

# **SUNRIGHT LIMITED AND ITS SUBSIDIARIES**

(Company Reg. No. 197800523M)

Condensed Interim Financial Statements  
For the First Half Year ended 31 January 2023

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## A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		The Group		
		1st Half Year ended 31 January 2023	1st Half Year ended 31 January 2022	Increase/ (decrease)
Note		S\$'000	S\$'000	%
	<b>Revenue</b>	43,795	51,771	(15%)
	<b>Other items of income:</b>			
	Interest income	820	662	24%
	Dividend income	65	71	(8%)
	Other income	1,978	1,376	44%
	<b>Items of expenses:</b>			
	Raw materials and consumables used	(9,231)	(11,851)	(22%)
	Changes in inventories of finished goods and work-in-progress	93	1,638	(94%)
	Employee benefits expense	(19,874)	(21,215)	(6%)
	Depreciation of property, plant and equipment	(6,677)	(9,981)	(33%)
	Finance costs	(318)	(145)	>100%
	Other expenses	(12,374)	(11,986)	3%
	<b>(Loss)/profit before tax</b>	(1,723)	340	NM
	Income tax credit/(expense)	17	(757)	NM
	<b>Loss, net of tax</b>	(1,706)	(417)	NM
	<b>Other comprehensive income:</b>			
	<b>Item that may be reclassified subsequently to profit or loss</b>			
	Foreign currency translation (loss)/gain	(1,154)	1,291	NM
	<b>Other comprehensive income for the period, net of tax</b>	(1,154)	1,291	NM
	<b>Total comprehensive income for the period</b>	(2,860)	874	NM
	<b>(Loss)/profit attributable to:</b>			
	Owners of the Company	(1,348)	(1,503)	(10%)
	Non-controlling interests	(358)	1,086	NM
		(1,706)	(417)	NM
	<b>Total comprehensive income attributable to:</b>			
	Owners of the Company	(1,874)	(867)	NM
	Non-controlling interests	(986)	1,741	NM
		(2,860)	874	NM
	Loss per share attributable to owners of the Company (cents)			
	- Basic	(1.1)	(1.2)	(10%)

NM : Not meaningful

**B. Condensed Interim Statements of Financial Position**

	Note	The Group		The Company	
		31 January 2023	31 July 2022	31 January 2023	31 July 2022
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	63,803	56,597	136	195
Investment in subsidiaries		-	-	12,112	12,112
Deferred tax assets		1,620	1,378	-	-
Other receivables		413	497	-	-
Total non-current assets		65,836	58,472	12,248	12,307
<b>Current assets</b>					
Investment securities		5,302	4,204	332	360
Inventories		3,157	3,893	-	-
Prepayments		1,657	1,762	163	118
Tax recoverables		2,532	2,032	-	-
Trade and other receivables		19,208	19,944	1,563	1,294
Loans to a subsidiary		-	-	58	144
Cash and short-term deposits		75,485	78,304	19,583	20,180
Total current assets		107,341	110,139	21,699	22,096
<b>Total assets</b>		<b>173,177</b>	<b>168,611</b>	<b>33,947</b>	<b>34,403</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	13	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)		30,836	32,184	(3,524)	(3,498)
Other reserves		9,544	10,070	155	155
<b>Total equity attributable to owners of the Company</b>		<b>76,107</b>	<b>77,981</b>	<b>32,358</b>	<b>32,384</b>
Non-controlling interests		56,716	58,111	-	-
<b>Total equity</b>		<b>132,823</b>	<b>136,092</b>	<b>32,358</b>	<b>32,384</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	12	10,396	8,019	425	531
Defined benefit liabilities		1,516	1,471	-	-
Deferred tax liabilities		2,043	1,642	-	-
Total non-current liabilities		13,955	11,132	425	531
<b>Current liabilities</b>					
Trade and other payables		18,943	16,021	795	1,038
Contract liabilities		7	123	-	-
Loans and borrowings	12	7,309	5,099	271	353
Provisions		42	36	-	-
Income tax payable		98	108	98	97
Total current liabilities		26,399	21,387	1,164	1,488
Total liabilities		40,354	32,519	1,589	2,019
<b>Total equity and liabilities</b>		<b>173,177</b>	<b>168,611</b>	<b>33,947</b>	<b>34,403</b>

