
**UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Part I Information required for announcement of quarterly (Q1, Q2 & Q3), half-year and full year results

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

	The Group		Increase (Decrease) %
	Year ended 31 December		
	2019	2018	
	S\$'000	S\$'000	
Revenue	63,841	64,063	(0.3)
Cost of sales	(44,929)	(46,014)	(2.4)
Gross profit	18,912	18,049	4.8
Other operating income	374	357	4.8
Administrative and selling expenses	(11,476)	(11,387)	0.8
Other operating expenses	(1,558)	(1,211)	28.7
Finance costs	(113)	(34)	232.4
Profit before income tax	6,139	5,774	6.3
Income tax expense	(1,104)	(941)	17.3
Profit for the year, representing total comprehensive income for the year	5,035	4,833	4.2
Total comprehensive income attributable to:			
Owners of the Company	5,048	4,845	4.2
Non-controlling interests	(13)	(12)	8.3
	5,035	4,833	4.2
Earnings per share attributable to shareholders of the Company:			
- Basic (Singapore cents)	2.43	2.33	4.3
- Diluted (Singapore cents)	2.43	2.33	4.3

1 (a)(i) Notes to the statements of comprehensive income:

	The Group		Increase (Decrease) %
	Year ended 31 December		
	2019	2018	
	S\$'000	S\$'000	
Profit before income tax is arrived after charging/(crediting):-			
Cost of inventories included in expenses	44,479	45,556	(2.4)
Loss/(Gain) on disposal of property, plant and equipment	8	(120)	N.M.
Allowance for doubtful trade receivables	197	247	(20.2)
Bad debts recovered	(10)	(6)	66.7
Reversal for stock obsolescence	-	(50)	N.M.
Depreciation of property, plant and equipment	624	712	(12.4)
Depreciation of right-of-use assets	455	-	N.M.
Depreciation of investment properties	346	333	3.9
Amortisation of club membership	19	19	-
Net foreign exchange gain	(9)	(2)	350.0
Interest income	(172)	(60)	186.7
Interest expenses	8	34	(76.5)
Interest expenses of lease liabilities	105	-	N.M.

N.M. : 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

	Note	The Group As at		The Company As at	
		31.12.19 S\$'000	31.12.18 S\$'000	31.12.19 S\$'000	31.12.18 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		15,389	15,180	272	469
Trade receivables		5,564	4,745	473	174
Other receivables and prepayments		416	383	17,041	15,922
Inventories		14,367	14,655	-	-
Total current assets		35,736	34,963	17,786	16,565
Non-current assets					
Property, plant and equipment		8,661	7,416	-	-
Right-of-use assets	1	2,592	-	-	-
Investment properties		14,003	14,349	-	-
Club membership		205	224	-	-
Other receivables and prepayments		31	-	-	-
Investment in subsidiaries		-	-	2,238	2,340
Total non-current assets		25,492	21,989	2,238	2,340
Total assets		61,228	56,952	20,024	18,905
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		8,061	7,082	-	-
Other payables and accruals		2,129	1,615	63	129
Contract liabilities		82	-	-	-
Bank loans		-	353	-	-
Lease liabilities	1	383	-	-	-
Finance leases		-	55	-	-
Income tax payable		1,162	1,005	28	15
Total current liabilities		11,817	10,110	91	144
Non-current liabilities					
Bank loans		-	1,408	-	-
Lease liabilities	1	2,735	-	-	-
Finance leases		-	195	-	-
Deferred tax liability		26	137	-	-
Total non-current liabilities		2,761	1,740	-	-
Total liabilities		14,578	11,850	91	144
Capital, reserves and non-controlling interests					
Share capital		8,020	8,020	8,020	8,020
Accumulated profits		38,630	37,034	11,913	10,741
Equity attributable to owners of the Company					
Non-controlling interests		-	48	-	-
Total equity		46,650	45,102	19,933	18,761
Total liabilities and equity		61,228	56,952	20,024	18,905

Note 1 The Group adopted SFRS(I) 16 Leases with effect from 1 January 2019 based on the modified retrospective approach.



