



Financial Statements And Related Announcement
For Financial Year Ended 28 February 2020

CHEUNG WOHO TECHNOLOGIES LTD

Co. Reg. No. 197201205Z

Full Year Financial Statements And Related Announcement

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

The Directors of Cheung Woh Technologies Ltd advise the following unaudited results of the Group for the financial year ended 28 February 2020.

1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income

	GROUP			GROUP			
	Notes	4QFY20 S\$'000	4QFY19 S\$'000	Increase/ (decrease) %	For the year ended		Increase/ (decrease) %
					2020 S\$'000	2019 S\$'000	
Turnover		9,628	11,086	(13.2)	48,859	76,818	(36.4)
Cost of sales		(8,930)	(10,499)	(14.9)	(44,467)	(67,203)	(33.8)
Gross profit		698	587	18.9	4,392	9,615	(54.3)
Other operating income	a	464	1,105	(58.0)	2,646	3,391	(22.0)
Distribution and selling expenses		(378)	(397)	(4.8)	(1,569)	(2,630)	(40.3)
General and administrative expenses		(3,865)	(10,840)	(64.3)	(8,596)	(17,421)	(50.7)
Finance costs		(44)	(63)	(30.2)	(234)	(363)	(35.5)
Loss before taxation	b	(3,125)	(9,608)	(67.5)	(3,361)	(7,408)	(54.6)
Income tax expense		(1,368)	(1,198)	14.2	(1,705)	(1,539)	10.8
Loss for the financial year		(4,493)	(10,806)	(58.4)	(5,066)	(8,947)	(43.4)
Other comprehensive income:							
Foreign currency translation		1,305	348		673	(629)	
Total comprehensive income for the financial year		(3,188)	(10,458)		(4,393)	(9,576)	
Loss attributable to:							
Equity owners of the Company		(4,493)	(10,806)		(5,066)	(8,947)	
Total comprehensive income attributable to:							
Equity owners of the Company		(3,188)	(10,458)		(4,393)	(9,576)	
Earnings per share (cents):							
Basic and diluted		(1.51)	(3.58)		(1.69)	(2.96)	

n.m. - not meaningful

1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

<u>Notes</u>	GROUP		GROUP	
	4QFY20	4QFY19	For the year ended	
	S\$'000	S\$'000	2020	2019
			S\$'000	S\$'000
a The Group's other operating income included the following:				
Sales of scrap metal	209	333	1,415	2,853
Interest income	86	38	317	66
Bad debts recovered	-	-	-	4
Sundry income	13	51	57	196
Rental income	40	77	322	268
(Loss)/ gain on disposal of property, plant and equipment	(6)	4	21	4
Income from insurance claim	-	-	514	-
Foreign exchange gain/(loss)				
- Realised exchange gain/(loss)	(95)	(54)	-	-
- Unrealised exchange gain/(loss)	217	656	-	-
	<u>122</u>	<u>602</u>	<u>-</u>	<u>-</u>
b The Group's profit before taxation is arrived at after charging/(crediting):				
Amortisation and depreciation	1,616	2,306	7,111	9,611
Social insurance and housing fund	51	243	292	801
Interest expense on interest-bearing loans and borrowings	44	63	234	363
Foreign exchange (gain)/loss				
- Realised exchange (gain)/loss	-	-	(36)	(118)
- Unrealised exchange (gain)/loss	-	-	457	991
	<u>-</u>	<u>-</u>	<u>421</u>	<u>873</u>
Write-off of property, plant and equipment	-	1,255	-	1,255
Allowance for inventories obsolescence/(write-back of)	4	(3)	(15)	8
Impairment loss on property, plant and equipment	2,417	7,993	2,417	7,993
Impairment loss on intangible assets	-	113	-	113

