



CEI LIMITED
(Company Registration No. 199905114H)

Full Year Financial Statements

The Board of Directors of CEI Limited wishes to announce the unaudited results of the Group and of the Company for the Year Ended 31 December 2020.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	GROUP		
	<u>2020</u> \$'000	<u>2019</u> \$'000	+ / (-) %
Revenue	123,489	138,747	(11.0)
Cost of sales	(95,198)	(105,838)	(10.1)
Gross profit	28,291	32,909	(14.0)
Other income (including interest income)	4	3	33.3
General and administrative costs	(17,511)	(19,783)	(11.5)
Selling and distribution costs	(3,624)	(4,740)	(23.5)
Profit from operations	7,160	8,389	(14.7)
Finance costs – Interest on borrowings	(71)	(166)	(57.2)
Finance costs – Interest on lease liabilities	(106)	(114)	(7.0)
Share of results of associated companies	61	(28)	N/M
Profit from operations before taxation	7,044	8,081	(12.8)
Taxation	(1,031)	(916)	12.6
Profit after taxation	6,013	7,165	(16.1)
Other comprehensive income:			
Foreign currency translation	(59)	(36)	63.9
Total comprehensive income for the period	5,954	7,129	(16.5)

Included in the above expenses are -

Depreciation of fixed assets	(947)	(1,452)	(34.8)
Depreciation of right-of-use assets	(414)	(492)	(15.9)
Fair value gain on forward contracts	255	43	N/M
Foreign exchange loss	(194)	(472)	(58.9)

N/M – Not meaningful

1(b) STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Non-current assets				
Property, plant and equipment	2,032	2,268	1,003	1,265
Right-of-use assets	3,309	3,723	3,309	3,723
Goodwill	1,063	1,063	1,063	1,063
Investments in subsidiaries	–	–	5,107	5,107
Investments in an associated company	1,429	1,368	929	929
Deferred tax assets	1,025	950	300	210
	<u>8,858</u>	<u>9,372</u>	<u>11,711</u>	<u>12,297</u>
Current assets				
Inventories	29,443	26,668	28,432	25,511
Trade receivables	21,940	26,172	21,595	25,452
Other receivables	889	358	781	250
Prepayments and advances to suppliers	440	413	308	249
Amounts due from a subsidiary company	–	–	566	556
Cash and cash equivalents	8,436	8,165	7,309	5,798
	<u>61,148</u>	<u>61,776</u>	<u>58,991</u>	<u>57,816</u>
Current liabilities				
Trade payables and accruals	19,245	18,056	17,950	16,818
Lease liabilities	356	373	356	373
Amounts due to subsidiary companies	–	–	6,160	3,804
Bank borrowings	4,002	6,009	4,002	6,009
Provision for taxation	1,030	1,279	820	1,159
Contract liability	2,285	1,621	2,285	1,621
	<u>26,918</u>	<u>27,338</u>	<u>31,573</u>	<u>29,784</u>
Net current assets	<u>34,230</u>	<u>34,438</u>	<u>27,418</u>	<u>28,032</u>
Non-current liability				
Defined benefit obligations	1,055	949	–	–
Lease liabilities	3,051	3,400	3,051	3,400
	<u>4,106</u>	<u>4,349</u>	<u>3,051</u>	<u>3,400</u>
Net assets	<u>38,982</u>	<u>39,461</u>	<u>36,078</u>	<u>36,929</u>
Equity attributable to owners of the Company				
Share capital	23,897	23,897	23,897	23,897
Treasury shares	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
Retained earnings	15,938	16,358	13,018	13,869
Foreign currency translation reserve	(16)	43	–	–
	<u>38,982</u>	<u>39,461</u>	<u>36,078</u>	<u>36,929</u>

1(c) BORROWINGS

Amount repayable in one year or less, or on demand

As at 31 Dec 2020		As at 31 Dec 2019	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
–	4,002	–	6,009

Amount repayable after one year

As at 31 Dec 2020		As at 31 Dec 2019	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
–	–	–	–

Details of any collateral

Not applicable.

