

SGXNET Announcement



**AEM Holdings Ltd
(Registration No. 200006417D)
Unaudited Half Year Financial Statements
and Dividend Announcement
For The Period Ended 30 June 2020**

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1. Financial Statements

1(a)(i). Consolidated Income Statement

	Note	YTD Results		
		1H2020 S\$'000	1H2019 S\$'000	Change* %
Revenue		273,699	150,635	81.7%
Other income		3,183	160	NM
Changes in inventories of finished goods and work-in-progress	A.2	43,755	14,832	195.0%
Raw materials and other consumables	A.2	(210,187)	(110,163)	-90.8%
Staff costs		(32,490)	(19,584)	-65.9%
Depreciation of property, plant and equipment		(1,082)	(871)	-24.2%
Depreciation of right-of-use assets		(2,285)	(1,191)	-91.9%
Amortisation of intangible assets		(873)	(840)	-3.9%
Expense relating to low-value leases		(155)	(139)	-11.5%
Utilities and maintenance expenses		(836)	(733)	-14.1%
Legal and professional fees		(1,277)	(820)	-55.7%
Sales and marketing expenses		(3,818)	(4,253)	10.2%
Other expenses		(890)	(344)	-158.7%
Results from operating activities		66,744	26,689	150.1%
Finance income		370	199	85.9%
Finance expenses		(95)	(57)	-66.7%
Net finance income		275	142	93.7%
Share of profit of equity-accounted investee		261	134	94.8%
Profit before taxation		67,280	26,965	149.5%
Income tax expenses		(11,996)	(4,661)	-157.4%
Profit for the period		55,284	22,304	147.9%

Profit attributable to:

Owners of the Company		55,284	22,304	147.9%
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* Increase/(Decrease) in Earnings
NM: Not Meaningful

1(a)(ii). Consolidated Comprehensive Income Statement

Profit for the period		55,284	22,304	147.9%
<u>Other comprehensive income</u>				
Foreign currency translation differences		1,276	(428)	398.1%
Share of foreign currency translation difference of equity-accounted investee		124	(43)	388.4%
Other comprehensive gain/ (loss) for the period, net of tax		1,400	(471)	397.2%
Total comprehensive income for the period		56,684	21,833	159.6%

Total comprehensive income attributable to:

Owners of the Company		56,684	21,833	159.6%
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* Increase/(Decrease) in Earnings

1(a)(iii). Explanatory Notes to Consolidated Income Statement

A.1 Profit for continuing operation is arrived at after crediting/(charging) the following items:

	Note	YTD Results		
		1H2020 S\$'000	1H2019 S\$'000	Change* %
Government grant income	A.1(a)	2,104	131	NM
Exchange gain, net	A.1(b)	958	12	NM
Allowance for inventory obsolescence		-	(44)	NM

* Increase/(Decrease) in Earnings
NM: Not Meaningful

A.1 (a) Government grants were received in 1H2020 mainly due to wage support to employers in view of the Covid-19 pandemic development and software grant.

A.1 (b) Exchange gain in 1H2020 arose mainly due to favourable movements in foreign exchange rates between United States dollar and Singapore dollar.

A.2 Raw Material and Other Consumables

	YTD Results		
	1H2020 S\$'000	1H2019 S\$'000	Change* %

Changes in inventories of finished goods and work-in-progress excluding allowance for inventory obsolescence	43,755	14,876	194.1%
Raw materials and consumables cost	(210,187)	(110,163)	-90.8%
Material cost before allowance for inventory obsolescence	(166,432)	(95,287)	-74.7%
Allowance for inventory obsolescence	-	(44)	100.0%
Total	(166,432)	(95,331)	-74.6%

* Increase/(Decrease) in Earnings

Raw materials and consumables cost, taking into consideration changes in inventories, excluding allowance for inventory obsolescence increased from S\$95.3 million in 1H2019 to S\$166.4 million in 1H2020, representing an increase of 74.7%. The increase in raw materials and consumables cost in 1H2020 is lower than the increase in revenue mainly due to the favourable change in product mix.