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	GROUP		COMPANY	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment (note 1)	40,632	51,625	294	1,564
Investment property	1,113	2,460	1,113	2,460
Investments in subsidiary companies	-	-	34,716	34,716
Long-term loan to subsidiary (note 2)	-	-	11,263	-
Deferred tax assets	1	273	-	272
	<u>41,746</u>	<u>54,358</u>	<u>47,386</u>	<u>39,012</u>
Current assets				
Inventories	5,616	10,771	-	-
Trade receivables	8,284	10,179	-	-
Other receivables	937	1,774	1,516	16,758
Other current assets	532	785	81	80
Cash and bank balances	30,371	20,701	6,097	1,732
	<u>45,740</u>	<u>44,210</u>	<u>7,694</u>	<u>18,570</u>
Asset held for sale (note 3)	3,566	-	3,566	-
	<u>49,306</u>	<u>44,210</u>	<u>11,260</u>	<u>18,570</u>
Total assets	<u>91,052</u>	<u>98,568</u>	<u>58,646</u>	<u>57,582</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	4,198	3,688	28	29
Other payables	3,024	4,016	669	602
Lease liabilities (note 4)	2	-	2	-
Interest-bearing loans and borrowings	1,821	5,161	-	-
Income tax payable	277	181	-	-
	<u>9,322</u>	<u>13,046</u>	<u>699</u>	<u>631</u>
Liabilities directly associated with the asset held for sale (note 3)	858	-	858	-
	<u>10,180</u>	<u>13,046</u>	<u>1,557</u>	<u>631</u>
Net current assets	<u>39,126</u>	<u>31,164</u>	<u>9,703</u>	<u>17,939</u>
Non-current liabilities				
Interest-bearing loans and borrowings	-	456	-	-
Lease liabilities (note 4)	243	-	243	-
Deferred tax liabilities	4,802	4,182	-	-
	<u>5,045</u>	<u>4,638</u>	<u>243</u>	<u>-</u>
Total liabilities	<u>15,225</u>	<u>17,684</u>	<u>1,800</u>	<u>631</u>
Net assets	<u>75,827</u>	<u>80,884</u>	<u>56,846</u>	<u>56,951</u>
Equity attributable to owners of the Company				
Share capital	50,200	50,200	50,200	50,200
Treasury shares	(2,587)	(1,923)	(2,587)	(1,923)
Revenue reserve	32,361	37,427	9,233	8,674
Statutory reserve	1,219	1,219	-	-
Foreign currency translation reserve	(5,366)	(6,039)	-	-
Total equity	<u>75,827</u>	<u>80,884</u>	<u>56,846</u>	<u>56,951</u>
Total equity and liabilities	<u>91,052</u>	<u>98,568</u>	<u>58,646</u>	<u>57,582</u>

Note 1 - Included right-of-use assets recognised upon adoption of SFRS(I) 16 Leases on 1 March 2019 based on the modified retrospective approach.

Note 2 - The Long-term loan to a subsidiary is non-trade in nature, unsecured, non-interest bearing and settlement is neither planned nor likely to occur in the foreseeable future. It is, in substance, part of the Company's net investment in the subsidiary and it is stated at cost.

Note 3 - On 27 February 2020, the Company has entered into a confirmation letter with a buyer for the sale of factory located at 23 Tuas South Street 1, Singapore 638033. As such, the carrying amount of the Property, plant and equipment, right-of-use and investment property related to the factory has been reclassified to Asset held for sale. Similarly, lease liabilities related to the factory has been reclassified to Liabilities directly associated with the asset held for sale.

Note 4 - Lease liabilities recognised upon adoption of SFRS(I) 16 Leases on 1 March 2019 based on the modified retrospective approach.

1(b)(i) Aggregate amount of the group's borrowings and debt securities

A) Amount repayable in one year or less, or on demand #

As at 28.02.2020		As at 28.02.2019	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,821	-	5,161	-

The amount of \$1,821,000 (28.02.2019: \$5,161,000) includes \$1,180,000 (28.02.2019: \$1,230,000) repayable after one year based on the scheduled repayment dates in the loan agreements. The amount is classified as repayable in one year or less, or on demand in compliance with accounting standard.

