

**BROADWAY INDUSTRIAL GROUP LIMITED**
**Company Registration No. 199405266K**
**Full Year Financial Statement Announcement For the Year Ended 31 December 2019**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group			Group		
		Quarter ended		Increase/ (Decrease) %	Year to date		Increase/ (Decrease) %
		31-12-19 S\$'000	31-12-18 S\$'000		31-12-19 S\$'000	31-12-18 S\$'000	
Revenue		95,897	89,298	7.4	305,673	384,171	(20.4)
Cost of sales		(91,789)	(86,244)	6.4	(295,270)	(364,291)	(18.9)
Gross profit		4,108	3,054	34.5	10,403	19,880	(47.7)
Distribution expenses		(583)	(602)	(3.2)	(2,307)	(2,834)	(18.6)
Administrative expenses		(3,801)	(3,025)	25.7	(12,763)	(12,353)	3.3
Sales and marketing expenses		(144)	(169)	(14.8)	(654)	(720)	(9.2)
Other (expenses)/income	1	(4,781)	789	n.m.	(7,708)	74	n.m.
Results from operating activities		(5,201)	47	n.m.	(13,029)	4,047	n.m.
Finance income		11	42	(73.8)	36	656	(94.5)
Finance costs		(557)	(414)	34.5	(1,960)	(1,900)	3.2
Net finance costs		(546)	(372)	46.8	(1,924)	(1,244)	54.7
(Loss)/Profit before income tax	2	(5,747)	(325)	n.m.	(14,953)	2,803	n.m.
Income tax income/(expense)	3	-	98	(100.0)	(91)	(1,139)	(92.0)
(Loss)/Profit from continuing operations, net of tax		(5,747)	(227)	n.m.	(15,044)	1,664	n.m.
(Loss)/Profit from discontinued operations, net of tax		(6,078)	117	n.m.	(6,439)	(13)	n.m.
<b>(Loss)/Profit for the period</b>		<b>(11,825)</b>	<b>(110)</b>	<b>n.m.</b>	<b>(21,483)</b>	<b>1,651</b>	<b>n.m.</b>
<b>Other comprehensive (loss)/income :</b>							
<b>Items that are or may be reclassified subsequently to profit or loss:</b>							
Exchange differences on translating foreign operations		(1,206)	(204)	n.m.	(546)	1,120	n.m.
<b>Total comprehensive (loss)/income</b>		<b>(13,031)</b>	<b>(314)</b>	<b>n.m.</b>	<b>(22,029)</b>	<b>2,771</b>	<b>n.m.</b>
<b>(Loss)/Profit attributable to :</b>							
Owners of the Company		(11,904)	(19)	n.m.	(21,374)	1,810	n.m.
Non-controlling interests		79	(91)	n.m.	(109)	(159)	(31.4)
<b>(Loss)/Profit for the period</b>		<b>(11,825)</b>	<b>(110)</b>	<b>n.m.</b>	<b>(21,483)</b>	<b>1,651</b>	<b>n.m.</b>
<b>Total comprehensive (loss)/income attributable to :</b>							
Owners of the Company		(13,142)	(225)	n.m.	(21,929)	2,960	n.m.
Non-controlling interests		111	(89)	n.m.	(100)	(189)	(47.1)
<b>Total comprehensive (loss)/income</b>		<b>(13,031)</b>	<b>(314)</b>	<b>n.m.</b>	<b>(22,029)</b>	<b>2,771</b>	<b>n.m.</b>

