



CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

CHOO CHIANG HOLDINGS LTD.

Incorporated in the Republic of Singapore
Company Registration Number: 201426379D

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").

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Condensed Interim Consolidated Statement of Profit or Loss
For the six months ended 30 June 2021

	Note	The Group		Increase (Decrease) %
		Six (6) months ended 30.06.21 \$'000	30.06.20 \$'000	
Revenue	4	38,060	20,068	89.7
Cost of sales		(26,721)	(14,177)	88.5
Gross profit		11,339	5,891	92.5
Other operating income	5	333	810	(58.9)
Administrative and selling expenses		(5,518)	(4,789)	15.2
Other operating expenses		(827)	(796)	3.9
Finance costs	6	(52)	(53)	(1.9)
Profit before income tax	7	5,275	1,063	396.2
Income tax expense	8	(869)	(177)	391.0
Profit for the year, representing total comprehensive income for the period attributable to owners of the Company		4,406	886	397.3
Earnings per share attributable to shareholders of the Company:	9			
- Basic (Singapore cents)		2.12	0.43	393.0
- Diluted (Singapore cents)		2.12	0.43	393.0

Condensed Interim Statement of Financial Position

	Note	Group As at		Company As at	
		30.06.21	31.12.20	30.06.21	31.12.20
		\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents		14,652	13,526	412	488
Trade receivables		5,385	4,754	2,873	3,773
Other receivables and prepayments		1,396	555	16,904	17,117
Financial assets at fair value through profit or loss		2,239	2,118	-	-
Inventories	10	18,944	17,068	-	-
Total current assets		42,616	38,021	20,189	21,378
Non-current assets					
Property, plant and equipment	11	7,379	7,650	-	-
Investment properties		13,030	13,196	-	-
Club membership		177	186	-	-
Investment in subsidiaries		-	-	2,238	2,238
Right-of-use assets		2,602	2,765	-	-
Total non-current assets		23,188	23,797	2,238	2,238
Total assets		65,804	61,818	22,427	23,616
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Trade payables		8,263	8,003	-	-
Other payables and accruals		2,035	1,691	300	246
Contract liabilities	12	326	-	-	-
Lease liabilities	13	524	509	-	-
Income tax payable		1,178	896	40	45
Total current liabilities		12,326	11,099	340	291
Non-current liabilities					
Lease liabilities	13	2,662	2,829	-	-
Deferred tax liability		184	184	-	-
Total non-current liabilities		2,846	3,103	-	-
Total liabilities		15,172	14,112	340	291
Capital and reserves					
Share capital	14	8,020	8,020	8,020	8,020
Treasury shares	14	(54)	(28)	(54)	(28)
Retained earnings		42,666	39,714	14,121	15,333
Total equity		50,632	47,706	22,087	23,325
Total liabilities and equity		65,804	61,818	22,427	23,616

Condensed Interim Statement of Changes in Equity

The Group	Share capital	Treasury shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2021	8,020	(28)	39,714	47,706
Profit for the year, representing total comprehensive income for the period	-	-	4,406	4,406
<i>Transactions with owners, recognised directly in equity</i>				
Purchase of treasury shares	-	(26)	-	(26)
Dividends paid, representing transactions with owners, recognised directly in equity (Note 15)	-	-	(1,454)	(1,454)
Balance as at 30 June 2021	8,020	(54)	42,666	50,632
Balance as at 1 January 2020	8,020	-	38,630	46,650
Profit for the year, representing total comprehensive income for the period	-	-	886	886
Dividends paid, representing transactions with owners, recognised directly in equity (Note 15)	-	-	(1,456)	(1,456)
Balance as at 30 June 2020	8,020	-	38,060	46,080

Condensed Interim Statement of Changes in Equity (cont'd)