B) Amount repayable after one year

As at 28.02.2020		As at 28.02.2019	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	456	-

C) Details of any collateral:

The bank borrowings of certain subsidiary companies are secured by legal mortgage over the subsidiary companies' properties and corporate guarantee from the Company.

c) **A consolidated statement of cash flows, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	GROUP		GROUP	
	4QFY20	4QFY19	For the year ended	
	S\$'000	S\$'000	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss before taxation	(3,125)	(9,608)	(3,361)	(7,408)
Adjustments for:				
Amortisation and depreciation	1,616	2,306	7,111	9,611
Allowance for/ (write-back) of inventories obsolescence	4	(3)	(15)	8
Interest expense	44	63	234	363
Unrealised exchange loss/ (gain)	19	91	(8)	(79)
Loss/ (gain) on disposal of property, plant and equipment	6	(4)	(21)	(4)
Impairment loss on property, plant and equipment	2,417	7,993	2,417	7,993
Impairment loss on intangible assets	-	113	-	113
Write-off of property, plant and equipment	-	1,255	-	1,255
Interest income	(86)	(38)	(317)	(66)
Bad debts recovered	-	-	-	(4)
Operating cash flows before changes in working capital	895	2,168	6,040	11,782
(Increase)/ decrease in:				
Inventories	(169)	(496)	5,200	4,022
Trade receivables	4,514	8,853	2,157	12,123
Other receivables and prepayments	1,388	74	1,761	2,432
(Decrease)/ increase in:				
Trade payables	831	(646)	257	(7,222)
Other payables	(1,723)	(2,564)	(1,132)	(4,389)
Cash flow generated from operations	5,736	7,389	14,283	18,748
Interest received	86	38	317	66
Bank loan interest paid	(25)	(63)	(157)	(363)
Income tax paid	(171)	(272)	(650)	(373)
Net cash flow generated from operating activities	5,626	7,092	13,793	18,078

1(c) A consolidated statement of cash flow, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	GROUP		GROUP	
	4QFY20	4QFY19	For the year ended	
	S\$'000	S\$'000	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from investing activities				
Increase in pledged deposits	(69)	(32)	(74)	(36)
Purchase of property, plant and equipment	(77)	(56)	(198)	(870)
Proceeds from disposal of property, plant and equipment	2	284	42	307
Advance payments made to suppliers of property, plant and equipment	-	-	-	(580)
Proceeds from disposal of investments in associate companies	-	-	-	8,370
Net cash flow (used in)/generated from investing activities	(144)	196	(230)	7,191
Cash flow from financing activities				
Repayment of interest-bearing loans and borrowings	(2,251)	(3,695)	(11,901)	(25,699)
Dividends paid on ordinary shares	-	-	-	(453)
Proceeds from interest-bearing loans and borrowings	2,057	3,503	8,075	12,454
Repayment of lease liabilities	(21)	-	(84)	-
Shares purchased and held as treasury shares	(124)	-	(664)	-
Net cash flow used in financing activities	(339)	(192)	(4,574)	(13,698)
Net increase in cash and cash equivalents	5,143	7,096	8,989	11,571
Cash and cash equivalents at beginning of financial period/year	24,542	13,666	20,556	9,041
Effect of exchange rate changes on cash and cash equivalents	467	(206)	607	(56)
Cash and cash equivalents at end of financial period/year	30,152	20,556	30,152	20,556

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	GROUP	
	2020	2019
	S\$'000	S\$'000
Cash and bank balances	30,152	20,556
Fixed deposits	219	145
	<u>30,371</u>	<u>20,701</u>
Less:		
Cash and cash equivalents subject to restriction *	(219)	(145)
Cash and cash equivalents at end of financial period	<u>30,152</u>	<u>20,556</u>

* This relates to fixed deposits pledged for banker's facilities granted to a subsidiary company.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Attributable to equity owners of the Company						Total equity attributable to equity owners of the Company S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Statutory reserve S\$'000	Foreign currency translation reserve S\$'000	Total other reserves S\$'000	
GROUP							
Balance as at 28.02.2019	50,200	(1,923)	37,427	1,219	(6,039)	(4,820)	80,884
Total comprehensive income for the financial year	-	-	(5,066)	-	673	673	(4,393)
Purchase of treasury shares	-	(664)	-	-	-	-	(664)
Balance as at 28.02.2020	50,200	(2,587)	32,361	1,219	(5,366)	(4,147)	75,827
Balance as at 28.02.2018	50,200	(1,923)	46,827	1,219	(5,410)	(4,191)	90,913
Total comprehensive income for the financial year	-	-	(8,947)	-	(629)	(629)	(9,576)
Dividends paid on ordinary shares	-	-	(453)	-	-	-	(453)
Balance as at 28.02.2019	50,200	(1,923)	37,427	1,219	(6,039)	(4,820)	80,884

