



**META HEALTH LIMITED**

**(Formerly known as METAL COMPONENT ENGINEERING LIMITED)**

(Incorporated in the Republic of Singapore on 22/12/1988)

(Company Registration Number: 198804700N)

**Condensed Interim Financial Statements for the Second Half Year (“2H”) and Full Year (“FY”) Ended 31 December 2021 (Unaudited)**

*This announcement has been prepared by Meta Health Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.*

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**A. Condensed interim consolidated statement of profit or loss and other comprehensive income**

	Note	The Group		Change %	The Group		Change %
		2H2021 S\$'000 (Unaudited)	2H2020 S\$'000 (Unaudited)		FY2021 S\$'000 (Unaudited)	FY2020 S\$'000 (Audited)	
Revenue	4	22,862	18,519	23	43,026	32,233	33
Other income		9,366	443	>100	9,462	666	>100
Raw materials and consumables used		(11,916)	(9,457)	26	(22,997)	(16,303)	41
Changes in inventories of finished goods and work in progress		(72)	(41)	76	510	(226)	N.M.
Employee benefits expense		(6,921)	(5,130)	35	(12,569)	(10,197)	23
Depreciation of property, plant and equipment		(693)	(764)	-9	(1,332)	(1,475)	-10
Depreciation of right-of-use assets		(418)	(528)	-21	(1,472)	(1,391)	6
Impairment losses on trade receivables reversed		20	1	>100	20	1	>100
Other charges		(1,056)	(15)	>100	(1,138)	(89)	>100
Finance costs		(231)	(176)	31	(449)	(429)	5
Other operating expenses		(3,282)	(2,650)	24	(5,391)	(4,725)	14
<b>Profit/(Loss) before taxation</b>	13	<b>7,659</b>	202	>100	<b>7,670</b>	(1,935)	N.M.
Taxation	5	1	(25)	N.M.	1	(25)	N.M.
<b>Profit/(Loss) for the period/year</b>		<b>7,660</b>	177	>100	<b>7,671</b>	(1,960)	N.M.
<b>Other comprehensive income after tax:</b>							
<b>Items that may be reclassified subsequently to profit or loss</b>							
Currency translation differences		(9)	(91)	-90	(84)	480	N.M.
<b>Other comprehensive profit/(loss) for the period/year, net of tax</b>		<b>(9)</b>	<b>(91)</b>	-90	<b>(84)</b>	480	N.M.
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<b>7,651</b>	86	>100	<b>7,587</b>	(1,480)	N.M.
<b>Profit/(loss) attributable to:</b>							
Equity holders of the Company		7,605	177	>100	7,616	(1,960)	N.M.
Non-controlling interests		55	-	N.M.	55	-	N.M.
		<b>7,660</b>	177	>100	<b>7,671</b>	(1,960)	N.M.
<b>Earning/(loss) per share attributable to owners of the Company (Singapore cent)</b>							
- Basic <sup>(1)</sup>		1.73	0.04		1.85	(0.52)	
- Diluted <sup>(2)</sup>		1.71	0.04		1.83	(0.52)	

**Notes:**

- (1) The basic earnings per share was calculated based on weighted average number of shares on issue of 443,564,682 and 414,426,924 in 2H2021 and FY2021, respectively (2H2020 and FY2020: 374,119,000).
- (2) The diluted earnings per share was calculated based on weighted average number of shares on issue of 448,199,682 and 419,061,924 in 2H2021 and FY2021, respectively (2H2020 and FY2020: 374,119,000).

\*N.M. denotes not meaningful

## B. Condensed interim statements of financial position

	Note	The Group		The Company	
		<u>As at 31</u>	<u>As at 31</u>	<u>As at 31</u>	<u>As at 31</u>
		<u>December</u>	<u>December</u>	<u>December</u>	<u>December</u>
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		S\$'000	S\$'000	S\$'000	S\$'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	6	4,190	5,566	55	73
Right-of-use assets		5,774	5,064	65	126
Subsidiaries	8	-	-	20,850	16,146
Goodwill	7	4,466	-	-	-
Other investment	9	2,024	-	-	-
Deferred tax assets		172	138	-	-
		<b>16,626</b>	<b>10,768</b>	<b>20,970</b>	<b>16,345</b>
<b>Current Assets</b>					
Inventories		4,190	3,517	-	-
Trade and other receivables		12,735	10,944	12,510	3,910
Prepayments		583	1,184	124	139
Cash and bank balances	10	10,270	4,265	3,670	2,227
		<b>27,778</b>	<b>19,910</b>	<b>16,304</b>	<b>6,276</b>
Assets of disposal group classified as held for sale		-	12,414	-	9,832
		<b>27,778</b>	<b>32,324</b>	<b>16,304</b>	<b>16,108</b>
<b>Total assets</b>		<b>44,404</b>	<b>43,092</b>	<b>37,274</b>	<b>32,453</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	11	28,632	21,639	28,632	21,639
Reserves		(5,725)	(6,308)	(6,333)	(10,867)
<b>Total equity attributable to owners of the Company</b>		<b>22,907</b>	<b>15,331</b>	<b>22,299</b>	<b>10,772</b>
<b>Non-controlling interests</b>		<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>22,974</b>	<b>15,331</b>	<b>22,299</b>	<b>10,772</b>
<b>Non-Current Liabilities</b>					
Borrowings	12	2,870	3,841	2,870	3,804
Lease liabilities		2,648	1,448	58	462
		<b>5,518</b>	<b>5,289</b>	<b>2,928</b>	<b>4,266</b>
<b>Current Liabilities</b>					
Borrowings	12	2,732	1,970	939	996
Lease liabilities		1,370	1,511	404	622
Trade and other payables		11,571	16,204	10,517	15,113
Contract liabilities		239	383	187	330
		<b>15,912</b>	<b>20,068</b>	<b>12,047</b>	<b>17,061</b>
Liabilities of disposal group classified as held for sale		-	2,404	-	354
		<b>15,912</b>	<b>22,472</b>	<b>12,047</b>	<b>17,415</b>
<b>Total liabilities</b>		<b>21,430</b>	<b>27,761</b>	<b>14,975</b>	<b>21,681</b>
<b>Total equity and liabilities</b>		<b>44,404</b>	<b>43,092</b>	<b>37,274</b>	<b>32,453</b>

