



Financial Statements And Related Announcement
For Financial Period Ended 31 August 2020

CHEUNG WOHO TECHNOLOGIES LTD

Co. Reg. No. 197201205Z

First Half FY2021 Financial Statements And Related Announcement

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

The Directors of Cheung Woh Technologies Ltd advise the following unaudited results of the Group for the financial period ended 31 August 2020.

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

Consolidated Statement of Comprehensive Income

	Notes	GROUP		Increase/ (decrease)
		1HFY21 S\$'000	1HFY20 S\$'000	%
Turnover		18,263	25,264	(27.7)
Cost of sales		(15,880)	(22,551)	(29.6)
Gross profit		2,383	2,713	(12.2)
Other operating income	a	1,256	1,646	(23.7)
Distribution and selling expenses		(631)	(782)	(19.3)
General and administrative expenses		(2,530)	(3,687)	(31.4)
Finance costs		(48)	(147)	(67.3)
Profit/(loss) before taxation	b	430	(257)	n.m.
Income tax expense		(276)	(219)	26.0
Profit/(loss) for the financial period		154	(476)	n.m.
Other comprehensive income:				
Foreign currency translation (loss)/gain		(1,144)	(62)	
Total comprehensive income for the financial period		(990)	(538)	
Profit/(loss) attributable to:				
Equity owners of the Company		154	(476)	
Total comprehensive income attributable to:				
Equity owners of the Company		(990)	(538)	
Earnings per share (cents)				
Basic and diluted		0.05	(0.16)	

n.m. - not meaningful

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

<u>Notes</u>	GROUP	
	1HFY21 S\$'000	1HFY20 S\$'000
a	The Group's other operating income included the following:	
	Sales of scrap metal	481 785
	Rental income	119 193
	Sundry income	365 12
	Gain on disposal of property, plant and equipment	91 -
	Interest income	113 142
	Income from insurance claim	- 514
	Foreign exchange (gain)/loss	
	- Realised exchange (gain)/loss	32 -
	- Unrealised exchange (gain)/loss	55 -
	<u>87</u>	<u>-</u>
b	The Group's profit before taxation is arrived at after	
	Amortisation and depreciation	2,700 3,712
	Interest expense on interest-bearing loans and borrowings	48 147
	Allowance for/(write-back) inventories obsolescence	- (10)
	Foreign exchange (gain)/loss	
	- Realised exchange (gain)/loss	- (146)
	- Unrealised exchange (gain)/loss	- 874
	<u>-</u>	<u>728</u>

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

	GROUP		COMPANY	
	31.8.2020	28.2.2020	31.8.2020	28.2.2020
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	37,416	40,632	257	294
Investment property	1,098	1,113	1,098	1,113
Investments in subsidiary companies	-	-	34,716	34,716
Long-term loan to a subsidiary	-	-	10,976	11,263
Deferred tax assets	1	1	-	-
	<u>38,515</u>	<u>41,746</u>	<u>47,047</u>	<u>47,386</u>
Current assets				
Inventories	5,198	5,616	-	-
Trade receivables	9,011	8,284	-	-
Other receivables	1,190	937	1,748	1,516
Other current assets	461	532	26	81
Cash and bank balances	30,468	30,371	4,940	6,097
	<u>46,328</u>	<u>45,740</u>	<u>6,714</u>	<u>7,694</u>
Asset held for sale (note 1)	3,566	3,566	3,566	3,566
	<u>49,894</u>	<u>49,306</u>	<u>10,280</u>	<u>11,260</u>
Total assets	<u>88,409</u>	<u>91,052</u>	<u>57,327</u>	<u>58,646</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	3,664	4,198	-	28
Other payables	3,711	3,024	827	669
Lease liabilities	2	2	2	2
Interest-bearing loans and borrowings	1,523	1,821	-	-
Income tax payable	270	277	-	-
	<u>9,170</u>	<u>9,322</u>	<u>829</u>	<u>699</u>
Liabilities directly associated with the asset held for sale (note 1)	858	858	858	858
	<u>10,028</u>	<u>10,180</u>	<u>1,687</u>	<u>1,557</u>
Net current assets	<u>39,866</u>	<u>39,126</u>	<u>8,593</u>	<u>9,703</u>
Non-current liabilities				
Lease liabilities	240	243	240	243
Deferred tax liabilities	4,793	4,802	-	-
	<u>5,033</u>	<u>5,045</u>	<u>240</u>	<u>243</u>
Total liabilities	<u>15,061</u>	<u>15,225</u>	<u>1,927</u>	<u>1,800</u>
Net assets	<u>73,348</u>	<u>75,827</u>	<u>55,400</u>	<u>56,846</u>
Equity attributable to owners of the Company				
Share capital	50,200	50,200	50,200	50,200
Treasury shares	(2,587)	(2,587)	(2,587)	(2,587)
Revenue reserve	31,026	32,361	7,787	9,233
Statutory reserve	1,219	1,219	-	-
Foreign currency translation reserve	(6,510)	(5,366)	-	-
Total equity	<u>73,348</u>	<u>75,827</u>	<u>55,400</u>	<u>56,846</u>
Total equity and liabilities	<u>88,409</u>	<u>91,052</u>	<u>57,327</u>	<u>58,646</u>