- 1 (b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial year reported on with comparative figures as at the end of the immediately preceding financial year

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

	As at 31.12.19		As at 31.12.18	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank loans	-	-	353	-
Lease liabilities	66	317	-	-
Finance leases	-	-	55	-

(B) Amount repayable after one year

	As at 31.12.19		As at 31.12.18	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank loans	-	-	1,408	-
Lease liabilities	176	2,559	-	-
Finance leases	-	-	195	-

(C) Details of any collaterals

As at 31.12.19

The Company had fully repaid its bank loans during the financial year ended 31 December 2019. Accordingly, the legal mortgage over the Group's freehold properties and corporate guarantees provided by the Company has been discharged.

Lease liabilities are secured by the lessors' title to the leased assets.

As at 31.12.18

The bank loans were secured by legal mortgages over subsidiary's freehold properties and corporate guarantees provided by the Company.

Finance leases are secured by the lessors' title to the leased assets.

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

	The Group	
	Year ended 31 December	2018
	2019	2018
	S\$'000	S\$'000
Operating activities:		
Profit before income tax	6,139	5,774
Adjustments for:		
Interest expenses	8	34
Interest expenses of lease liabilities	105	-
Interest income	(172)	(60)
Depreciation of property, plant and equipment	624	712
Depreciation of right-of-use assets	455	-
Depreciation of investment properties	346	333
Amortisation of club membership	19	19
Loss/(Gain) on disposal of property, plant and equipment	8	(120)
Allowance for doubtful trade receivables	197	247
Bad debts recovered	(10)	(6)
Reversal for stock obsolescence	-	(50)
Operating cash flows before changes in working capital	7,719	6,883
Trade receivables	(1,006)	(192)
Other receivables and prepayments	(33)	358
Inventories	288	1,381
Trade payables	979	(1,366)
Other payables and accruals	219	5
Contract liabilities	82	-
Cash flows generated from operations	8,248	7,069
Income tax paid	(947)	(706)
Interest received	172	60
Net cash generated from operating activities	7,473	6,423
Investing activities:		
Purchase of property, plant and equipment (Note A)	(1,824)	(955)
Purchase of right-of-use assets (Note C)	(150)	-
Prepayment of intangible asset	(31)	-
Net cash flows used in investing activities	(2,005)	(955)
Financing activities:		
Acquisition of non-controlling interest in a subsidiary	(38)	-
Proceed from bank loan	-	2,000
Repayment of bank loans	(1,761)	(2,349)
Repayment of lease liabilities	(435)	-
Repayment of finance leases (Note B)	-	(45)
Dividends paid	(2,912)	(1,872)
Interest paid	(113)	(34)
Net cash flows used in financing activities	(5,259)	(2,300)
Net increase in cash and cash equivalents	209	3,168
Cash and cash equivalents at beginning of the year	15,180	12,012
Cash and cash equivalents at end of the year	15,389	15,180

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

	The Group	
	Year ended 31 December	
	2019	2018
	S\$'000	S\$'000
Note A		
Additions to property, plant and equipment	2,119	1,349
Less:		
Offset from trade-in of property, plant and equipment	-	(111)
Acquired under finance lease	-	(164)
Prepayments made in prior year	-	(119)
Accrual of construction in progress at headquarters	(295)	-
Net cash outflow for purchase of property, plant and equipment	<u>1,824</u>	<u>955</u>
Note B		
Repayment of finance leases	-	102
Less:		
Offset from trade-in of property, plant and equipment	-	(57)
Net cash outflow for repayment of finance lease	<u>-</u>	<u>45</u>
Note C		
Addition to right-of-use assets	410	-
Less:		
Acquired under lease liabilities	(260)	-
Net cash outflow for purchase of right-of-use assets	<u>150</u>	<u>-</u>

- 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

The Group	Share Capital	Accumulated profits	Attributable to the owners of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2019	8,020	37,034	45,054	48	45,102
Effects of adoption of SFRS(I) 16	-	(537)	(537)	-	(537)
Balance as at 1 January 2019 (restated)	8,020	36,497	44,517	48	44,565
Profit / (loss) for the year, representing total comprehensive income for the year	-	5,048	5,048	(13)	5,035
<i>Transactions with owners, recognised directly in equity</i>					
Effects of acquiring non-controlling interest in a subsidiary	-	(3)	(3)	(35)	(38)
Dividends paid	-	(2,912)	(2,912)	-	(2,912)
Balance as at 31 December 2019	8,020	38,630	46,650	-	46,650
Balance as at 1 January 2018	8,020	34,061	42,081	60	42,141
Profit for the year, representing total comprehensive income for the year	-	4,845	4,845	(12)	4,833
Dividends paid, representing transactions with owners, recognised directly in equity	-	(1,872)	(1,872)	-	(1,872)
Balance as at 31 December 2018	8,020	37,034	45,054	48	45,102