C. Condensed interim statements of changes in equity

The Group	Share capital S\$'000	Share option reserve S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve S\$'000	Other reserve S\$'000	Accumu- lated losses S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
<b>Balance at 1 January 2021</b>	<b>21,639</b>	<b>115</b>	<b>(92)</b>	<b>556</b>	<b>7,360</b>	<b>(14,247)</b>	<b>-</b>	<b>15,331</b>
Profit for the year	-	-	-	-	-	7,616	55	7,671
Other comprehensive income for the year								
- Currency translation differences	-	-	(84)	-	-	-	-	(84)
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>-</b>	<b>(84)</b>	<b>-</b>	<b>-</b>	<b>7,616</b>	<b>55</b>	<b>7,587</b>
Contributions by and distributions to owners								
- Disposal of assets held-for- sale	-	-	-	-	(7,360)	-	-	(7,360)
- Share-based payment transactions	-	451	-	-	-	-	-	451
- Expiry/Forfeiture of share options	-	(5)	-	-	-	5	-	-
- Issuance of shares	6,818	-	-	-	-	-	-	6,818
- Issuance of shares upon exercise of share options	175	(40)	-	-	-	-	-	135
<b>Transactions with owners in their capacity as owners</b>	<b>6,993</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>(7,360)</b>	<b>5</b>	<b>-</b>	<b>44</b>
<b>Non-controlling interests arising from business combination</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>12</b>
<b>Balance at 31 December 2021</b>	<b>28,632</b>	<b>521</b>	<b>(176)</b>	<b>556</b>	<b>-</b>	<b>(6,626)</b>	<b>67</b>	<b>22,974</b>

The Group	Share capital S\$'000	Share option reserve S\$'000	Re-valuation reserve S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve S\$'000	Other reserve S\$'000	Acc-umulated losses S\$'000	Total equity S\$'000
Balance at 1 January 2020	21,639	120	7,206	(418)	1,944	-	(13,680)	16,811
Loss for the year	-	-	-	-	-	-	(1,960)	(1,960)
Other comprehensive income for the year								
- Currency translation differences	-	-	-	480	-	-	-	480
Total comprehensive loss for the year	-	-	-	480	-	-	(1,960)	(1,480)
Contributions by and distributions to owners								
- Expiry/Forfeiture of share options	-	(5)	-	-	-	-	5	-
Transactions with owners in their capacity as owners	-	(5)	-	-	-	-	5	-
Transfer from statutory reserve	-	-	-	-	(1,388)	-	1,388	-
Cumulative income recognised directly in other comprehensive income in prior years relating to disposal group classified as held for sales	-	-	(7,206)	(154)	-	7,360	-	-
Balance at 31 December 2020	21,639	115	-	(92)	556	7,360	(14,247)	15,331

The Company	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>Balance at 1 January 2021</b>	<b>21,639</b>	<b>115</b>	<b>(10,983)</b>	<b>10,771</b>
Profit for the year	-	-	4,124	<b>4,124</b>
Other comprehensive income for the year				
- Currency translation differences	-	-	-	-
<b>Total comprehensive profit for the year</b>	<b>-</b>	<b>-</b>	<b>4,124</b>	<b>4,124</b>
Contributions by and distributions to owners				
- Share-based payment transactions	-	451	-	<b>451</b>
- Expiry/Forfeiture of share options	-	(5)	5	-
- Issuance of shares	6,818	-	-	<b>6,818</b>
- Issuance of shares upon exercise of share options	175	(40)	-	<b>135</b>
<b>Transactions with owners in their capacity as owners</b>	<b>6,993</b>	<b>406</b>	<b>5</b>	<b>7,404</b>
<b>Balance at 31 December 2021</b>	<b>28,632</b>	<b>521</b>	<b>(6,854)</b>	<b>22,299</b>

The Company	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 January 2020	21,639	120	(15,788)	5,971
Profit for the year	-	-	4,800	4,800
Other comprehensive income for the year				
- Currency translation differences	-	-	-	-
Total comprehensive income for the year	-	-	4,800	4,800
Contributions by and distributions to owners				
- Expiry/Forfeiture of share options	-	(5)	5	-
Transactions with owners in their capacity as owners	-	(5)	5	-
<b>Balance at 31 December 2020</b>	<b>21,639</b>	<b>115</b>	<b>(10,983)</b>	<b>10,771</b>

#### D. Condensed interim consolidated statement of cash flows

	Note	Group FY2021 S\$'000	FY2020 S\$'000
<b>Cash Flows from Operating Activities</b>			
Profit/(Loss) before taxation		7,670	(1,935)
Adjustments for:			
Depreciation of property, plant and equipment		1,332	1,475
Depreciation of right-of-use assets		1,472	1,391
Impairment of property, plant equipment		690	-
Gain on disposal of subsidiary		(9,165)	-
Gain on disposal of property, plant and equipment		(13)	(79)
Impairment losses on trade receivables reversed		(20)	(1)
Interest expense on borrowings		212	230
Interest expense on lease liabilities		237	199
Interest income		(29)	(6)
Share base payment expenses		451	-
Write-down of inventories made/(reversed)		76	(23)
<b>Operating profit before working capital changes</b>		<b>2,913</b>	<b>1,251</b>
Changes in inventories		(704)	(89)
Changes in trade and other receivables		(945)	7
Changes in prepayments		600	882
Changes in trade and other payables		(1,868)	(1,031)
Changes in contract liabilities		(144)	(542)
<b>Net cash (used in)/generated from operations</b>		<b>(148)</b>	<b>478</b>
Income taxes paid		-	-
<b>Net cash (used in)/generated from operating activities</b>		<b>(148)</b>	<b>478</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of unquoted equity investment		(1,000)	-
Acquisition of a subsidiary, net of cash acquired		(3,761)	-
Deposit paid		(498)	-
Interest received		29	6
Net proceeds from last tranche payment		-	4,754
Net proceeds from disposal of subsidiary		9,131	-
Proceeds from disposal of property, plant and equipment		13	139
Purchase of property, plant and equipment		(317)	(394)
<b>Net cash generated from investing activities</b>		<b>3,597</b>	<b>4,505</b>
<b>Cash Flows from Financing Activities</b>			
Changes in bank deposit pledged		-	(3)
Interest paid		(449)	(429)
Proceeds from issuance of shares		4,827	-
Proceed from share option exercise		176	-
Proceeds from borrowings		6,199	15,117
Repayment of borrowings		(6,408)	(16,535)
Repayment of lease liabilities		(1,828)	(1,169)
<b>Net cash generated from/(used in) financing activities</b>		<b>2,517</b>	<b>(3,019)</b>
Net increase in cash and cash equivalents		5,966	1,964
Cash and cash equivalents at beginning of year		4,193	2,194
Exchange differences on translation of cash and cash equivalents		3	35
Cash and cash equivalents at end of year	10	10,162	4,193



## E. Notes to the Condensed Interim Financial Statements

### 1. Corporate information

Meta Health Limited (formerly known as Metal Component Engineering Limited) (the “**Company**”) is incorporated in Singapore.

These condensed interim financial statements as at and for the six months and twelve months ended 31 December 2021 comprise the Company and its subsidiaries (the “**Group**”).