1(b)(i). Statement of Financial Position

	Note	Group		Company	
		30-Jun-20 S\$'000	31-Dec-19 S\$'000	30-Jun-20 S\$'000	31-Dec-19 S\$'000
Non-current assets					
Property, plant and equipment		6,683	6,392	29	31
Right-of-use assets	B.1	6,698	2,051	-	-
Intangible assets and goodwill	B.2	25,262	16,905	-	-
Subsidiaries		-	-	35,802	26,781
Associate		4,957	4,572	4,667	4,667
Deferred tax asset		19	54	19	19
		43,619	29,974	40,517	31,498
Current assets					
Inventories	B.3	103,566	57,479	-	-
Trade and other receivables	B.4	54,226	27,976	23,525	10,692
Contract assets		3,457	4,856	-	-
Cash and cash equivalents	B.5	137,921	107,676	4,646	7,862
		299,170	197,987	28,171	18,554
Total assets		342,789	227,961	68,688	50,052
Equity Attributable to Owners of the Company					
Share capital	1(d)(i)	48,526	45,786	48,526	45,786
Other Reserves	1(d)(i)	4,999	2,968	5,805	5,174
Accumulated gains/ (losses)	1(d)(i)	132,358	85,582	2,772	(10,092)
	1(d)(i)	185,883	134,336	57,103	40,868
Non-current liabilities					
Financial liabilities	1(b)(ii)	424	-	-	-
Lease liabilities	B.1	5,158	527	-	-
Trade and other payables		778	1,565	778	1,565
Deferred tax liabilities		1,662	1,823	-	-
Provisions		504	-	-	-
		8,526	3,915	778	1,565
Current liabilities					
Financial liabilities	1(b)(ii)	1,323	-	-	-
Lease liabilities	B.1	1,994	1,681	-	-
Trade and other payables	B.6	118,600	71,563	8,591	6,260
Contract liabilities		1,452	3,688	-	-
Current tax payable	B.7	23,975	11,607	2,216	1,359
Provisions		1,036	1,171	-	-
		148,380	89,710	10,807	7,619
Total liabilities		156,906	93,625	11,585	9,184
Total equity and liabilities		342,789	227,961	68,688	50,052

- B.1** The Group entered into new lease agreements for its office and production space in Singapore resulting in an increase of right-of-use assets and lease liabilities.
- B.2** Intangible assets and goodwill increased mainly due to the acquisition of Mu-TEST in March 2020. The purchase price allocation exercise for the acquisition of Mu-TEST is ongoing and goodwill has been recorded on a provisional basis.
- B.3** The increase in inventories was mainly due to an increase in inventory builds for the fulfilment of sales orders.
- B.4** Trade and other receivables increased mainly due to the increased sales in 1H2020 as compared to 2H2019.
- B.5** In 1H2020, the Group generated net cash from operating activities of S\$47.3 million, paid dividend of S\$8.5 million and acquired a subsidiary for S\$8.1 million.
- B.6** The increase in trade and other payables was mainly due to increased material purchases as a result of the increase in sales orders to be fulfilled.
- B.7** The increase in current tax payable was mainly due to higher profits in 1H2020.

1(b)(ii). Group Borrowings and Debt Securities

	Group	Group	Group	Group
	30-Jun-20	30-Jun-20	31-Dec-19	31-Dec-19
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
<i>Amount repayable in one year or less, or on demand</i>				
- Short term borrowing	-	1,323	-	-
	-	1,323	-	-
<i>Amount repayable after one year</i>				
- Long term borrowing	-	424	-	-
	-	424	-	-
Total	-	1,747	-	-

The borrowings were due to loan in Mu-TEST and additional loan taken up.