n.m. - not meaningful

Notes to Income Statement	Group			Group		
	Quarter ended		Increase/	Year to date		Increase/
	31-12-19	31-12-18	(Decrease)	31-12-19	31-12-18	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>1 ) Other (expenses)/income</b>						
Foreign exchange (losses)/gains, net	(1,596)	405	n.m.	(5,167)	699	n.m.
Unrealised fair value gain/(loss) on financial derivatives	506	94	n.m.	264	(233)	n.m.
(Loss)/gain on disposal of property, plant & equipment	(148)	(5)	n.m.	(63)	81	n.m.
Loss on disposal of assets held-for-sale	-	(1)	(100.0)	-	(118)	(100.0)
Impairment loss on property, plant and equipment	(27)	-	n.m.	(27)	-	n.m.
Redundancy costs	(51)	(522)	(90.2)	(895)	(2,847)	(68.6)
Inventories written off	(1,533)	-	n.m.	(1,533)	-	n.m.
Allowance for inventory obsolescence	(1,030)	-	n.m.	(1,030)	-	n.m.
Allowance for doubtful receivable	(686)	-	n.m.	(686)	-	n.m.
Provision for costs associated with product quality	(833)	-	n.m.	(833)	-	n.m.
Scrap income	268	390	(31.3)	1,280	1,668	(23.3)
Government grant	267	410	(34.9)	665	732	(9.2)
Others	82	18	n.m.	317	92	n.m.
	(4,781)	789	n.m.	(7,708)	74	n.m.
<b>2 ) (Loss)/Profit before income tax included</b>						
Depreciation of property, plant and equipment	(3,378)	(3,772)	(10.4)	(13,380)	(14,755)	(9.3)
Depreciation on right-of-use assets	(438)	-	n.m.	(1,713)	-	n.m.
<b>3 ) Income tax income/(expense)</b>						
Current income tax income/(expense)	73	(72)	n.m.	(18)	(575)	(96.9)
Over/(under) provision in prior years	(73)	170	n.m.	(73)	(564)	(87.1)
	-	98	(100.0)	(91)	(1,139)	(92.0)

n.m. - not meaningful

- 1b(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	
	31-12-19	31-12-18	31-12-19	31-12-18
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	89,588	78,840	72	3
Right-of-use assets	8,129	-	408	-
Investments in subsidiaries	-	-	91,400	100,000
Other investments	101	101	47	47
<b>Non-current assets</b>	<b>97,818</b>	<b>78,941</b>	<b>91,927</b>	<b>100,050</b>
Asset held-for-sale	-	19,423	-	-
Financial derivatives	29	-	-	-
Inventories	35,829	21,354	-	-
Trade and other receivables	50,408	72,771	22,218	23,818
Other assets	762	1,005	1	17
Cash and cash equivalents	8,722	11,527	455	1,120
<b>Current assets</b>	<b>95,750</b>	<b>126,080</b>	<b>22,674</b>	<b>24,955</b>
<b>Total assets</b>	<b>193,568</b>	<b>205,021</b>	<b>114,601</b>	<b>125,005</b>
<b>Equity</b>				
Share capital	113,163	113,155	113,163	113,155
(Accumulated losses)/retained earnings	(37,082)	(15,708)	(1,000)	10,258
Other reserves	(14,251)	(13,639)	31	88
<b>Equity, attributable to owners of the Company</b>	<b>61,830</b>	<b>83,808</b>	<b>112,194</b>	<b>123,501</b>
Non-controlling interests	24	(1,572)	-	-
<b>Total equity</b>	<b>61,854</b>	<b>82,236</b>	<b>112,194</b>	<b>123,501</b>
<b>Liabilities</b>				
Other payables	1,802	2,311	-	-
Other liabilities	1,496	975	-	-
Lease liabilities	6,459	-	268	-
<b>Non-current liabilities</b>	<b>9,757</b>	<b>3,286</b>	<b>268</b>	<b>-</b>
Income tax payable	7,507	4,035	5	5
Trade and other payables	84,298	75,822	2,027	1,499
Financial derivatives	-	235	-	-
Loans and borrowings	28,505	39,407	-	-
Lease liabilities	1,647	-	107	-
<b>Current liabilities</b>	<b>121,957</b>	<b>119,499</b>	<b>2,139</b>	<b>1,504</b>
<b>Total liabilities</b>	<b>131,714</b>	<b>122,785</b>	<b>2,407</b>	<b>1,504</b>
<b>Total equity and liabilities</b>	<b>193,568</b>	<b>205,021</b>	<b>114,601</b>	<b>125,005</b>

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

Amount repayable in one year or less, or on demand

As at 31-12-19		As at 31-12-18	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
28,505	0	39,407	0

Amount repayable after one year

As at 31-12-19		As at 31-12-18	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
0	0	0	0

## Details of any collaterals

The Group's borrowings and debt securities at 31 Dec 2018 relate to bank loans which are guaranteed by a subsidiary in the Group and finance lease liabilities which are secured by machines of a subsidiary.

The Group's borrowings and debt securities at 31 Dec 2019 relate to bank loans which are guaranteed by a subsidiary in the Group and land and buildings of a subsidiary.

