**ACESIAN PARTNERS LIMITED**
(Registration No: 199505699D)

**UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019 ("FY2019")**

## PART I - INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENTS

**1(a) (i) Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

| | **FY2019** | FY2018 | Increase/ (Decrease) |
|---|---|---|---|
| | **S$'000** | S$'000 | % |
| Revenue | **12,252** | 20,544 | (40.36) |
| Cost of sales | **(8,074)** | (14,008) | (42.36) |
| Gross profit | **4,178** | 6,536 | (36.08) |
| Other operating income | **2,834** | 988 | 186.84 |
| Administrative expenses | **(4,266)** | (4,607) | (7.40) |
| Other operating expenses | **(9,757)** | (1,571) | 521.07 |
| Finance costs | **(60)** | (19) | 215.79 |
| (Loss) / profit before taxation | **(7,071)** | 1,327 | N.M. |
| Income tax expense | **(104)** | (225) | (53.78) |
| (Loss) / profit, net of tax | **(7,175)** | 1,102 | N.M. |
| **Other comprehensive (loss) / income:** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of foreign operations, net of tax | **98** | 88 | |
| **Total comprehensive (loss) / income for the period, net of tax** | **(7,077)** | 1,190 | |
| (Loss) / profit attributable to: | | | |
| Owners of the Company | **(7,160)** | 1,121 | |
| Non-controlling interests | **(15)** | (19) | |
| | **(7,175)** | 1,102 | |
| Total comprehensive (loss) / income attributable to: | | | |
| Owners of the Company | **(7,089)** | 1,143 | |
| Non-controlling interests | **12** | 47 | |
| | **(7,077)** | 1,190 | |

The Group's (loss) / profit after taxation is arrived at after charging / (crediting):

| | **FY2019** | FY2018 |
|---|---|---|
| | **S$'000** | S$'000 |
| Depreciation of plant and equipment | **263** | 373 |
| Depreciation of right-of-use assets | **270** | - |
| Loss on disposal of plant and equipment | **70** | 16 |
| Gain on disposal of a subsidiary | **(256)** | - |
| Allowance / (write back) for impairment of trade and other receivables | **55** | (177) |
| Bad debt written off | **2,930** | - |
| Inventories written down | **92** | 92 |
| Contract assets written off | **5,192** | - |
| Trade and other payables written back | **(2,273)** | - |
| Professional fees of judicial managers | **193** | 740 |
| Exchange loss / (gain) | **83** | (38) |
| Interest income | **(5)** | (1) |
| Interest expense | **60** | 19 |
| Adjustments for under provision of tax in respect of prior years | **104** | 26 |

**1 (b) (i) 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 | |
|---|---|---|---|---|
| | **31-Dec-19** | 31-Dec-18 | **31-Dec-19** | 31-Dec-18 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| **Assets** | | | | |
| **Non-current Assets** | | | | |
| Property, plant and equipment | **1,033** | 1,976 | **136** | 76 |
| Right-of-use assets | **1,611** | - | **192** | - |
| Investment in subsidiaries | **-** | - | **1,269** | 8,733 |
| | **2,644** | 1,976 | **1,597** | 8,809 |
| **Current Assets** | | | | |
| Inventories | **3,835** | 3,025 | **-** | - |
| Trade and other receivables | **3,106** | 9,265 | **2,631** | 6,163 |
| Contract assets | **62** | 5,827 | **-** | - |
| Prepaid operating expenses | **271** | 127 | **20** | 6 |
| Fixed deposits pledged | **172** | 170 | **112** | 111 |
| Cash and bank balances | **4,212** | 6,025 | **2,151** | 1,887 |
| | **11,658** | 24,439 | **4,914** | 8,167 |
| **Total Assets** | **14,302** | 26,415 | **6,511** | 16,976 |
| **Equity and Liabilities** | | | | |
| **Current Liabilities** | | | | |
| Trade and other payables | **6,695** | 11,520 | **828** | 1,793 |
| Contract liabilities | **224** | 171 | **-** | - |
| Income tax payable | **4** | 155 | **-** | - |
| Obligation under lease liabilities | **484** | 205 | **99** | - |
| Provisions | **-** | 740 | **-** | - |
| | **7,407** | 12,791 | **927** | 1,793 |
| **Non-current Liabilities** | | | | |
| Deferred tax liabilities | **-** | 56 | **-** | - |
| Obligation under lease liabilities | **688** | 284 | **93** | - |
| | **688** | 340 | **93** | - |
| **Total Liabilities** | **8,095** | 13,131 | **1,020** | 1,793 |
| **Equity** | | | | |
| Share capital | **20,322** | 20,322 | **20,322** | 20,322 |
| Accumulated losses | **(12,819)** | (5,659) | **(14,831)** | (5,139) |
| Foreign currency translation reserve | **(1,403)** | (1,474) | **-** | - |
| Attributable to owners of the Company | **6,100** | 13,189 | **5,491** | 15,183 |
| Non-controlling interests | **107** | 95 | **-** | - |
| **Total Equity** | **6,207** | 13,284 | **5,491** | 15,183 |
| **Total Equity and Liabilities** | **14,302** | 26,415 | **6,511** | 16,976 |

