



## GRAND VENTURE TECHNOLOGY LIMITED

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### UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020 FOR GRAND VENTURE TECHNOLOGY LIMITED (THE “COMPANY” AND TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”)

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#### Comparative financial periods

For the purposes of this results announcement:

- The current financial period being reported on, refers to the half year from 1 January 2020 to 30 June 2020, shall be referred to herein as “**1HFY2020**”.
- The corresponding financial period of the immediately preceding financial year, the half year from 1 January 2019 to 30 June 2019, will be referred to herein as “**1HFY2019**”; and
- The financial year ended 31 December 2019 shall be referred to herein as “**FY2019**”.

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

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

**Consolidated Statement of Comprehensive Income**

	<b>Group</b>		<b>Changes</b>
	<b>1HFY2020</b> <b>S\$'000</b>	<b>1HFY2019</b> <b>S\$'000</b> <b>(Restated)<sup>1</sup></b>	
Revenue	26,912	18,075	48.9%
Cost of sales	(18,882)	(10,988)	71.8%
<b>Gross profit</b>	<b>8,030</b>	<b>7,087</b>	13.3%
Other income	453	338	34.0%
Gain on forward contract	10	-	NM
Selling and distribution expenses	(248)	(222)	11.7%
General and administrative expenses	(4,017)	(3,906)	2.8%
Other operating expenses	(946)	(920)	2.8%
Finance costs	(698)	(489)	42.7%
<b>Profit before tax</b>	<b>2,584</b>	<b>1,888</b>	36.9%
Income tax expense	(361)	(367)	(1.6)%
<b>Profit after tax</b>	<b>2,223</b>	<b>1,521</b>	46.2%
Other comprehensive income:			
<i>Items that maybe reclassified subsequently to profit or loss</i>			
Currency translation differences arising from consolidation of foreign operations	(91)	(155)	(41.3)%
<b>Total comprehensive income for the financial period attributable to owners of the Company</b>	<b>2,132</b>	<b>1,366</b>	56.1%

NM: Not meaningful

Note 1: Certain expense items previously reported in 1HFY2019 were reclassified to conform as comparatives and presentation in 1HFY2020 (the "Reclassifications"). These reclassifications do not affect the audited FY2019 financial statements.

1(a)(ii) **Notes to the consolidated statement of comprehensive income.**

	<b>Group</b>	
	<b>1HFY2020</b>	<b>1HFY2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		<b>(Restated)<sup>1</sup></b>
Profit before tax has been arrived at after charging/(crediting) the following:		
Employee benefits expenses	7,558	6,511
Depreciation of property, plant and equipment and right-of-use assets	3,068	2,069
Interest expense	698	489
Operating lease expenses for short-term leases	100	157
Amortisation of intangible assets	12	16
Foreign exchange gain	(174)	(36)
Rental income	(103)	(134)
Amortisation of deferred income	(13)	-

Note 1: Certain expense items previously reported in 1HFY2019 were reclassified to conform as comparatives and presentation in 1HFY2020 (the "**Reclassifications**"). These reclassifications do not affect the audited FY2019 financial statements.