The principal activities of Group consist of investment holding, metal stamping and manufacturing of tools and fixtures (“**Metal business**”) as well as in the healthcare business of telemedicine, nursing services and e-pharmacy (“**Healthcare business**”).

### 2. Basis of preparation

The condensed interim financial statements for the six months and twelve months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

#### 2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The amendment to the standards adopted by the Group in FY2021 is as follows:

##### **Amendment to SFRS(I) 16 COVID-19 Related Rent Concessions**

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

Entities applying the practical expedient must disclose this fact, whether the expedient has been applied to all qualifying rent concessions, and the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

#### 2.2. Use of judgements and estimates

In preparing the unaudited condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020 other than the impairment of non-financial assets and fair value of unquoted investments.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised and in any future financial periods affected.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Depreciation of property, plant and equipment and right-of-use assets
- Impairment of non-financial assets
- Impairment of subsidiaries
- Allowance for inventory obsolescence
- Provision for expected credit losses of trade receivables
- Fair value of unquoted investments

### **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

For management reporting purposes, the Group is organised into metal and healthcare business units based on their geographical locations.

There are no operating segments that have been aggregated to form the above reportable operating segments.

The Group's CEO, who is the chief operating decision maker, monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included in the following tables. Performance is measured based on segment profit (before interest, taxation and unallocated expenses), as included in the internal management reports that are reviewed by the Group's CEO, which in certain respects, as explained in the following tables, is different from profit in the consolidated financial statements. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment pricing is determined on an arm's length basis.

The Group's finance costs and income taxes are managed on a group basis and are not allocated to operating segments.

#### 4.1 Reportable segments

	2H2021							Note	Consolidated S\$'000
	Metal business					Healthcare business <sup>(ii)</sup>			
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Elimination S\$'000	Total S\$'000	Singapore S\$'000		
External sales	7,056	4,552	1,212	8,731	-	21,551	1,311	22,862	
Inter-segment sales	3,154	5	5,513	571	(9,243)	-	-	-	
Total revenue	10,210	4,557	6,725	9,302	(9,243)	21,551	1,311	22,862	
Profit/(loss) before interest and taxation	5,326	(588)	388	151	3,678	8,955	245	9,200	
Finance cost						(229)	(3)	(232)	
Unallocated expenses						(679)	(630)	(1,309)	
Profit/(loss) before taxation						8,047	(388)	7,659	
Taxation						36	(35)	1	
Net Profit/(loss) after taxation						8,083	(423)	7,660	

#### Other segment information:

Additions of property, plant and equipment	13	70	58	34	-	175	6	181
Additions of right-of-use assets	-	(638)	1,802	55	-	1,219	95	1,314
Depreciation of property, plant and equipment	16	223	188	276	(11)	692	1	693
Depreciation of right-of-use assets	30	154	312	(124)	-	372	46	418
Gain on disposal of group	(4,450)	-	-	-	(4,715)	(9,165)	-	(9,165)
Gain on disposal of property, plant & equipment	-	(11)	(3)	-	-	(14)	-	(14)
Loss on impairment of property, plant & equipment	-	690	-	-	-	690	-	690
Write-down on inventories made/(reversed)	-	25	57	(6)	-	76	-	76

#### Notes:

- (i) Unallocated expenses primarily relate to directors' fees, directors' remuneration, listing expenses and other corporate related expenses.
- (ii) Healthcare business had started only in 2H2021

	2H2020							
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Total S\$'000	Elimination	Note	Total S\$'000
External sales	5,155	4,531	959	7,874	18,519	-		18,519
Inter-segment sales	2,423	-	4,008	657	7,088	(7,088)		-
Total revenue	7,578	4,531	4,967	8,531	25,607	(7,088)		18,519
Profit before interest and taxation	5,387	175	130	754	6,446	(5,746)		700
Finance cost								(175)
Unallocated expenses							(i)	(324)
Loss before taxation								201
Taxation								(25)
Net profit after taxation								176
<b>Other segment information:</b>								
Additions of property, plant and equipment	16	138	(1)	43	196	(20)		176
Additions of right-of-use assets	186	135	-	-	321	-		321
Depreciation of property, plant and equipment	27	495	429	519	1,470	(12)		1,458
Depreciation of right-of-use assets	60	76	350	42	528	-		528
Gain on disposal of property, plant & equipment	-	-	(52)	(44)	(96)	17		(79)

**Note:**

(a) Unallocated expenses primarily relate to directors' fees, directors' remuneration, listing expenses and other corporate related expenses.

FY2021									
	<u>Metal business</u>						<u>Healthcare business</u>		
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Elimination S\$'000	Total S\$'000	Singapore S\$'000	Note	Consolidated S\$'000
External sales	12,802	9,197	2,850	16,866	-	41,715	1,311		43,026
Inter-segment sales	5,977	7	10,066	944	(16,994)	-	-		-
Total revenue	<u>18,779</u>	<u>9,204</u>	<u>12,916</u>	<u>17,810</u>	<u>(16,994)</u>	<u>41,715</u>	<u>1,311</u>		<u>43,026</u>
Profit/(loss) before interest and taxation	5,411	(565)	556	467	3,692	9,561	245		9,806
Finance cost						(447)	(3)		(450)
Unallocated expenses						(1,056)	(630)	(i)	(1,686)
Profit before taxation						8,058	(388)		7,670
Taxation						36	(35)		1
Net Profit/(loss) after taxation						<u>8,094</u>	<u>(423)</u>		<u>7,671</u>
<b>Other segment information:</b>									
Segment assets	37,110	5,955	9,884	23,719	(45,344)	31,324	13,080		44,404
Segment liabilities	14,975	2,456	6,615	15,818	(25,585)	14,279	7,151		21,430
<b>Non-current assets:</b>									
Property, plant and equipment	55	893	1,410	2,197	(370)	4,185	5		4,190
Right-of-use assets	66	517	3,997	1,145	-	5,725	49		5,774
<b>Other segment information:</b>									
Additions of property, plant and equipment	21	158	78	54	-	311	6		317
Additions of right-of-use assets	-	-	1,802	1,472	-	3,274	95		3,369
Depreciation of property, plant and equipment	40	388	380	544	(21)	1,331	1		1,332
Depreciation of right-of-use assets	60	378	666	322	-	1,426	46		1,472
Gain on disposal of property, plant & equipment	(4,450)	-	-	-	(4,715)	(9,165)	-		(9,165)
Gain on disposal of property, plant & equipment	-	(11)	(2)	-	-	(13)	-		(13)
Loss on impairment of property, plant & equipment	-	690	-	-	-	690	-		690
Write-down on inventories made/(reversed)	-	25	57	(6)	-	76	-		76

**Note:**

(i) Unallocated expenses primarily relate to directors' fees, directors' remuneration, listing expenses and other corporate related expenses.