The Company	Share capital	Treasury shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2021	8,020	(28)	15,333	23,325
Profit for the period, representing total comprehensive income for the period	-	-	242	242
Purchase of treasury shares	-	(26)	-	(26)
Dividends paid, representing transactions with owners, recognised directly in equity (Note 15)	-	-	(1,454)	(1,454)
Balance as at 30 June 2021	8,020	(54)	14,121	22,087
Balance as at 1 January 2020	8,020	-	11,913	19,933
Profit for the period, representing total comprehensive income for the period	-	-	5,202	5,202
Dividends paid, representing transactions with owners, recognised directly in equity (Note 15)	-	-	(1,456)	(1,456)
Balance as at 30 June 2020	8,020	-	15,659	26,679

Condensed Interim Consolidated Statement of Cash Flows **For the six months ended 30 June 2021**

	The Group	
	Six (6) months ended	Six (6) months ended
	30.06.21	30.06.20
	\$'000	\$'000
Operating activities:		
Profit before income tax	5,275	1,063
Adjustments for:		
Interest expenses of lease liabilities	52	53
Interest income	(10)	(67)
Depreciation of property, plant and equipment	292	301
Depreciation of investment properties	166	173
Depreciation of right-of-use assets	301	284
Amortisation of club membership	9	9
Loss allowance on trade receivables	23	6
Bad debts recovered	(3)	(1)
Dividend income from financial assets at fair value through profit or loss	(41)	(18)
Fair value loss on financial assets at fair value through profit or loss	5	59
Gain on disposal of financial assets at fair value through profit or loss	(1)	-
Operating cash flows before changes in working capital	6,068	1,862
Trade receivables	(651)	3,088
Other receivables and prepayments	(841)	124
Inventories	(1,876)	(1,692)
Trade payables	260	(4,619)
Other payables and accruals	344	(833)
Contract liabilities	326	(58)
Cash flows generated from/(used in) operations	3,630	(2,128)
Income tax paid	(587)	-
Interest received	10	67
Net cash generated from/(used in) operating activities	3,053	(2,061)
Investing activities:		
Purchase of property, plant and equipment	(21)	(83)
Dividend income from financial assets at fair value through profit or loss	41	18
Proceeds from disposal of financial assets at fair value through profit or loss	15	-
Purchase of financial assets at fair value through profit or loss	(140)	(2,002)
Net cash flows used in investing activities	(105)	(2,067)
Financing activities:		
Purchase of treasury shares	(26)	-
Repayment of lease liabilities	(290)	(265)
Dividends paid (Note 15)	(1,454)	(1,456)
Interest paid	(52)	(53)
Net cash flows used in financing activities	(1,822)	(1,774)
Net increase/(decrease) in cash and cash equivalents	1,126	(5,902)
Cash and cash equivalents at beginning of the period	13,526	15,389
Cash and cash equivalents at end of the period	14,652	9,847

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporation Information

Choo Chiang Holdings Ltd. (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”). The Company is an investment holding company.

The primary activities of the Group and the Company are those relating to sales and retail of electrical products and accessories, as well as rental income derived from its property investment.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 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, 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 December 2020.

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 presented are rounded to the nearest thousand (“\$’000”), unless otherwise indicated.

2.1 New and amended standards adopted by the Group

During the current financial period, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2021:

- Amendments to SFRS(I) 16 *Covid-19-Related Rent Concessions*
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2*

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2021. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

2.2 Use of judgments and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income 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 December 2020.

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.

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 derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8.

4.1 Disaggregation of Revenue

	The Group	
	Six (6) months ended	
	30.06.21	30.06.20
	\$'000	\$'000
<u>Segment revenue</u>		
Sales of goods	37,812	19,844
Rental income	248	224
	<u>38,060</u>	<u>20,068</u>
<u>Timing of revenue recognition</u>		
At a point in time:		
Sales of goods	37,812	19,844
Over time:		
Rental income	248	224
	<u>38,060</u>	<u>20,068</u>

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

4. Segment and revenue information (cont'd)

4.2 Reportable segment

The Group is currently organised into two main business activities. The two main business activities are Distribution Business and Property Investment Business.