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.**

**Balance Sheets**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-20</b>	<b>31-Dec-19</b>	<b>30-Jun-20</b>	<b>31-Dec-19</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	31,158	30,185	13,074	12,938
Right-of-use assets	4,159	4,501	1,588	1,619
Investment in subsidiaries	-	-	12,085	12,085
Intangible assets	2,022	2,040	-	-
Prepayments	145	639	-	361
Loan to a subsidiary	-	-	2,000	2,000
Deferred tax assets	1,064	1,084	318	521
<b>Total non-current assets</b>	<b>38,548</b>	<b>38,449</b>	<b>29,065</b>	<b>29,524</b>
<b>Current assets</b>				
Cash and bank balances	5,416	5,769	2,523	2,721
Trade and other receivables	13,357	12,993	6,736	6,009
Prepayments	2,111	698	1,035	32
Inventories	17,544	15,696	6,607	5,128
Loan to a subsidiary	-	-	4,900	4,900
<b>Total current assets</b>	<b>38,428</b>	<b>35,156</b>	<b>21,801</b>	<b>18,790</b>
<b>Total assets</b>	<b>76,976</b>	<b>73,605</b>	<b>50,866</b>	<b>48,314</b>
<b>Current liabilities</b>				
Trade and other payables	9,627	10,696	3,911	4,761
Loans and borrowings	8,314	12,281	2,613	7,764
Lease liabilities	663	658	28	27
Deferred income	37	188	37	188
Provision for income tax	426	157	-	-
<b>Total current liabilities</b>	<b>19,067</b>	<b>23,980</b>	<b>6,589</b>	<b>12,740</b>
<b>Net current assets</b>	<b>19,361</b>	<b>11,176</b>	<b>15,212</b>	<b>6,050</b>
<b>Non-current liabilities</b>				
Shareholder loan	1,500	5,000	1,500	5,000
Loans and borrowings	18,909	9,191	15,285	4,583
Lease liabilities	3,609	3,890	1,613	1,628
Deferred income	258	43	258	43
<b>Total non-current liabilities</b>	<b>24,276</b>	<b>18,124</b>	<b>18,656</b>	<b>11,254</b>
<b>Total liabilities</b>	<b>43,343</b>	<b>42,104</b>	<b>25,245</b>	<b>23,994</b>
<b>Net assets</b>	<b>33,633</b>	<b>31,501</b>	<b>25,621</b>	<b>24,320</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	27,843	27,843	27,843	27,843
Currency translation reserve	(1,103)	(1,012)	-	-
Retained earnings/(accumulated losses)	6,893	4,670	(2,222)	(3,523)
<b>Total equity</b>	<b>33,633</b>	<b>31,501</b>	<b>25,621</b>	<b>24,320</b>

- 1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group			
	30-Jun-20		31-Dec-19	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount payable in one year or less or on demand	8,977	-	12,939	-
Amount payable after one year	22,518	1,500	13,081	5,000
	<u>31,495</u>	<u>1,500</u>	<u>26,020</u>	<u>5,000</u>

#### Details of any collateral

The Group has provided different securities for its various secured loan and credit facilities which include:

- (i) Open all monies first party first legal charge over the Group's properties in Penang (Malaysia);
- (ii) First legal mortgage over the property in Singapore;
- (iii) Corporate guarantees by the Company and its wholly-owned subsidiary, Grand Venture Technology Sdn Bhd ("**GVT MY**");
- (iv) Charge over certain of the Group's equipment and vehicles;
- (v) GVT MY's deposits with a licensed bank; and
- (vi) Joint and several personal guarantees by certain members of the management team.

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.**

**Consolidated Cash Flow Statement**

	<b>Group</b>	
	<b>1HFY2020</b>	<b>1HFY2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		<b>(Restated)<sup>1</sup></b>
<b>Operating activities</b>		
Profit before tax	2,584	1,888
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	3,068	2,069
Amortisation of intangible assets	12	16
Amortisation of deferred income	(13)	-
Gain on disposal of property, plant and equipment	-	(7)
Interest income	-	(2)
Interest expense	698	489
Unrealised foreign exchange gain	(755)	(68)
<b>Operating cash flows before changes in working capital</b>	<b>5,594</b>	<b>4,385</b>
Increase in trade and other receivables	(446)	(1,199)
Increase in inventories	(1,723)	(2,563)
(Increase)/decrease in prepayments	(770)	19
Decrease in trade and other payables	(1,145)	(2,144)
<b>Cash flows generated from/(used in) operations</b>	<b>1,510</b>	<b>(1,502)</b>
Income tax paid	(118)	(232)
Income tax credit	42	-
Interest received	-	2
Interest paid	(649)	(380)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>785</b>	<b>(2,112)</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(1,325)	(1,905)
Proceeds from disposal of property, plant and equipment	-	7
Capital expenditure grants received	78	-
<b>Net cash flows used in investing activities</b>	<b>(1,247)</b>	<b>(1,898)</b>
<b>Financing activities</b>		
Proceeds from loans and borrowings	14,518	-
Repayment of loans and borrowings	(9,095)	(1,505)
Repayment of shareholder loan	(3,500)	(600)
Repayment of hire purchases	(1,715)	(1,264)
Payment of principal portion of lease liabilities	(319)	(91)
Proceeds from/(repayment of) trade financing	196	(1,376)
Proceeds from issuance of shares	-	13,204
Increase in placement of short-term fixed deposits	-	3
<b>Net cash flows generated from financing activities</b>	<b>85</b>	<b>8,371</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(377)</b>	<b>4,361</b>
Effect of foreign exchange rate changes, net	28	(20)
Cash and cash equivalents at the beginning of the financial period	5,387	1,832
<b>Cash and cash equivalents at the end of the financial period</b>	<b>5,038</b>	<b>6,173</b>
<b>Cash and cash equivalents represented by:</b>		
Cash and bank balances	5,416	6,537
less Short-term fixed deposits	(378)	(364)
	<b>5,038</b>	<b>6,173</b>