	FY2020					Note	TOTAL S\$'000
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Elimination S\$'000		
External sales	9,872	8,127	1,819	12,415	-		32,233
Inter-segment sales	4,322	4	7,809	1,390	(13,525)		-
<b>Total revenue</b>	<b>14,194</b>	<b>8,131</b>	<b>9,628</b>	<b>13,805</b>	<b>(13,525)</b>		<b>32,233</b>
Profit/(loss) before interest and taxation	5,614	77	(369)	116	(6,328)		(890)
Finance cost							(429)
Unallocated expenses						(i)	(616)
Loss before taxation							(1,935)
Taxation							(25)
<b>Net loss after taxation</b>							<b>(1,960)</b>
<b>Other segment information:</b>							
Segment assets	34,679	7,259	9,461	21,188	(29,495)		43,092
Segment liabilities	22,071	2,769	6,636	14,486	(18,201)		27,761
<b>Non-current assets:</b>							
Property, plant and equipment	73	1,563	1,739	2,580	(389)		5,566
Right-of-use assets	126	1,481	2,946	511	-		5,064
<b>Other segment information:</b>							
Additions of property, plant and equipment	16	232	123	43	(20)		394
Additions of right-of-use assets	186	135	-	-	-		321
Depreciation of property, plant and equipment	53	495	429	519	(21)		1,475
Depreciation of right-of-use assets	60	213	709	409	-		1,391
(Gain)/Loss on disposal of property, plant & equipment	-	-	(52)	(44)	17		(79)
Write-down on inventories made/(reversed)	-	2	-	(26)	-		(24)

(i) Unallocated expenses primarily relate to directors' fees, directors' remuneration, listing expenses and other corporate related expenses.

#### Breakdown of sales:

	GROUP		+ / - %
	FY2021 S\$'000	FY2020 S\$'000	
Sales reported for first half (1 January to 30 June)	20,164	13,714	47
Operating profit/(loss) after tax before deducting non-controlling interests reported for the first half	11	(2,136)	N.M.
Sales reported for second half (1 July to 31 December)	22,862	18,519	23
Operating profit after tax before deducting non-controlling interests reported for the second half	7,660	177	>100

\*N.M. denotes not meaningful

## 5. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group		Group	
	2H2021	2H2020	FY2021	FY2020
	S\$'000	S\$'000	S\$000	S\$'000
<b>Current tax expenses/(credit)</b>				
Current year	34	1	34	1
Under provision in respect of prior year	-	(1)	-	(1)
Deferred tax				
- Origination and reversal of temporary difference	(33)	25	(33)	25
	1	25	1	25

## 6. Property, plant and equipment

During the six months ended 31 December 2021, the Group acquired property, plant and equipment with an aggregate cost of S\$136,000 (2H2020: S\$218,000) and disposed of assets with an aggregate carrying amount of S\$94,000 (2H2020: S\$97,000).

## 7. Goodwill

	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
<u>The Group</u>		
Goodwill arising on consolidation	4,466	-
(a) Goodwill arising from consolidation		
<u>Cost</u>		
At beginning of year	-	-
Additions arising from acquisition of subsidiaries	4,466	-
At end of year	4,466	-
<u>Allowance for impairment losses</u>		
At beginning and end of year	-	-
Net book value	4,466	-

Goodwill is provisional as at announcement date pending the completion of the second valuation of Gainhealth Pte Ltd, to be done no later than 13 July 2022 for determination of performance bonus to be paid to the Vendors.

### Impairment tests for goodwill

As at 31 December 2021, the carrying amount of goodwill is attribute to the Group's cash-generating units ("CGU") comprising Gainhealth Pte Ltd. ("Gainhealth").

	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
<u>The Group</u>		
<b>Gainhealth</b>	4,466	-
Net book value	4,466	-

The recoverable amount of the CGU was determined based on value in use ("VIU") calculations and VIU of the CGU was estimated to be higher than its carrying amount. The VIU calculation is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period with terminal value for Gainhealth.

## 8. Subsidiaries

<u>The Company</u>	<b>31 Dec 2021</b> <b>S\$'000</b>	31 Dec 2020 S\$'000
<u>Unquoted equity investments, at cost</u>		
At beginning of period/year	<b>20,396</b>	27,284
Increase in investment in a subsidiary	<b>4,704</b>	2,803
Reclassified to assets held for sale	-	(9,691)
At end of period/year	<b>25,100</b>	20,396
<u>Allowance for impairment losses</u>		
At beginning of period/year	<b>4,250</b>	9,679
Allowance (reversed)/made	-	(5,429)
At end of period/year	<b>4,250</b>	4,250
Carrying amount	<b>20,850</b>	16,146

During the financial year ended 31 December 2021, the Company contributed additional capital of S\$404,000 (FY2020: S\$2,803,000) in its wholly-owned subsidiary in the PRC, MCE Technologies (Suzhou) Co., Ltd (“**MCE Suzhou**”) and S\$4,300,000 (FY2020: Nil) in 5Digital Pte Ltd.

### Acquisition of subsidiary

On 13 July 2021, the Company acquired 85.1% of the issued share capital in Gainhealth Pte Ltd, as detailed below:

<u>Purchase consideration</u>	<b>S\$'000</b>
Cash paid	3,769
Issuance of shares	754
Contingent consideration <sup>(1)</sup>	-
	<b>4,523</b>
<u>Identifiable assets acquired and liabilities assumed at fair value</u>	
Cash and cash equivalent	8
Property, plant and equipment	2
Inventories	31
Receivables	180
Payables	(76)
Borrowings	(80)
Identifiable net assets acquired	65
Less: Non-controlling interest	(8)
	<b>57</b>
<u>Goodwill arising from acquisition</u>	
Consideration transferred	4,523
Less: Fair value of identifiable net assets acquired, net of non-controlling interests	(57)
Goodwill arising from acquisition	<b>4,466</b>
<u>Effect on cash flows of the Group</u>	
Cash consideration paid	3,769
Less: Cash and cash equivalents in acquiree	(8)
Net cash outflows on acquisition	<b>3,761</b>

The contingent consideration is yet to be determined as of the date of this announcement pending the completion of the second valuation of Gainhealth Pte Ltd, to be done no later than 13 July 2022.



