



ADVANCED SYSTEMS AUTOMATION LIMITED

(Company Registration No: 198600740M)
(Incorporated in the Republic of Singapore)

Results for the Fourth Quarter Financial Period
Ended 31 December 2019

Unaudited Financial Statements and Dividend Announcement

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



The Board of Directors of the Company announces the unaudited financial results of the Group and the Company for the financial year ended 31 December 2019.

1(a)(i) 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.

Discontinued operations and subsidiary classified as held for sale:

On 28 September 2018, the Company announced that it has entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of Microfits (Beijing) Technology Co., Ltd ("MBT").

The Company had also announced that it had, on 29 February 2020, entered into a letter of intent to explore, with a potential buyer, on the proposed disposal of the entire issued and paid-up share capital of Microfits Pte. Ltd. ("MPL"). For the avoidance of doubt, the current negotiations for the proposed disposal of MPL are still preliminary, and the Company had not, as at the date of this announcement, entered into any definitive agreement for the same, and will make the necessary announcement(s) as and when appropriate.

In compliance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, the results of MBT and MPL for the corresponding period of the immediately preceding financial year are presented separately in the statement of comprehensive income as "Discontinued Operations". The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

	Group					
	3 months ended			12 months ended		
	31-Dec-19	31-Dec-18	change	31-Dec-19	31-Dec-18	change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	(restated)			(restated)		
Continuing operations						
Revenue	2,987	2,561	17	13,711	12,204	12
Cost of sales	(2,443)	(2,046)	19	(10,373)	(8,857)	17
Gross profit	544	515	6	3,338	3,347	(0)
Other income	35	5	>100	96	15	>100
Other expenses						
Selling and marketing costs	(165)	(183)	(10)	(667)	(827)	(19)
Research and development costs	-	(18)	NM	(20)	(73)	(73)
General and administrative costs	(2,270)	(1,084)	>100	(5,962)	(3,443)	73
Other expenses, net	(179)	(159)	13	(200)	(92)	>100
Finance costs, net	(90)	(113)	(20)	(391)	(229)	71
Loss before tax from continuing operations	(2,125)	(1,037)	>100	(3,806)	(1,302)	>100
Income tax credit/(expense)	128	21	>100	(149)	(350)	(57)
Loss from continuing operations, net of tax	(1,997)	(1,016)	97	(3,955)	(1,652)	>100
Discontinued operations						
Loss from discontinued operations, net of tax	(229)	(596)	(62)	(682)	(4,427)	(85)
Loss for the year	(2,226)	(1,612)	38	(4,637)	(6,079)	(24)
Attributable to:						
Owners of the Company						
- Continuing operations	(1,965)	(995)	97	(3,864)	(1,614)	>100
- Discontinued operations	(229)	(596)	(62)	(682)	(4,427)	(85)
	(2,194)	(1,591)	38	(4,546)	(6,041)	(25)
Non-controlling interests						
- Continuing operations	(32)	(21)	52	(91)	(38)	>100
Total	(2,226)	(1,612)	38	(4,637)	(6,079)	(24)

NM: Not meaningful



Statement of Comprehensive Income for the Group for the Fourth Quarter Ended 31 December 2019

	Group					
	3 months ended			12 months ended		
	31-Dec-19	31-Dec-18	change	31-Dec-19	31-Dec-18	change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	(restated)			(restated)		
Loss for the year	(2,226)	(1,612)	38	(4,637)	(6,079)	(24)
Other comprehensive income items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(2)	160	NM	1	62	(98)
Total comprehensive loss for the year	<u>(2,228)</u>	<u>(1,452)</u>	53	<u>(4,636)</u>	<u>(6,017)</u>	(23)
Attributable to:						
Owners of the Company						
- Continuing operations	(1,970)	(837)	>100	(3,864)	(1,552)	>100
- Discontinued operations	(229)	(596)	(62)	(682)	(4,427)	(85)
	<u>(2,199)</u>	<u>(1,433)</u>	53	<u>(4,546)</u>	<u>(5,979)</u>	(24)
Non-controlling interests						
- Continuing operations	(29)	(19)	53	(90)	(38)	>100
Total comprehensive loss for the year	<u>(2,228)</u>	<u>(1,452)</u>	53	<u>(4,636)</u>	<u>(6,017)</u>	(23)