## C. Condensed Interim Statements of Changes in Equity

The Group	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
<b>FY2023</b>								
As at 1 August 2022	136,092	77,981	35,727	32,184	(1,287)	10,497	860	58,111
Loss for the period	(1,706)	(1,348)	-	(1,348)	-	-	-	(358)
Other comprehensive income for the period, net of tax	(1,154)	(526)	-	-	(526)	-	-	(628)
Total comprehensive income for the period	(2,860)	(1,874)	-	(1,348)	(526)	-	-	(986)
Dividends paid to non-controlling interests	(409)	-	-	-	-	-	-	(409)
As at 31 January 2023	132,823	76,107	35,727	30,836	(1,813)	10,497	860	56,716
<b>FY2022</b>								
As at 1 August 2021	144,257	84,084	35,727	36,489	511	10,497	860	60,173
Loss for the period	(417)	(1,503)	-	(1,503)	-	-	-	1,086
Other comprehensive income for the period, net of tax	1,291	636	-	-	636	-	-	655
Total comprehensive income for the period	874	(867)	-	(1,503)	636	-	-	1,741
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
Dividends paid to non-controlling interests	(431)	-	-	-	-	-	-	(431)
As at 31 January 2022	144,332	82,849	35,727	34,618	1,147	10,497	860	61,483
<b>The Company</b>								
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>FY2023</b>								
As at 1 August 2022	32,384	32,384	35,727	(3,498)	-	155	-	-
Loss for the period	(26)	(26)	-	(26)	-	-	-	-
Total comprehensive income for the period	(26)	(26)	-	(26)	-	-	-	-
As at 31 January 2023	32,358	32,358	35,727	(3,524)	-	155	-	-
<b>FY2022</b>								
As at 1 August 2021	32,682	32,682	35,727	(3,200)	-	155	-	-
Profit for the period	110	110	-	110	-	-	-	-
Total comprehensive income for the period	110	110	-	110	-	-	-	-
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
As at 31 January 2022	32,424	32,424	35,727	(3,458)	-	155	-	-

**D. Condensed Interim Consolidated Cash Flow Statement**

		<b>The Group</b>	
		<b>First Half Year ended 31 January 2023</b>	<b>First Half Year ended 31 January 2022</b>
<b>Note</b>		<b>S\$'000</b>	<b>S\$'000</b>
	<b>Cash flows from operating activities:</b>		
	(Loss)/profit before tax	(1,723)	340
	Adjustments for:		
	Net gain on disposal of property, plant and equipment	(493)	-
6	Depreciation of property, plant and equipment	6,677	9,981
	Plant and equipment written off	-	1
6	Net reversal of write-down of inventories	(20)	(38)
6	Net impairment loss/(reversal of impairment) on trade receivables	17	(60)
	Dividend income	(65)	(71)
6	Net fair value gain on investment securities	(451)	(815)
	Finance costs	318	145
	Interest income	(820)	(662)
	Net unrealised exchange loss/(gain)	48	(24)
	<b>Operating cash flows before changes in working capital</b>	<b>3,488</b>	<b>8,797</b>
	Decrease/(increase) in inventories	756	(2,404)
	Decrease/(increase) in prepayments and receivables	1,357	(2,174)
	Decrease in payables and contract liabilities	(2,974)	(1,354)
	<b>Cash flows from operations</b>	<b>2,627</b>	<b>2,865</b>
	Net income taxes paid	(376)	(757)
	Interest paid	(319)	(166)
	Interest received	648	662
	<b>Net cash flows from operating activities</b>	<b>2,580</b>	<b>2,604</b>
	<b>Cash flows from investing activities:</b>		
	(Increase)/decrease in short-term deposits with maturity more than three months	(2,780)	1,856
	Dividend income	65	71
	Purchase of property, plant and equipment	(8,129)	(4,162)
	Proceeds from disposal of property, plant and equipment	795	-
	Purchase of investment securities	(666)	(140)
	Proceeds from disposal of investment securities	-	1,196
	<b>Net cash flows used in investing activities</b>	<b>(10,715)</b>	<b>(1,179)</b>
	<b>Cash flows from financing activities:</b>		
	Proceeds from term loans	6,931	-
	Repayment of term loans	(2,479)	(1,673)
	Repayment of principle portion of lease liabilities	(1,028)	(1,017)
9	Dividends paid on ordinary shares	-	(368)
	Dividends paid to non-controlling interests	(409)	(431)
	<b>Net cash flows from/(used) in financing activities</b>	<b>3,015</b>	<b>(3,489)</b>
	Net decrease in cash and cash equivalents	(5,120)	(2,064)
	Effect of exchange rate changes on cash and cash equivalents	(479)	777
	Cash and cash equivalents at beginning of period	41,982	31,438
	<b>Cash and cash equivalents at end of period</b>	<b>36,383</b>	<b>30,151</b>