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Total equity S\$'000
COMPANY				
Balance as at 28.02.2019	50,200	(1,923)	8,674	56,951
Total comprehensive income for the financial year	-	-	559	559
Purchase of treasury shares	-	(664)	-	(664)
Balance as at 28.02.2020	50,200	(2,587)	9,233	56,846
Balance as at 28.02.2018	50,200	(1,923)	18,311	66,588
Total comprehensive income for the financial year	-	-	(9,184)	(9,184)
Dividends paid on ordinary shares	-	-	(453)	(453)
Balance as at 28.02.2019	50,200	(1,923)	8,674	56,951

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

	Group and Company	
	No. of shares (‘000)	(S\$'000)
Ordinary shares - Issued and fully paid		
Balance as at 28 February 2020 and 30 November 2019	313,085	50,200

There was no change in the Company's share capital from 28 February 2019 to 28 February 2020.

As at 28 February 2020, the Company held 15,380,000 of its issued shares as Treasury Shares (28 February 2019: 10,873,000).

The Company does not have any outstanding options or convertibles as at 28 February 2020 (28 February 2019: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	28.02.2020	28.02.2019
	Number of shares	Number of shares
	('000)	('000)
Total number of shares issued	313,085	313,085
Less: Treasury shares	<u>(15,380)</u>	<u>(10,873)</u>
Issued shares excluding treasury shares	<u><u>297,705</u></u>	<u><u>302,212</u></u>

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidiary holdings as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures in this announcement have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements as at 28 February 2019 except as disclosed in paragraph 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group adopted the new and revised SFRS(I)s that are effective for annual periods beginning on or after 1 March 2019. The application of the new and revised standards and interpretations has no material effect on the financial statements, except for the adoption of SFRS(I) 16 *Leases*.

Adoption of SFRS(I) 16 – Leases

SFRS(I) 16 requires lessees to recognize most leases on the statement of financial position. At the date of initial application, the Group recognized a liability to make a lease payment and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group applied this standard using the modified retrospective approach. In addition, the Group elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases.
- to apply the exemption not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months as of 1 March 2019.
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

As stated in the Group's 1QFY2020 results announcement, on the adoption of SFRS(I) 16, the Group had recognised right-of-use assets (included in the Property, plant and equipment) and lease liabilities of \$1.1 million for its leases previously classified as operating leases.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	GROUP			
	4QFY20	4QFY19	2020	2019
Loss attributable to shareholders (\$'000)	(4,493)	(10,806)	(5,066)	(8,947)
Weighted average number of shares used to compute basic and diluted earnings per share ('000)	297,705	302,212	300,137	302,212
Earnings per share (cents) - basic and diluted	(1.51)	(3.58)	(1.69)	(2.96)

Note a: The weighted average number of shares was computed after adjusting for the effect of treasury shares held by the Company.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year

	GROUP		COMPANY	
	2020	2019	2020	2019
Net asset value per ordinary share based on share capital at the end of the period (cents)	25.47	26.76	19.09	18.84

The calculation of the net asset value per ordinary share was based on total number of 297,705,000 (28.02.2019: 302,212,000) ordinary shares (excluding treasury shares).

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Consolidated statement of comprehensive income

The Group has reported a turnover of \$48.9 million for the financial year ended 28 February 2020 ("FY2020"), a decrease of 36.4% (or \$28.0 million) as compared to \$76.8 million in the previous financial year ("FY2019"). The decrease was attributed to declines in both HDD components and Precision Metal Stamping ("PMS") components segments. Quarter-on-quarter, turnover decreased by 13.2% (or \$1.5 million). The decrease was attributable to decrease in sales for both HDD and PMS components segment.