Additional Information

Loss from continuing operations is determined after crediting/(charging):

	Group					
	3 months ended			12 months ended		
	31-Dec-19	31-Dec-18	change	31-Dec-19	31-Dec-18	change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	(restated)			(restated)		
Continuing Operations						
Interest income	5	8	(38)	29	18	61
Interest expense	(66)	(103)	(36)	(401)	(241)	66
Depreciation of property, plant and equipment	(18)	(134)	(87)	(842)	(429)	96
Depreciation of right-of-use assets	(161)	-	NM	(305)	-	NM
Gain/(loss) on disposal of property, plant and equipment	74	(135)	NM	92	28	>100
Impairment loss on property, plant and equipment	(3)	(229)	(99)	(5)	(229)	(98)
Impairment loss on right-of-use assets	(144)	-	NM	(144)	-	NM
Write-back of allowance for trade receivables	-	-	NM	-	324	NM
Write-back of/(allowance for) stock obsolescence, net	262	18	>100	(11)	(197)	(94)
Over provision of income tax in respect of prior years	-	-	NM	-	14	NM
Amortisation of intangible assets	(253)	-	NM	(253)	-	NM
Discontinued Operations						
Interest income	-	-	NM	-	2	NM
Interest expense	(5)	-	NM	(22)	-	NM
Depreciation of property, plant and equipment	-	-	NM	-	(13)	NM
Depreciation of right-of-use assets	(85)	-	NM	(301)	-	NM
Gain on disposal of property, plant and equipment	-	-	NM	-	53	NM
Impairment loss of discontinued operations	-	(148)	NM	-	(2,580)	NM
Provision for warranty	6	55	(89)	(77)	(58)	33
Allowance for other receivables	-	-	NM	-	(16)	NM
Allowance for stock obsolescence, net	<u>(327)</u>	-	NM	<u>(327)</u>	<u>(278)</u>	18

NM: Not meaningful



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

On 8 April 2018, the Company entered into a sale and purchase agreement with Mr. Seah Chong Hoe to acquire the entire issued and paid-up share capital of (i) Yumei Technologies Sdn. Bhd., (ii) Yumei REIT Sdn. Bhd. and (iii) Pioneer Venture Pte. Ltd. The acquisition was completed on 4 December 2018 where the initial purchase price allocation (“PPA”) to identifiable net assets acquired was not yet completed.

During the financial year ended 31 December 2019 (“FY2019”), the PPA was subsequently completed and, accordingly, the goodwill was restated. Henceforth, the financial position of the Group for the financial year ended 31 December 2018 (“FY2018”) has been adjusted retrospectively in relation to goodwill and intangible assets, which includes customer relationship and order backlog, and deferred tax liabilities.

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets		(restated)		(restated)
Property, plant and equipment	6,957	6,886	-	-
Right-of-use assets	675	-	-	-
Intangible assets	2,884	3,137	64	64
Investment in subsidiaries	-	-	13,422	13,422
	<u>10,516</u>	<u>10,023</u>	<u>13,486</u>	<u>13,486</u>
Current Assets				
Inventories	1,052	3,716	-	-
Trade and other receivables	4,195	4,990	145	32
Contract assets	-	109	-	-
Prepayments and advances	245	139	20	7
Cash at bank and on hand	2,305	4,576	100	224
Tax recoverable	59	55	-	-
	<u>7,856</u>	<u>13,585</u>	<u>265</u>	<u>263</u>
Assets held for sale	<u>2,348</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,204</u>	<u>13,585</u>	<u>265</u>	<u>263</u>
Current Liabilities				
Provisions	-	103	-	-
Other liabilities	2,847	2,019	1,682	296
Trade and other payables	11,987	12,777	11,021	8,469
Contract liabilities	106	97	-	-
Income tax payable	128	208	-	-
Lease creditors	920	283	-	-
Bank overdraft	603	740	-	-
Loans and borrowings	202	438	-	-
	<u>16,793</u>	<u>16,665</u>	<u>12,703</u>	<u>8,765</u>
Liabilities directly associated with assets held for sale	<u>2,284</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>19,077</u>	<u>16,665</u>	<u>12,703</u>	<u>8,765</u>
Net Current Liabilities	(8,873)	(3,080)	(12,438)	(8,502)
Non-Current Liabilities				
Trade and other payables	-	376	-	723
Lease creditors	224	297	-	-
Loans and borrowings	293	435	-	-
Deferred tax liabilities	444	517	-	-
	<u>961</u>	<u>1,625</u>	<u>-</u>	<u>723</u>
Net Assets	682	5,318	1,048	4,261
Equity attributable to owners of the Company				
Share capital	148,841	148,841	148,841	148,841
Other reserves	(3,407)	(3,407)	-	-
Accumulated losses	(143,863)	(139,317)	(147,793)	(144,580)
	<u>1,571</u>	<u>6,117</u>	<u>1,048</u>	<u>4,261</u>
Non-controlling interests	(889)	(799)	-	-
Total Equity	682	5,318	1,048	4,261