The principal assets employed by the Group are located in Singapore. Accordingly, no other segmental information by geographical segment is presented.

Business segment information

	Distribution business	Property investment business	Total
	\$'000	\$'000	\$'000
<u>Six (6) months ended 30 June 2021</u>			
Revenue			
External sales of goods	37,812	-	37,812
Rental income	-	248	248
Segment revenue	<u>37,812</u>	<u>248</u>	<u>38,060</u>
Cost of sales			
External purchases	(26,509)	-	(26,509)
Cost of property maintenance	-	(212)	(212)
Segment cost of sales	<u>(26,509)</u>	<u>(212)</u>	<u>(26,721)</u>
Results			
Segment result	11,303	36	11,339
Other operating income	333	-	333
Administrative and selling expenses	(5,489)	(29)	(5,518)
Other operating expenses	(824)	(3)	(827)
Finance costs	(52)	-	(52)
Profit before income tax	<u>5,271</u>	<u>4</u>	<u>5,275</u>
Income tax expense			<u>(869)</u>
Profit after income tax			<u>4,406</u>

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

4.2 Reportable segment (cont'd)

Business segment information

	Distribution business	Property investment business	Total
	\$'000	\$'000	\$'000
<u>Six (6) months ended 30 June 2021</u>			
Assets			
Segment assets	52,001	13,312	65,313
Unallocated assets			491
Combined total assets			<u>65,804</u>
Liabilities			
Segment liabilities	14,838	150	14,988
Unallocated liabilities			184
Combined total liabilities			<u>15,172</u>
Other information			
Purchase of property, plant and equipment	21	-	21
Addition of right-of-use assets	138	-	138
Depreciation of property, plant and equipment	292	-	292
Depreciation of right-of-use assets	301	-	301
Depreciation of investment properties	-	166	166
Amortisation of club membership	9	-	9

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

4.2 Reportable segment (cont'd)

Business segment information

	Distribution business	Property investment business	Total
	\$'000	\$'000	\$'000
Six (6) months ended 30 June 2020			
Revenue			
External sales of goods	19,844	-	19,844
Rental income	-	224	224
Segment revenue	19,844	224	20,068
Cost of sales			
External purchases	(13,980)	-	(13,980)
Cost of property maintenance	-	(197)	(197)
Segment cost of sales	(13,980)	(197)	(14,177)
Results			
Segment result	5,864	27	5,891
Other operating income	802	8	810
Administrative and selling expenses	(4,758)	(31)	(4,789)
Other operating expenses	(775)	(21)	(796)
Finance costs	(53)	-	(53)
Profit (loss) before income tax	1,080	(17)	1,063
Income tax expense			(177)
Profit after income tax			886
Assets			
Segment assets	41,082	14,008	55,090
Unallocated assets			497
Combined total assets			55,587
Liabilities			
Segment liabilities	9,145	188	9,333
Unallocated liabilities			174
Combined total liabilities			9,507
Other information			
Purchase of property, plant and equipment	83	-	83
Depreciation of property, plant and equipment	301	-	301
Depreciation of right-of-use assets	284	-	284
Depreciation of investment properties	-	173	173
Amortisation of club membership	9	-	9

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

5. Other operating income

	The Group	
	Six (6) months ended	
	<u>30.06.21</u>	<u>30.06.20</u>
	\$'000	\$'000
Bad debts recovered	3	1
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	41	18
Net foreign exchange gain	1	-
Fair value gain on FVTPL	30	-
Gain on disposal of financial assets at FVTPL	1	-
Government grants	135	651
Interest income	10	67
Sponsorship	74	64
Sundry income	38	9
	<u>333</u>	<u>810</u>

6. Finance costs

The finance costs relate to interest expenses on lease liabilities.