## 9. Other Investment

	The Group		The Company	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Unquoted equity instruments at FVOCI*				
At beginning of the year	-	-	-	-
Addition	2,024	-	-	-
At end of the year	2,024	-	-	-

\*FVOCI: Fair Value through Other Comprehensive Income

The investment in unquoted equities of S\$2.0 million relates to the acquisition of 18.41% of the equity shareholdings in Adazal Private Limited. The purchase consideration comprises the following:

<u>Purchase consideration</u>	S\$'000
Cash paid	1,000
Issuance of shares	1,024
	2,024

## 10. Cash and bank balances

	The Group		The Company	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Cash in banks	10,257	4,252	3,668	2,225
Cash on hand	13	13	2	2
	10,270	4,265	3,670	2,227

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

<u>The Group</u>	30 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Cash and bank balances	10,270	4,265
Add: Cash and bank balances in disposal group classified as held for sale	-	37
Less: Bank deposit pledged	(108)	(109)
	10,162	4,193

## 11. Share capital

	<u>The Group and the Company</u>			
	FY2021		FY2020	
	Number of Shares '000	Amount \$'000	Number of Shares '000	Amount \$'000
<u>Issued and fully paid, with no par value</u>				
At 1 January	374,119	21,639	374,119	21,639
Issuance of shares	146,909	6,818	-	-
Exercise of share options	3,930	175	-	-
At 31 December	524,958	28,632	374,119	21,639

Following are the shares issued during FY2021:

- On 20 April 2021, the Company issued 26,455,026 new ordinary shares at S\$0.03024 amounting to S\$800,000 pursuant to the placement agreement of 4 April 2021 entered into by the Company with six (6) placees.
- On 13 July 2021, the Company issued 13,000,000 new ordinary shares at S\$0.037 amounting to S\$481,000 to the Vendors, for the acquisition of Gainhealth Pte Ltd.
- On 14 July 2021, the Company issued 5,743,243 new ordinary shares at S\$0.037 amounting to S\$212,500 in accordance with the Arranger Fee Agreement entered into pursuant to the acquisition of Gainhealth Pte Ltd.

4. On 30 July 2021, the Company issued 14,477,018 new ordinary shares at S\$0.05526 amounting to S\$800,000 pursuant to the placement agreement of 12 July 2021 entered into by the Company with five (5) placees.
5. On 2 December 2021, the Company issued 66,530,000 new ordinary shares at S\$0.0495 amounting to S\$3,293,235 pursuant to the placement agreement of 16 November 2021 entered into by the Company with fifteen (15) placees.
6. On 29 December 2021, the Company issued 20,704,036 new ordinary shares at S\$0.0495 amounting to S\$1,024,850 to partly satisfy the consideration for the acquisition of Azadal Private Limited.
7. During the financial year ended 31 December 2021, the Company allotted and issued 3,930,000 new ordinary shares to employees upon the exercise of share options under the MCE Share Option Scheme 2003 and the MCE Share Option Scheme 2014.

The Company does not have any treasury shares or subsidiary holdings as at 30 June 2021, 31 December 2021 and 30 June 2020.

#### Share Options

The Company has the following unissued shares pursuant to the MCE Share Option Scheme:

	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>
MCE Share Option Scheme 2003	3,020,000	3,060,000
MCE Share Option Scheme 2014	46,604,500	8,965,000

Save for the above, the Company does not have any other outstanding convertibles as at 31 December 2021 and 31 December 2020.

## **12. Loans and borrowings**

	The Group		The Company	
	<b>31 Dec 2021</b>	31 Dec 2020	<b>31 Dec 2021</b>	31 Dec 2020
	<b>S\$'000</b>	S\$'000	<b>S\$'000</b>	S\$'000
<b><u>Amounts repayable within one year</u></b>				
Secured <sup>1</sup>	<b>2,732</b>	1,970	<b>939</b>	996
<b><u>Amounts repayable after one year</u></b>				
Secured <sup>1</sup>	<b>2,870</b>	3,841	<b>2,870</b>	3,804
	<b>5,602</b>	5,811	<b>3,809</b>	4,800

#### **Note:**

- (1) The Group's bills payable to banks of S\$1,677,000 as at 31 December 2021 (31 December 2020: S\$843,000) are secured through a corporate guarantee from the Company.

Short-term bank loans amounting to S\$80,000 with interest rate of 2.5% per annum are secured by personal guarantee of a Director of a subsidiary of the Company, Miss Jagannathan Padmaja Sakthi.

Long-term bank loans, comprising S\$3,809,000 as at 31 December 2021 (31 December 2020: \$4,800,000) with an interest rate of 3% per annum repayable in 60 monthly instalments, secured by corporate guarantee from the Company, and S\$110,000 with an interest rate of 5.82% (2020: 5.82%) per annum repayable in 33 monthly instalments, secured by bank deposit of S\$108,000 (2020: S\$108,000) and corporate guarantee from the Company.

### 13. Profit before taxation

The following items have been charged/(credited) in arriving at profit before tax:

	The Group		The Group	
	2H2021	2H2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Other Income</b>				
Interest income	(24)	(5)	(29)	(6)
Government Grant	(109)	(332)	(187)	(482)
Gain on disposal of subsidiary	(9,165)	-	(9,165)	-
Gain on disposal of fixed assets	(13)	(79)	(13)	(79)
<b>Expenses</b>				
Water & electricity	539	544	1,052	987
Chemical, lubricants and gas	277	177	479	334
Carriage outwards	164	160	334	339
Legal & professional fees	792	306	893	421
Tooling services	88	229	304	308
Factory expenses	145	136	285	269
Repair and maintenance	93	398	162	521
Foreign exchange loss	290	121	372	89
Write-down of inventories made/(reversed)	76	(44)	76	(23)
Impairment of property, plant & equipment	690	-	690	-

### 14. Financial assets and financial liabilities

	The Group		The Company	
	31 Dec 21 S\$'000	31 Dec 20 S\$'000	31 Dec 21 S\$'000	31 Dec 20 S\$'000
<b>Financial assets</b>				
Financial assets at amortised cost:				
- Trade and other receivables	12,735	10,944	12,510	3,910
- Cash and bank balances	10,270	4,265	3,670	2,227
	<b>23,005</b>	15,209	<b>16,180</b>	6,137
Financial assets of fair value through other comprehensive income statement				
- Other Investment	2,024	-	-	-
Financial liabilities at amortised cost:				
- Trade and other payables	11,571	16,204	10,517	15,113
- Loans and borrowings	5,602	5,811	3,809	4,800
- Lease liabilities	4,018	2,959	462	1,084
	<b>21,191</b>	24,974	<b>14,788</b>	20,997

## 15 Financial instruments

### Fair values

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding input taxes), cash and bank balances, short-term borrowings, and trade and other payables (excluding provision for retirement benefits), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

### Financial assets and financial liabilities subject to enforceable master netting arrangements that are not otherwise set-off

The Group and the Company regularly purchase raw materials from and sell finished products to two counterparties. The Group and the Company and both counterparties do not have an arrangement to settle the amount due to or from each other on a net basis but have the right to set off in the case of default and insolvency or bankruptcy.