Cost of sales (“COS”) of the Group in FY2020 decreased by 33.8% (or \$22.7 million) as compared to FY2019. The decrease was not in proportion with the decrease in turnover. This was mainly attributed to certain fixed costs, such as depreciation and fixed labour costs, incurred in FY2020. As a result, the gross profit margin declined as compared to FY2019. On the other hand, COS decreased by 14.9% (or \$1.6 million) quarter-on-quarter. The decrease in COS was higher than the decrease in turnover which resulted in higher gross profit margin.

Other operating income in FY2020 was 22.0% (or \$0.7 million) lower than FY2019. The reduction in other operating income was mainly due to decrease in sales of scrap metal. Lower sales of scrap metal was mainly due to lower sales in Baseplates and Air-combs in FY2020. The decrease was partially offset by increases in interest income and income from insurance claim. Quarter-on-quarter, other operating income decreased by 58.0% (or \$0.6 million) mainly due to lower sales of scrap metal and unrealized foreign exchange gain.

Distribution and selling expenses decreased by 40.3% (or \$1.1 million) and 4.8% (or \$19K) as compared to FY2019 and 4QFY19 respectively. The reduction was consistent with the reduction in sales for both financial periods.

General and administrative expenses (“G&A” expenses) decreased by 50.7% (or \$8.8 million) as compared to FY2019. The decrease was mainly due to lower write-off of Property, plant and equipment (“PPE”) and allowance for impairment on PPE provided in current financial year. Impairment exercise on idle PPE was carried out by professional consultants to assess the recoverable amounts. Besides that, the Group has incurred lower unrealized foreign exchange loss, administrative staff costs and general overhead costs in FY2020. G&A expenses decreased by 64.3% (or \$7.0 million) quarter-on-quarter mainly due to lower write-off of PPE and allowance for impairment on PPE.

Finance costs decreased by 35.5% (or \$129K) and 30.2% (or \$19K) as compared to FY2019 and 4QFY2019 respectively, which was mainly attributable to the reduction in interest-bearing loans and borrowings during the year.

Income tax expense increased by 10.8% (or \$166K) and 14.2% (or \$170K) as compared to FY2019 and 4QFY2019 respectively. This was mainly due to higher income tax provision made in current financial periods.

Statement of financial position

The Group’s non-current assets decreased by 23.2% (or \$12.6 million) as compared to the previous financial year ended 28 February 2019 (“FY2019”). The decrease was mainly due to depreciation expenses charged (\$7.1 million), a reclassification of Property, plant and equipment and Investment properties to Asset held for sale (\$3.6 million) as explained in Note 3 on page 5 and an allowance on impairment on the property, plant and equipment (\$2.4 million) as explained in G&A expenses above. The decrease was partially offset by recognition of right-of-use assets (\$300K) in Property, plant and equipment upon adoption of SFRS(I) 16 Leases as stated in Paragraph 5.

At the Company level, the Company had extended a loan to a subsidiary in Malaysia during the year. The loan was previously owing by the subsidiary to a fellow subsidiary for the purchases of plant and machinery. As the loan was to finance capital expenditure, the Company had assumed the loan and extended the loan to the subsidiary as a long-term loan.

The Group’s current assets increased by 11.5% (or \$5.1 million) mainly due to increase in cash and bank balances. As explained in Note 3 on Page 5, the Company has classified the carrying amounts (\$3.6 million) related to the factory to Asset held for sale. The increase was offset by decreases in inventories, trade receivables, other receivables and other current assets. Inventories decreased by \$5.2 million mainly attributable to the completion of Baseplates delivery in 3QFY20. Trade receivables decreased by \$1.9 million mainly due to lower sales and faster collection from customers

in 4QFY20 as compared to 4QFY19. Other receivables decreased by \$0.8 million mainly due to lower balance of sundry debtors and value-added tax recoverable. Other current assets decreased by \$253K mainly due to lower prepayments as at FY2020. At the Company level, other receivables decreased by \$15.2 million mainly due to settlements of intercompany receivables by the subsidiaries.