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

7. Profit before income tax

7.1 Significant items

	The Group	
	Six (6) months ended	
	30.06.21	30.06.20
	\$'000	\$'000
Profit before income tax is arrived after charging/(crediting):		
Cost of inventories included in expenses	26,509	13,980
Net fair value loss on financial assets at FVTPL	5	59
Loss allowance on trade receivables	23	6
Depreciation of property, plant and equipment	292	301
Depreciation of investment properties	166	173
Depreciation of right-of-use assets	301	284
Amotisation of club membership	9	9
Net foreign exchange (gain)/loss	(1)	17

7.2 Related party transactions

There are no material related party transactions apart those disclosed elsewhere in the condensed interim financial statements and other information required under listing manual.

8. Income tax expense

	The Group	
	Six (6) months ended	
	30.06.21	30.06.20
	\$'000	\$'000
Current tax expense		
Current year	867	177
Under provision in prior year	2	-
	<u>869</u>	<u>177</u>

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

9. Earnings per share

Earnings per ordinary share ("EPS")	The Group	
	Six (6) months ended	
	<u>30.06.21</u>	<u>30.06.20</u>
Profit attributable to owners of the Company (\$'000)	4,406	886
Weighted average number of ordinary shares / Number of ordinary shares ('000)	207,820	208,000
Basic and diluted EPS (Singapore cents)	<u>2.12</u>	<u>0.43</u>

The weighted average number of shares takes into account the changes as a result from share buy-backs transacted during the respective financial period. Fully diluted EPS and the basic EPS for the financial periods presented in the table above are the same as the Company did not have any outstanding instruments convertible into rights to subscribe for, and options in respect of its shares during these financial periods.

10. Inventories

	The Group	
	As at	
	<u>30.06.21</u>	<u>31.12.20</u>
	<u>\$'000</u>	<u>\$'000</u>
At cost:		
- Finished goods	20,974	19,060
- Goods in transit	229	267
	<u>21,203</u>	<u>19,327</u>
Less: Allowance for stock obsolescence	<u>(2,259)</u>	<u>(2,259)</u>
	<u>18,944</u>	<u>17,068</u>
Movement in the allowance for stock obsolescence:		
Balance as at 1 January	2,259	2,179
Charged to profit or loss	-	80
Balance as at 30 June / 31 December	<u>2,259</u>	<u>2,259</u>

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

11. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$21,000 (31 December 2020: \$87,000) and disposal of assets amounting to \$14,000 (31 December 2020: \$8,000).

12. Contract liabilities

Contract liabilities relate to advanced payment from a customer. Revenue relating to sale of goods is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer.

13. Lease liabilities

	As at 30.06.21		As at 31.12.20	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
<u>Amount repayable in one year or less, or on demand</u>				
Lease liabilities	70	454	69	440
<u>Amount repayable after one year</u>				
Lease liabilities	72	2,590	107	2,722

Details of any collaterals

As at 30.06.21 and 31.12.20

Lease liabilities are secured by the lessors' title to the leased assets and personal guarantee provided by a Company's director.

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

14. Share capital and treasury shares

	The Group and the Company			
	<u>30.06.21</u>	<u>31.12.20</u>	<u>30.06.21</u>	<u>31.12.20</u>
	Number of issued shares		\$'000	\$'000
Balance as at 1 January	208,000,000	208,000,000	8,020	8,020
Less: Treasury shares	<u>(237,600)</u>	<u>(127,100)</u>	<u>(54)</u>	<u>(28)</u>
Balance as at 30 June / 31 December	<u>207,762,400</u>	<u>207,872,900</u>	<u>7,966</u>	<u>7,992</u>

Treasury shares

During the six months ended 30 June 2021, the Company has bought back 110,500 (31 December 2020: 127,100) shares by way of market acquisition and all shares acquired are held as treasury shares. The latest share buyback for the current financial period was purchased and announced on 4 May 2021. Following the purchase, the Company has 237,600 treasury shares as at 30 June 2021 (31 December 2020: 127,100).