1(c). Consolidated Cash Flow Statement

	Note	1H2020 S\$'000	1H2019 S\$'000
Profit for the period		55,284	22,304
Adjustments for:			
Depreciation and amortisation		4,240	2,902
Allowance for inventory obsolescence		-	44
Interest income		(370)	(199)
Interest expense		95	57
Share of profit from equity accounted investee, net of tax		(261)	(134)
Equity-settled transactions		1,006	494
Tax expense		11,996	4,661
Operating profit before working capital changes		71,990	30,129
Changes in:			
Inventories		(43,945)	(17,118)
Contract costs		-	561
Trade and other receivables		(23,865)	(31,618)
Contract assets		1,554	937
Trade and other payables		44,497	29,025
Contract liabilities		(2,953)	(549)
Provisions		321	95
Cash from operating activities		47,599	11,462
Tax paid		(255)	(3,736)
Net cash from operating activities		47,344	7,726
Investing activities			
Acquisition of intangible assets		(665)	(519)
Interest received		370	199
Purchase of property, plant and equipment		(971)	(833)
Acquisition of subsidiaries, net of cash acquired		(8,125)	-
Net cash used in investing activities		(9,391)	(1,153)
Financing activities			
Interest paid		(79)	(57)
Repayment of borrowings		(850)	(156)
Payment of lease liabilities		(1,456)	(1,310)
Proceeds from borrowings		927	-
Repurchase of own shares		(1,804)	(1,188)
Proceeds from share options exercised		2,553	108
Dividends paid		(8,508)	(5,142)
Net cash used in financing activities		(9,217)	(7,745)
Net increase/ (decrease) in cash and cash equivalents		28,736	(1,172)
Cash and cash equivalents at beginning of period		107,676	58,890
Effect of exchange rate changes on balances held in foreign currencies		1,509	(347)
Cash and cash equivalents at end of period		137,921	57,371

1(d)(i). Statements of Changes in Equity

	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Group							
As at 1 Jan 2019	45,786	(2,331)	1,500	2,172	(1,246)	43,623	89,504
Effect of adoption of SFRS (I) 16	-	-	-	-	-	(37)	(37)
Changes in equity for the period							
Profit for the period	-	-	-	-	-	22,304	22,304
Foreign currency translation differences	-	-	-	-	(471)*	-	(471)
Total comprehensive income for the period	-	-	-	-	(471)	22,304	21,833
Own shares acquired	-	(1,188)	-	-	-	-	(1,188)
Treasury shares reissued related to business combination	-	450	210	-	-	-	660
Treasury shares reissued pursuant to share plans	-	821	438	(1,151)	-	-	108
Share-based payment transactions	-	-	-	494	-	-	494
Dividend declared	-	-	-	-	-	(5,142)	(5,142)
Total transactions with owners for the period	-	83	648	(657)	-	(5,142)	(5,068)
As at 30 June 2019	45,786	(2,248)	2,148	1,515	(1,717)	60,748	106,232

* The net exchange difference arose mainly from translation of subsidiaries' and associates' net assets and liabilities with non-SGD functional currencies.

	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Group							
As at 1 Jan 2020	45,786	(2,632)	2,148	5,808	(2,356)	85,582	134,336
Changes in equity for the period							
Profit for the period	-	-	-	-	-	55,284	55,284
Foreign currency translation differences	-	-	-	-	1,400 *	-	1,400
Total comprehensive income for the period	-	-	-	-	1,400	55,284	56,684
Own shares acquired	-	(1,804)	-	-	-	-	(1,804)
Issue of shares related to business combination	881	-	(73)	-	-	-	808
Issue of shares pursuant to share plans	1,859	-	-	-	-	-	1,859
Treasury shares reissued related to business combination	-	270	538	-	-	-	808
Treasury shares reissued pursuant to share plans	-	1,546	1,493	(2,345)	-	-	694
Share-based payment transactions	-	487	224	295	-	-	1,006
Dividend declared	-	-	-	-	-	(8,508)	(8,508)
Total transactions with owners for the period	2,740	499	2,182	(2,050)	-	(8,508)	(5,137)
As at 30 Jun 2020	48,526	(2,133)	4,330	3,758	(956)	132,358	185,883

* The net exchange difference arose mainly from translation of subsidiaries' and associates' net assets and liabilities with non-SGD functional currencies.

1(d)(i). Statements of Changes in Equity (Cont'd)

	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Company						
As at 1 Jan 2019	45,786	(2,331)	1,347	2,172	(13,678)	33,296
Changes in equity for the period						
Total comprehensive income	-	-	-	-	3,404	3,404
Own shares acquired	-	(1,188)	-	-	-	(1,188)
Treasury shares reissued related to business combination	-	450	210	-	-	660
Treasury shares reissued pursuant to share plans	-	821	438	(1,151)	-	108
Share-based payment transactions	-	-	-	494	-	494
Dividend declared	-	-	-	-	(5,142)	(5,142)
As at 30 Jun 2019	45,786	(2,248)	1,995	1,515	(15,416)	31,632