**BROADWAY INDUSTRIAL GROUP LIMITED**

Company Registration No. 199405266K

**Full Year Financial Statement Announcement For the Year Ended 31 December 2019**

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

	Group Quarter ended		Group Year to date	
	31-12-19	31-12-18	31-12-19	31-12-18
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Continuing operations</b>				
<b>Cash flows from operating activities</b>				
<b>(Loss)/Profit before income tax</b>	<b>(5,747)</b>	<b>(325)</b>	<b>(14,953)</b>	<b>2,803</b>
Depreciation of property, plant and equipment	3,378	3,772	13,380	14,755
Depreciation on right-of-use assets	438	-	1,713	-
Equity-settled share-based payment transactions	3	8	(7)	33
Unrealised fair value (gain)/loss on financial derivatives	(506)	(94)	(264)	233
Loss/(gain) on disposal of property, plant and equipment	148	5	63	(81)
Loss on disposal of asset held-for-sale	-	1	-	118
Inventories written off	667	-	667	-
Allowance for inventory obsolescence	1,030	-	1,030	-
Allowance for doubtful receivable	686	-	686	-
Provision for costs associated with product quality	833	-	833	-
Impairment loss on property, plant and equipment	27	-	27	-
Interest expense	557	414	1,959	1,901
Interest income	(10)	(42)	(36)	(656)
<b>Operating cash flows before changes in working capital</b>	<b>1,504</b>	<b>3,739</b>	<b>5,098</b>	<b>19,106</b>
Inventories	989	1,040	(17,085)	6,288
Trade and other receivables	(8,555)	4,170	21,577	(16,188)
Other assets	579	562	181	1,637
Trade and other payables	5,486	(10,859)	7,929	(25,933)
Other liabilities	239	61	540	105
<b>Net cash flow from/(used in) operations</b>	<b>242</b>	<b>(1,287)</b>	<b>18,240</b>	<b>(14,985)</b>
Income tax paid	(9)	(188)	(239)	(691)
<b>Net cash flows from/(used in) operating activities</b>	<b>233</b>	<b>(1,475)</b>	<b>18,001</b>	<b>(15,676)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,321)	(5,937)	(6,674)	(17,069)
Proceeds from disposal of property, plant and equipment	(81)	60	5	216
Proceeds from disposal of asset held-for-sale	-	2	-	314
Deferred consideration received	-	-	-	14,000
Interest income received	10	39	36	89
<b>Net cash flows used in investing activities</b>	<b>(1,392)</b>	<b>(5,836)</b>	<b>(6,633)</b>	<b>(2,450)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	71,651	5,241	259,435	55,348
Repayments of bank borrowings	(74,144)	(6,789)	(271,671)	(28,196)
Payment of finance lease liabilities	(1)	-	-	(297)
Payment of principal portion of lease liabilities	(561)	-	(1,746)	-
Repurchase of own shares	-	(39)	(42)	(127)
Interest expense paid	(557)	(415)	(1,959)	(1,902)
<b>Net cash flows (used in)/from financing activities</b>	<b>(3,612)</b>	<b>(2,002)</b>	<b>(15,983)</b>	<b>24,826</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,771)</b>	<b>(9,313)</b>	<b>(4,615)</b>	<b>6,700</b>
<b>Discontinued operations</b>				
Net cash flows (used in)/from operating activities	(18)	1,408	110	(12,987)
Net cash used in investing activities	(53)	-	(53)	-
Net cash flows from/(used in) financing activities	43	(11)	(162)	(31)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(28)</b>	<b>1,397</b>	<b>(105)</b>	<b>(13,018)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,799)</b>	<b>(7,916)</b>	<b>(4,720)</b>	<b>(6,318)</b>
Cash and cash equivalents, beginning balance	12,708	19,523	11,522	18,054
Effect of exchange rate fluctuations on cash held	808	(85)	1,915	(214)
Restricted cash (fixed deposits pledged as security)	5	5	5	5
<b>Cash and cash equivalents, ending balance</b>	<b>8,722</b>	<b>11,527</b>	<b>8,722</b>	<b>11,527</b>

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.