The Company had adopted the Choo Chiang Performance Share Plan prior to its listing on the Catalist in July 2015. As at 31 December 2020 and 30 June 2021, no share awards were granted under this performance share plan. As at 31 December 2020 and 30 June 2021, the Company did not have any outstanding options, warrants or other instrument convertible into securities of the Company.

The total number of issued shares excluding treasury shares as at 30 June 2021 and 31 December 2020 was 207,762,400 shares and 207,872,900 shares respectively.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at 30 June 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

15. Dividends

	The Group	
	Six (6) months ended	
	<u>30.06.21</u>	<u>30.06.20</u>
	\$'000	\$'000
Ordinary dividends paid:		
Final tax-exempt (one-tier) dividend of 0.7 Singapore cents per ordinary share / (2020: Final tax-exempt (one-tier) dividend of 0.7 Singapore cents per ordinary share)	<u>1,454</u>	<u>1,456</u>

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

16. Net Asset Value

	The Group As at		The Company As at	
	30.06.21	31.12.20	30.06.21	31.12.20
Net Asset Value ("NAV")				
Net assets (\$'000)	50,632	47,706	22,087	23,325
Number of issued shares excluding treasury shares ('000)	207,762	207,873	207,762	207,873
NAV per ordinary share (Singapore cents)	24.37	22.95	10.63	11.22

17. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020.

	Note	The Group As at		The Company As at	
		30.06.21 \$'000	31.12.20 \$'000	30.06.21 \$'000	31.12.20 \$'000
Financial assets at fair value through profit or loss					
Quoted equity instruments		2,239	2,118	-	-
Financial assets at amortised cost					
Cash and cash equivalents		14,652	13,526	412	488
Trade receivables		5,385	4,754	2,873	3,773
Other receivables		389	346	16,852	17,105
		20,426	18,626	20,137	21,366
Financial liabilities at amortised cost					
Trade payables		8,263	8,003	-	-
Other payables and accruals		2,035	1,691	300	246
Lease liabilities	13	3,186	3,338	-	-
		13,484	13,032	300	246

Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

17. Financial assets and financial liabilities (cont'd)

Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and
- c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (**Level 3**)

The following table presented the assets measured at fair value:

	The Group	
	As at	
	Level 1	
	30.06.21	31.12.20
	\$'000	\$'000
<u>Recurring fair value measurements</u>		
Financial asset:		
Financial assets at FVTPL		
- Quoted equity instruments	2,239	2,118

18. Subsequent events

There are no known subsequent event which have led to adjustments to this set of interim financial statements.

Other Information Required by Appendix 7C of the Listing Rule

1. Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed. There is no auditors' report issued (including any qualifications or emphasis of a matter).

The Company has an unqualified opinion for its most recently audited financial statements for the financial year ended 31 December 2020 ("**FY2020**").

2. Review of performance of the Group

Review of financial performance

Revenue

The Group's revenue is derived from sales and retail of electrical products and accessories in Singapore ("**Distribution Business**") and rental income from its investment properties in Singapore ("**Property Investment**").

Total revenue increased by \$17,992,000 or 89.7%, from \$20,068,000 for the six months ended 30 June 2020 ("**HY2020**") to \$38,060,000 for the six months ended 30 June 2021 ("**HY2021**"), mainly due to an increase in the revenue from the Distribution Business segment.

- ***Distribution Business***
Revenue from Distribution Business segment increased by \$17,968,000 or 90.5%, from \$19,844,000 in HY2020 to \$37,812,000 in HY2021. The increase was mainly due to the impact of Coronavirus ("**COVID-19**") on the construction sector and the implementation of the Circuit Breaker measures by the Singapore government, most of the construction works were suspended for more than 2 months in HY2020, which resulted in lower demand for electrical products and accessories during HY2020. In addition, the increase due to the upward adjustment of selling prices for certain electrical products and accessories in HY2021.
- ***Property Investment***
Rental income from the Property Investment segment increased by \$24,000 or 10.7%, from \$224,000 in HY2020 to \$248,000 in HY2021 mainly due to three (3) units of investment properties being vacant for a couple of months in HY2020. The said properties were fully leased out in HY2021.