	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Company						
As at 1 Jan 2020	45,786	(2,632)	1,998	5,808	(10,092)	40,868
Changes in equity for the period						
Total comprehensive income	-	-	-	-	21,372	21,372
Own shares acquired	-	(1,804)	-	-	-	(1,804)
Issue of shares related to business combination	881	-	(73)	-	-	808
Issue of shares pursuant to share plans	1,859	-	-	-	-	1,859
Treasury shares reissued related to business combination	-	270	538	-	-	808
Treasury shares reissued pursuant to share plans	-	1,546	1,493	(2,345)	-	694
Share-based payment transactions	-	487	224	295	-	1,006
Dividend declared	-	-	-	-	(8,508)	(8,508)
As at 30 Jun 2020	48,526	(2,133)	4,180	3,758	2,772	57,103

1(d)(ii). Changes in Share Capital

	As at 30-Jun-20		As at 31-Dec-19		As at 30-Jun-19	
	No. of shares	S\$'000	No. of shares	S\$'000	No. of shares	S\$'000
Issued and fully paid shares						
At 1 January	273,307,820	45,786	273,307,820	45,786	273,307,820	45,786
Exercise of share options	2,456,000	1,859	-	-	-	-
Issue of shares related to business combination	436,200	881	-	-	-	-
Total issued shares	276,200,020	48,526	273,307,820	45,786	273,307,820	45,786
Less treasury shares balance	(1,897,313)	(2,133)	(3,541,418)	(2,632)	(3,302,418)	(2,248)
Total issued shares less treasury shares reserve at end of period	274,302,707	46,393	269,766,402	43,154	270,005,402	43,538

	As at 30-Jun-20		As at 31-Dec-19		As at 30-Jun-19	
	No. of shares	S\$'000	No. of shares	S\$'000	No. of shares	S\$'000
Treasury shares						
At 1 January	(3,541,418)	(2,632)	(4,261,084)	(2,331)	(4,261,084)	(2,331)
Own shares acquired	(1,100,000)	(1,804)	(1,700,000)	(1,688)	(1,300,000)	(1,188)
Treasury shares reissued pursuant to Performance Share Plan	1,593,667	1,407	1,286,666	720	1,286,666	720
Treasury shares reissued related to business combination	363,800	270	800,000	450	800,000	450
Exercise of share options	786,638	626	333,000	217	172,000	101
Treasury shares balance at end of period	(1,897,313)	(2,133)	(3,541,418)	(2,632)	(3,302,418)	(2,248)

1(d)(iii). Share Options

Date of grant of options	Exercise price per share	Options outstanding at 1 Jan 2020	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 30 Jun 2020	Exercise Period
27 February 2017	\$0.196*	459,000	-	(459,000)	-	-	28 Feb 2018 - 26 Feb 2027
23 August 2017	\$0.627*	128,000	-	(56,000)	(28,000)	44,000	24 Aug 2018 - 22 Aug 2027
15 January 2019	\$0.890	3,414,638	-	(2,727,638)	(38,000)	649,000	16 Jan 2020 - 14 Jan 2029
7 October 2019	\$1.142	2,674,667	-	-	-	2,674,667	8 Oct 2020 - 6 Oct 2029
7 October 2019	\$1.142	1,274,667	-	-	-	1,274,667	8 Oct 2021 - 6 Oct 2029
7 October 2019	\$1.142	1,274,666	-	-	-	1,274,666	8 Oct 2022 - 6 Oct 2029
1 April 2020	\$1.652	-	206,897	-	-	206,897	2 Apr 2021 - 31 Mar 2030
1 April 2020	\$1.652	-	206,897	-	-	206,897	2 Apr 2022 - 31 Mar 2030
1 April 2020	\$1.652	-	206,896	-	-	206,896	2 Apr 2023 - 31 Mar 2030
Total		9,225,638	620,690	(3,242,638)	(66,000)	6,537,690	

*Exercise price was adjusted due to bonus shares issue.

As at 30 June 2020, the number of share options of the company outstanding was 6,537,690 (30 June 2019: 4,162,638). There were 3,242,638 options being exercised in 1H2020 (1H2019: 172,000).

1(d)(iv). Treasury Shares

As at 30 June 2020, the treasury shares balance was 1,897,313 (30 June 2019: 3,302,418). The total number of issued ordinary shares excluding treasury shares at the end of the period was 274,302,707 (30 June 2019: 270,005,402).