- 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 period (*cont'd*)

The Company

	Share capital S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance as at 1 January 2019	8,020	10,741	18,761
Profit for the period, representing total comprehensive income for the period	-	4,084	4,084
Dividends paid, representing transactions with owners, recognised directly in equity	-	(2,912)	(2,912)
Balance as at 31 December 2019	8,020	11,913	19,933
Balance as at 1 January 2018	8,020	12,360	20,380
Profit for the period, representing total comprehensive income for the period	-	253	253
Dividends paid, representing transactions with owners, recognised directly in equity	-	(1,872)	(1,872)
Balance as at 31 December 2018	8,020	10,741	18,761

- 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, 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.**

Between 30 June 2019 (being the end of the previous period reported on) and 31 December 2019, there were no changes in the Company's share capital.

The Company had adopted the Choo Chiang Performance Share Plan prior to its listing on the Catalist in July 2015 and as at 31 December 2018 and 31 December 2019, no share awards were granted under this performance share plan. As at 31 December 2018 and 31 December 2019, the Company did not have any outstanding options, warrants or other instrument convertible into securities of the Company.

As at 31 December 2018 and 31 December 2019, the Company had an issued and paid-up share capital of S\$8,020,000 comprising 208,000,000 ordinary shares in issue. As at 31 December 2018 and 31 December 2019, the Company did not have any general mandate to undertake share buybacks and did not hold any treasury shares and subsidiary holdings.

- 1 (d)(iii) 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.**

	Number of ordinary shares As at 31 December	
	<u>2019</u>	<u>2018</u>
Total number of issued shares (excluding treasury shares)	<u>208,000,000</u>	<u>208,000,000</u>

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

Not applicable as the Company did not hold 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 as the Company did not hold any subsidiary holdings.

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

The figures have not been audited nor reviewed by the auditors.

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

Not applicable.

3A. Latest financial statements subject to an adverse opinion, qualified opinion or disclaimer of opinion.

Not applicable as the Company is not required to do compulsory quarterly reporting.

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

Save 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 financial year ended 31 December 2019 (“**FY2019**”) as its most recently audited financial statements for the financial year ended 31 December 2018 (“**FY2018**”).

5. If there are any changes in 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 accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial periods beginning on or after 1 January 2019.

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group except for the adoption of Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 16 *Leases* which took effect on 1 January 2019.

The Group has applied the changes in accounting policies using the modified retrospective approach. The impact of adoption is adjusted against the opening balance of accumulated profits on 1 January 2019, which is the date of initial application. Comparatives are not restated. Refer to Note 1(b)(i) for the right-of-use assets and lease liabilities recognised as at 31 December 2019 as a result of the application of SFRS(I) 16 *Leases* and refer to Note 1(d)(i) for the impact on opening accumulated profits.

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

Earnings per ordinary share (“EPS”)	The Group	
	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (S\$'000)	5,048	4,845
Number of ordinary shares ('000)	208,000	208,000
Basic and diluted EPS (Singapore cents)	<u>2.43</u>	<u>2.33</u>

EPS is calculated based on (i) the profit attributable to owners of the Company for each of FY2019 and FY2018, and (ii) the 208,000,000 issued shares as at 31 December 2019 and as at 31 December 2018. Fully diluted EPS and the basic EPS for the financial periods presented in the table above are the same as the Company did not have any outstanding instruments convertible into rights to subscribe for, and options in respect of its shares during these financial periods.

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

	The Group		The Company	
	As at 31 December		As at 31 December	
	2019	2018	2019	2018
Net Asset Value (“NAV”)				
Net assets (S\$'000)	46,650	45,054	19,933	18,761
Number of ordinary shares used in calculating NAV per ordinary share ('000)	208,000	208,000	208,000	208,000
NAV per ordinary share (Singapore cents)	<u>22.43</u>	<u>21.66</u>	<u>9.58</u>	<u>9.02</u>

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.**

Review of financial performance

Revenue

The Group's revenue is derived from sales and retail of electrical products and accessories in Singapore ("**Distribution Business**") and rental income from its investment properties in Singapore ("**Property Investment**").