The Group's trade receivables and trade payables subject to an enforceable master netting arrangement that are not otherwise set-off are as follows:

	Carrying amounts	Related amounts not set off in the statement of financial position	Net amounts
The Group	S\$'000	S\$'000	S\$'000
<b>2021</b>			
Trade receivables	5,121	(41)	5,080
Trade payables	41	(41)	-
<b>2020</b>			
Trade receivables	5,221	(23)	5,198
Trade payables	23	(23)	-

### Transferred financial assets that are not derecognised in their entirety

	The Group		The Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Carrying amount of assets:				
Trade receivables	2,030	1,053	-	-
Carrying amount of associated liabilities:				
Bills payable to banks	(1,677)	(843)	-	-

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Financial assets and liabilities not measured at fair value but for which fair values are disclosed \*

<u>The Group</u>	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<b>2021</b>				
Long-term bank loans	-	<b>4,141</b>	-	<b>4,141</b>
<b>2020</b>				
Long-term bank loans	-	5,396	-	5,396

The Company

<b>2021</b>				
Long-term bank loan		<b>4,102</b>	-	<b>4,102</b>
<b>2020</b>				
Long-term bank loans	-	5,225	-	5,225

\* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial.

The carrying amounts of interest-bearing loans that reprice within six months of the end of the reporting period approximate their fair values. The fair values of all other interest-bearing loans are calculated based on discounted expected future principal and interest cash flows.

**16. Net asset value**

	The Group		The Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value per ordinary share (Singapore cents)	<b>4.36</b>	4.10	<b>4.25</b>	2.88
Number of shares at the end of the year ('000)	<b>524,958</b>	374,119	<b>524,958</b>	374,119

**17. Subsequent events**

Other than the comments made in note 8 in relation to possible adjustments to the determination of goodwill on the acquisition of Gainhealth Pte Ltd that may arise from the completion of the second valuation of Gainhealth Pte Ltd, to be done no later than 13 July 2022, for the purpose of determining the Performance Bonus under the sale and purchase agreement entered into on 7 June 2021, there are no other significant subsequent events noted.

## F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES

### 1. Review

The interim condensed consolidated balance sheet of Metal Component Engineering Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) as at 31 December 2021 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month and twelve-month period then ended and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

#### 1A. 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.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2020 are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

### 2. Review of performance of the Group

#### A) STATEMENT OF COMPREHENSIVE INCOME REVIEW

##### Statement of Comprehensive Income

##### FY2021 vs FY2020

##### Revenue

The Group recorded revenue of S\$43.0 million for the financial year ended 31 December 2021 (“**FY2021**”), a 33% increase from S\$32.2 million for the financial year ended 31 December 2020 (“**FY2020**”). The increase was mainly due to i) an increase of S\$9.5 million from S\$32.2 million in FY2020 to S\$41.7 million in FY2021 in global demand for our customer products in the Metal business, primarily from the global recovery from the impact of the coronavirus disease 2019 (“**COVID-19**”) pandemic; and ii) the contribution from the new Healthcare business of S\$1.3 million (FY2020: nil) that arose after the Company’s acquisition of Gainhealth Pte Ltd on 13 July 2021.

##### Other income

Other income amounted to S\$9.5 million in FY2021, as compared to S\$0.7 million in FY2020. The increase was mainly due to i) profit from the disposal of MCE Industries (Shanghai) Co. Ltd (“**MCE Shanghai**”) of S\$9.2 million (FY2020: nil), and ii) government grants of S\$0.2 million received in Singapore (pursuant to the Job Support Scheme) and in Malaysia (pursuant to the Government Wages Subsidy Stimulus Packages) in FY2021 (FY2020: S\$0.5 million).

##### Expenses

Percentage of cost of direct materials to revenue increased from 51.3% in FY2020 to 52.3% in FY2021, mainly due to changes in sales mix of the Metal business.

Employee benefits expense increased by S\$2.4 million, from S\$10.2 million in FY2020 to S\$12.6 million in FY2021, mainly due to i) increase in headcount and overtime costs from the increased sales and an addition of a new Healthcare business, and ii) stock-based compensation cost arising from the approximate 43.0 million share options granted to directors of the Company and staff pursuant to the MCE Share Option 2014 during FY2021.

Depreciation of property, plant and equipment decreased by S\$0.2 million, from S\$1.5 million in FY2020 to S\$1.3 million in FY2021, mainly due to assets that had been fully depreciated during the year.

Depreciation of right-of-use assets increased by S\$0.1 million, from S\$1.4 million in FY2020 to S\$1.5 million in FY2021, mainly due to increase in factory premise leases.

Other charges increased by S\$1.1 million from S\$89,000 in FY2020 to S\$1.1 million in FY2021, mainly due to i) S\$0.4 million from foreign exchange loss as a result of weakening US dollars against the Singapore dollars; and ii) S\$0.7 million from the provision for impairment of plant and equipment in the Thailand operations that arose from the planned closure of one of the factory in Thailand due to low sales and poor return on assets.

Finance costs remained at S\$0.4 million for both the years as the total borrowings remained relatively the same, at S\$5.6 million as at the end of 31 December 2021, as compared to S\$5.8 million as at the end of 31 December 2020.

Other operating expenses which comprised mainly electricity and water bills; factory expenses and rentals, as well as legal and professional fees, increased by S\$0.7 million to S\$5.4 million in FY2021, from S\$4.7 million in FY2020. The increase in other operating expenses was mainly due to increased production volume, and professional fees incurred in conjunction with the Company's investments in the new Healthcare business in 2H2021.

#### **Profit after tax**

As a result of the above, the Group recorded a profit after tax of S\$7.7 million in FY2021, as compared to a loss after tax of S\$2.0 million in FY2020.

### **2H2021 vs 2H2020**

#### **Revenue**

The Group revenue had increased by S\$4.4 million or 23%, from S\$18.5 million in 2H2020 to S\$22.9 million in 2H2021. The increase was mainly due to i) increase of S\$3.1 million from global demand for our customer products in the Metal business due to the gradual economic recovery in 2H2021, and ii) the contribution from the Healthcare business for S\$1.3 million (FY2020: nil) that arose after the Company's acquisition of Gainhealth Pte Ltd in 2H2021.

#### **Other income**

Other income amounted to S\$9.4 million in 2H2021, as compared to S\$0.4 million in 2H2020. The increase was mainly due to i) profit from the disposal of MCE Shanghai for S\$9.2 million (2H2020: nil), and ii) government grants of S\$0.1 million received in Singapore (pursuant to the Job Support Scheme) and in Malaysia (pursuant to the Government Wages Subsidy Stimulus Packages) in 2H2021 (2H2020: S\$0.3 million).

#### **Expenses**

Percentage of cost of direct materials to revenue increased from 51.3% in 2H2020 to 52.4% in 2H2021, mainly due to changes in sales mix.