2. Statement on Audit

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.

3. Auditors' Report

Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)

Not applicable.

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion

Not applicable.

4. Accounting Policies

Whether the same accounting policies and methods of computations as in the issuer's most recently audited annual financial statements have been applied

The financial statements for the period ended 30 June 2020, are prepared in accordance with Singapore Financial Reporting Standards (International)(SFRS(I)). The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 2019.

5. Changes in Accounting Policies

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 adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2020. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. Earnings Per Share

Earnings per ordinary share for the period for continuing operations based on net profit attributable to shareholders after deducting any provision for preference dividends

	Group	
	1H2020	1H2019
(i) a) EPS based on weighted average number of ordinary shares in issue	20.15 cents	8.25 cents
Weighted average number of shares in issue	274,363,495	270,247,178
(ii) a) EPS based on a fully diluted basis	20.13 cents	8.18 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares	274,647,817	272,548,137

7. Net Asset Value Per Share

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value per share	67.8 cents	49.8 cents	20.8 cents	15.1 cents

Net asset value per share is calculated based on the existing issued share capital less treasury shares of 274,302,707 ordinary shares as at 30 June 2020 (31 December 2019: 269,766,402).

8. Group Performance Review

Analysis of Consolidated Income Statement

	YTD Results		
	1H2020 S\$'000	1H2019 S\$'000	Change %
Equipment Systems Solutions ("ESS")	265,507	143,899	84.5%
System Level Test & Inspection ("SLT-i")	3,759	3,096	21.4%
Micro-Electro-Mechanical Systems ("MEMS")	2,770	2,258	22.7%
Test and Measurement Solutions ("TMS")	1,663	1,382	20.3%
Total	273,699	150,635	81.7%

All business segments have recorded an increase in revenue between 1H2019 to 1H2020 mainly due to an increase in sales orders from existing and new customers. Accordingly, the Group recorded a 81.7% increase from S\$150.6 million in 1H2019 to S\$273.7 million in 1H2020.

Raw materials and consumables cost, taking into consideration changes in inventories, excluding allowance for inventory obsolescence increased from S\$95.3 million in 1H2019 to S\$166.4 million in 1H2020, representing an increase of 74.7%. The increase in raw materials and consumables cost in 1H2020 is lower than the increase in revenue mainly due to the favourable change in product mix.

Staff costs increased 65.9% in 1H2020 as compared to 1H2019 mainly due to higher headcount mostly for Research and Development (R&D), business development and engineering projects as well as from the acquisition of Mu-TEST.

Depreciation of property, plant and equipment increased from S\$871,000 in 1H2019 to S\$1.1 million in 1H2020 mainly due to higher carrying value from renovation and equipment expenditure.

Depreciation of right-of-use assets increased from S\$1.2 million in 1H2019 to S\$2.3 million in 1H2020 mainly due to additional leases taken up for the increase in sales and production activities.

Amortisation of intangible assets increased from S\$840,000 in 1H2019 to S\$873,000 in 1H2020 due to the higher carrying value and expenditure for computer software.

Legal and professional fees increased 55.7% from S\$820,000 in 1H2019 to S\$1.3 million in 1H2019 mainly due to higher merger & acquisition related expenses and other professional fees incurred.

Sales and marketing expenses decreased 10.2% from S\$4.3 million in 1H2019 to S\$3.8 million in 1H2020 mainly due to lower exhibition, travelling and warranty expenses offset by higher packing and delivery expenses in 1H2020.

Other expenses increased from S\$344,000 in 1H2019 to S\$890,000 in 1H2020 mainly due to higher miscellaneous expenses.

After taking into consideration the above and tax expenses of S\$12.0 million in 1H2020, profit after tax increased 147.9% from S\$22.3 million in 1H2019 to S\$55.3 million in 1H2020.

Analysis of Statement of Financial Position

Trade and other receivables increased mainly due to the increased sales in 1H2020 as compared to 2H2019.

In 1H2020, the Group generated net cash from operating activities of S\$47.3 million, paid dividend of S\$8.5 million and acquired a subsidiary for S\$8.1 million.

The increase in trade and other payables was mainly due to increased material purchases as a result of the increase in sales orders to be fulfilled.