Total revenue decreased marginally by S\$222,000 or 0.3%, from S\$64,063,000 in FY2018 to S\$63,841,000 in FY2019, mainly due to a decrease in the revenue from the Distribution Business segment.

Distribution Business

Revenue from Distribution Business segment decreased marginally by S\$232,000 or 0.4%, from S\$63,589,000 in FY2018 to S\$63,357,000 in FY2019. The decrease was mainly due to the decrease in sales volume as a result of the general slowdown in the economy.

Property Investment

Rental income from the Property Investment segment increased by S\$10,000 or 2.1%, from S\$474,000 in FY2018 to S\$484,000 in FY2019 mainly due to the rental income generated from the seven (7) investment properties during FY2018. The said properties were fully leased out in FY2019.

Cost of sales

Cost of sales decreased by S\$1,085,000 or 2.4%, from S\$46,014,000 in FY2018 to S\$44,929,000 in FY2019, which is in line with the decrease in revenue.

Distribution Business

Cost of sales of the Distribution Business segment decreased by S\$1,077,000 or 2.4%, from S\$45,556,000 in FY2018 to S\$44,479,000 in FY2019, due to lower purchasing cost of certain electrical products.

Property Investment

Cost of sales of the Property Investment segment decreased by S\$8,000 or 1.7%, from S\$458,000 in FY2018 to S\$450,000 in FY2019. The decrease is mainly due to the full repayment of bank loans for two (2) investment properties which led to the decrease in interest charge.

Gross profit and gross profit margin

Gross profit increased by S\$863,000 or 4.8% from S\$18,049,000 in FY2018 to S\$18,912,000 in FY2019. Gross profit margin improved from 28.2% in FY2018 to 29.6% in FY2019.

The gross profit margin of the Distribution Business segment increased by 1.4% from approximately 28.4% in FY2018 to 29.8% in FY2019.

The gross profit margin of the Property Investment segment increased from 3.4% in FY2018 to 7.0% in FY2019. This was mainly due to lower interest charge in FY2019 following the full repayment of bank loans.

Other operating income

Other operating income increased by S\$17,000 or 4.8% from S\$357,000 in FY2018 to S\$374,000 in FY2019. The increase in other operating income was mainly due to an increase in (i) interest income received from short-term deposits; (ii) foreign exchange gain and (iii) bad debt recovered from customers. These increases were partially offset by an absence of a (i) gain on disposal of property, plant and equipment; and (ii) reversal for stock obsolescence in FY2019, as well as a decrease in government grants in FY2019 compared to FY2018.

Administrative and selling expenses

Administrative expenses increased by S\$89,000 or 0.8% from S\$11,387,000 in FY2018 to S\$11,476,000 in FY2019. The increase in administrative and selling expenses mainly due to an increase in (i) staff costs; (ii) subscription fee for the ERP system; and (iii) insurance. These increases were offset by a decrease in (i) rental expenses amounting to S\$474,000 following reclassification as lease liabilities and interests expense of right-of-use assets due to the adoption SFRS(I) 16 Leases; (ii) recruitment expenses; (iii) commission paid to property agents; and (iv) donation and gifts.

Other operating expenses

Other operating expenses increased by S\$347,000 or 28.7% from S\$1,211,000 in FY2018 to S\$1,558,000 in FY2019, mainly due to (i) depreciation of right-of-use assets amounting to S\$455,000 as a result of the adoption of SFRS(I) 16 Leases; (ii) bank charges; (iii) loss on disposal of property, plant and equipment; and (iv) depreciation of investment properties. The increase was offset by the decrease in (i) depreciation of property, plant and equipment; and (ii) allowances on trade receivables.

Finance costs

Finance costs increased from S\$34,000 in FY2018 to S\$113,000 in FY2019 as a result of the recognition of lease liability with the adoption of SFRS(I) 16 Leases and offset by interest expense due to full repayment of bank loans.