Note 1: Assets held for sale represents the factory located at 23 Tuas South Street 1, Singapore 638033 which is currently in the process of disposal to a third party buyer. The lease liabilities related to the factory is classified as Liabilities directly associated with the asset held for sale.

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

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

As at 31.8.2020		As at 28.2.2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,523	-	1,821	-

The amount of \$1,523,000 (28.2.2020: \$1,821,000) includes \$1,138,000 (28.2.2020: \$1,180,000) repayable after one year based on the scheduled repayment dates in the loan agreements. The amount is classified as repayable in one year or less, or on demand in compliance with accounting standard.

B) Amount repayable after one year

As at 31.8.2020		As at 28.2.2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

C) Details of any collateral

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

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

	GROUP	
	1HFY21	1HFY20
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/(loss) before taxation	430	(257)
Adjustments for:		
Amortisation and depreciation	2,700	3,712
Gain on disposal of property, plant and equipment	(91)	-
Unrealised exchange gain	(129)	-
Interest expense	48	147
Allowance for/(write-back) inventories obsolescence	-	(10)
Interest income	(113)	(142)
	<hr/>	<hr/>
Operating cash flows before changes in working capital	2,845	3,450
(Increase)/decrease in:		
Inventories	324	1,824
Trade receivables	(1,091)	(925)
Other receivables and prepayments	(510)	712
(Decrease)/increase in:		
Trade payables	(134)	(518)
Other payables	787	4
	<hr/>	<hr/>
Cash flow generated from operations	2,221	4,547
Interest received	113	142
Bank loan interest paid	(10)	(108)
Income tax paid	(278)	(163)
	<hr/>	<hr/>
Net cash flow generated from operating activities	2,046	4,418
	<hr/>	<hr/>

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

	GROUP	
	1HFY21	1HFY20
	S\$'000	S\$'000
Cash flow from investing activities		
Purchase of property, plant and equipment	(75)	(110)
Proceeds from disposal of property, plant and equipment	411	-
Increase in pledged deposits	(5)	(5)
Advance payment to suppliers of property, plant and equipment	(11)	-
Net cash flow generated from/(used-in) investing activities	<u>320</u>	<u>(115)</u>
Cash flow from financing activities		
Proceeds from interest-bearing loans and borrowings	2,619	4,028
Repayment of interest-bearing loans and borrowings	(2,895)	(7,024)
Purchase of treasury shares	-	(185)
Repayment of lease liabilities	(42)	(42)
Dividends paid on ordinary shares	(1,489)	-
Net cash flow used in financing activities	<u>(1,807)</u>	<u>(3,223)</u>
Net increase in cash and cash equivalents	559	1,080
Cash and cash equivalents at beginning of financial period	30,151	20,552
Effect of exchange rate changes on cash and cash equivalents	(464)	322
Cash and cash equivalents at end of financial period	<u><u>30,246</u></u>	<u><u>21,954</u></u>

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

	GROUP	
	31.8.2020	31.8.2019
	S\$'000	S\$'000
Cash and bank balances	30,246	21,954
Fixed deposits	222	149
	<u>30,468</u>	<u>22,103</u>
Less:		
Cash and cash equivalents subject to restriction *	(222)	(149)
Cash and cash equivalents at end of financial period	<u><u>30,246</u></u>	<u><u>21,954</u></u>