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

Amount repayable in one year or less, or on demand

(S\$'000)

As at 31 Dec 19		As at 31 Dec 18	
Secured	Unsecured ⁽¹⁾	Secured	Unsecured ⁽¹⁾
815	7,291	831	7,880

Amount repayable after one year

(S\$'000)

As at 31 Dec 19		As at 31 Dec 18	
Secured	Unsecured ⁽¹⁾	Secured	Unsecured ⁽¹⁾
414	102	322	410

Details of any collateral

The above borrowings are from financial institutions and are secured by the following:

- 1) Approximately S\$10,000 is secured on certain plant and machinery of a subsidiary;
- 2) Trust receipts is secured by a fixed charge over certain properties;
- 3) Bank overdraft is repayable on demand and is secured over certain properties; and
- 4) Term loan is secured by joint and several guarantees of certain directors and by corporate guarantee of a subsidiary.

Note:

- ⁽¹⁾ Certain unsecured borrowings include joint and several guarantees from Mr Seah Chong Hoe (shareholder and Chief Operating Officer of the Company).



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

	Group	
	12 months ended	
	31-Dec-19	31-Dec-18
	S\$'000	S\$'000
	(restated)	
Cash flows from operating activities		
Loss before taxation from Continuing Operations	(3,806)	(1,302)
Loss before taxation from Discontinued Operations	(679)	(4,427)
Adjustments for:		
Effect of unrealised exchange gain	(52)	(118)
Depreciation of property, plant and equipment	842	442
Depreciation of right-of-use assets from continuing operations	305	-
Depreciation of right-of-use assets from discontinued operations	301	-
Gain on disposal of property, plant and equipment	(92)	(81)
Impairment loss on property, plant and equipment	5	229
Impairment on right-of-use assets	144	-
Provision for warranty	77	118
Amortisation of intangible assets	253	-
Interest expenses from continuing operations	401	241
Interest expenses from discontinued operations	22	-
Interest income from continuing operations	(29)	(18)
Interest income from discontinued operations	-	(2)
Write-back of allowance for trade receivables	-	(338)
Allowance for other receivables	-	16
Loss on disposal of a subsidiary	-	2,580
Allowance for stock obsolescence, net, from continuing operations	11	197
Allowance for stock obsolescence, net, from discontinued operations	327	278
Operating cash flows before changes in working capital	(1,970)	(2,185)
<u>Changes in working capital</u>		
Decrease/(increase) in :		
Inventories	1,497	(1,620)
Receivables	(565)	1,860
(Decrease)/increase in :		
Payables	(41)	897
Due to related company	578	-
Due to related parties	128	-
Cash flows used in operations	(373)	(1,048)
Income tax paid	(319)	(263)
Interest received	30	20
Interest paid	(177)	(240)
Net cash flows used in operating activities	(839)	(1,531)
Cash flows from investing activities		
Purchase of property, plant and equipment	(816)	(949)
Proceeds from disposal of property, plant and equipment	120	86
Net cash outflow on disposal of subsidiaries	-	(211)
Net cash outflow on acquisition of subsidiary	-	(523)
Net cash flows used in investing activities	(696)	(1,597)
Cash flow from financing activities		
Loan from related parties	800	2,400
Repayment of obligations under finance leases	(876)	(23)
Repayment of bank borrowings	(378)	(164)
Net cash flows (used in)/generated from financing activities	(454)	2,213
Net decrease in cash and cash equivalents	(1,989)	(915)
Effect of exchange rate changes on cash and cash equivalents	11	(48)
Cash and cash equivalents at beginning of period	3,836	4,799
Cash and cash equivalents at end of period	1,858	3,836
Cash at bank and on hand	2,305	4,576
Bank overdraft	(603)	(740)
	1,702	3,836
Disposal group classified as held for sale	156	-
Cash and cash equivalents	1,858	3,836