The Group's current liabilities reduced by 22.0% (or \$2.9 million) as compared to FY19 mainly due to decreases in other payables and interest-bearing loans and borrowings. Other payables decreased by \$1.0 million mainly due to lower accrued personnel expenses and advance payments from customers. Accrued personnel expenses decreased mainly due to lower headcounts as compared to FY2019. Advance payments from customers decreased due to recognition of revenue upon delivery of goods to customers. Interest-bearing loans and borrowings decreased due to repayments made during the financial year. The decreases were partially offset by increases in trade payables and liabilities directly associated with the asset held for sale. Trade payables increased by \$0.5 million mainly due to higher purchases in 4QFY2020 as compared to 4QFY2019. The liabilities directly associated with the asset held for sale arise from the impending sale of the factory as stated in Note 3 on Page 5.

The Group's non-current liabilities increased by 8.8% (or \$407K) as compared to FY19 due to lease liabilities and deferred tax liabilities provided for during FY2020. Lease liabilities increased due to the adoption of SFRS(I) 16 Leases as stated in Paragraph 5. The increases were partially offset by decrease in interest-bearing loans and borrowings. Interest-bearing loans and borrowings decreased due to the transfer of amount due within the next twelve months from non-current liabilities to current liabilities.

Consolidated statement of cash flows

During FY2020, the Group had generated net cash flow from operating activities of \$13.8 million as compared to \$18.1 million generated in FY2019. The net cash flows generated from operating activities was mainly contributed by operating cash flows before changes in working capital, decreases in inventories, trade receivables and other receivables and prepayments. It was partially offset by decrease in other payables.

In investing activities, the Group used \$230K in FY2020, in contrast with \$7.2 million generated in the previous financial year. The net cash used was mainly on the purchases of property, plant and equipment during the year.

During FY2020, the Group used \$4.6 million in financing activities, as compared to \$13.7 million used in FY2019. The net cash flow used was mainly for repayment of interest-bearing loans and borrowings and purchases of treasury shares.

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

The Group has reported a loss for 4QFY2020 and FY2020. The loss was mainly due to impairment charges made on certain property, plant and equipment ("PPE") in our Zhuhai subsidiaries. These PPE were previously used in the production of Baseplates which have become idle upon its completion of delivery in September 2019. We have carried out an impairment assessment, in accordance with SFRS(I) 1-36 Impairment of Assets and have assessed that the carrying amounts of these PPE exceed their recoverable amounts, and accordingly, we have made allowance for impairment for these PPE. The loss was also attributed to low turnover.

The Company has made a profit guidance announcement in this regard on 28 April 2020.

10 A commentary at the date of the announcement of the significant trends or 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

Developments surrounding Covid-19

The Zhuhai subsidiaries were slated to resume production on 3 February 2020 after the Chinese New Year holidays. However, due to the outbreak of Covid-19 in China, in compliance with the directives issued by local authorities, the Zhuhai subsidiaries were shut down until 20 February 2020. Their operations are almost back to normal with minimal disruption in the supply chain.

The Malaysian subsidiaries have been closed from 18 March 2020 to 19 April 2020 in compliance with the Movement Control Order (“MCO”) imposed by the Malaysian government. The factories have resumed operations on 20 April 2020 upon receiving approval from the Ministry of International Trade and Industry, Malaysia (“MITI”). The approval requires the factories to adhere to conditions stipulated by MITI, which include, among others, limited operating hours and reduced manpower. As such, the two factories are not operating at full capacity. We are allocating our limited resources to meet demand from different customers based on their urgency. There has been minimal disruption to the supply chain as most of our critical suppliers were also given approval to operate during the MCO.

There is minimal disruption to our operations in Singapore as it is mainly carrying out head office functions. All staff are working from home during the Circuit Breaker period which started from 7 April 2020.

The Group's turnover has been affected since the beginning of the MCO as the Malaysian subsidiaries were not able to carry out any production. We expect delivery to resume gradually as we have begun operations since 20 April 2020.

The Malaysian subsidiaries have submitted their application for the Wage Subsidy Programme, while the Singapore company has received the first tranche of Jobs Support Scheme.