**D. Condensed Interim Consolidated Cash Flow Statement**

Cash and cash equivalents comprised the following:

	<b>The Group</b>	
	<b>31 January 2023</b>	<b>31 January 2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash at banks and on hand	11,201	15,250
Bank deposits	64,284	79,480
Cash and short-term deposits	75,485	94,730
Less: Bank deposits with maturity more than three months	(39,102)	(64,579)
Cash and cash equivalents	<u>36,383</u>	<u>30,151</u>

## **E. Notes to the Condensed Interim Financial Statements**

### **1. Corporate information**

Sunright Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the first half year ended 31 January 2023 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the Group are in the business of manufacturing burn-in/test equipment, assembly of electronic and electrical components, provision of burn-in and testing services and research and development of burn-in and test related activities.

### **2. Basis of Preparation**

The condensed interim financial statements for the first half year ended 31 January 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 July 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all values are rounded to the nearest thousand (\$'000) unless otherwise stated.

#### **2.1. New and amended standards adopted by the Group**

A number of amendments to standards have become applicable for the current reporting period<sup>1</sup>. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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<sup>1</sup> Refer to Annual Report FY2022, Notes to the Financial Statements (Note 2.3).

### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### 4. Segment and revenue information

The Group is organised into the following main business segments:

- a) Burn-in, testing and electronic manufacturing services segment is in the business of manufacturing burn-in/test equipment, assembly of electronic and electrical components, provision of burn-in and testing services and research and development of burn-in and test related activities. This reportable segment has been formed by aggregating the burn-in and test related activities and assembly activities, which are regarded by management to exhibit similar economic characteristics.
- b) "Others" segment involves Group-level corporate services, treasury and investments functions, business of trading in and distribution of high-technology electronic products (which does not meet any of the quantitative thresholds for disclosure under SFRS(I) 8 Operating Segments), and consolidation adjustments which are not directly attributable to particular business segment above.

Key management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

#### 4.1 Business segment

	Burn-in, testing and electronic manufacturing services		Others		Consolidated	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
<b>1st Half Year ended 31 January</b>						
<b>Revenue:</b>						
External customers	43,795	51,771	-	-	43,795	51,771
<b>Results:</b>						
Segment (loss)/profit	(2,226)	(174)	1	(3)	(2,225)	(177)
Interest income					820	662
Finance costs					(318)	(145)
(Loss)/profit before tax					(1,723)	340
Income tax expense					17	(757)
Loss for the period					(1,706)	(417)
<b>Other information:</b>						
Depreciation of property, plant and equipment	6,599	9,820	78	161	6,677	9,981
Additions to property, plant and equipment	14,759	6,096	18	39	14,777	6,135