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.

Consolidated Statement of Changes in Equity

Group (All figures in S\$'000)	Attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Accumulated losses (Distributable)	Foreign currency translation reserve ----- (Non-distributable)	Merger reserve	Other reserve	Total reserves			
At 1 January 2019	148,841	(139,317)	(43)	(2,136)	(1,228)	(3,407)	6,117	(799)	5,318
Loss for the year	-	(4,546)	-	-	-	-	(4,546)	(91)	(4,637)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	-	-	-	1	1
Total comprehensive income for the year	-	(4,546)	-	-	-	-	(4,546)	(90)	(4,636)
At 31 December 2019	148,841	(143,863)	(43)	(2,136)	(1,228)	(3,407)	1,571	(889)	682
Balance at 1 January 2018 (FRS framework)	142,351	(134,773)	1,392	(2,136)	(1,228)	(1,972)	5,606	(761)	4,845
Cummulative effects of adopting SFRS(I)	-	1,497	(1,497)	-	-	(1,497)	-	-	-
Balance at 1 January 2018 (SFRS (I) framework)	142,351	(133,276)	(105)	(2,136)	(1,228)	(3,469)	5,606	(761)	4,845
Loss for the year	-	(6,041)	-	-	-	-	(6,041)	(38)	(6,079)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	62	-	-	62	62	-	62
Total comprehensive income for the year	-	(6,041)	62	-	-	62	(5,979)	(38)	(6,017)
<u>Contributions by and distributions to equity owners</u>									
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	6,500	-	-	-	-	-	6,500	-	6,500
Share issuance expenses	(10)	-	-	-	-	-	(10)	-	(10)
Total contributions by and distributions to equity owners	6,490	-	-	-	-	-	6,490	-	6,490
At 31 December 2018	148,841	(139,317)	(43)	(2,136)	(1,228)	(3,407)	6,117	(799)	5,318



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

Company	Share capital	Accumulated losses	Total equity
(All figures in S\$'000)			
At 1 January 2019	148,841	(144,580)	4,261
Loss for the year	-	(3,213)	(3,213)
Total comprehensive income for the year	-	(3,213)	(3,213)
At 31 December 2019	148,841	(147,793)	1,048
At 1 January 2018	142,351	(139,654)	2,697
Loss for the year	-	(4,926)	(4,926)
Total comprehensive income for the year	-	(4,926)	(4,926)
<u>Contributions by and distributions to equity owners</u>			
Issuance of new ordinary shares pursuant to sale shares	6,500	-	6,500
Share issuance expenses	(10)	-	(10)
Total contributions by and distributions to equity owners	6,490	-	6,490
At 31 December 2018	148,841	(144,580)	4,261



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 or 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.

	<u>Company</u>	
	Number of ordinary shares	Issued and paid-up share capital S\$'000
Balances as at 31 December 2019 and 30 September 2019	22,324,126,058	148,841

The Company does not have any outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2018 and 31 December 2019.

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 was 22,324,126,058 as at 31 December 2019 (31 December 2018: 22,324,126,058).

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. The Company does not have any treasury shares.

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. The Company does not have any subsidiary holdings.

2. Whether the figures have been audited, or reviewed, and in accordance with which 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 modification or emphasis of matter).

Not applicable.



3(a) 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 for the financial year ended 31 December 2018 is not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those for the financial 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.

On 1 January 2019, the Group adopted SFRS(I) 16 *Leases*, a new accounting standard that became effective for annual periods beginning on or after 1 January 2019.