Employee benefits expense increased by S\$1.8 million, from S\$5.1 million in 2H2020 to S\$6.9 million in 2H2021, mainly due to i) increase in headcount and overtime costs from the increased sales and an addition of a new Healthcare business, and ii) stock-based compensation cost of S\$0.5 million arising from the share options granted to directors of the Company and staff pursuant to the MCE Share Option 2014.

Depreciation of property, plant and equipment decreased by S\$0.1 million, from S\$0.8 million in 2H2020 to S\$0.7 million in 2H2021, mainly due to assets that had been fully depreciated in 2H2021.

Depreciation of right-of-use assets decreased by S\$0.1 million, from S\$0.5 million in 2H2020 to S\$0.4 million in 2H2021, mainly due to decrease in factory premise leases in 2H2021.

Other charges increased by S\$1.1 million from S\$15,000 in 2H2020 to S\$1.1 million in 2H2021, mainly due to i) S\$0.4 million from foreign exchange loss as a result of weakening US dollars against the Singapore dollars and ii) S\$0.7 million from the provision for impairment of plant and equipment in the Thailand operations that arose from the planned closure of one of the factory in Thailand due to its below breakeven sales.

Finance costs remained at S\$0.2 million for 2H2021 and 2H2020, as the total borrowings remained relatively the same, at S\$5.6m as at the end of 31 December 2021 as compared to S\$5.8 million as at the end of 31 December 2020.

Other operating expenses which comprised mainly electricity and water bills; factory expenses and rentals, as well as legal and professional fees, increased by S\$0.6 million to S\$3.3 million in 2H2021, from S\$2.7 million in 2H2020. The increase in other operating expenses was mainly due to increased production volume, and professional fees incurred in conjunction with the Company's investments in the new Healthcare business in 2H2021.

#### **Profit after tax**

As a result of the above, the Group has recorded a profit after tax of S\$7.7 million in 2H2021, as compared to a profit after tax of S\$0.2 million in 2H2020.

## **B) STATEMENT OF CASHFLOWS/WORKING CAPITAL AND BALANCE SHEET REVIEW**

### **Statement of Financial Position**

#### **Balance Sheet**

Property, plant and equipment decreased from S\$5.6 million as at 31 December 2021 to S\$4.2 million as at 31 December 2020, mainly due to depreciation charge for the year.

Right-of-use assets increased from S\$5.1 million as at 31 December 2020 to S\$5.8 million as at 31 December 2021, mainly due to renewal of factory premise leases.

Goodwill of S\$4.5 million as at 31 December 2021 (31 December 2020: Nil) relates to the recognition of provisional goodwill arising from the acquisition of Gainhealth Pte Ltd in 2H2021. Please refer to Note 7 of Section E of this announcement for further information.

Other investment of S\$2.0 million as at 31 December 2021 (31 December 2020: Nil) relates to the Company's acquisition of 18.41% of the equity shareholdings in Adazal Private Limited in 2H2021.

Included in trade and other receivables as at 31 December 2021 was S\$441,000 that relates to i) deposit of totalling S\$250,000 placed for the proposed investment of 10% equity shareholdings in MedTel Healthcare Private Limited, and ii) deposit of S\$191,000 placed for the proposed investment of 70% equity shareholdings in PT Gaido Digital Medika, pursuant to the respective terms and conditions of the sale and purchase agreements.

Prepayments decreased from S\$1.2 million as at 31 December 2020 to S\$0.6 million as at 31 December 2021, mainly due to contract completed for advance payment to tools suppliers.

Total borrowings decreased from S\$5.8 million as at 31 December 2020 to S\$5.6 million as at 31 December 2021, mainly due to repayment of bank borrowings.

Total lease liabilities increased from S\$3.0 million as at 31 December 2020 to S\$4.0 as at 31 December 2021, mainly due to renewal of factory premise leases.

As at 31 December 2021, the Group recorded a net working capital of S\$11.9 million, an improvement of \$2.0 million over the net working capital of S\$9.9 million as at 31 December 2020. This was mainly due to i) increased cash balance of 6.0 million, ii) increased working capital from increased sales, partly offset by iii) reclassification of assets and liabilities upon the realization of the sale of MCE Shanghai in FY2021.

Trade receivable days and trade payable days stood at 98 and 86 days, respectively, as at 31 December 2021, as compared to 113 and 107 days as at 31 December 2020, respectively. The decrease in trade receivables turnover days and trade payable turnover days were mainly attributable to changes in sales mix. Inventory days decreased from 45 days as at 31 December 2020 to 43 days as at 31 December 2021, mainly due to changes in sales mix. Correspondingly, the Group's net working capital days increased to 55 days as at 31 December 2021, from 51 days as at 31 December 2020.

#### **Cash Flow**

In FY2021, the Group recorded a net cash inflow of S\$6.0 million (FY2020: S\$2.0 million) due to net cash of S\$3.6 million generated from investing activities and net cash of S\$2.6 million generated from financing activities, partially reduced by net cash of S\$0.1 million used in operating activities.

Net cash used in operating activities in FY2021 was S\$0.2 million, mainly due to operating profit before working capital changes of S\$2.9 million, partially offset by decrease in working capital changes of S\$3.1 million.

Net cash generated from investing activities in FY2021 was S\$3.6 million, mainly from proceeds from the sale of MCE Shanghai of S\$9.1 million ; partially reduced by i) investment in Adazal Pte Ltd of S\$1.0 million, (ii) deposit for purchase of investments for S\$0.5 million, (iii) acquisition of Gainhealth Pte Ltd for S\$3.8 million, and iv) purchase of property, plant and equipment for S\$0.3 million.

Net cash generated from financing activities in FY2021 was S\$2.5 million, mainly from proceeds from issuance of shares and share option exercised of S\$5.0 million, partially reduced by (i) net payments of bank borrowings of S\$0.2 million, (ii) interest paid of S\$0.4 million, and (iii) repayment of lease liabilities of S\$1.8 million.

Correspondingly, the Group's cash and bank balances increased by S\$6.0 million, from S\$4.3 million as at 31 December 2020 to S\$10.3 million as at 31 December 2021. Bank borrowings decreased by S\$0.2 million, from S\$5.8 million as at 31 December 2020 to S\$5.6 million as at 31 December 2021, mainly due to repayment of bank borrowings in FY2021. Consequently, the Group's net cash increased by S\$6.2 million, from a net debt of S\$1.5 million as at 31 December 2020 to a net cash of S\$4.7 million as at 31 December 2021.



**3. 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 has been previously disclosed to shareholders.

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

The current COVID-19 omicron wave is still rampant and we anticipate that it will subside by year end 2022. This may negatively impact our Metal business for year 2022.

For our Healthcare business, we see a growth in demand for our services for telemedicine, nursing services and e-pharmacy. We are also making good progress engaging relevant stakeholders to provide care for the elderly. We believe this will continue to strengthen the Group's financial performance. The team will continue to review strategic options on how to improve the shareholder's value over the next few months.