#### 4. Segment and revenue information (cont'd)

##### 4.2 Disaggregation of Revenue

	The Group	
	1st Half Year ended 31 January 2023	1st Half Year ended 31 January 2022
	S\$'000	S\$'000
<b>Burn-in, testing and electronic manufacturing services</b>		
<b>Major type of goods and services</b>		
Sale of goods	10,395	11,728
Rendering of services	33,400	40,043
<b>Total Revenue</b>	<b>43,795</b>	<b>51,771</b>
<b>Primary geographical markets</b>		
Singapore	1,184	1,018
Malaysia	29,215	33,826
China	9,177	11,721
Other Asian markets*	1,029	1,249
United States	2,255	2,134
Others	935	1,823
<b>Total Revenue</b>	<b>43,795</b>	<b>51,771</b>

\* Classified under "Other Asian markets" are Taiwan, Philippines, Thailand and Vietnam.

The goods and services are transferred to the customers at a point in time.

#### 5. Financial assets and liabilities

	The Group		The Company	
	31 January 2023	31 July 2022	31 January 2023	31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial Assets</b>				
Total trade and other receivables	19,621	20,441	1,563	1,294
Less: Derivatives	(26)	-	-	-
Loans to a subsidiary	-	-	58	144
Cash and short-term deposits	75,485	78,304	19,583	20,180
Financial assets, at amortised costs	95,080	98,745	21,204	21,618
Investment securities, at fair value through profit or loss	5,302	4,204	332	360
Derivatives, at fair value through profit or loss	26	-	-	-
<b>Total financial assets</b>	<b>100,408</b>	<b>102,949</b>	<b>21,536</b>	<b>21,978</b>
<b>Financial Liabilities</b>				
Trade and other payables	(18,943)	(16,021)	(795)	(1,038)
Less: Derivatives	-	9	-	-
Loans and borrowings	(17,705)	(13,118)	(696)	(884)
Financial liabilities, at amortised costs	(36,648)	(29,130)	(1,491)	(1,922)
Derivatives, at fair value through profit or loss	-	(9)	-	-
<b>Total financial liabilities</b>	<b>(36,648)</b>	<b>(29,139)</b>	<b>(1,491)</b>	<b>(1,922)</b>

**6. Profit before taxation****6.1 Significant items**

	<b>The Group</b>	
	<b>1st Half Year ended 31 January 2023</b>	<b>1st Half Year ended 31 January 2022</b>
	S\$'000	S\$'000
Net reversal of write-down of inventories	20	38
Net (impairment loss)/reversal of impairment on trade receivables	(17)	60
Net exchange loss	(275)	(8)
Net fair value gain on investment securities	451	815
Net gain on disposal of property, plant and equipment	493	-
COVID-19 related government reliefs	-	97

**6.2 Related party transactions**

There are no material related party transactions apart from those disclosed in the condensed interim financial statements.

**7. Significant commitments for purchases of property, plant and equipment**

Commitments for purchases of property, plant and equipment amounted to \$3,859,000 as at 31 January 2023.

**8. Income tax**

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>The Group</b>	
	<b>1st Half Year ended 31 January 2023</b>	<b>1st Half Year ended 31 January 2022</b>
	S\$'000	S\$'000
<i>Current income tax:</i>		
Current income tax (credit)/expense	(135)	546
Over provision in respect of previous year	(10)	(10)
	(145)	536
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	128	221
	128	221
Income tax (credit)/expense	(17)	757

**9. Dividends**

	<u>The Group</u>	
	1st Half	1st Half
	Year ended	Year ended
	31 January	31 January
	<b>2023</b>	<b>2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Recognised and paid during the financial year:</b>		
Ordinary tax exempt (one-tier) dividend for 2022 at nil cent (2021: 0.3 cent) per share	-	368

**10. Net asset value**

	<u>The Group</u>		<u>The Company</u>	
	31 January 2023	31 July 2022	31 January 2023	31 July 2022
Net asset value per ordinary share attributable to the owners of the Company (cents)	62.0	63.5	26.3	26.4

**11. Property, plant and equipment**

For the first half year ended 31 January 2023, the Group acquired property, plant and equipment amounting to \$14,777,000 (2022: \$6,135,000) and disposed off assets amounting to \$300,000 (2022: \$1,000).