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“**ROU**”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate and the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets (where relevant) and interest expense on lease liabilities.

As a lessee, the Group has adopted SFRS(I) 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 has been recognised as an adjustment to the opening balance as at 1 January 2019, with no restatement of comparative information.



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

	Group			
	3 months ended		12 months ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
<u>Continuing Operations</u>				
Basic loss per share (cents)	(0.009)	(0.006)	(0.017)	(0.010)
Weighted average number of shares	22,324,126,058	16,322,756,195	22,324,126,058	16,322,756,195
<u>Discontinued Operations</u>				
Basic loss per share (cents)	(0.001)	(0.004)	(0.003)	(0.027)
Weighted average number of shares	22,324,126,058	16,322,756,195	22,324,126,058	16,322,756,195

Loss per share is calculated based on the net loss attributable to owners of the Company divided by the weighted average number of shares.

The diluted loss per share is the same as the basic loss per share as there were no outstanding convertible securities or other dilutive equity instruments for both financial periods ended 31 December 2019 and 31 December 2018.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of 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	31-Dec-18	31-Dec-19	31-Dec-18
Net assets value per share (cents)	0.007	0.027	0.005	0.019
Number of ordinary shares	22,324,126,058	22,324,126,058	22,324,126,058	22,324,126,058

Net assets value per share is calculated based on the equity attributable to the owners of the Company divided by the number of issued shares (excluding treasury shares).



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Discontinued operations and subsidiary classified as held for sale:

On 28 September 2018, the Company announced that it has entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of MBT.

The Company had also announced that it had, on 29 February 2020, entered into a letter of intent to explore, with a potential buyer, on the proposed disposal of the entire issued and paid-up share capital of Microfits Pte. Ltd. ("**MPL**"). For the avoidance of doubt, the current negotiations for the proposed disposal of MPL are still preliminary, and the Company had not, as at the date of this announcement, entered into any definitive agreement for the same, and will make the necessary announcement(s) as and when appropriate.

In compliance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, the results of MBT and MPL for the corresponding period of the immediately preceding financial year are presented separately in the statement of comprehensive income as "Discontinued Operations". The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

The post-tax loss for the corresponding period ended 31 December 2018 from the discontinued operations attributable to the Group is presented below:

	12 months ended 31-Dec-19 S\$'000	12 months ended 31-Dec-18 S\$'000
Revenue	4,974	14,716
Costs of sales	(3,074)	(12,323)
Gross profit	<u>1,900</u>	<u>2,393</u>
Other income	37	111
Selling and marketing costs	(628)	(1,259)
Research and development costs	(708)	(733)
General and administrative costs	(1,267)	(2,363)
Foreign exchange gain	15	13
Total operating costs, net	<u>(2,551)</u>	<u>(4,231)</u>
Operating loss before finance costs and impairment loss	(651)	(1,838)
Finance costs, net	(28)	(8)
Impairment loss ⁽¹⁾	-	(2,580)
Loss before tax from discontinued operations	<u>(679)</u>	<u>(4,426)</u>
Income tax expense	(3)	(1)
Loss from discontinued operations, net of tax	<u>(682)</u>	<u>(4,427)</u>

⁽¹⁾ Impairment loss relate to write-down of assets to net realizable values.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

Income Statement

Continuing Operations

In FY2018, the Group completed the acquisition of (i) Yumei Technologies Sdn. Bhd.; (ii) Yumei REIT Sdn. Bhd.; and (iii) Pioneer Venture Pte. Ltd. (collectively known as the "Target Group") on 4 December 2018 (refer to announcement dated on 4 December 2018).

With the disposal of Microfits Pte Ltd (Singapore), the Group's revenue for FY2019 was only attributable to the Equipment Contract Manufacturing Services ("ECMS") segment, where it recorded revenue of S\$3.0 million in the 3 months ended 31 December 2019 ("4Q2019"); an increase of S\$0.4 million or approximately 17% from S\$2.6 million in the previous corresponding period ended 31 December 2018 ("4Q2018") mainly due to the contribution from the Target Group in 4Q2019. Revenue of S\$13.7 million for FY2019 was S\$1.5 million or approximately 12% higher when compared to the previous corresponding financial year ended 31 December 2018 ("FY2018") of S\$12.2 million.