Note 1: Certain expense items previously reported in 1HFY2019 were reclassified to conform as comparatives and presentation in 1HFY2020 (the "Reclassifications"). These reclassifications do not affect the audited FY2019 financial statements.

- 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.

	Share capital S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Group</b>				
<b>Balance as at 1 January 2019</b>	15,351	(873)	1,573	16,051
<i>Transactions with owners, recognised directly in equity</i>				
Shares issued pursuant to Company's IPO	13,204	-	-	13,204
Shares issuance expenses	(712)	-	-	(712)
Total	12,492	-	-	12,492
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	1,521	1,521
Other comprehensive income for the financial period	-	(155)	-	(155)
Total comprehensive income for the financial period	-	(155)	1,521	1,366
<b>Balance as at 30 June 2019</b>	<b>27,843</b>	<b>(1,028)</b>	<b>3,094</b>	<b>29,909</b>
<b>Balance as at 1 January 2020</b>	<b>27,843</b>	<b>(1,012)</b>	<b>4,670</b>	<b>31,501</b>
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	2,223	2,223
Other comprehensive income for the financial period	-	(91)	-	(91)
Total comprehensive income for the financial period	-	(91)	2,223	2,132
<b>Balance as at 30 June 2020</b>	<b>27,843</b>	<b>(1,103)</b>	<b>6,893</b>	<b>33,633</b>

	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
<b>Company</b>			
<b>Balance as at 1 January 2019</b>	15,351	(4,074)	11,277
<i>Transactions with owners, recognised directly in equity</i>			
Shares issued pursuant to Company's IPO	13,204	-	13,204
Shares issuance expenses	(712)	-	(712)
Total	12,492	-	12,492
<i>Total comprehensive income for the financial period</i>			
Profit for the financial period, representing total comprehensive income for the financial period	-	278	278
<b>Balance as at 30 June 2019</b>	<b>27,843</b>	<b>(3,796)</b>	<b>24,047</b>
<b>Balance as at 1 January 2020</b>	<b>27,843</b>	<b>(3,523)</b>	<b>24,320</b>
<i>Total comprehensive income for the financial period</i>			
Profit for the financial period, representing total comprehensive income for the financial period	-	1,301	1,301
<b>Balance as at 30 June 2020</b>	<b>27,843</b>	<b>(2,222)</b>	<b>25,621</b>



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, 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.**

	<b>30-Jun-20</b>		<b>31-Dec-19</b>	
	<b>Number of</b>		<b>Number of</b>	
	<b>ordinary shares</b>	<b>S\$'000</b>	<b>ordinary shares</b>	<b>S\$'000</b>
Issued ordinary shares	<u>234,253,000</u>	<u>27,843</u>	<u>234,253,000</u>	<u>27,843</u>

There was no change in the Company's share capital since the end of the previous period reported on.

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2020 and 30 June 2019.

- 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.**

	<b>30-Jun-20</b>	<b>31-Dec-19</b>
Total number of issued shares excluding treasury shares	<u>234,253,000</u>	<u>234,253,000</u>

There were no treasury shares as at 30 June 2020 and 31 December 2019.