9. Prospect vs Actual Results

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

In the financial guidance announcement dated 6 May 2020, the Group stated it expects to achieve a revenue in the range between S\$430 million to S\$445 million and incur capital expenditure of approximately S\$4 million for FY2020.

For 1H2020, the Group achieved a revenue of S\$273.7 million and recorded capital expenditure of S\$1.6 million.

10. Business Outlook

Commentary of significant trends and competitive conditions of the industry and any known factors or events that may affect the Group

AEM's operations are deemed as essential services globally and the operations were minimally impacted by the COVID-19 pandemic. The demand for our semiconductor test solutions continues to be robust, as such, the FY2020 revenue guidance of the Group is revised upwards to between S\$460 million to S\$480 million, and CAPEX to remain at approximately S\$4 million.

Since 2017, AEM has acquired five companies to complement our R&D efforts to expand our technology pillars that deliver customised modular test solutions for our customers. We have also invested in our application engineering capabilities globally as we seek new customers of our AMPS (Asynchronous Modular Parallel Smart) platform. Going forward, we expect to see lower contribution from our Non-Recurring Engineering fees as we aim to develop more of our Intellectual Property that go into future products.

On 22 July 2020, the Group signed an equity purchase agreement for the acquisition of 100% shareholding in DB Design Group, Inc. DB Design is a U.S. based company that provides design services and manufacturing of handler change kits, tester interfaces, test handlers, test related accessories, interconnects, enclosures, fixtures, connectors, and thermal solutions. The acquisition of DB Design enhances AEM's capabilities in our consumables business with our key customer and opens the door with several new customers in North America.

The Group will continue to expand strategically through mergers and acquisitions and in-house technology development as it solidifies its position as a global leader offering application-specific intelligent system test and handling solutions for semiconductor and electronics companies serving advanced computing, 5G and AI markets.

11. Dividends

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	5.0 cents per ordinary share
Tax Rate	Tax Exempt One-Tier

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	2.0 cents per ordinary share
Tax Rate	Tax Exempt One-Tier

(c) Date Payable

Payment will be made on 11 September 2020.

(d) Record Date

NOTICE IS HEREBY GIVEN that, the Transfer Books and Register of Members of the Company will be closed on 28 August 2020 for the preparation of the proposed dividend. Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 28 August 2020 will be registered to determine shareholders' entitlements to the proposed dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 28 August 2020 will be entitled to the proposed dividend.

(e) Dividend Policy

Our dividend policy is based on a payout of annual dividends, including interim dividends of not less than 25% of the Group consolidated profit after tax, excluding non-recurring, one-off and exceptional items, in respect of any financial year to its shareholders. This is subject to the Group's retained earnings, financial position, capital expenditure requirements, future expansion, investment plans and other relevant factors.

12. Statement on Dividends

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

Not applicable.

13. Interested Person Transactions (IPT)

If no IPT mandate has been obtained, a statement to that effect

No IPT mandate has been obtained.

Name of interested person	Note	Aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
		1H2020	1H2019
Novo Tellus Capital Partners Pte Ltd ("Novo Tellus")	1	156,000	96,000

Note 1: Novo Tellus is a company controlled by Mr. Loke Wai San, the Executive Chairman of the Company and Mr. James Toh Ban Leng, a Director of the Company.

The IPT of S\$156,000 for 1H2020 comprised professional fee of S\$120,000 paid by the Company to Novo Tellus for advisory services in upgrading of software capabilities, merger and acquisition activities of the Group and the Group's share of the consultancy service fee of S\$36,000 paid by the Company's associated company, Novoflex Pte Ltd. to Novo Tellus.

The IPT of S\$96,000 for 1H2019 comprised professional fee of S\$60,000 paid by the Company to Novo Tellus for advisory services in merger and acquisition activities of the Group and the Group's share of the consultancy service fee of S\$36,000 paid by the Company's associated company, Novoflex Pte Ltd. to Novo Tellus.

14. Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the period ended 30 June 2020, to be false or misleading in any material respect.

15. Confirmation by the Directors and Officers Pursuant to Rule 720(1) of the Listing Manual

The Group confirms that it has procured undertakings from all its Directors and Executive Officers.

16. Person Occupying a Managerial Position

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Loke Wai San
Executive Chairman
3 August 2020