**1 (b) (ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less**

| | As at 31 December 2019 | | As at 31 December 2018 | |
|---|---|---|---|---|
| | Secured | Unsecured | Secured | Unsecured |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Obligation under lease liabilities | 484 | - | 205 | - |

**Amount repayable after one year**

| | As at 31 December 2019 | | As at 31 December 2018 | |
|---|---|---|---|---|
| | Secured | Unsecured | Secured | Unsecured |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Obligation under lease liabilities | 688 | - | 284 | - |

The Group leases certain plant and equipment and motor vehicles from non-related parties under finance leases. Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16.

As at 1 January 2019, the Group recognised its existing operating lease arrangements as right-of-use assets with corresponding lease liabilities arising from the adoption of SFRS(I) 16. The lease liabilities are secured over the right-of-use assets.

**1(c) Statement of cash flow (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | **FY2019** | FY2018 |
|---|---|---|
| | **S$'000** | S$'000 |
| **Operating activities** | | |
| (Loss) / profit before tax | **(7,071)** | 1,327 |
| Adjustments for: | | |
| Allowance for impairment loss on trade and other receivables | **115** | 125 |
| Allowance for impairment on trade receivables written back | **(60)** | (302) |
| Bad debt written off | **2,930** | - |
| Trade and other payables written back | **(2,273)** | - |
| Depreciation of plant and equipment and right-of-use assets | **533** | 373 |
| Loss on disposal of plant and equipment | **70** | 16 |
| Gain on disposal of a subsidiary | **(256)** | - |
| Interest expense | **60** | 19 |
| Interest income | **(5)** | (1) |
| Inventories written down | **92** | 92 |
| Contract assets written off | **5,192** | - |
| Provisions | **-** | 740 |
| Exchange differences | **127** | 100 |
| **Operating cash flows before changes in working capital** | **(546)** | **2,489** |
| | | |
| **Change in working capital, net of effects from disposal of a subsidiary:** | | |
| Increase in inventories | **(903)** | (1,071) |
| Decrease / (increase) in trade and other receivables and contract assets | **3,154** | (1,604) |
| (Decrease) / increase in trade and other payables and contract liabilities | **(2,682)** | 2,130 |
| **Cash flows (used in) / generated from operations** | **(977)** | **1,944** |
| Interest received | **5** | 1 |
| Income taxes paid | **(306)** | (121) |
| **Net cash flows (used in) / generated from operating activities** | **(1,278)** | **1,824** |
| | | |
| **Investing activities** | | |
| Proceeds from disposal of property, plant and equipment | **3** | - |
| Disposal of a subsidiary, net of cash disposed of | **159** | - |
| Purchase of property, plant and equipment | **(266)** | (676) |
| **Net cash flows used in investing activities** | **(104)** | **(676)** |
| | | |
| **Financing activities** | | |
| Proceeds on issuance of ordinary shares | **-** | 2,129 |
| (Increase) / decrease in fixed deposits pledged | **(2)** | 76 |
| | | |
| Repayment of obligation under lease liabilities | **(369)** | (161) |
| Interest paid | **(60)** | (19) |
| **Net cash flows (used in) / generated from financing activities** | **(431)** | **2,025** |
| | | |
| Net (decrease) / increase in cash and cash equivalents | **(1,813)** | **3,173** |
| Cash and cash equivalents at the beginning of the year | **6,025** | 2,852 |
| **Cash and bank balances** | **4,212** | **6,025** |

