

# Tri-M Tech eyes earnings turnaround within 2 years

**It says it'll lift the company from SGX's watch-list of loss-making firms**

**By LYNETTE KHOO**

ELECTRONICS contract manufacturer Tri-M Technologies said yesterday it expects to see a turnaround in earnings when gains from a new business venture start streaming in.

This will meet a deadline of 24 months to restore the company's financial health and lift it from the Singapore Exchange's watch-list of loss-making companies.

"We hope to produce a certain quantity of oil in the next two years to generate some profit," Tri-M executive director Tiong Ik King told reporters on the sidelines of an annual general meeting yesterday. To be lifted from the watch-list "is what we are striving towards".

The company has been

on the watch-list since March 5 after three straight years of pre-tax losses. Last year, its net loss widened to \$11.87 million from \$365,000, as revenue slumped 65.6 per cent from a year earlier to \$19.34 million.

Tri-M is now diversifying from its traditional business of printed circuit board assembly and related accessories into the booming oil and gas sector through the proposed acquisition of Kingworld Resources, a company incorporated in the British Virgin Islands, which will jointly explore for and produce oil with China National Petroleum Corporation (CNPC).

A memorandum of understanding has been signed by Tri-M and Kingworld under which Tri-M will buy 100 per cent of Kingworld's equity via cash and the issue of shares. The purchase consideration depends on an independent professional valuation of



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the estimated reserves of an oilfield property and the number of production wells.

A definitive agreement, subject to shareholders' approval among other conditions, is expected to be signed after the valuation report is completed in two to three months.

Although there is no synergy between Tri-M's existing electronics business

Kingworld have not been disclosed.

Of \$4.15 million raised through a share placement in March, Tri-M will use \$2.5 million to fund expenses arising from procuring an independent technical report and valuation report on the oilfield property. The company said it will seek further finance when exploration and production work starts, as a project of this size typically costs \$30 million to \$50 million.

Meanwhile, outlook for the electronics business remains cautious, said Tri-M's chief executive Foo Sac Poon. The group aims to cut losses in its existing electronics business by closing a loss-making plant in Shenzhen, China and tightening cost controls. But it is not giving up on its electronics contract manufacturing business, and is looking at automotive parts as a potential new segment.

"We are looking at providing electronic gadgets used in the cars, mainly for the European markets," Mr Foo said.

and the new venture, Dr Tiong said the new business is expected to "revive the company and to bring it to a higher level of profitability".

An agreement signed by CNPC and Kingworld covers 254.9 sq km in Jilin province in China, of which a third has proven oil reserves and is ready for production, Dr Tiong said. Profit-sharing arrangements between CNPC and