Gross profit margin ("GPM") of the Group declined by 2 percentage-points ("ppt"); from 20% in 4Q2018 to 18% in 4Q2019. GPM of the Group in FY2019 was 24%, which is 3 ppts lower when compared to the GPM in FY2018 of 27%, mainly due to the sales mix in FY2019.

Selling and marketing ("S&M") costs in 4Q2019 was lower by approximately 10% compared to 4Q2018 mainly due to lower manpower costs during the quarter. S&M costs in FY2019 fell approximately 19% from S\$0.8 million in FY2018 to S\$0.7 million in FY2018, mainly due to reduced headcounts and lower warranty costs incurred during the year.

Research and development costs were approximately 73% lower in FY2019 due to the absence of new projects.

General and administrative ("G&A") costs in 4Q2019 and FY2019 increased by approximately 115% and 76% as compared to the costs incurred in 4Q2018 and FY2018. The increase was due to the absence of 11 months G&A costs from the newly acquired Target Group and write back of allowance for trade receivables of S\$0.3 million in FY2018. Included in FY2019 were also the depreciation expenses relating to right-of-use ("ROU") assets of S\$0.3 million and corporate support services fee of S\$0.4 million.

Finance costs incurred in FY2019 increased by approximately 71% when compared to FY2018 were mainly due to the increased borrowings from ASTI Holdings and consolidation of finance costs from the newly acquired Target Group.

Total depreciation expenses increased by approximately 34% and 167% in 4Q2019 and FY2019 compared to 4Q2018 and FY2018 mainly due to consolidation of depreciation expenses from the newly acquired Target Group and depreciation expenses relating to ROU assets in the Group.

The Group recorded foreign exchange loss of S\$122,000 and S\$143,000 in 4Q2019 and FY2019 respectively compared to foreign exchange loss of S\$11,000 in 4Q2018 and foreign exchange gain of S\$56,000 in FY2018. This is due to the volatility of Malaysia Ringgit and US dollar against the Singapore dollar.



- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

As a result of the above, the Group reported a net loss attributable to owners of the Company from continuing operations of S\$1.9 million and S\$3.8 million in 4Q2019 and FY2019 respectively as compared to S\$1.0 million and S\$1.6 million in 4Q2018 and FY2018 respectively.

Balance Sheet

Property, plant and equipment (“PPE”) increased slightly by approximately S\$0.1 million, from S\$6.9 million as at 31 December 2018 to S\$7.0 million as at 31 December 2019. This was mainly due to the purchase of PPE by the Group, partially offset by depreciation and foreign currency translation changes during the period. The decrease in intangible assets from S\$3.1 million at 31 December 2018 to S\$2.9 million at 31 December 2019 is due to amortization of intangible assets.

Right-of-use assets of S\$0.7 million as at 31 December 2019 were due to the adoption of the new accounting standard of SFRS(I)16 Leases that came into effect from 1 January 2019.

Inventories decreased by S\$2.6 million from S\$3.7 million at 31 December 2018 to S\$1.1 million at 31 December 2019, mainly due to lower work-in-progress inventories and the reclassification of MPL's inventories of S\$0.8 million under held for sale.

Trade and other receivables declined by S\$0.8 million, from S\$5.0 million at 31 December 2018 to S\$4.2 million at 31 December 2019. The decrease was primarily due to the reclassification of MPL's receivables of S\$1.3 million under “Assets held for sale”.

Prepayments and advances of S\$245,000 at 31 December 2019, increased by S\$106,000 from S\$139,000 at 31 December 2018 were mainly due to higher advances to vendors.

Other liabilities increased from S\$2.0 million at 31 December 2018 to S\$2.8 million at 31 December 2019, mainly due to accrual of payroll for key management.

Trade and other payables decreased by approximately S\$0.8 million, from S\$12.8 million at 31 December 2018 to S\$12.0 million at 31 December 2019, was mainly due to the reclassification of MPL's payables of S\$1.6 million under “Liabilities directly associated to assets held for sale” which were offset by the (i) the reclassification of deferred cash settlement of S\$0.4 million from non-current payables to current payables and (ii) loan of S\$0.8 million from related party.