Profit before income tax

As a result of the reasons mentioned above, the Group's profit before income tax increased by S\$365,000 or 6.3% from S\$5,774,000 in FY2018 to S\$6,139,000 in FY2019.

Review of financial position

Current assets

Current assets increased by S\$773,000 from S\$34,963,000 as at 31 December 2018 to S\$35,736,000 as at 31 December 2019. The increase in current assets were mainly due to an increase in trade receivables of S\$819,000, cash and bank balances of S\$209,000 and other receivables and prepayments of S\$33,000. The increase was partially offset by a decrease in inventories of S\$288,000.

Non-current assets

Non-current assets increased by S\$3,503,000 from S\$21,989,000 as at 31 December 2018 to S\$25,492,000 as at 31 December 2019. The increase in non-current assets were mainly due to the recognition of right-of-use assets of S\$2,592,000 as a result of the adoption of SFRS(I) 16 *Leases*, an increase in property, plant and equipment of S\$1,245,000 mainly arising from renovation works at the Group's headquarters and an increase in other receivables and prepayments of S\$31,000. The increase was partially offset by a decrease in investment properties and club membership of S\$346,000 and S\$19,000 respectively.

Current liabilities

Current liabilities increased by S\$1,707,000 from S\$10,110,000 as at 31 December 2018 to S\$11,817,000 as at 31 December 2019. The increase in current liabilities were mainly due to an increase in trade payables of S\$979,000, an increase in other payables and accruals of S\$514,000, the recognition of lease liabilities of S\$383,000 as a result of the adoption of SFRS(I) 16 *Leases*, an increase in income tax payable of S\$157,000 and an increase in contract liabilities of S\$82,000. The increase was offset by a decrease in current portion of bank loans and finance leases of S\$353,000 and S\$55,000 respectively.

Non-current liabilities

Non-current liabilities increased by S\$1,021,000 from S\$1,740,000 as at 31 December 2018 to S\$2,761,000 as at 31 December 2019. The increase in non-current liabilities is mainly due to the recognition of lease liabilities of S\$2,735,000 as a result of the adoption of SFRS(I) 16 *Leases*. The increase was partially offset by a decrease in non-current portion of bank loans of S\$1,408,000, finance lease of S\$195,000 and deferred tax liability of S\$111,000.

Review of cash flow management

Net cash generated from operating activities

In FY2019, the Group generated net cash inflow from operating activities of approximately S\$7,473,000, which was a result of operating cash flows before changes in working capital of approximately S\$7,719,000, net working capital inflows of approximately S\$529,000, income tax paid of approximately S\$947,000 and interest received of approximately S\$172,000.

Net cash used in investing activities

In FY2019, the Group's net cash outflow for investing activities amounted to approximately S\$2,005,000, mainly due to (i) purchases of property, plant and equipment of S\$1,824,000 mainly due to progress payments for construction in progress, (ii) purchase of right-of-use assets of S\$150,000 and (iii) prepayments made for strategic brand development exercise of S\$31,000.

Net cash used in financing activities

In FY2019, the Group's net cash outflow for financing activities amounted to approximately S\$5,259,000, mainly due to (i) dividends payment of S\$2,912,000; (ii) repayment of bank loans of S\$1,761,000; and (iii) lease liabilities and interest payments of S\$548,000; and (iv) acquisition of non-controlling interest in a subsidiary of S\$38,000.

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

There has not been any forecast or prospect statement in relation to the Group's results for FY2019 previously disclosed to shareholders.

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

Subject to, inter alia, market conditions, availability of good location and other relevant business considerations, it is the Group's current intention to continue to expand its retail network in Singapore. The Group also intends to reinforce and strengthen its market position in Singapore by widening the range of products sold under its "CCM" and "CRM" brands.

Renovation works at its headquarters and central warehouse located at 10 Woodlands Loop, Singapore 738388 which began in the second half of 2018 is expected to be completed in the first half of 2020.

We are closely monitoring the development and impact of the COVID-19 situation, and we expect the operating environment in the electrical material sector to be challenging. In the meantime, we will continue to provide good value to our customers and explore business opportunities so as to increase our revenue and profit.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

Current financial period reported on

The Directors are pleased to recommend a final dividend and a special dividend of 0.5 Singapore cents per share and 0.2 Singapore cents per share respectively, for FY2019. The final dividend and special dividend are subjected to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held in April 2020.