**5. Dividend information**

**(a) Any dividend recommended/declared for the current financial period reported on?**

Nil.

**(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?**

Nil.

**(c) Date payable**

Not applicable.

**(d) Book closure date**

Not applicable.

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

No dividend has been declared or recommended by Directors for FY2021 as the Group intends to retain the cash for investments in the expansion of the new Healthcare business and new programs for the Metal business.

**7. Interested person transactions ("IPTs")**

The Group did not obtain a general mandate from its shareholders for IPTs. There was no interested person transaction entered into by the Group with value of S\$100,000 or more during FY2021.

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

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

**9. Review of performance of the Group – turnover and earnings by operating segments**

FY2021 vs FY2020 – Metal business

All operating segments in the Metal business registered increase in revenue (comprising both external and inter-segment sales), with Singapore (growth by 32%), Thailand (growth by 13%), Malaysia (growth by 34%) and China (growth by 29%). The increase in revenue derived from sales in Singapore (from S\$14.2 million in FY2020 to S\$18.8 million in FY2021), Thailand (from S\$8.1

million in FY2020 to S\$9.2 million in FY2021), Malaysia (from S\$9.6 million in FY2020 to S\$12.9 million in FY2021), and China (from S\$13.8 million in FY2020 to S\$17.8 million in FY2021), was largely due to increase in the Group's customer products, primarily from the global recovery from the COVID-19 pandemic.

Correspondingly, earnings from these geographical segments had improved year-on-year, excepted for Thailand. Thailand recorded a loss instead of a profit due to the impairment loss on its fixed assets for \$0.7 million that relates to the impending closure of one of its factory due to continued losses.

#### FY2021 vs FY2020 – Healthcare business

Healthcare business commenced in 2H2021 following the Company's acquisition of Gainhealth Pte Ltd, which contributed S\$1.3 million to the Group's revenue in Singapore (FY2020: nil). The Healthcare business segment recorded a loss in FY2021 mainly due to legal and professional fees incurred in conjunction with the Company's new investments in the Healthcare business, and increased management costs incurred.

### **10. Disclosure pursuant to Catalist Rule 706(A)**

Following are the changes to the companies within the Group that occurred during FY2021, pursuant to Catalist Rule 706(A):

#### (a) Acquisition of Gainhealth Pte Ltd

On 13 July 2021, 5Digital Pte. Ltd. (a wholly-owned subsidiary of the Company) completed its acquisition of 1,715 ordinary shares in Gainhealth Pte Ltd ("**Gainhealth**"), representing 85.1% of the share capital of Gainhealth, at a consideration of S\$4,523,000 ("**Consideration**"). Following the acquisition, Gainhealth became a subsidiary of the Group.

The Consideration paid comprise 13,000,000 of the Company's shares issued to the Vendors on 13 July 2021 amounting to S\$754,000, and cash payment of S\$3,769,000 settled on 15 July 2021. The Consideration, fully funded with internal resources, was arrived at after considering factors such as Gainhealth's growth prospects and potential.

The proportionate unaudited net asset value for the 1,715 ordinary shares in Gainhealth held by the Group was S\$350,000 as at 31 December 2021.

Please refer to the circular to shareholders dated 23 June 2021 for detailed information on the abovementioned acquisition.

#### (b) Incorporation of Gain Foods Pte Ltd

As announced on 20 October 2021, Gainhealth Pte Ltd signed a joint venture agreement ("**JVA**") with MNR Food Pte Ltd ("**MNR**") for Clinical Nutrition product development and distribution across ASEAN through its direct-to-consumer health platforms. Under the JVA, Gainhealth and MNR will incorporate a new entity in Singapore, named Gain Foods Pte Ltd ("**Gain Foods**"), with 60% shareholding held by Gainhealth and remaining 40% by MNR. Following the incorporation of Gain Foods on 10 November 2021, Gain Foods became a subsidiary of the Group.

The proportionate unaudited net asset value for the 600,000 shares in Gain Foods held by the Group was S\$2,500 as at 31 December 2021.

#### (b) Sale of MCE Industries (Shanghai) Co., Ltd.

During FY2020, the Group entered into a sale and purchase agreement to sell MCE Industries (Shanghai) Co., Ltd. ("**MCE Industries**") (a wholly-owned subsidiary of the Company) for cash consideration of S\$14,800,000. Consequently, the assets and liabilities of the subsidiary were classified as held-for-sale as at 31 December 2020. The net asset of the MCE Industries is S\$10,010,000 as at 31 December 2020. The Group received cash payments in 2 tranches comprising S\$4,754,000 on 13 March 2020 and S\$7,550,000 on 1 February 2021. The remaining consideration of S\$2,496,000 was settled via deposits placed in MCE Technologies (Suzhou) Co., Ltd. (a wholly-owned subsidiary of the Company). The Group's sale of MCE Industries has been completed on 19 October 2021 and MCE Industries ceased to be a subsidiary of the Company on the same date.

Please refer to the Company's announcements dated 29 January 2020, 10 March 2020, 13 March 2020, 22 January 2021, 1 February 2021, 15 April 2021, and 19 October, for detailed information.

## 11. Use of Proceeds

On 2 December 2021, the Group completed a placement of new shares to fifteen (15) placees and raised net proceeds of \$3,263,235 (“**Net Proceeds**”). As at date of this announcement, the utilisation of the Net Proceeds is as follows:

<b>Use of Net Proceeds</b>	<b>Amount allocated (S\$'000)</b>	<b>Amount utilised as announced on 29 December 2021 (S\$'000)</b>	<b>Amount utilised from 30 December 2021 up to the date of this announcement (S\$'000)</b>	<b>Balance as at the date of this announcement (S\$'000)</b>
To fund investments in the healthcare business and the e-commerce business	2,284	944	349 <sup>(1)</sup>	991
For general working capital requirements	979	161	236 <sup>(2)</sup>	582
<b>Total Net Proceeds</b>	<b>3,263</b>	<b>1,105</b>	<b>585</b>	<b>1,573</b>

### Notes:

- (1) The amount was utilised to fund the Company's acquisition of PT Gaido Digital Medika, through its wholly-owned subsidiary, 5Digital Pte Ltd.
- (2) The breakdown of the use of the Net Proceeds for general working capital purposes of the Group is as follows:

	<b>S\$'000</b>
Employee benefit expenses	45
Professional, investor relationship and listing fees	191
<b>Total</b>	<u><b>236</b></u>

## 12. Disclosure of persons occupying managerial positions who are related to a Director, CEO or Substantial Shareholder of the Company

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

### On order of the Board of Directors

Chua Kheng Choon  
Chief Executive Officer

1 March 2022