Cost of sales

Cost of sales increased by \$12,544,000 or 88.5%, from \$14,177,000 in HY2020 to \$26,721,000 in HY2021, which is in line with the increase in revenue.

- **Distribution Business**
Cost of sales of the Distribution Business segment increased by \$12,529,000 or 89.6%, from \$13,980,000 in HY2020 to \$26,509,000 in HY2021, generally in line with the increase in revenue for this segment.
- **Property Investment**
Cost of sales of the Property Investment segment increased by \$15,000 or 7.6%, from \$197,000 in HY2020 to \$212,000 in HY2021, generally in line with the increase in revenue for this segment.

Gross profit and gross profit margin

Gross profit increased by \$5,448,000 or 92.5% from \$5,891,000 in HY2020 to \$11,339,000 in HY2021. Gross profit margin increased marginally from 29.4% in HY2020 to 29.8% in HY2021.

The gross profit margin of the Distribution Business segment increased marginally by 0.4% from approximately 29.4% in HY2020 to 29.8% in HY2021.

The gross profit margin of the Property Investment segment increased from 12.1% in HY2020 to 14.5% in HY2021. This was mainly due to lesser depreciation expenses in HY2021 after the impairment loss on several investment properties in late 2020.

Other operating income

Other operating income decreased by \$477,000 or 58.9%, from \$810,000 in HY2020 to \$333,000 in HY2021. The decrease in other operating income was mainly due to decrease in (i) government grant, such as Jobs Support Scheme (JSS), foreign worker levy rebates and property tax rebates; and (ii) interest income. These decreases were partially offset by the increase in dividend income from financial assets through profit or loss.

Administrative and selling expenses

Administrative and selling expenses increased by \$729,000 or 15.2%, from \$4,789,000 in HY2020 to \$5,518,000 in HY2021. The increase in administrative and selling expenses was mainly due to an increase in (i) staff cost and staff welfare; (ii) marketing expenses; and (iii) upkeep of motor vehicles expenses. These increases were offset by a decrease in (i) product testing fee; (ii) rental expenses as one short-term lease was subsequently recognised as right-of-use assets and lease liabilities upon renewal of lease in March 2020.

Other operating expenses

Other operating expenses increased by \$31,000 or 3.9%, from \$796,000 in HY2020 to \$827,000 in HY2021, mainly due to the increase in (i) bank charges; and (ii) depreciation of right-of-use assets and (iii) loss allowance for trade receivables. The increases were offset by the decrease in (i) depreciation of property, plant and equipment; and (ii) foreign exchange losses.

Finance costs

Finance costs decreased marginally from \$53,000 in HY2020 to \$52,000 in HY2021.

Profit before income tax

As a result of the reasons mentioned above, the Group's profit before income tax increased by \$4,212,000 or 396.2% from \$1,063,000 in HY2020 to \$5,275,000 in HY2021.

Review of financial position***Current assets***

Current assets increased by \$4,595,000 from \$38,021,000 as at 31 December 2020 to \$42,616,000 as at 30 June 2021. The increase in current assets were mainly due to an increase in inventories of \$1,876,000, cash and bank balances of \$1,126,000, other receivables and prepayments of \$841,000, trade receivables of \$631,000 and investment in financial assets at fair value through profit or loss of \$121,000.

Non-current assets

Non-current assets decreased by \$609,000 from \$23,797,000 as at 31 December 2020 to \$23,188,000 as at 30 June 2021. The decrease in non-current assets were mainly due to the decrease of property, plant and equipment of \$271,000, investment properties of \$166,000, right-of-use assets of \$163,000 and club membership of \$9,000.

Current liabilities

Current liabilities increased by \$1,227,000 from \$11,099,000 as at 31 December 2020 to \$12,326,000 as at 30 June 2021. The increase in current liabilities were mainly due to an increase in other payables and accruals of \$344,000, contract liabilities of \$326,000, provision for taxation of \$282,000, trade payables of \$260,000, and current portion of lease liabilities of \$15,000.