Total lease creditors increased by approximately S\$0.5 million from S\$0.6 million at 31 December 2018 to S\$1.1 million at 31 December 2019. This was mainly due to the adoption of the new accounting standard of SFRS(I)16 Leases that came into effect from 1 January 2019.

Total loans and borrowings of S\$0.5 million at 31 December 2019, dropped by S\$0.4 million or 43% from S\$0.9 million at 31 December 2018 due to the repayment of loans during the period.

As at 31 December 2019, the Group reported net current liabilities of S\$8.9 million and net assets of S\$0.7 million.



- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

As at 31 December 2019, the Group is in a negative working capital position of S\$8.9 million. Notwithstanding which, the Board is of the opinion that the Group will be able to continue as a going concern as there are reasonable grounds to believe that the Company will be able to meet its short-term obligations for the next 12 months, due to the following:

- (i) the Group has obtained a letter of undertaking from ASTI Holdings Limited and Mr. Seah Chong Hoe (Chief Operating Officer of the Company) that they will not recall the amounts due to themselves for the next 12 months;
- (ii) the Group is expected to generate sufficient cash flows from its operations by limiting its expenditure on PPE and managing its repayment of payables to improve its working capital position; and
- (iii) the Group is also looking at options to raise funds for working capital so as to strengthen its balance sheet and provide additional resources for the projects that the Group is working on.

Cash Flows

In FY2019, net cash flows used in operating activities amounted to S\$0.8 million. This was mainly due to operating cash flows before changes in working capital of S\$2.0 million, interest paid of S\$0.2 million and income tax paid of S\$0.3 million during the year.

Net cash flows used in investing activities amounted to S\$0.7 million and was mainly due to purchase of PPE, offset by proceeds from disposal of PPE.

Net cash flow used in financing activities amounted to S\$0.5 million and was mainly due to the repayment of finance lease obligations and bank borrowings of S\$1.3 million, offset by loans from related party of S\$0.8 million.

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

Not applicable.

- 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.**

Our business is prone to economic uncertainties and the cyclical nature of the semiconductor industry and consumer business. Other unforeseeable factors including but not limited to foreign exchange fluctuations, intellectual property litigations, product and technology obsolescence, and inventory adjustments may also pose challenges to our business.

Our operations in FY2019 saw the impact of the US-China trade dispute. Going forward into 1Q FY2020, we expect further business slowdown due to the effect of COVID-19.



11. Dividend

(a) Current Financial Period Reported 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 FY2019 as the Group is in a loss-making position for 4Q2019 and FY2019.

13. Interested person transactions

The Group does not have an existing general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalyst Rules following the expiry of the general mandate obtained from shareholders on 30 April 2018. The Company did not renew the general mandate for interested person transactions at the annual general meeting held on 30 July 2019 as the trade-related transactions were carried out mainly between the Company and ASTI Holdings Limited ("**ASTI**"), in particular a subsidiary of ASTI, Semiconductor Technologies & Instruments Pte Ltd ("**STI**"). With the completion of the disposal of STI by ASTI on 26 September 2018, the Company does not expect any trade-related transactions between ASTI and the Company.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	FY2019	FY2019
ASTI Holdings Limited ("ASTI") and its subsidiary of companies	(i) Interest expense amounting to \$224,000 ⁽¹⁾ (ii) Corporate Support Services fee amounting to \$400,000 (iii) Rental Income amounting to \$63,000	Nil Nil



13. Interested person transactions (Cont'd)

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	FY2019	FY2019
Dato' Loh Soon Gnee (Executive Chairman of the Group)	Nil ⁽²⁾	Nil
Yumei Plastic Pte Ltd (A wholly-owned company of Seah Chong Hoe)	Nil ⁽³⁾	Nil

Note:

- ⁽¹⁾ Relates to interest payable on the loan extended by ASTI Group. As at 31 December 2019, ASTI Group had provided an aggregate of S\$6.6 million loan (the "Loan") to the Group. The Loan which bears effective interest rates ranging from 3.24% to 3.39% is unsecured.
- ⁽²⁾ Relates to interest payable to Dato' Loh Soon Gnee on loans extended by Dato' Loh Soon Gnee to the Company for FY2019, amounted to \$21,000, which was below S\$100,000.
- ⁽³⁾ Relates to office facility and storage services expenses for FY2019 amounted to \$96,000 payable to Yumei Plastic Pte Ltd, which was below S\$100,000.