Together with the interim dividend of 0.5 Singapore cents per share that was paid on 6 September 2019, the total dividends declared by the Group for FY2019 are as follows:

Name of dividend	Interim dividend	Final dividend	Special dividend
Dividend type	Cash	Cash	Cash
Dividend per ordinary share	0.5 Singapore cents	0.5 Singapore cents	0.2 Singapore cents
Total annual dividend	S\$1,040,000	S\$1,040,000	S\$416,000
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)	Tax exempt (one-tier)

Previous corresponding period of the Immediately Preceding Financial Year

Name of dividend	First and Final dividend	Special dividend
Dividend type	Cash	Cash
Dividend per ordinary share	0.8 Singapore cents	0.1 Singapore cents
Total annual dividend	S\$1,664,000	S\$208,000
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

(b) The date the dividend is payable

Subject to shareholders' approval of the Dividend at the AGM, the payment date for the Dividend will be announced at a later date.

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

Subject to shareholders' approval of the Dividend at the AGM, the record date and the books closure date for determining shareholders' entitlement to the Dividend will be announced at a later date.

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

Not applicable.

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

The Group did not obtain any general mandate from the Company's shareholders in respect of interested person transactions.

As at 31 December 2019, the following remained subsisting:

Lim Teck Chuan had provided personal guarantees to the Housing & Development Board in order that the Group may secure lease agreements.

On 21 July 2017, the Company announced that Lim Teck Chuan had informed the Company of his intention for the business of CCM Ventures Pte. Ltd.⁽²⁾ ("**CCM Ventures**") to be discontinued and consequently for both CCM Ventures and CCM Australia Pty Ltd⁽²⁾ ("**CCM Australia**") to be struck off and that the Company had entered into various side letters with each of Lim Teck Chuan, CCM Ventures and CCM Australia pursuant to which the relevant documents referred to under (i) to (v) in this paragraph would be terminated upon the effective date of striking off of CCM Ventures and CCM Australia. As at the date of this announcement, CCM Australia has been struck off and CCM Ventures is in the process of being struck off.

- (i) the Company, CCM Australia and Lim Teck Chuan had entered into a call option agreement on 26 June 2015 ("**TL Call Option Agreement**") pursuant to which Lim Teck Chuan granted the Company a call option to acquire all the shares that he may from time to time hold in CCM Ventures;
- (ii) the Company and CCM Australia had entered into a call option agreement on 26 June 2015 pursuant to which CCM Australia granted the Company a call option to purchase from CCM Australia the trademark that is used by CCM Australia in Australia;
- (iii) each of CCM Ventures and CCM Australia had provided a non-competition deed in favour of the Company;
- (iv) Lim Teck Chuan had provided an undertaking pursuant to which he would *inter alia* (aa) within two (2) years from 29 July 2015 (being the date of listing of the Company on the Catalist), divest his shareholding in CCM Ventures to persons other than his Associates such that he will no longer be a shareholder of CCM Ventures; and (bb) grant the Company a right of first refusal of any sale of any shares in CCM Ventures by himself; and
- (v) CCM Ventures had provided an undertaking pursuant to which, amongst others, (aa) in the event of any proposed issue by CCM Ventures of any shares to any Associate of Lim Teck Chuan, it shall be a condition precedent to such share issue that the proposed subscriber enters into a call option agreement with the Company on the same terms and conditions as the TL Call Option Agreement; and (bb) CCM Ventures granted the Company a right of first refusal of any sale of any shares in CCM Australia by CCM Ventures.

Note:

- (2) CCM Ventures owns 100% of the issued and paid-up share capital of CCM Australia. The Company's Executive Chairman and Chief Executive Officer, Lim Teck Chuan owns an interest of 65.3% in CCM Ventures and is also the sole director of CCM Ventures and previously, a director of CCM Australia. Accordingly, CCM Australia was an associate of Lim Teck Chuan.