Non-current liabilities

Non-current liabilities decreased by \$167,000 from \$3,013,000 as at 31 December 2020 to \$2,846,000 as at 30 June 2021. The decrease in non-current liabilities is mainly due to a decrease in the non-current portion of lease liabilities of \$167,000.

Review of cash flow management

Net cash generated from operating activities

In HY2021, the Group generated net cash inflow from operating activities of approximately \$3,053,000, which was a result of operating cash flows before changes in working capital of approximately \$6,068,000, net working capital outflows of approximately \$2,438,000, income tax paid of approximately \$587,000 and interest received of approximately \$10,000.

Net cash used in investing activities

In HY2021, the Group's net cash outflow for investing activities amounted to approximately \$105,000, mainly due to (i) purchases of financial assets at fair value through profit or loss of \$140,000; and (ii) purchases of property, plant and equipment of \$21,000. These were offset by (i) dividend income from financial assets at fair value through profit or loss of \$41,000 and (ii) proceeds from disposal of financial assets at fair value through profit or loss of \$15,000.

Net cash used in financing activities

In HY2021, the Group's net cash outflow for financing activities amounted to approximately \$1,822,000, mainly due to (i) dividends payment of \$1,454,000; (ii) lease liabilities and interest payments of \$342,000; and (iii) purchase of treasury shares of \$26,000.

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

There has not been any forecast or prospect statement in relation to the Group's results for HY2021 previously disclosed to shareholders.

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.

Subject to, *inter alia*, market conditions, availability of good location and other relevant business considerations, it is the Group's current intention to continue to expand its retail network in Singapore and extend its services in providing direct electrical and lighting solutions for developments and projects within Singapore via the CCM brand. On the product level, the Group also intends to reinforce and strengthen its market position in Singapore by widening the range of products sold under its "CCM" and "CRM" brands.

The outbreak of COVID-19 has impacted the global economy, including Singapore. Although the customer demand and sales for HY2021 is moving towards normalisation, we are closely monitoring the development and impact of the COVID-19 situation, and we expect the operating environment in the electrical material sector to be challenging in 2021. In the meantime, we will continue to provide good value to our customers and explore business opportunities so as to increase our revenue and profit.

5. Dividend information

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

Current financial period reported on

The Directors are pleased to recommend an interim dividend of 0.7 Singapore cents per share for HY2021 compared to an interim one-tier tax exempt dividend of 0.2 Singapore cents per share declared in HY2020 reflecting the improved performance during the financial period.

Name of dividend	Interim dividend
Dividend type	Cash
Dividend per ordinary share	0.7 Singapore cents
Total annual dividend	\$1,454,337
Tax rate	Tax exempt (one-tier)

Previous corresponding period of the Immediately Preceding Financial Year

Name of dividend	Interim dividend
Dividend type	Cash
Dividend per ordinary share	0.2 Singapore cents
Total annual dividend	\$415,982
Tax rate	Tax exempt (one-tier)

(b) The date the dividend is payable

Interim dividend will be paid on 7 September 2021.

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

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed at 5.00p.m. on 26 August 2021 ("**Record Date**") for the purpose of determining members' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 26 August 2021 will be registered to determine shareholders' entitlements to the Dividends.

6. Interested person transactions

The Group did not obtain any general mandate from the Company's shareholders in respect of interested person transactions.

The Company's Executive Chairman and CEO, Lim Teck Chuan, had provided personal guarantees to the Singapore Housing & Development Board in order that the Group may secure certain lease agreements. Lim Teck Chuan did not receive any benefit in kind, commission or interest from the Group for providing these personal guarantees.

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company hereby confirms that it has already procured undertakings from all of its Directors and relevant executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

8. Negative confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Teck Chuan
Executive Chairman and Chief Executive Officer

Singapore

11 August 2021