**12. Loans and borrowings**

	<u>The Group</u>		<u>The Company</u>	
	31 January 2023	31 July 2022	31 January 2023	31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year or on demand				
Secured	1,955	1,802	3	2
Unsecured	5,354	3,297	268	351
	<u>7,309</u>	<u>5,099</u>	<u>271</u>	<u>353</u>
Amount repayable after one year				
Secured	2,576	2,553	2	3
Unsecured	7,820	5,466	423	528
	<u>10,396</u>	<u>8,019</u>	<u>425</u>	<u>531</u>
Total loans and borrowings	<u>17,705</u>	<u>13,118</u>	<u>696</u>	<u>884</u>

Obligations under leases included in the Group's loans and borrowings are secured on certain assets of the companies within the Group.

### 13. Share capital

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.

There was no change in share capital during the current financial period.

The Company did not have any outstanding convertibles as at 31 January 2023 and 31 January 2022.

There were neither treasury shares nor subsidiary holdings as at 31 January 2023 and 31 January 2022.

**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>The Group and the Company</b>			
31 January 2023		31 July 2022	
Number of shares	Amount	Number of shares	Amount
'000	S\$'000	'000	S\$'000
<i>Issued and fully paid ordinary shares:</i>			
Balance at beginning and end of the period			
122,806	35,727	122,806	35,727

**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. The Company did not hold any treasury shares as at 31 January 2023 and 31 January 2022.

**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. The Company did not have any subsidiary holdings as at 31 January 2023 and 31 January 2022.

**14. Earnings per share**

**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**

Basic loss per ordinary share amounts are calculated by dividing loss net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current financial period.

	<b>The Group</b>	
	<b>31 January 2023</b>	<b>31 January 2022</b>
Loss attributable to owners of the Company (\$'000)	(1,348)	(1,503)
Weighted average number of ordinary shares ('000)	122,806	122,806
Loss per ordinary share (cents)	(1.1)	(1.2)

**15. Subsequent events**

There were no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

## **F. Other Information required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed interim statements of financial position of the Group and the Company as at 31 January 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated cash flow statement for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### **2. Review of performance of the Group**

**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:-**

**(i) 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**

**(ii) 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**

##### 6 Months ended 31 January 2023 (1HFY2023) vs 6 Months ended 31 January 2022 (1HFY2022)

The Group recorded revenue of \$43.8 million in 1HFY2023, a decrease of \$8.0 million or 15% as compared to \$51.8 million in 1HFY2022. The decline was attributed to lower volume for burn-in and test services, and further impacted by electronic manufacturing service ("EMS") which was scaled down in the last financial year.

Interest income increased by \$0.2 million or 24% to \$0.8 million, following higher interest rates on placement of fixed deposits.

Other income increased by \$0.6 million or 44% to \$2.0 million, mainly attributable to gain on disposal of property, plant and equipment of \$0.5 million and \$0.4 million compensation received for an order cancellation, which were partially lowered by a reduced fair value gain on investment securities of \$0.4 million.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, totalling \$9.1 million, were lower by \$1.1 million or 11%, in line with reduced EMS activities.

Employee benefits expense decreased by \$1.3 million or 6% to \$19.9 million, in alignment to operational requirements.

Depreciation reduced by \$3.3 million or 33% to \$6.7 million, due to certain machinery and test equipment were fully depreciated.

Finance costs increased by \$0.2 million to \$0.3 million, following increased borrowings to fund capital expenditure.

Other expenses increased by \$0.4 million or 3% to \$12.4 million, mainly attributable to higher utility costs of \$0.6 million due to increase in electricity tariff rates, and higher net exchange loss of \$0.3 million; partially offset by lower repairs and maintenance cost of \$0.1 million, and lower management fees for investment securities of \$0.2 million.