	Other reserves					(Accumulated losses)/ retained earnings S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Share-based payment reserve S\$'000	Translation reserve S\$'000				
<b>The Group</b>									
<b>At 1 January 2019</b>	113,155	(386)	2,924	474	(16,651)	(15,708)	83,808	(1,572)	82,236
Total comprehensive income/(loss) for the period	-	-	-	-	683	(9,470)	(8,787)	(211)	(8,998)
Share-based payment	8	24	-	(42)	-	-	(10)	-	(10)
Purchase of treasury Shares	-	(42)	-	-	-	-	(42)	-	(42)
<b>At 30 September 2019</b>	113,163	(404)	2,924	432	(15,968)	(25,178)	74,969	(1,783)	73,186
Total comprehensive (loss)/income for the period	-	-	-	-	(1,238)	(11,904)	(13,142)	111	(13,031)
Share-based payment	-	-	-	3	-	-	3	-	3
Disposal of a subsidiary	-	-	-	-	-	-	-	1,696	1,696
<b>At 31 December 2019</b>	113,163	(404)	2,924	435	(17,206)	(37,082)	61,830	24	61,854
<b>At 1 January 2018</b>	113,147	(299)	2,924	490	(17,801)	(17,518)	80,943	(1,383)	79,560
Total comprehensive income/(loss) for the period	-	-	-	-	1,356	1,829	3,185	(100)	3,085
Share-based payment	8	40	-	(23)	-	-	25	-	25
Purchase of treasury Shares	-	(88)	-	-	-	-	(88)	-	(88)
<b>At 30 September 2018</b>	113,155	(347)	2,924	467	(16,445)	(15,689)	84,065	(1,483)	82,582
Total comprehensive income/(loss) for the period	-	-	-	-	(206)	(19)	(225)	(89)	(314)
Share-based payment	-	-	-	7	-	-	7	-	7
Purchase of treasury Shares	-	(39)	-	-	-	-	(39)	-	(39)
<b>At 31 December 2018</b>	113,155	(386)	2,924	474	(16,651)	(15,708)	83,808	(1,572)	82,236

		Other reserves			
	Share capital S\$'000	Treasury shares S\$'000	Share-based payment reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>The Company</b>					
<b>At 1 January 2019</b>	113,155	(386)	474	10,258	123,501
Total comprehensive loss for the period	-	-	-	(1,738)	(1,738)
Share-based payment	8	24	(42)	-	(10)
Purchase of treasury Shares	-	(42)	-	-	(42)
<b>At 30 September 2019</b>	113,163	(404)	432	8,520	121,711
Total comprehensive loss for the period	-	-	-	(9,520)	(9,520)
Share-based payment	-	-	3	-	3
<b>At 31 December 2019</b>	113,163	(404)	435	(1,000)	112,194
<b>At 1 January 2018</b>	113,147	(299)	490	12,683	126,021
Total comprehensive loss for the period	-	-	-	(1,781)	(1,781)
Share-based payment	8	40	(23)	-	25
Purchase of treasury Shares	-	(88)	-	-	(88)
<b>At 30 September 2018</b>	113,155	(347)	467	10,902	124,177
Total comprehensive loss	-	-	-	(644)	(644)
Share-based payment	-	-	7	-	7
Purchase of treasury Shares	-	(39)	-	-	(39)
<b>At 31 December 2018</b>	113,155	(386)	474	10,258	123,501

- 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 was no change in the Company's issued capital during the period from 30 Sep 2019 to 31 Dec 2019. There was no exercise of share options under the BIGL Share Option Scheme 2001 during the period.

As at 31 Dec 2019, there were 330,000 (31 Dec 2018 : 396,000) outstanding share options in respect of unissued ordinary shares under the BIGL Share Option Scheme 2001.

As at 31 Dec 2019, there were 310,000 (31 Dec 2018 : 792,500) outstanding shares in respect of unissued ordinary shares under the BIGL Share Plan.

As at 31 Dec 2019, there were 3,768,050 (31 Dec 2018 : 2,958,550) shares held as treasury shares.

As at 31 Dec 2019 and 31 Dec 2018, there were no subsidiary holdings.

Total number of issued shares excluding treasury shares as at 31 Dec 2019 was 468,146,561 (31 Dec 2018 : 468,956,061).

- 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.

Total number of issued shares excluding treasury shares as at 31 Dec 2019 was 468,146,561 (31 Dec 2018 : 468,956,061).

- 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.

From 1 Jan 2019 to 31 Dec 2019, 182,500 treasury shares were issued to our employees pursuant to the BIGL Share Plan.

- 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.