Sales for HDD components segment is expected to be lower in the coming months.

The Group has diversified into various high mix low volume business, with turnover from approximately S\$100K in FY2019 to S\$1.2 million in FY2020. We will continue to explore new business opportunities by leveraging on the Group's core competence.

PMS components segment is expected to experience soft market demand.

The global trade friction, and more recently the Covid-19 pandemic, have created an uncertain and challenging business environment.

11 Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on?

Yes.

Name of dividend	Final (Recommended)
Dividend Type	Cash
Dividend Rate	0.5 cent per ordinary share
Tax Rate	Tax Exempt (One-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

No.

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

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

The Company has procured undertakings from all its directors and executive officer.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

(a) Business segments

	HDD Components		Precision Metal Stamping Components		Adjustments and Eliminations		Note	Consolidated financial statements	
	2020	2019	2020	2019	2020	2019		2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000
Turnover:									
External sales	39,900	64,817	8,959	12,001	-	-		48,859	76,818
Results:									
Interest income	317	66	-	-	-	-		317	66
Interest expense	(178)	(318)	(56)	(45)	-	-		(234)	(363)
Amortisation and depreciation	(6,597)	(9,096)	(514)	(515)	-	-		(7,111)	(9,611)
Allowance for impairment									
on property, plant and equipment	(2,417)	(7,993)	-	-	-	-		(2,417)	(7,993)
Write-off of property, plant and equipment	-	(1,255)	-	-	-	-		-	(1,255)
Impairment on intangible assets	-	(113)	-	-	-	-		-	(113)
Allowance for inventories obsolescence	-	-	15	(8)	-	-		15	(8)
Other non-cash income/(expenses)	27	5	-	(3)	-	(2)	a	27	-
Segment (loss)/profit before taxation	(4,200)	(8,842)	839	1,434	-	-		(3,361)	(7,408)
Assets:									
Additions to non-current assets	1,180	2,262	85	230	(35)	(295)	b	1,230	2,197
Segment assets	118,732	139,803	12,825	13,436	(40,505)	(54,671)	c	91,052	98,568
Segment liabilities	38,125	60,414	7,115	8,490	(30,015)	(51,220)	d	15,225	17,684

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd)

(a) Business segments (cont'd)

Notes:

- a Other non-cash income/(expenses) consist gain/(loss) on disposal of property, plant and equipment.
- b Additions to non-current assets consist of additions to property, plant and equipment and right-of-use asset.
- c The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2020	2019
	\$'000	\$'000
Deferred tax assets	1	273
Inter-segment assets	(40,506)	(54,944)
	<u>(40,505)</u>	<u>(54,671)</u>

- d The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2020	2019
	\$'000	\$'000
Deferred tax liabilities	4,802	4,182
Inter-segment liabilities	(34,817)	(55,402)
	<u>(30,015)</u>	<u>(51,220)</u>

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd)

(b) Geographical segments

Revenue and non-current assets information based on the location of customers and assets respectively as follows:

	Turnover		Non-current assets	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Thailand	31,119	55,968	-	-
Malaysia	6,141	9,229	13,532	16,635
Singapore	3,106	2,338	1,407	4,296
People's Republic of China	462	619	26,772	33,380
Middle East	187	4,189	-	-
United States	1,306	924	-	-
Europe	4,107	1,349	-	-
Philippines	2,431	2,090	-	-
Others	-	112	35	47
	<u>48,859</u>	<u>76,818</u>	<u>41,746</u>	<u>54,358</u>

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Sales in HDD components segment decreased by 38.4% (or \$24.9 million) as compared to the previous financial year. The decrease was mainly attributable to decrease in sales of Baseplates, in which delivery was completed in 3QFY2020. Sales in air-combs and voice-coil-motor plates also decreased during the year due to lower customers' demands.

HDD components segment reported a loss before taxation of \$4.2 million as compared \$8.8 million in FY2019. The loss incurred in HDD components segment was mainly attributed to two reasons:

1. allowance on impairment of PPE (\$2.4 million) as explained in General and Administrative expenses above; and
2. low turnover.