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

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

Attributable to equity owners of the Company

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Statutory reserve S\$'000	Foreign currency translation reserve S\$'000	Total other reserves S\$'000	Total equity attributable to equity owners of the Company S\$'000
GROUP							
Balance as at 28.2.2020	50,200	(2,587)	32,361	1,219	(5,366)	(4,147)	75,827
Total comprehensive income for the financial period	-	-	154	-	(1,144)	(1,144)	(990)
Dividends paid on ordinary shares	-	-	(1,489)	-	-	-	(1,489)
Balance as at 31.8.2020	50,200	(2,587)	31,026	1,219	(6,510)	(5,291)	73,348
Balance as at 28.2.2019	50,200	(1,923)	37,427	1,219	(6,039)	(4,820)	80,884
Total comprehensive loss for the financial period	-	-	(476)	-	(62)	(62)	(538)
Purchase of treasury shares	-	(185)	-	-	-	-	(185)
Balance as at 31.8.2019	50,200	(2,108)	36,951	1,219	(6,101)	(4,882)	80,161

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

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Total equity S\$'000
COMPANY				
Balance as at 28.2.2020	50,200	(2,587)	9,233	56,846
Total comprehensive income for the financial period	-	-	43	43
Dividends	-	-	(1,489)	(1,489)
Balance as at 31.8.2020	<u>50,200</u>	<u>(2,587)</u>	<u>7,787</u>	<u>55,400</u>
COMPANY				
Balance as at 28.2.2019	50,200	(1,923)	8,674	56,951
Total comprehensive income for the financial period	-	-	127	127
Purchase of treasury shares	-	(185)	-	(185)
Balance as at 31.8.2019	<u>50,200</u>	<u>(2,108)</u>	<u>8,801</u>	<u>56,893</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

Share Capital

	Group and Company	
	No. of shares (('000)	(S\$'000)
Ordinary shares - Issued and fully paid		
Balance as at 1 March 2020 and 31 August 2020	313,085	50,200

There was no change in the Company's share capital from 28 February 2020 to 31 August 2020.

As at 31 August 2020, the Company held 15,380,000 of its issued shares as Treasury Shares (31 August 2019: 12,228,500).

The Company does not have any outstanding options or convertibles at the end of the financial period under review (31 August 2019: Nil).

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

	31.8.2020	28.2.2020
	Number of shares	Number of shares
	('000)	('000)
Total number of shares issued	313,085	313,085
Less: Treasury shares	(15,380)	(15,380)
Issued shares excluding treasury shares	<u>297,705</u>	<u>297,705</u>

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

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

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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

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

Not applicable.

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

The accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements as at 28 February 2020 except as disclosed in paragraph 5 below.

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

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of Singapore Financial Reporting Standards (International) ("INT SFRS(I)") that are mandatory for the financial year beginning on 1 January 2020. The adoption of these new/revised SFRS(I), INT SFRS(I) and amendments to SFRS(I) has no material impact on the financial performance or position of the Group and the Company.

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

	1HFY21	1HFY20
Profit/(loss) attributable to shareholders (\$'000)	154	(476)
Weighted average number of shares used to compute basic and diluted earnings per share ('000)	297,705	301,831
Earnings per share (cents) - basic and diluted	0.05	(0.16)

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

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued share 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	
	31.8.2020	28.2.2020	31.8.2020	28.2.2020
Net asset value per ordinary share based on share capital at the end of the period (cents)	24.64	25.47	18.61	19.09

The calculation of the net asset value per ordinary share was based on total number of 297,705,000 (28.2.2020: 297,705,000) ordinary shares (excluding treasury shares).

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

Consolidated statement of comprehensive income

The Group has reported turnover of \$18.3 million for the first half financial period ended 31 August 2020 (1HFY21), a decrease of 27.7% (or \$7.0 million) as compared to \$25.3 million in the corresponding financial period in FY2020 (1HFY20). The decrease was mainly attributed to lower sales in HDD components and PMS components segments. Turnover in HDD components segment decreased by 27.4% mainly attributed to the discontinuation of sales in Baseplates and lower sales of air-combs. Turnover in PMS components segment decreased by 53.1% mainly due to lower customers' demands. Forged and machined segment, on the other hand, reported an increase of \$1.2 million as compared to \$347K in 1HFY20.