**1(d)(i) A statement (for the company 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 owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| **The Group** | **Share capital S$'000** | **Accumulated losses S$'000** | **Foreign currency translation reserve S$'000** | **Total S$'000** | **Non-controlling interests S$'000** | **Total S$'000** |
| Balance at 1 January 2018 (FRS framework) | 18,193 | (6,525) | (1,496) | 10,172 | 48 | 10,220 |
| Cumulative effects of adopting SFRS(I) 9 | - | (255) | - | (255) | - | (255) |
| Balance at 1 January 2018 (SFRS(I) framework) | 18,193 | (6,780) | (1,496) | 9,917 | 48 | 9,965 |
| Profit/(loss) for the year | - | 1,121 | - | 1,121 | (19) | 1,102 |
| Other comprehensive income | | | | | | |
| Exchange differences on translating of foreign operations, net of tax | - | - | 22 | 22 | 66 | 88 |
| **Total comprehensive income for the year** | **-** | **1,121** | **22** | **1,143** | **47** | **1,190** |
| Issuance of ordinary shares | 2,129 | - | - | 2,129 | - | 2,129 |
| **Balance at 31 December 2018** | **20,322** | **(5,659)** | **(1,474)** | **13,189** | **95** | **13,284** |
| **At 1 January 2019** | **20,322** | **(5,659)** | **(1,474)** | **13,189** | **95** | **13,284** |
| Loss for the year | - | (7,160) | - | (7,160) | (15) | (7,175) |
| Other comprehensive income | | | | | | |
| Exchange differences on translation offoreign operations, net of tax | - | - | 71 | 71 | 27 | 98 |
| **Total comprehensive (loss) / income for the year** | **-** | **(7,160)** | **71** | **(7,089)** | **12** | **(7,077)** |
| **Balance at 31 December 2019** | **20,322** | **(12,819)** | **(1,403)** | **6,100** | **107** | **6,207** |
| **The Company** | | | | | | |
| Balance at 1 January 2018 | 18,193 | (9,205) | - | 8,988 | - | 8,988 |
| Total comprehensive income for the year | - | 4,066 | - | 4,066 | - | 4,066 |
| Issuance of ordinary shares | 2,129 | - | - | 2,129 | - | 2,129 |
| **Balance at 31 December 2018** | 20,322 | (5,139) | - | 15,183 | - | 15,183 |
| **At 1 January 2019** | **20,322** | **(5,139)** | **-** | **15,183** | **-** | **15,183** |
| Total comprehensive loss for the year | - | (9,692) | - | (9,692) | - | (9,692) |
| **Balance at 31 December 2019** | **20,322** | **(14,831)** | **-** | **5,491** | **-** | **5,491** |

**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.**

There is no change to the share capital of the company during the FY2019. The company did not have any convertible instruments, treasury shares or subsidiary holding as at 31 December 2019 and 31 December 2018.

**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.**

There were no treasury shares as at 31 December 2019 and 31 December 2018. The total number of issued shares as at 31 December 2019 and 31 December 2018 was 498,498,498 and 498,498,498 respectively.

**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.**

Not applicable as the company did not have any treasury shares during, and at the end of, the 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.**

Not applicable as the company did not have any subsidiary holdings during, and at the end of, the financial period reported on.

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

The figures have not been audited or reviewed by the auditors.

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

Not applicable.

**3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion**
**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

We refer to the Independent Auditor's Report dated 5 April 2019, in the Company's Annual Report 2018. The Company's auditor had reported following matters, being the basis for the Disclaimer of Opinion as follows:

1) Opening balances and significant uncertainties
2) Limitation of scope in auditing the financial statements of ASPL for the financial year ended 31 December 2018

The above matters were in relation to Acesian Star Pte Ltd ("ASPL"), a wholly-owned subsidiary of the Company, where ASPL was in dispute with one of its major customer. On 23 January 2017, ASPL's application to be placed under Judicial Management was approved by the High Court, accordingly, the financial statements of ASPL for the financial year ended 31 December 2018 was not audited.