Sales in PMS components segment decreased by 25.3% (or \$3.0 million) as compared to FY2019. This segment experienced sales decrease in the Middle East and Malaysia. The decrease was partially offset by increase in sales in Europe.

PMS components segment reported a segment profit before taxation of \$0.8 million as compared to \$1.4 million in FY2019. The decrease was mainly due to lower sales generated.

16 A breakdown of sales

		GROUP		
		2020	2019	Increase/ (Decrease)
		S\$'000	S\$'000	%
Sales reported for the first half year		25,264	44,403	(43.1)
Operating (loss)/profit after taxation reported for the first half year		(476)	1,488	n.m.
Sales reported for the second half year		23,595	32,415	(27.2)
Operating loss after taxation reported for the second half year		(4,590)	(10,435)	(56.0)

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

		2020	2019
		S\$'000	S\$'000
Declared and paid during the financial year:			
- A final tax exempt dividend of 0.15 cent per share paid in respect of FY2018		-	453
Proposed but not recognised as a liability as at 28 February:			
Dividends on ordinary shares, subject to shareholders' approval at the AGM:			
- A final tax exempt dividend of 0.5 cent per share in respect of FY2020		1,489	-

18 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.

The Group does not have a general mandate from its shareholders for interested person transactions.

19 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) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family Relationship with any director and/or substantial shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Law Kung Ying	62	<ol style="list-style-type: none"> 1. Brother of Law Kung Ming and Law Yu Chui, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and 2. Son of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd. 	He is a Non-Executive Non-Independent Director and Chairman.	He has retired as Chief Executive Officer and Managing Director of the Company with effect from 28 February 2020.
Law Kung Ming	64	<ol style="list-style-type: none"> 1. Brother of Law Kung Ying and Law Yu Chui, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and 2. Son of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd. 	He is the Chief Executive Officer of the Group and Managing Director of Cheung Woh Technologies (Malaysia) Sdn. Bhd. (CWM), a wholly-owned subsidiary of the Company. He is responsible for the sales and marketing efforts and the overall operation of the Group.	He is appointed as Chief Executive Officer of the Company with effect from 29 February 2020. He is responsible for the strategic development of the Group, devises and implements strategic business plans and identifies new markets, products and customers.
Law Yu Chui	60	<ol style="list-style-type: none"> 1. Sister of Law Kung Ying and Law Kung Ming, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and 2. Daughter of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd. 	She is the Finance and Administrative Director and she is overall responsible for the Group's finance and administrative matters.	No change.

Name	Age	Family Relationship with any director and/or substantial shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Law Tak Heem	36	<ol style="list-style-type: none"> 1. Son of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company. 2. Nephew of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company. 3. Nephew of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company. 4. Grandson of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company. 	He is the Assistant General Manager of Cheung Woh Technologies (Johor) Sdn Bhd (CWJ), a wholly-owned subsidiary of the Company. He oversees the entire operations of CWJ since 2014. He is also responsible for identifying new business opportunities, gathering and analyzing business information and coordinating with various departments to support marketing strategies since 2018.	No change.
Tan Hai Ting	34	<ol style="list-style-type: none"> 1. Daughter of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company. 2. Niece of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company. 3. Niece of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company. 4. Granddaughter of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company. 	She is Finance and Administrative Manager of Cheung Woh Technologies (Johor) Sdn Bhd (CWJ), a wholly-owned subsidiary of the Company. She oversees the accounting and administrative functions of CWJ since 2011.	No change.

Name	Age	Family Relationship with any director and/or substantial shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Tan Hai Yin	31	<ol style="list-style-type: none"> 1. Son of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company. 2. Nephew of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company. 3. Nephew of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company. 4. Grandson of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company. 	<p>Since 2018, he is the Manager of Advanced Engineering of Cheung Woh Precision (Zhuhai) Co., Ltd (CWI), a wholly-owned subsidiary of the Company. He manages new programs and facilitates First Article sample production, process and industrial engineering to ensure smooth transition to mass production.</p>	No change.

For and on behalf of the Board of Directors

Law Kung Ming
 Director

Law Yu Chui
 Director

4 May 2020