1(d) CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	GROUP	
	<u>31 Dec</u> <u>2020</u> \$'000	<u>31 Dec</u> <u>2019</u> \$'000
Cash flows from operating activities		
Profit before taxation	7,044	8,081
Adjustments for:		
Depreciation of property, plant and equipment	947	1,452
Depreciation of rights of use assets	414	492
Interest income	(4)	(3)
Finance costs - Interest on bank borrowings	71	166
Finance costs - Interest on lease liabilities	106	114
Fair value gain on forward contracts	(255)	(43)
Unrealised exchange loss	245	216
Movement in defined benefit obligations	106	304
Share of results of an associated company	(61)	28
Operating cash flows before changes in working capital	8,613	10,807
Decrease in receivables and prepayments	3,506	768
(Increase)/decrease in inventories	(2,775)	7,117
Increase/(decrease) in creditors	2,032	(1,599)
Cash flows from operations	11,376	17,093
Interest received	4	3
Income tax paid	(1,356)	(1,818)
Interest paid	(78)	(176)
Net cash flows from operating activities	9,946	15,102
Cash flows from investing activities		
Purchase of property, plant and equipment	(711)	(463)
Increase in investments in an associated company	-	(348)
Dividend received from an associated company	-	33
Net cash flows used in investing activities	(711)	(778)
Cash flows from financing activities		
Dividends paid	(6,433)	(7,422)
Repayments of loans and borrowings	(2,000)	(1,500)
Payment for lease liabilities	(472)	(556)
Net cash flows used in financing activities	(8,905)	(9,478)
Net increase in cash and cash equivalents	330	4,846
Effect of exchange rate changes on cash and cash equivalents	(59)	(36)
Cash and cash equivalents at beginning of the period	8,165	3,355
Cash and cash equivalents at end of the period	8,436	8,165

1(e) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

<u>Group</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2020	23,897	(837)	16,358	43	39,461
Total comprehensive income	–	–	6,013	(59)	5,954
Dividends paid	–	–	(6,433)	–	(6,433)
Balance at 31 December 2020	23,897	(837)	15,938	(16)	38,982
Balance at 1 January 2019	23,897	(837)	16,615	79	39,754
Total comprehensive income	–	–	7,165	(36)	7,129
Dividends paid	–	–	(7,422)	–	(7,422)
Balance at 31 December 2019	23,897	(837)	16,358	43	39,461

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2020	23,897	(837)	13,869	36,929
Profit net of tax	–	–	5,582	5,582
Dividends paid	–	–	(6,433)	(6,433)
Balance at 31 December 2020	23,897	(837)	13,018	36,078
Balance at 1 January 2019	23,897	(837)	15,353	38,413
Profit net of tax	–	–	5,937	5,937
Dividends paid	–	–	(7,421)	(7,421)
Balance at 31 December 2019	23,897	(837)	13,869	36,929

1(f) & 1(h)(a) CHANGES IN COMPANY'S SHARE CAPITAL

		As at 31 Dec 2020	As at 31 Dec 2019
No. of treasury shares held	:	1,235,750	1,235,750
No. of issued shares excluding treasury shares	:	86,698,463	86,698,463

1(g) There was no outstanding convertible as at 31 December 2020 and 31 December 2019.

1(h)(b) There were no sales, transfers, disposal, cancellation and/or use of treasury shares in the current financial year.

2. AUDIT/REVIEW

The figures have not been audited or reviewed.

3. AUDITORS' REPORT

Not applicable as figures have not been audited or reviewed.

4. ACCOUNTING POLICIES

Except as disclosed below, the Group has applied the same accounting policies and methods of computations in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2019.

The Group has adopted the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are effective for annual periods beginning on or after 1 January 2020. The adoption of these SFRS(I)s did not have any effect on the financial performance or position of the Group and the Company.

5. CHANGES IN ACCOUNTING POLICIES AND THE EFFECT OF THE CHANGES

As described in Note 4, the adoption of these SFRS(I)s did not have any effect on the financial performance or position of the Group and the Company.

6. EARNINGS PER ORDINARY SHARE (EPS)

	GROUP	
	FY2020	FY2019
Earnings per share based on profit attributable to shareholders:		
Based on existing issued share capital	6.94 cts	8.26 cts
Based on fully diluted basis	6.94 cts	8.26 cts

7. NET ASSET VALUE

	Group		Company	
	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
Net asset value per share based on existing issued share capital as at the end of the period reported on (excluding treasury shares).	44.96 cts	45.52 cts	41.61 cts	42.59 cts

8. REVIEW OF GROUP PERFORMANCE

Revenue and Profit

The Group's Revenue for FY 2020 of \$123.5 million was 11.0% lower than FY 2019 due to the impact of COVID-19 pandemic. The Gross Profit Margin decreased from 23.7% in FY 2019 to 22.9% in FY 2020. The Gross Profit Margin in FY 2020 was lower as some of the manufacturing costs include fixed overheads.

The General and Administrative Costs and Selling and Distribution Costs together were lower by \$3.4 million, mainly due to recognition of Jobs Support Scheme from the government of \$1.7 million, a net foreign exchange gain of \$0.5 million, and other miscellaneous cost control efforts.

The Profit from Operations before Taxation decreased from \$8.39 million to \$7.16 million in FY 2020.

The Profit after Taxation decreased from \$7.17 million to \$6.01 million in FY 2020.