The Company will convene an extraordinary general meeting to seek shareholders' approval for, among others, the ratification of the above interested party transactions with ASTI in due course.

14. Negative Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

Not applicable to full year announcement.

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

We hereby confirm that we have procured all the required undertakings from all the Directors and Executive Officers of the Company in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.



PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

16. **Segmented revenue and results for operating 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.**

<u>Group</u>	Equipment		Equipment Contract Manufacturing Services ("ECMS")		Discontinued Operation		Adjustments and Elimination		Consolidated 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	FY2019 S\$'000	FY2018 S\$'000
Revenue:										
- External sales	-	-	13,711	12,204	4,974	14,729	(4,974)	(14,729)	13,711	12,204
- Inter-segment sales (Note A)	-	-	11	13	-	16	(11)	(29)	-	-
	-	-	13,722	12,217	4,974	14,745	(4,985)	(14,758)	13,711	12,204
EBITDA	(3,529)	(1,948)	1,242	1,215	(356)	(4,390)	356	4,450	(2,287)	(673)
Depreciation on property, plant & equipment	-	-	(842)	(404)	-	(38)	-	38	(842)	(404)
Depreciation on right-of-use assets	-	-	(305)	-	(301)	-	301	-	(305)	-
Interest expense	(237)	(183)	(240)	(107)	(22)	-	98	49	(401)	(241)
Interest income	17	73	88	52	-	2	(76)	(109)	29	18
Loss before tax	(3,749)	(2,058)	(57)	756	(679)	(4,426)	679	4,428	(3,806)	(1,300)
Income tax expense	(2)	(4)	(147)	(346)	(3)	(1)	3	(1)	(149)	(352)
Segment results	(3,751)	(2,062)	(204)	410	(682)	(4,427)	682	4,427	(3,955)	(1,652)
Other information:										
Additions to non-current assets (Note B)	-	60	849	951	-	6	-	-	849	1,017
Segment assets	792	3,216	17,580	21,406	2,348	-	-	-	20,720	24,622
Segment liabilities	12,346	13,188	5,408	6,116	2,284	-	-	-	20,038	19,304

Note A: Inter-segment revenues are eliminated on consolidation.



16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)

Geographical segment information

	Revenue		Non-current assets	
	FY2019 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000
Singapore	3,668	4,276	5,584	8,396
Malaysia	8,870	7,792	6,136	2,778
Thailand	611	118	-	-
USA	45	6	-	-
France	59	-	-	-
Others	458	12	-	-
Total	13,711	12,204	11,720	11,174

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to item 8.

18. A breakdown of sales.

	Group		
	FY2019 S\$'000	FY2018 S\$'000	%
Revenue reported for first half year	6,771	6,067	12%
Operating profit after tax before deducting minority interests reported in first half year	(1,845)	(1,416)	30%
Revenue reported for second half year	6,940	6,137	13%
Operating profit after tax before deducting minority interests reported in second half year	(2,792)	(4,663)	-40%

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

Not applicable. No dividend proposed in FY2019 and FY2018.



- 20. Disclosure of person occupying a managerial position in the issuer of 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) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Loh Choon Piew	59	Nephew of Executive Chairman, Dato' Loh Soon Gnee	<u>Microfits Pte Ltd</u> Vice President, Operations (since December 2014) Duties: Oversees the business operations of Equipment Contract Manufacturing Services division of ASA Group	Cessation as Vice President, Operations (31 December 2019)
Dato' Loh Choon Khiang	57	Nephew of Executive Chairman, Dato' Loh Soon Gnee	<u>Microfits Pte Ltd</u> Vice President, Business Development (since December 2014) Duties: In charge of business development of Equipment Contract Manufacturing Services division of ASA Group	Cessation as Vice President, Business Development (31 December 2019)

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman and CEO

29 February 2020