The Company, ASPL and other subsidiaries that were associated with the several long-standing legal disputes as announced on 18 December 2019 on SGXNet, entered into a "Global Settlement" on 12 December 2019 pursuant to which all the parties related to the legal disputes agreed to amicably settle all the legal disputes on a "drop hands" basis without the payment of any money by Party to any other Party. The foregoing legal disputes were in relation to inter-alia, arbitration with a major customer of ASPL, writ of summons involved preferential payment claim, court appeal in respect of ASPL's judicial managers' professional fees and any other related disputes, claims, actions or other proceedings.

As a result of the aforesaid Global Settlement, all the aforesaid legal disputes had been discontinued and the significant uncertainties resolved. Nonetheless, ASPL still remains under judicial management as at the date of this announcement.

As such, the net asset value of ASPL has declined from $6.2 million as at 31 December 2018 to net liability of $0.2 million as at 31 December 2019. The decline in net asset value mainly due to write-off of non-recoverable assets, being partially offset by the write-back of extinguished liabilities, of ASPL in FY2019 resulting from the Global Settlement. The net liability of ASPL of $0.2 million, after the write-off, is approximately 2.9% of the net asset value of APL Group, and ASPL is no longer a significant subsidiary of APL Group.

3) The Company's investment in ASPL and amount due from ASPL.
As a result of the Global Settlement, the above-mentioned balances have been fully impaired as at 31 December 2019.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

The accounting policies and methods of computation are consistent with the previous audited financial statements, except as described in section 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.**

SFRS(I) 16 - Leases

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases from the mandatory adoption date of 1 January 2019. The Group applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The cumulative effect of initially applying the Standard has no material financial effect and no adjustment is made to the opening balance of retained earnings.

**Leases previously classified as operating leases**

As at 1 January 2019, the Group recognised its existing operating lease arrangements as right-of-use assets with corresponding lease liabilities.

**Leases previously classified as finance leases**

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS(I) 1-17).

The effects of above are shown below:

| Statement of Financial Position<br>As at 1 January 2019 | S$'000 |
|---|---|
| Assets | |
| Right-of-use assets | 1,576 |
| Liabilities | |
| Lease liabilities - current | 347 |
| Lease liabilities - non-current | 918 |
| | 1,265 |

**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.**

| | **FY2019 S$'000** | FY2018 S$'000 |
|---|---|---|
| Net (loss) / profit attributable to owners of the company | **(7,160)** | 1,121 |
| (Loss) / earnings per share for the year based on the weighted average number of shares in issue of 498,498,498 for FY2019 (FY2018: 467,195,259) | | |
| | **Cents** | Cents |
| Basic (loss) / earnings per share | **(1.44)** | 0.24 |
| Diluted (loss) / earnings per share | **(1.44)** | 0.24 |

There is no dilutive effect for the year ended 31 December 2019.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **31-Dec-19 Cents** | 31-Dec-18 Cents | **31-Dec-19 Cents** | 31-Dec-18 Cents |
| Net asset value per share | **1.22** | 2.65 | **1.10** | 3.05 |

Net asset value per ordinary share as at 31 December 2019 and 31 December 2018 has been computed based on 498,498,498 and 498,498,498 ordinary shares respectively.

**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 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.**

**Review of performance for financial year ended 31 December 2019 ("FY2019")**

On 12 December 2019, the Company, its wholly-owned subsidiary Acesian Star (S) Pte Ltd ("ASPL") (under judicial management) and other subsidiaries that were associated with the several long-standing legal disputes as announced on 18 December 2019 on SGXNet, entered into a global settlement to amicably settle all the disputes on a "drops hands" basis ("Settlement"). The foregoing legal disputes were in relation to inter-alia, arbitration with a major customer of ASPL, writ of summons involved preferential payment claim, court appeal in respect of the ASPL's judicial managers' professional fees and any other related disputes, claims, actions or other proceedings.