As at 31 Dec 2019, there were no sales, transfers, cancellation and/or use of subsidiary holdings.

- 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 Company's 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.

Not applicable.

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

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.

Other than adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 as mentioned in paragraph 5 below, there were no changes in the accounting policies and methods of computation adopted in the financial statements of the Group for the current reporting period as compared to the most recently audited financial statements for the reporting year ended 31 December 2018.

- 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 has adopted SFRS(I) 16, the new accounting standard for leases which is effective for annual reporting period beginning on or after 1 January 2019. The Group adopted SFRS(I) 16 using the modified retrospective approach and recognised right-of-use assets and lease liabilities of S\$2.5 million for its leases previously classified as operating leases as of 1 January 2019.

- 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 :-

Earnings/(loss) per ordinary share	Quarter ended		Year to date	
	31-12-19	31-12-18	31-12-19	31-12-18
Based on weighted average number of ordinary shares in issue (cents)	(2.54)	(0.00)	(4.56)	0.39
On a fully diluted basis (cents)	(2.54)	(0.00)	(4.56)	0.38

a) Earnings per ordinary share is calculated based on weighted average number of ordinary shares (excluding treasury shares) of 468,609,458 ordinary shares (31 Dec 2018 : 469,986,575 ordinary shares).

b) Diluted earnings per ordinary share is calculated based on weighted average number of ordinary shares (excluding treasury shares) of 469,053,540 ordinary shares (31 Dec 2018 : 470,819,541 ordinary shares).

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

Net asset value per ordinary share	As at 31-12-19	As at 31-12-18
Group (cents)	13.21	17.87
Company (cents)	23.97	26.34

Net asset value per ordinary share is calculated based on number of ordinary shares at 31 Dec 2019 of 468,146,561 ordinary shares (31 Dec 2018 : 468,956,061 ordinary 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.

#### Revenue and Gross Profit

The Group's revenue declined by 20.4% year on year ("yoy") to S\$305.7 million for the financial year ended 31 December 2019 ("FY2019") from S\$384.2 million for the financial year ended 31 December 2018 ("FY2018"), mainly due to the continued weakness in the hard disk drive market in 2019.

Gross profit margin declined to 3.4% in FY2019 as compared to 5.2% in FY2018, mainly due to lower revenue as well as product mix.

**Operating Expenses**

The Group's distribution expenses decreased by 18.6% to S\$2.3 million in FY2019 as compared to S\$2.8 million in FY2018 mainly due to the lower revenue in FY2019.

Administrative expenses increased by 3.3% to S\$12.8 million in FY2019 as compared to S\$12.4 million in FY2018 mainly due to higher professional fees.

The Group recorded net other expenses of S\$7.7 million in FY2019 as compared to net other income of S\$0.07 million in FY2018. The higher other expenses in FY2019 was mainly due to net foreign exchange loss amounting to S\$5.2 million that primarily arose from the strengthening of Thai Baht against US dollar, redundancy costs of S\$0.9 million, inventories written off and allowance for inventory obsolescence of S\$2.5 million, allowance for doubtful receivable of S\$0.7 million and costs associated with product quality of S\$0.8 million. This was offset by the scrap income of S\$1.3 million and government grant of S\$0.7 million.

**Finance Income**

The group's finance income decreased 94.5% to S\$0.036 million in FY2019 compared to S\$0.7 million in FY2018 mainly due to interest income.

**Tax Expense**

The Group recorded a tax expense of S\$0.09 million in FY2019 as compared to S\$1.1 million in FY2018 mainly due to operating loss in FY2019 as compared to operating profit in FY2018.

**Loss/Profit from Continuing Operations**

Due to the above factors, the Group recorded a loss from continuing operations of S\$15.0 million in FY2019 as compared to a profit of S\$1.7 million in FY2018.

**Loss from Discontinued Operations**

The Group recorded a loss from discontinued operations of S\$6.4 million in FY2019 as compared to S\$0.013 million in FY2018. The loss in FY2019 was mainly due to an additional S\$3.7 million tax liability arising from the disposed Flow Control Device business and a loss of S\$2.2 million arising from the transfer of a loss making US company to the other shareholders.

**Balance Sheet**

The Group recorded a negative working capital of S\$26.2 million as at 31 December 2019 as compared to a positive working capital of S\$6.6 million as at 31 December 2018. The negative working capital was mainly due to the reclassification of S\$19.4 million of asset held-for-sale to non-current property, plant and equipment and higher utilisation of trade receivable financing.