Earnings per share was 6.94 cents in FY 2020, compared with 8.26 cents in FY 2019, based on a fully diluted basis.

Net asset value per share was 44.96 cents as at 31 Dec 2020, compared with 45.52 cents as at 31 Dec 2019.

Financial Position: 31 December 2020 vs 31 December 2019

Inventories increased by \$2.7 million, from \$26.7 million to \$29.4 million, due to positioning of inventories ahead of expected supply chain disruption. Cash and cash equivalents increased by \$0.2 million, from \$8.2 million to \$8.4 million, while Bank borrowings decreased by \$2.0 million, from \$6.0 million to \$4.0 million.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 31 December 2020, the Group has orders on hand, with confirmed delivery dates, worth \$56.7 million (31 December 2019: \$55.9 million), which are expected to be fulfilled within the current financial year.

The Group serves customers from a diverse range of market segments. These include analytical instruments, medical equipment, semiconductor equipment, oil and gas industries, aviation and displays for industrial applications.

The COVID-19 pandemic is causing challenges and uncertainties in many businesses. The Group will continue to manage our business judiciously.

11. DIVIDENDS

(a) Current Financial Period Reported On

Name of Dividend:	<u>Third & final</u>	<u>Special</u>
Dividend Type:	Cash	Cash
Dividend (Cents):	0.40	2.60
Tax Rate:	One-tier tax exempt	One-tier tax exempt

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend:	<u>Second & final</u>	<u>Special</u>
Dividend Type:	Cash	Cash
Dividend (Cents):	0.40	3.98
Tax Rate:	One-tier tax exempt	One-tier tax exempt

(c) Date payable

Payment of the dividends, if approved by the members at the Annual General Meeting to be held on 28 April 2021, will be made on 18 May 2021.

(d) Record date

NOTICE IS HEREBY GIVEN THAT, subject to the approval by the members at the Annual General Meeting to be held on 28 April 2021, the Share Transfer Books and Register of Members of CEI Limited ("the Company") will be closed at 5.00 p.m. on 7 May 2021 for the preparation of dividend warrants for both the one-tier tax-exempt third and final dividend and one-tier tax-exempt special dividend.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, up to 5.00 p.m. on 7 May 2021 will be registered to determine shareholders' entitlements to the said dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 7 May 2021 will be entitled to the proposed one-tier tax-exempt third and final dividend and one-tier tax-exempt special dividend.

12. INTERESTED PERSON TRANSACTIONS (unaudited)

	Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	FY2020 \$'000	FY2019 \$'000
Transactions for the Sale of Goods and Services		
Innosparcs Pte Ltd	–	22
ST Electronics (Satcom & Sensor Systems) Pte Ltd	393	523
ST Engineering Land Systems Ltd	48	–
STELOP Pte Ltd	450	459
SMART Systems Pte Ltd	–	85
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	891	1,089
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13. BUSINESS SEGMENTAL INFORMATION

	Asia Pacific		USA		Europe		Consolidated	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Segment turnover	58,179	67,494	22,166	24,642	43,144	46,611	123,489	138,747
Cost of sales	(43,443)	(49,617)	(16,736)	(19,208)	(35,019)	(37,013)	(95,198)	(105,838)
Gross profit	14,736	17,877	5,430	5,434	8,125	9,598	28,291	32,909
Unallocated expenses							(21,308)	(24,800)
Share of results of associated company							61	(28)
Profit before taxation							7,044	8,081
Tax expense							(1,031)	(916)
Net profit for the year							6,013	7,165

(The Group defined its Business Segment based on origin of customers' purchase orders.)

14. FACTORS LEADING TO ANY MATERIAL CHANGES IN CONTRIBUTIONS TO TURNOVER AND EARNINGS BY THE BUSINESS OR GEOGRAPHICAL SEGMENTS

There is no material change in Contributions to Turnover and Earnings by the business or geographical segments.

15. BREAKDOWN OF SALES

Group	Latest Financial Year \$'000	Previous Financial Year \$'000	% increase/ (decrease)
(a) Sales reported for first half year	61,106	69,579	(12.2)
(b) Operating profit after tax deducting minority interests reported for first half year	2,929	3,680	(20.4)
(c) Sales reported for second half year	62,383	69,168	(9.8)
(d) Operating profit after tax deducting minority interests reported for second half year	3,084	3,485	(11.5)

16. BREAKDOWN OF THE TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE) FOR THE LATEST FULL YEAR AND PREVIOUS FULL YEAR

Total annual dividend (net of tax)

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary Preference	5,237 -	7,421 -
Total	<u>5,237</u>	<u>7,421</u>

17. PERSON OCCUPYING MANAGERIAL POSITION

There is no person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

18. CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

**Teo Soon Hock
Secretary**

Singapore, 26 February 2021