The financial effect of the Settlement, as stated below, primarily owing to writing-off of irrecoverable assets which consisted largely of contract assets and retention sum receivables of ASPL, and was partially offset by the extinguishment of debts of ASPL resulting from the Settlement.

Prior to the Settlement, ASPL's net loss was approximately $1.0 million mainly due to additional fees charged in respect of the fees awarded to ASPL's judicial managers by the Court.

The net loss as a result of the Settlement arose mainly from the write-off of balances for contract assets and accounts receivables which reported in other operating expenses was approximately $8.1 million. The write-back of balances for accounts payables and accruals which reported in other operating income was approximately $2.2 million. The ASPL's judicial managers fees write-back which reported in other operating expenses was approximately $0.8 million. The Settlement resulted in a net loss of approximately $5.1 million.

Overall, ASPL incurred a net loss of approximately $6.2 million in FY2019.

Barring any unforeseen circumstances, the expected losses arising from the Settlement is not expected to affect the Group's ability to continue as going concern taking into account the Group's financial position in terms of the net asset value and cash and bank balances available to the Group. The financial position of the Group continues to be stable as at this announcement.

**Revenue**

The overall revenue was down in both the manufacturing and engineering segments, in general, owing to muted market and uncertain business environment. As a result, the Group's overall revenue decreased by 40.4% or $8.3 million from $20.5 million in FY2018 to $12.2 million in FY2019. A lacklustre order intake in second half of the year, the manufacturing segment revenue dipped from $14.2 million in FY2018 to $8.1 million in FY2019, 43.4% or $6.1 million lower than that of FY2018. The revenue from the engineering segment in FY2019 of $4.2 million was 33.5% or $2.1 million lower than FY2018. This was primarily due to pullback in capital investment by major customers as well as divestment of a loss-making subsidiary in first quarter of 2019. The manufacturing segment was the main revenue contributor at 65.8% of total group revenue in FY2019, which was in line with preceding financial year.

**Gross profit**

Gross profit for the Group declined by 36.1% from $6.5 million in FY2018 to $4.2 million in FY2019 mainly due to lower revenue base. Gross profit margin improved by 2.3 percentage points despite tough business environment, partly attributed to improved productivity and production process which prompted to lower production and rework cost.

**Other operating income**

Excluding the other income arising from the Settlement of $2.2 million, other operating income decreased by 32.4% or $0.3 million from $1.0 million in FY2018 to $0.7 million in FY2019. The other income in FY2019 included gain from disposal of a subsidiary of $0.3 million.

## Review of performance for financial year ended 31 December 2019 ("FY2019") (continued)

### Administrative expenses

Administrative expenses decreased by 7.4% or $0.3 million from $4.6 million in FY2018 to $4.3 million in FY2019 was mainly due to partial cost recognition of a subsidiary disposed of in first quarter of FY2019.

### Other operating expenses

Excluding the other operating expenses related to the Settlement of $8.1 million, the other operating expenses in FY2019 was in line with FY2018 at $1.6 million.

### Finance costs

Finance costs increased from $19,000 in FY2018 to $60,000 in FY2019 mainly arose from purchases of new machineries and equipments on hire purchase and finance expenses from lease liability arising from adoption of SFRS(I) 16 - Leases.

### Income tax expense

Tax expense decreased by $0.1 million from $0.2 million in FY2018 to $0.1 million in FY2019. The current year tax expense was related to tax adjustments of prior years.

### (Loss) / profit after taxation

As a result, loss after tax was $7.2 million in FY2019 as compared to profit after tax of $1.1 million in FY2018. In FY2019, the loss was mainly attributable to ASPL which incurred a net loss after tax of $6.2 million, lower revenue base and legal expenses of $1.0 million incurred in relation to the several long-standing legal disputes.

**Statement of Financial Position (FY2019 vs. FY2018)**

In FY2019, plant and equipment and right-of-use assets increased by $0.7 million mainly due to recognition of right-of-use assets in accordance with SFRS(I) 16 Leases and purchase of new machineries, partially offset by depreciation charge for the period.

Inventories increased by $0.8 million from $3.0 million as at 31 December 2018 to $3.8 million as at 31 December 2019 owing to stocking up and securing of key production components and materials.