- 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 have neither been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications 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.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the 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.

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:

- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	1HFY2020	1HFY2019
Profit after tax (S\$'000)	2,223	1,521
Weighted average numbers of ordinary shares ('000)	234,253	228,385
Basic and diluted Earnings Per Share ("EPS") (Singapore Cents)	0.95	0.67

The basic and diluted EPS for the respective financial periods are computed based on the weighted average number of ordinary shares in issue during the respective financial period.

The basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue in 1HFY2020 and 1HFY2019.

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:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net assets (S\$'000)	33,633	31,501	25,621	24,320
Number of ordinary shares ('000)	234,253	234,253	234,253	234,253
<b>Net asset value per ordinary share (Singapore cents)</b>	<b>14.36</b>	<b>13.45</b>	<b>10.94</b>	<b>10.38</b>

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 Consolidated Statement of Comprehensive Income

#### Revenue

The Group's Revenue increased by S\$8.8 million (48.9%) from S\$18.1 million in 1HFY2019 to S\$26.9 million in 1HFY2020, mainly driven by the key segments, as follows:

Sales by segment	1HFY2020		1HFY2019	
	S\$'000	%	S\$'000	%
Semiconductor	18,185	67.6%	9,721	53.8%
Life sciences, electronics and others	8,727	32.4%	8,354	46.2%
<b>Total</b>	<b>26,912</b>	<b>100.0%</b>	<b>18,075</b>	<b>100.0%</b>

#### *Semiconductor*

The Group experienced a sustained demand since fourth quarter of 2019 and it persisted through in 1HFY2020, resulting in the increased contribution by the semiconductor segment from 53.8% in 1HFY2019 to 67.6% in 1HFY2020.

#### *Life sciences, electronics and others*

Following several key First Article ("FA") approvals from the life sciences segment in 2019, the Group saw increasing contribution from this segment as the FAs were converted into Mass Production ("MP"). However, the increase in life sciences' contribution was offset by the decline in the electronics segment, largely attributable to customer's factory shut down from the effects of global supply chain disruption in the midst of COVID-19 pandemic. Whilst there was a S\$0.4 million higher sales level, the proportionate contribution of this segment to the Group's revenue had declined by 13.8%.

#### **Gross profit ("GP") and margin ("GPM")**

GP increased by S\$0.9 million from S\$7.1 million in 1HFY2019 to S\$8.0 million in 1HFY2020 on the back of 48.9% higher revenue, explained above, however, at a lower GPM of 29.8% as compared to 39.2% recorded in 1HFY2019.

A breakdown of GP and GPM by segment, as follows:

GP and GPM by segment	1HFY2020		1HFY2019	
	GP S\$'000	GPM %	GP S\$'000	GPM %
Semiconductor	5,093	28.0%	3,833	39.4%
Life sciences, electronics and others	2,937	33.7%	3,254	39.0%
<b>Total</b>	<b>8,030</b>	<b>29.8%</b>	<b>7,087</b>	<b>39.2%</b>

In 1HFY2020, the life sciences, electronics and others' GPM has surpassed the semiconductor's segment by 5.7% driven by higher contribution of its higher margin life sciences segment with a revenue growth of S\$1.6

million or 49.8% from S\$3.4 million in 1HFY2019 to S\$5.1 million in 1HFY2020. Consequently, the life sciences segment forms approximately 58.4% of the life sciences, electronics and others segment.

However, lower GPM across the segments was largely attributable to the effects of respective government measures (refer to the Company's announcements on 27 March 2020, 30 March 2020, 7 April 2020 and 4 May 2020) on COVID-19, leading to (i) GVT MY and Grand Venture Technology (Suzhou) Co., Ltd's ("GVT SZ") factory shut down and (ii) Group's customers' facilities shut down from supply chain disruptions. Such factory shut down and supply chain disruptions to customer's facilities led to temporal idle capacity with certain production fixed costs not efficiently absorbed by the production volume. As part of essential services within the global supply chain, the Group has since been supported by the respective authorities and resumed its full operational capacity across all its facilities following the Company's announcement on the Group's operations on 4 May 2020.