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

The Company hereby confirms that it has already procured undertakings from all of its Directors and relevant executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segment information

	Distribution business	Property investment business	Total
	\$'000	\$'000	\$'000
2019			
Revenue			
External sales of goods	63,357	-	63,357
Rental income	-	484	484
Segment revenue	<u>63,357</u>	<u>484</u>	<u>63,841</u>
Cost of sales			
External purchases	(44,479)	-	(44,479)
Cost of property maintenance	-	(450)	(450)
Segment cost of sales	<u>(44,479)</u>	<u>(450)</u>	<u>(44,929)</u>
Results			
Segment result	18,878	34	18,912
Other operating income	374	-	374
Administrative and selling expenses	(11,450)	(26)	(11,476)
Other operating expenses	(1,532)	(26)	(1,558)
Finance costs	(105)	(8)	(113)
Profit (loss) before income tax	<u>6,165</u>	<u>(26)</u>	<u>6,139</u>
Income tax expense			<u>(1,104)</u>
Profit after income tax			<u><u>5,035</u></u>

	Distribution business	Property investment business	Total
	\$'000	\$'000	\$'000
2018			
Revenue			
External sales of goods	63,589	-	63,589
Rental income	-	474	474
Segment revenue	63,589	474	64,063
Cost of sales			
External purchases	(45,556)	-	(45,556)
Cost of property maintenance	-	(458)	(458)
Segment cost of sales	(45,556)	(458)	(46,014)
Results			
Segment result	18,033	16	18,049
Other operating income	357	-	357
Administrative and selling expenses	(11,336)	(51)	(11,387)
Other operating expenses	(1,187)	(24)	(1,211)
Finance costs	(28)	(6)	(34)
Profit (loss) before income tax	5,839	(65)	5,774
Income tax expense			(941)
Profit after income tax			4,833

The revenue and profit of the Group are mainly derived from the Distribution Business segment.

The principal assets employed by the Group are located in Singapore. Accordingly, no other segmental information by geographical segment is presented.

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

By business segment

In FY2019 and in FY2018, the revenue contribution from Distribution Business and Property Investment had remained relatively stable at approximately 99% and 1% respectively. Please refer to Paragraph 8 of this announcement for a detailed commentary of the Group's financial performance in FY2019 compared to FY2018.

By geographical segment

All the Group's operations in FY2019 and FY2018 are located in Singapore.



17. A breakdown of sales as follows:-

	Year ended 31 December		Increase / (Decrease) %
	2019 S\$'000	2018 S\$'000	
(a) Sales reported for first half year	30,341	30,965	(2.0)
(b) Operating profit after income tax before deducting non-controlling interests reported for first half year	2,656	2,732	(2.8)
(c) Sales reported for second half year	33,500	33,098	1.2
(d) Operating profit after income tax before deducting non-controlling interests reported for second half year	<u>2,379</u>	<u>2,101</u>	13.2

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

	Year ended 31 December	
	2019 S\$'000	2018 S\$'000
Ordinary	2,496	1,872
Preference	-	-
Total	<u>2,496</u>	<u>1,872</u>

The full year dividend payout for FY2019 would constitute approximately 49.4% (FY2018: 38.6%) of net profit after tax attributable to owners of the Company in FY2019.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) 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 first held	Details of changes in duties and positions held, if any, during the year
Wilson Foo	48	Nephew of Lim Teck Chuan (Executive Chairman and Chief Executive Officer) and Lim Teck Seng (Executive Director).	General Manager since 2007. Responsible for the overall management of the business.	Nil
Josephine Tay	50	Spouse of Lim Teck Seng (Executive Director).	Administrative Manager since 1991. Responsible for all aspects of human resource and administrative function of the Group.	Nil
Andy Tay	47	Brother-in-law of Lim Teck Seng (Executive Director).	Head of Sales (Retail) since February 2020. Responsible for developing and implementing retail sales strategies of the Group.	Purchasing Manager since 2009 and re-designated as Head of Sales (Retail) on 28 February 2020.
Ann Lim	34	Daughter of Lim Teck Chuan (Executive Chairman and Chief Executive Officer) and niece of Lim Teck Seng (Executive Director).	Marketing and Communications Manager since February 2020. Responsible for marketing and business development related matters of the Group. Ann Lim was appointed after FY2019 on 10 Feb 2020.	Nil

BY ORDER OF THE BOARD

Lim Teck Chuan
Executive Chairman and Chief Executive Officer

Singapore

28 February 2020

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr David Yeong, at 1 Robinson Road #21-00 AIA Tower Singapore 048542, Telephone: +65 6232 3210.*