The decreased in trade and other receivables of $6.2 million mainly due to the write-off of accounts receivables resulting from the Settlement of $2.9 million and debt collection during FY2019.

The decrease in contract assets of $5.8 million mainly due to write-off of contract assets resulting from the Settlement of $5.2 million and billings for work performed.

Trade and other payables decreased by $4.8 million mainly due to write-back of accounts payables resulting from the Settlement of $2.2 million, payment of ASPL's judicial managers fees and suppliers' invoices.

The obligation under lease liabilities increased by $0.7 million mainly due to recognition of right-of-use assets in accordance with SFRS(I) 16 Leases and purchase of new machineries under hire purchase, partially offset by lease payments during FY2019.

Acesian Star (S) Pte Ltd ("ASPL"), a wholly-owned subsidiary of the Group, is under judicial management. The Group faced significant restrictions on its ability to access or use ASPL's assets. The carrying amounts of ASPL's assets and liabilities as at 31 December 2019 after eliminations of intercompany balances and writing-off of irrecoverable assets and extinguishment of debts resulting from the Settlement as described above are as follows:

| | S$'000 |
|---|---|
| Total assets | 228 |
| Total liabilities | (406) |
| Carrying amount | (178) |

**Liquidity**

The Group's cash and cash equivalents decreased by $1.8 million from $6.0 million as at 31 December 2018 to $4.2 million as at 31 December 2019. The significant cash movements during FY2019 were as follows:

In FY2019, net cash flows of $1.3 million was used in operating activities taking into account the working capital changes, net of effects from disposal of a subsidiary. The cash outlays were mainly attributed to payment of ASPL's Judicial Managers fees and legal costs in relation to the legal disputes.

In FY2019, net cash of $0.1 million in investing activities was mainly used for purchases of property, plant and equipment, offset by net cash inflow arising from the disposal of a subsidiary.

Net cash of $0.4 million was used in financing activities mainly for payment of obligations under lease liabilities and interest paid during the period.

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

No forecast or prospect statement was previously disclosed to shareholders.

**10. 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 market environment during the year of 2019 was challenging, attributed to the sluggish economy and trade wars. The subdued in industrial activity has led to deferment or cancellation of projects or capex budget cuts by some major customers, which have adverse impacts on our businesses. The market outlook in the near term is expected to remain uncertain and highly volatile.

Consequently, both the manufacturing and ICT business have seen an unfavourable business conditions and performance in FY2019 in particular second half of the year. On a positive note, it is predicted that some projects that were deferred in 2019 may resume in the year 2020. Our past efforts on business restructuring had yielded positive results through improved production productivity, quality and lean cost structure.

As the former legal disputes was brought closure, we have moved on to re-evaluate and re-orient the resources to further improve and strengthen the business activities and expansions.

**11. Dividend**

**(a)** Current Financial Period Report on

Any dividend declared for the current financial period reported on?

None.

**(b)** Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c)** Date payable

Not applicable.

**(d)** Books closure date

Not applicable.

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

No dividend has been declared or recommended for the year ended 31 December 2019 as the Company has accumulated losses as at 31 December 2019.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**13. 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.**

| | Manufacturing, Distribution and Services | | Engineering Services | | Corporate | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **FY2019 S$'000** | **FY2018 S$'000** | **FY2019 S$'000** | **FY2018 S$'000** | **FY2019 S$'000** | **FY2018 S$'000** | **FY2019 S$'000** | **FY2018 S$'000** |
| **REVENUE** | | | | | | | | |
| Total Segment | **12,395** | 22,087 | **4,206** | 6,930 | **4,715** | 7,714 | **21,316** | 36,731 |
| Less: Inter-segment | **(4,331)** | (7,838) | **(18)** | (635) | **(4,715)** | (7,714) | **(9,064)** | (16,187) |
| External sales | **8,064** | 14,249 | **4,188** | 6,295 | **-** | - | **12,252** | 20,544 |
| **RESULTS** | | | | | | | | |
| Segment results | **247** | 3,566 | **(6,226)** | (1,900) | **(1,092)** | (339) | **(7,071)** | 1,327 |
| Income tax expense | | | | | | | **(104)** | (225) |
| Non-controlling interest | | | | | | | **15** | 19 |
| Net (loss) / profit attributable to owners of the Company | | | | | | | **(7,160)** | 1,121 |
| **ASSETS** | | | | | | | | |
| Segment assets | **8,703** | 12,011 | **2,390** | 11,943 | **3,209** | 2,461 | **14,302** | 26,415 |
| Unallocated corporate assets | | | | | | | **-** | - |
| **Total assets** | | | | | | | **14,302** | 26,415 |
| **LIABILITIES** | | | | | | | | |
| Segment liabilities | **2,464** | 4,788 | **4,610** | 7,733 | **1,021** | 610 | **8,095** | 13,131 |
| Unallocated corporate liabilities | | | | | | | **-** | - |
| **Total liabilities** | | | | | | | **8,095** | 13,131 |