Consequently, the Group recorded a loss before tax of \$1.7 million in 1HFY2023, from a profit before tax of \$0.3 million in 1HFY2022, representing a decline of \$2.1 million.

### **Review of financial position**

Property, plant and equipment (“PPE”) was higher by \$7.2 million or 13%, from \$56.6 million as at 31 July 2022, to \$63.8 million as at 31 January 2023. The increase was primarily due to net additions of \$14.5 million, partially offset by depreciation charge of \$6.7 million.

Deferred tax assets increased by \$0.2 million or 18%, from \$1.4 million to \$1.6 million, as a result of higher deductible temporary differences arising from unutilised tax benefits.

Investment securities increased by \$1.1 million or 26%, from \$4.2 million to \$5.3 million, as a result of additional investments of \$0.7 million and fair value gain of \$0.5 million.

Inventories decreased by \$0.7 million or 19%, from \$3.9 million to \$3.2 million, following a decrease in work-in-progress by \$0.7 million.

Tax recoverables increased by \$0.5 million or 25%, from \$2.0 million to \$2.5 million, primarily due to higher tax instalment payments.

Current trade and other receivables were lower by \$0.7 million or 4%, from \$19.9 million to \$19.2 million, due to lower sundry receivables by \$1.1 million mainly upon collections of purchases made on behalf, partially offset by higher trade receivables of \$0.3 million largely due to slower collections.

Cash and short-term deposits were lower by \$2.8 million or 4%, from \$78.3 million to \$75.5 million, following payments made for purchase of PPE.

Trade and other payables increased by \$2.9 million or 18%, from \$16.0 million to \$18.9 million, largely due to increased payables for purchases of machinery and test equipment.

Total loans and borrowings increased by \$4.6 million or 35%, from \$13.1 million to \$17.7 million, primarily due to net increase in bank loan of \$4.5 million.

Deferred tax liabilities increased by \$0.4 million or 24%, from \$1.6 million to \$2.0 million, as a result of higher taxable temporary differences arising from the utilisation of capital allowances.

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

There is no material variance from our full year financial statement announcement for the year ended 31 July 2022 commentary under Section F, paragraph 4.

**4. 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 global economic growth estimated at 3.4% in 2022, is projected to decline to 2.9% in 2023<sup>2</sup>. Whilst a global recession is not expected and there are hopes for a faster-than-expected recovery with the recent reopening in China, the rise in interest rates to fight inflation and the effects of the war in Ukraine will continue to weigh on economic activities.

The worldwide semiconductor revenue estimated at US\$601.7 billion in 2022, is forecasted to decline marginally by 1% to US\$596 billion. This is on the back of a dampened economic growth coupled with inventory corrections particularly in the personal computer and smartphone markets, driven by weakened consumer demand and lower production by enterprises. Notably, the non-memory market is nevertheless expected to grow, driven partly by the strong demand from the automotive market.

In light of a near term weakness in the personal computer and consumer markets, the Group expects softer demand for equipment deliveries. However, the demand for automotive devices remains resilient and the recent investments made by the Group in burn-in/test equipment are expected to progressively improve production outputs. With increased energy prices and inflation, the Group expects increased cost pressures and will remain focused on driving cost efficiencies through automation. As such, business conditions remain challenging.

**5. Dividend Information**

**(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

**(e) 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 to be declared in view of the losses.

**6. Interested person transactions**

**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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<sup>2</sup> According to International Monetary Fund's January 2023 outlook report.

**7. 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 undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**8. Confirmation by Board pursuant to Rule 705(5) of the Listing Manual**

The Board confirmed to the best of its knowledge that nothing has come to its attention which may render the unaudited interim financial results for the half year ended 31 January 2023 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Adeline Lim Kim Swan**  
**Company Secretary**  
**Date: 10 March 2023**