The Net Asset Value per share of the Group decreased to 13.21 cents as at 31 December 2019 from 17.87 cents as at 31 December 2018.

**Cash Flow**

The Group recorded net cash from operating activities of S\$18.0 million in FY2019 as compared to net cash used in operating activities of S\$15.7 million in FY2018 mainly due to changes in working capital.

Net cash used in investing activities of S\$6.7 million in FY2019 was mainly for capital expenditure.

Net cash used in financing activities was S\$16.0 million in FY2019 as compared to net cash from financing activities of S\$24.8 million in FY2018 mainly due to higher net repayment of loans in FY2019.

The Group's cash and cash equivalents decreased to S\$8.7 million as at 31 December 2019 from S\$11.5 million as at 31 December 2018.

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

On 7 February 2020, the Company announced a profit guidance for FY2019 arising from the continued weakness in revenue from the Hard Disk Drive business and losses from discontinued operations. The Group's FY2019 revenue declined 20.4% to S\$305.6 million when compared to FY2018 revenue of S\$384.2 million. The unaudited loss after tax for FY2019 was S\$21.5 million.

- 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 outlook for the hard disk drive (HDD) industry in 2020 is expected to remain challenging. The volume is expected to decline 6% year on year according to Trendfocus. The volume reduction is mainly from desktop HDD segment of the market while enterprise HDD segment continues to grow at a modest 6% per year.

The Group is continuing its efforts to improve the utilization of its assets, cost optimization and right sizing across all sites to improve its overall financial performance.

Our manufacturing operations in Shenzhen, Wuxi and Chongqing have been impacted by the recent COVID-19 outbreak. These operations have partially resumed production after clearance and approval from the respective local authorities. As the situation pertaining to the outbreak remains uncertain, the Group will continue to monitor the evolving situation closely, take all the necessary precautions to safeguard the health and safety of employees and comply with directives from the local authorities.

In January 2020, the Group announced a proposed acquisition of a 55% equity stake in Beijing Ant Brothers Technology Co, Ltd, details of which are contained in the Company's announcement.

On 23 February 2020, the Group announced that the Company had on 20 February 2020 been served with two writs of summons and statements of claim, details of which are contained in the Company's announcement. The Company intends to vigorously defend the claims and is taking legal advice. Further announcements will be made as and when appropriate.

- 11 If a decision regarding dividend has been made :-

- (a) Any interim (final) ordinary dividend has been declared (recommended)

None

- (b) i) Amount per share

N.A.

- ii) Previous corresponding period

N.A.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

N.A.

- (d) The date the dividend is payable.

N.A.

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

N.A.

- 12 If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended by the Company.

- 13 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.

There is no IPT mandate.

- 14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

- 15 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.

**Geographical information**

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers.

	Revenue (Group)			Non-current assets (Group)	
	Year 2019	Year 2018		Year 2019	Year 2018
	S\$'000	S\$'000		S\$'000	S\$'000
Thailand	187,045	229,330		59,041	54,842
People's Republic of China	118,208	153,258		38,193	23,905
Singapore	177	215		584	107
Other countries	243	1,368		-	87
	305,673	384,171		97,818	78,941

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

Please refer to Paragraph 8.

- 17 A breakdown of sales as follows :-

	Group		
	Year 2019	Year 2018	Increase/ (Decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	130,340	191,040	(31.8)
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	(7,939)	2,028	n.m.
(c) Sales reported for second half year	175,333	193,131	(9.2)
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	(13,544)	(377)	(3,492.6)

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

- 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 former below.

If there are no such person, the issuer must make an appropriate negative statement.

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 chief executive officer or substantial shareholder of the Company.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Wong Yi Chun	31	Brother of Wong Yi Jia, Non-Executive Director and son of the Substantial Shareholder, Lau Leok Yee.	Senior Project Manager, 2019	Project Manager to Senior Project Manager
Wong Yi Ning	35	Sister of Wong Yi Jia, Non-Executive Director and daughter of the Substantial Shareholder, Lau Leok Yee.	Planning and Analysis Manager, 2018	N.A.

Save as disclosed above, 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 chief executive officer or substantial shareholder of the Company

By Order of the Board

Lew Syn Pau

Chairman

29 February 2020