| | Manufacturing, Distribution and Services | | Engineering Services | | Corporate | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **FY2019** | **FY2018** | **FY2019** | **FY2018** | **FY2019** | **FY2018** | **FY2019** | **FY2018** |
| **OTHER INFORMATION** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** |
| Capital expenditure | **195** | 1,333 | **10** | 89 | **137** | - | **342** | 1,422 |
| Total depreciation | **462** | 303 | **47** | 42 | **24** | 28 | **533** | 373 |
| Allowance / (write back) for impairment of trade and other receivables | **8** | (412) | **2,930** | 191 | **47** | 44 | **2,985** | (177) |
| Contract assets written off | **-** | - | **5,192** | - | **-** | - | **5,192** | - |
| Inventories written down | **92** | 92 | **-** | **-** | **-** | **-** | **92** | 92 |
| Trade and other payables written back | **-** | - | **(2,273)** | - | **-** | - | **(2,273)** | - |
| (Gain) / loss on disposal of plant and equipment | **(3)** | 16 | **11** | - | **62** | - | **70** | 16 |
| Gain on disposal of a subsidiary | **(256)** | - | **-** | - | **-** | - | **(256)** | - |

**Geographical reporting**

| Revenue | S'pore & M'sia | China | Europe | Total |
|---|---|---|---|---|
| FY2019 ('000) | **11,963** | **-** | **289** | **12,252** |
| FY2018 ('000) | **20,365** | **179** | **-** | **20,544** |

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

Revenue for manufacturing and engineering segments decreased in the second half the year as compared to corresponding period in FY2018 mainly due to lacklustre order intake. The significant loss in second half of the year mainly due to operating loss on lower revenue base and net loss arising from the global settlement of several legal proceedings as elaborated in the performance review in Section 8.

**15. Breakdown of sales**

| | **FY2019 $ '000 Group** | FY2018 $ '000 Group | % Group |
|---|---|---|---|
| | | | |
| Revenue reported for 1st half year | **8,323** | 7,265 | 14.6 |
| | | | |
| Operating profit / (loss) after tax before deducting non-controlling interests reported for the 1st half year | **1,020** | (512) | 299.2 |
| | | | |
| Revenue reported for 2nd half year | **3,929** | 13,279 | (70.4) |
| | | | |
| Operating loss after tax before deducting non-controlling interests reported for the 2nd half year | **(8,195)** | 1,614 | N.M |

**16. If the Group has obtained a general mandate from shareholders for interested person transactions (the "IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect.**

There were no significant interested person transactions conducted under general mandate of or over $100,000 in value during the financial year ended 31 December 2019.

There were no other interested person transactions entered into during the financial year ended 31 December 2019.

The Company wishes to advise that there is a general mandate obtained from shareholders for interested person transactions on 26 April 2019.

**17. Disclosure under Rule 704(10) of section B: Rules of Catalist of the SGX-ST Listing Manual**

The Company wishes to confirm that during FY2019, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or the Managing Director or substantial shareholders of the Company.

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

Not applicable due to no dividends being declared for both FY2018 and FY2019.

**19. Confirmation by the Board pursuant to Rule 720(1) of the Listing Manual of SGX-ST.**

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company, in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Rules.

By Order of the Board

**Loh Yih**
**Managing Director**

**24 February, 2020**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Liau H. K.

Telephone number: 6221 0271