The lower GPM, however, was offset by the effects of Singapore government grants S\$0.5 million by way of (i) Jobs Support Scheme ("JSS"), (ii) Foreign Worker Levy ("FWL") rebate and waiver of FWL in the months of March 2020 and April 2020.

#### **Other income**

Other income in 1HFY2020 was S\$453K, a S\$115K increase from S\$338K in 1HFY2019, mainly driven by higher foreign exchange gain of S\$174K from the strengthening of US\$ against respective functional currencies of each entity, offset by (i) S\$31K lower rental income as the Company repossessed previously tenanted areas to cater for its higher production capacity and requirements and (ii) S\$23K lower scrap income.

#### **General and administrative expenses**

General and administrative expenses increased by S\$0.1 million from S\$3.9 million in 1HFY2019 to S\$4.0 million in 1HFY2020 mainly driven by the Group's continued investment of S\$0.5 million in human resource, competencies and capabilities by way of increased headcount across its entities, as offset by S\$0.3 million savings from government grants.

#### **Other operating expenses**

Other operating expenses increased by S\$26K from S\$920K in 1HFY2019 to S\$946K in 1HFY2020, mainly driven by S\$121K additional depreciation from acquisitions of non-production assets, offset by S\$103K savings in other minor production expenses, property tax, repair and maintenance.

#### **Finance costs**

Finance costs increased by S\$209K from S\$489K in 1HFY2019 to S\$698K in 1HFY2020, mainly driven (i) approximately S\$122K higher finance costs from the Group's utilisation of its borrowings facilities and (ii) estimated S\$55K higher financing costs from the Group's acquisition of hire purchase contracts to finance fixed assets additions subsequent to 1HFY2019.

#### **Income tax expense**

During 1HFY2020, the Group obtained S\$42K tax credit and continued to enjoy higher capital allowances along with the Group's continued capital expenditures. This has reduced the Group's overall effective tax rate from 19.4% in 1HFY2019 to 14.0% in 1HFY2020.

## **Review of Group's Balance Sheets**

### **Non-current assets**

Non-current assets increased by S\$0.1 million from S\$38.4 million as at 31 December 2019 to S\$38.5 million as at 30 June 2020 mainly due to S\$973K increased in fixed assets during the period to support capacity expansion, offset by S\$494K lower level of prepayments and S\$342K lower right-of-use assets from accumulated depreciation.

### **Current assets**

Current assets increased by S\$3.2 million from S\$35.2 million as at 31 December 2019 to S\$38.4 million as at 30 June 2020 mainly due to (i) S\$1.8 million increased inventory level, (ii) S\$0.4 million increased trade and other receivables as part of its working capital growth and (iii) further S\$1.4 million prepayments largely comprising down-payments for fixed assets, in line with business and capacity expansion, offset by S\$0.3 million lower cash and bank balances in its financing of these working capital.

### **Non-current and current liabilities (Total liabilities)**

Total liabilities increased by S\$1.2 million from S\$42.1 million as at 31 December 2019 to S\$43.3 million as at 30 June 2020. This is mainly due to S\$2.3 million net increase in borrowings (comprising external borrowings and shareholder loan) as the Group restructures its borrowing profile in financing the Group's higher level of capital expenditure and working capital requirements, offset by S\$1.1 million lower trade and other payables. Net increase in borrowings was mainly incurred in the Group's financing of its fixed assets acquisitions on capacity expansions discussed above.

## **Review of Consolidated Cash Flow Statement**

In 1HFY2020, the net cash generated from operating activities was S\$0.8 million, of which S\$1.5 million was cash generated from operations mainly from its working capital changes before S\$0.6 million interest paid and S\$0.1 million tax paid.

The Group has invested S\$1.3 million on capital expenditure mainly in acquisition of machineries and assets for capacity expansion whilst also receiving S\$78K capital expenditure grant during the period.