Cost of sales of the Group decreased by 29.6% (or \$6.7 million) as compared to 1HFY20. The decrease was in line with the decrease in turnover. Gross profit margin was 13.0% in 1HFY21 as compared to 10.7% in 1HFY20.

Other operating income decreased by 23.7% (or \$390K) as compared to 1HFY20. The decrease was mainly attributable to decreases in sales of scrap metal and rental income. There was an insurance claim of \$0.5 million in 1HFY20. The decrease was partially offset by gain on

disposal of property, plant and equipment and foreign exchange gain. Sundry income was higher mainly attributable to grant and support schemes given by governments to support enterprises during the COVID-19 pandemic.

Distribution and selling expenses decreased by 19.3% (or \$151K) as compared to 1HFY20 due to lower sales activities.

General and administrative expenses decreased by 31.4% (or \$1.2 million) mainly due to lower administrative staff costs and depreciation. There was also a foreign exchange loss of \$0.7 million incurred in 1HFY20.

Finance costs decreased by 67.3% (or \$99K) mainly due to lower balance of interest-bearing loans and borrowings in 1HFY21.

Statement of financial position

The Group's non-current assets decreased by 7.7% (or \$3.2 million) as compared to previous financial year ended 28 February 2020 (FY20). The decrease was mainly due to depreciation expenses charged on the property, plant and equipment and disposal of plant and equipment during 1HFY21.

The Group's current assets increased by 1.2% (or \$0.6 million) as compared to FY20 mainly due to increases in trade receivables, other receivables and cash and bank balances. Trade receivables increased by \$0.7 million mainly due to higher sales in 2QFY21 as compared to 4QFY20. Other receivables increased by \$253K mainly due to monies receivable from the purchaser for the disposal of factory at 23 Tuas South Street 1 held by the lawyer. The increases were partially offset by decreases in inventories and other current assets.

The Group's current liabilities decreased by 1.5% (or \$152K) as compared to FY20 mainly due to decreases in trade payables and interest-bearing loans and borrowings. Trade payables decreased by \$0.5 million mainly due to lesser purchases made in 2QFY21 as compared to 4QFY20. Interest-bearing loans and borrowings decreased by \$298K due to repayments made during the first half of the financial year. The decreases were partially offset by increase in other payables. Other payables increased by \$0.7 million mainly due to higher accrued personnel expenses and deposits received from the purchaser of factory.

Consolidated statement of cash flow

During 1HFY21, the Group has net cash flow generated from operating activities of \$2.0 million as compared to \$4.4 million in 1HFY20. The net cash flows generated from operating activities in 1HFY21 was mainly contributed by operating cash flows before changes in working capital, decrease in inventories and increase in other payables. It was partially offset by increases in trade receivables, other receivables and prepayment and decrease in trade payables.

In investing activities, the Group generated \$320K during 1HFY21 in contrast with \$115K used in 1HFY20. The net cash generated was mainly the proceeds from disposal of property, plant and equipment.

During 1HFY21, the Group has net cash flow used in financing activities of \$1.8 million as compared to \$3.2 million in 1HFY20. The net cash flow used was mainly for dividends paid on ordinary shares and repayment of interest-bearing loans and borrowings.

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

There is no variance from the previous financial results announcement for full year ended 28 February 2020.

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

Based on the forecast from customers, sales for HDD components and Forged and Machined segments are expected to be lower for the second half of FY21.

Based on the forecast from customers, sales for PMS components segment is expected to be better in the second half of FY21 with the kick start of a new project in 4QFY21.

The global trade friction and the COVID-19 pandemic have created an uncertain and challenging business environment.

11 Dividend

(a) Current Financial Period Reported On

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

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.

In view of modest profit generated in 1HFY21, no dividend has been declared.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, statement to that effect.

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

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

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

Confirmation by the Board

On behalf of the Board of Directors, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of Cheung Woh Technologies Ltd for the first half of financial period ended 31 August 2020 set out above to be false or misleading in any material respects.

For and on behalf of the Board of Directors

Law Kung Ming
Director

Law Yu Chui
Director

9 October 2020