - | - |
| Profit for the period | 601 | 601 | - | 601 | - | - | - | - |
| Total comprehensive income for the period | 33,178 | 33,178 | 35,727 | (2,704) | - | 155 | - | - |
| Dividends paid on ordinary shares | (368) | (368) | - | (368) | - | - | - | - |
| As at 31 January 2018 | 32,810 | 32,810 | 35,727 | (3,072) | - | 155 | - | - |

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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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

There were no changes in share capital during the financial period.

The Company did not have any outstanding convertibles as at 31 January 2019 and 31 January 2018.

There were neither treasury shares nor share option outstanding as at 31 January 2019 and 31 January 2018.

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

| Company | |
|--------------------|--------------------|
| As at 31/1/2019 | As at 31/7/2018 |
| 122,806,000 | 122,806,000 |

The Company did not have any treasury shares.

1(d)(iv) A statement showing all sales, transfers, disposal and cancellation and/or use of treasury shares 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 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 Group had applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements as at 31 July 2018, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 August 2018 and all new and revised standards which are effective for annual financial periods beginning on 1 August 2018.

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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

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First Time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I) has been prepared as at 1 August 2017, which is the Group's date of transition to SFRS(I).

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 August 2017, and accordingly, an amount of S\$17,072,000 of foreign currency translation reserve had been transferred to the opening retained earnings as at 1 August 2017.

In addition, the Group adopted SFRS(I) 15 Revenue from Contracts with Customers and SFRS(I) 9 Financial Instruments on 1 August 2018. The adoption of these standards is not expected to have any material effect on the financial performance or position of the Group and the Company.

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

(Loss)/earnings per ordinary share *

| Group | |
|--------------|------------|
| 31/1/2019 | 31/1/2018 |
| (1.49 cents) | 2.66 cents |

* The basic loss per share was based on the loss for the period attributable to owners of the Company S\$1,826,000 (2018: profit of S\$3,271,000) and the weighted average number of 122,806,000 (2018: 122,806,000) ordinary shares outstanding during the financial period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of 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

Net asset value per ordinary share attributable to the owners of the Company

| Group | |
|------------|------------|
| 31/1/2019 | 31/7/2018 |
| 67.4 cents | 70.0 cents |

| Company | |
|------------|------------|
| 31/1/2019 | 31/7/ 2018 |
| 26.8 cents | 26.6 cents |

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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 performance

The Group's revenue decreased by S\$8.6 million or 11%, from S\$78.3 million in the previous corresponding period, to S\$69.7 million for the current half year. This decrease was largely attributed to lower service revenue.

Interest income was higher by S\$0.5 million or 86%, from S\$0.6 million to S\$1.1 million, following higher placements of short-term deposits.

Fair value loss of S\$0.3 million, on investment securities held for trading, was incurred following decreases in the share price of quoted investments in Malaysia.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, were higher by S\$1.0 million or 6%, from S\$17.2 million to S\$18.2 million, mainly due to higher material costs incurred.

Employee benefits expense was lower by S\$1.9 million or 7%, following lower production loadings.

Other operating expenses were higher by S\$0.7 million or 6%, primarily because of higher utility costs, by S\$0.5 million, as a result of higher rates; and higher write-down of inventories of S\$0.2 million.

Consequently, the Group reported a loss before tax of S\$0.4 million in the current financial period, compared to a profit before tax of S\$8.4 million in the previous corresponding period.

Review of financial position

Non-current assets decreased by S\$5.5 million, from S\$75.3 million as at 31 July 2018, to S\$69.8 million as at 31 January 2019, mainly due to lower property, plant and equipment. This was the result of the translation effect of a weaker Ringgit Malaysia against the Singapore Dollars and a depreciation charge, of S\$1.3 million and S\$13.4 million respectively; partially offset by capital expenditure of S\$9.2 million.

Current assets were lower by S\$4.6 million, from S\$133.3 million to S\$128.7 million, primarily due to (i) decrease in trade receivables and other receivables by S\$6.8 million, as a result of lower trade receivables due to lower sales; and (ii) decrease in investment securities held for trading following disposal. The decrease was partially mitigated (i) by higher inventories, of S\$1.5 million, due to increase in work-in-progress; and (ii) higher cash and short-term deposits, by S\$2.1 million, which represented the net surplus cash generated from operations.

Non-current liabilities were lower by S\$6.4 million, from S\$20.2 million to S\$13.9 million, primarily resulting from repayment of loans and borrowings.

Current liabilities increased by S\$0.6 million, from S\$40.6 million to S\$41.2 million, mainly attributable to higher loans and borrowings to finance capital expenditure.

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

No significant variance.

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

World-wide semiconductor revenue is estimated to have reached USD476.7 billion in 2018, representing an increase of 13.4% from USD420.4 billion in 2017. However, a slower growth may be expected in 2019, due to the negative effects of the trade war and tariff increases between the United States and China.

Notwithstanding the above uncertainties, the Group believes it is well positioned to ride through the temporary weakness.

11. Dividend

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

Any dividend declared for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) ***Date payable***

Not applicable

(d) ***Books closure date***

Not applicable

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

The directors do not recommend any interim dividend due to loss incurred in the current financial period.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

No IPT mandate had been obtained.

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14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board confirmed to the best of their knowledge that nothing has come to its attention which may render the unaudited interim financial results for the half-year ended 31 January 2019 to be false or misleading in any material respect.

15. Disclosure of confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

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

On behalf of the Board,

Samuel Lim Syn Soo
Executive Chairman & CEO

Kenneth Tan Teoh Khoon
Executive Director

BY ORDER OF THE BOARD

Adeline Lim Kim Swan
Company Secretary
Date: 15 March 2019