Net cash flows generated from financing activities was S\$85K, mainly due to the Group's restructuring of its borrowing exposures in loans and borrowings, shareholder loan and trade financing for a more favourable financing costs which led to a S\$2.1 million net proceed, offset by (i) S\$1.7 million repayment of hire purchases and (ii) S\$0.3 million repayment of lease liabilities.

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

Not applicable. No forecast or prospect statement had been previously disclosed by the Company to shareholders for the financial period discussed in this announcement.

**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.**

As a provider of essential services within the global supply chain, the Group continued to achieve strong business growth and profitability amidst the challenging global market affected by the impact of COVID-19, trade dispute between United States and China and global political uncertainty. The Group persists in its competencies, customer and product development. In June 2020, the Company obtained certification for ISO 13485: 2016, an internationally certified quality management system specific to the medical devices industry, to cater to growing customers' demand in this sector.

Whilst there had been no push-back or cancellation of order, the Group is, however, closely monitoring the possible effects of such prolonged uncertainty by managing its strategy, plans and cash flows to adapt to the business environment.

The Group maintains a cautiously optimistic view that production activities would ramp up quickly once a "new normal" is established and/or there being a medical breakthrough in alleviating the current global pandemic. Therefore, the Group perseveres in its market-oriented approach on (i) Industrial 4.0 ("i4.0") deployment, (ii) capabilities enhancement in the areas of Advanced Materials and Ultra Precision Machining and (iii) expansion of production facilities in Penang (Malaysia) and Suzhou (China). Further, based on the experience and lessons learnt from the ongoing impact of COVID-19, the Group believes that i4.0 deployment would bring about digitalisation and automation of its operations in business continuity and a protection against future shocks.

The Group maintains a flexible stance to cope with the current environment, and remains cautiously optimistic that its capabilities, competencies and production capacities are ready once the market is restored, and is ready to progress beyond the effects of COVID-19.

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

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

No dividend was declared for 1HFY2020.

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

Not applicable.

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

Not applicable. No dividend was declared for 1HFY2019.

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

**(d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No dividend has been declared or is recommended for 1HFY2020 as the Group wishes to reserve its cash resources for business growth.

**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.**

			<b>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) S\$'000</b>
<b>Name of interested person</b>	<b>Nature of relationship</b>	<b>Transaction</b>	
Lee Tiam Nam (" <b>Ricky Lee</b> ")	Controlling shareholder and Executive Chairman	Interest on shareholder's loan	50

The Group has not obtained a general mandate from shareholders for Interested Person Transactions ("**IPT**").

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

We, Lee Tiam Nam and Ng Wai Yuen Julian, being two directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that to the best of our knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited half year financial statements for the six months ended 30 June 2020 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Lee Tiam Nam  
Director

Ng Wai Yuen Julian  
Director

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

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

**16 Use of proceeds**

The Company raised gross proceeds from Initial Public Offering (“IPO”) of approximately S\$13.2 million (the “Gross Proceeds”). As at the date of this announcement, the Gross Proceeds as disclosed in the Offer Document dated 15 January 2019 (“Offer Document”) have been utilised as follows:

<b>Intended usage in accordance with the Offer Document</b>	<b>Allocated S\$'000</b>	<b>Utilised S\$'000</b>	<b>Balance S\$'000</b>
Investing and enhancing operational and engineering capabilities	7,500	7,500	-
Expansion via mergers and acquisitions, joint ventures and partnerships	1,500	-	1,500
General working capital <sup>(1)</sup>	1,404	1,404	-
Repayment of bank borrowings	500	500	-
Listing expenses	2,300	2,300	-
<b>Total</b>	<b>13,204</b>	<b>11,704</b>	<b>1,500</b>

<sup>(1)</sup> Details for general working capital used:

	<b>S\$'000</b>
Rental, office expenditure and other operating expenses	994
Professional fees	310
Directors' fees	100
<b>Total</b>	<b>1,404</b>

**BY ORDER OF THE BOARD**

**LEE TIAM NAM**

Executive Chairman

10 August 2020

*This document has been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (“Sponsor”) in accordance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Jason Chian, Managing Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*