

# **METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

## **ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE ("HY") 2020**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

**METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

**HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

- 1 (a) 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.

	Note	GROUP		Increase/ (Decrease) %
		HY2020 (Unaudited) S\$'000	HY2019 (Unaudited) S\$'000	
<b>Continuing Operations</b>				
Revenue		13,714	22,953	-40.3
Other income	A	223	88	153.4
Raw materials and consumables used		(7,030)	(11,471)	-38.7
Employee benefits expense		(5,067)	(6,406)	-20.9
Depreciation expense	B	(1,574)	(1,905)	-17.4
Other operating expenses		(2,075)	(2,982)	-30.4
Other charges	C	(74)	(73)	1.4
Finance costs	D	(253)	(347)	-27.1
<b>Loss before taxation</b>		<b>(2,136)</b>	<b>(143)</b>	NM
Taxation		-	-	-
<b>Loss for the period</b>		<b>(2,136)</b>	<b>(143)</b>	NM
<b>Other comprehensive (loss)/income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation		(91)	359	NM
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b>		<b>(2,227)</b>	<b>216</b>	NM

NM - Not meaningful

Explanatory notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	HY2020 S\$'000	HY2019 S\$'000	Increase/ (Decrease) %
A) Major items for other income:			
Gain on disposal of property, plant and equipment	-	23	-100.0
Interest income	1	2	-50.0
Government grant	218	63	246.0
B) Major items for depreciation:			
Depreciation of property, plant and equipment	711	1,189	-40.2
Depreciation of right-of-use assets	863	716	20.5
C) Major items for other charges:			
Foreign exchange loss, net	53	73	-27.4
Write-down of inventories	21	-	
D) Major items for finance costs:			
Borrowings	147	286	-48.6
Lease liabilities	106	61	73.8

**METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

**HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

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	
	As at 30-Jun-20 (Unaudited) S\$'000	As at 31-Dec-19 (Audited) S\$'000	As at 30-Jun-20 (Unaudited) S\$'000	As at 31-Dec-19 (Audited) S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	5,563	18,314	83	110
Subsidiaries	-	-	20,407	17,604
Right-of-use assets	5,324	6,270	-	-
Deferred tax assets	161	163	-	-
	<b>11,048</b>	<b>24,747</b>	<b>20,490</b>	<b>17,714</b>
<b>Current Assets</b>				
Inventories	3,211	3,431	-	-
Trade and other receivables	10,500	13,071	5,133	9,088
Cash and bank balances	2,574	2,436	1,062	245
	<b>16,285</b>	<b>18,938</b>	<b>6,195</b>	<b>9,333</b>
Assets of disposal group classified as held-for-sale	12,349	-	-	-
	<b>28,634</b>	<b>18,938</b>	<b>6,195</b>	<b>9,333</b>
<b>Total assets</b>	<b>39,682</b>	<b>43,685</b>	<b>26,685</b>	<b>27,047</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	21,639	21,639	21,639	21,639
Accumulated losses	(15,811)	(13,679)	(16,025)	(15,788)
Other reserves	8,756	8,850	115	120
<b>Total equity attributed to owners of the Company</b>	<b>14,584</b>	<b>16,810</b>	<b>5,729</b>	<b>5,971</b>
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	2,402	2,402	-	-
Lease liabilities	1,838	2,055	645	-
Borrowings	67	99	-	534
	<b>4,307</b>	<b>4,556</b>	<b>645</b>	<b>534</b>
<b>Current Liabilities</b>				
Trade and other payables	15,223	12,322	17,555	16,262
Contract liabilities	-	922	-	522
Lease liabilities	1,656	1,809	622	408
Borrowings	3,912	7,266	2,134	3,350
	<b>20,791</b>	<b>22,319</b>	<b>20,311</b>	<b>20,542</b>
<b>Total liabilities</b>	<b>25,098</b>	<b>26,875</b>	<b>20,956</b>	<b>21,076</b>
<b>Total equity and liabilities</b>	<b>39,682</b>	<b>43,685</b>	<b>26,685</b>	<b>27,047</b>

**METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

**HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

- 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 period reported on with comparative figures as at the end of the immediately preceding financial year:-

	<b>GROUP</b>	
	<b>As at 30 Jun 2020</b>	<b>As at 31 Dec 2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Payable within 1 year or on demand</b>		
Secured	2,102	5,048
Unsecured	1,810	2,218
	<b>3,912</b>	<b>7,266</b>
<b>Payable after 1 year</b>		
Secured	67	99
Unsecured	-	-
	<b>67</b>	<b>99</b>
<b>TOTAL</b>	<b>3,979</b>	<b>7,365</b>

**Details of any collaterals**

Certain borrowings are secured by pledge on certain plant and machinery as well as certain trade receivables of the Group.

**METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

**HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

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.

	<b>GROUP</b>	
	<b>HY2020 (Unaudited) S\$'000</b>	<b>HY2019 (Unaudited) S\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(2,136)	(143)
Adjustments for :		
Depreciation of property, plant and equipment	711	1,189
Depreciation of right-of-use assets	863	716
Interest income	(1)	(2)
Interest expense on borrowings	147	286
Interest expense on lease liabilities	106	61
Share-based payment expense	-	51
Gain on disposal of property, plant and equipment	-	(23)
Write-down of inventories	21	-
<b>Operating (loss)/profit before working capital changes</b>	<b>(289)</b>	<b>2,135</b>
Changes in bank deposits restricted in use	(50)	49
Changes in inventories	183	749
Changes in prepayments	506	(134)
Changes in trade and other receivables	2,008	980
Changes in trade and other payables	1,907	(1,545)
<b>Net cash generated from operating activities</b>	<b>4,265</b>	<b>2,234</b>
<b>Cash flows from investing activities</b>		
Interest received	1	2
Proceeds from disposal of property, plant and equipment	77	56
Purchase of property, plant and equipment	(218)	(761)
<b>Net cash used in investing activities</b>	<b>(140)</b>	<b>(703)</b>
<b>Cash flows from financing activities</b>		
Interest paid on borrowings	(147)	(286)
Repayment of lease liabilities	(751)	(778)
Proceeds from borrowings	618	13,243
Repayment of borrowings	(3,752)	(14,298)
<b>Net cash used in financing activities</b>	<b>(4,032)</b>	<b>(2,119)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>93</b>	<b>(588)</b>
<b>* Cash and cash equivalents at beginning of period</b>	<b>2,194</b>	<b>2,242</b>
<b>Exchange differences on translation of cash and cash equivalents at beginning of period</b>	<b>(17)</b>	<b>18</b>
<b>* Cash and cash equivalents at end of period</b>	<b>2,270</b>	<b>1,672</b>
* Cash and cash equivalents are net of bank overdrafts and bank deposits pledged		
Cash and cash equivalents consist the following:		
Cash and cash equivalents and on hand	2,574	1,851
Bank overdraft	(150)	(130)
Bank deposits restricted in use	(154)	(49)
	<b>2,270</b>	<b>1,672</b>

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.

<b>The Group</b>	<b>Share Capital</b>	<b>Accumulated losses</b>	<b>Share Option Reserve</b>	<b>Revaluation Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Statutory Reserve</b>	<b>Total Equity</b>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2019</b>	21,639	(13,841)	72	5,972	(563)	1,944	15,223
Adjustment on adoption of SFRS(I) 16	-	(93)	-	-	-	-	(93)
<b>Adjusted balance at 1 January 2019</b>	21,639	(13,934)	72	5,972	(563)	1,944	15,130
Loss for the period	-	(143)	-	-	-	-	(143)
Share-based payment transactions	-	-	51	-	-	-	51
Expiry/forfeiture of share options	-	1	(1)	-	-	-	-
Currency translation differences	-	-	-	-	359	-	359
<b>Balance as at 30 June 2019</b>	<b>21,639</b>	<b>(14,076)</b>	<b>122</b>	<b>5,972</b>	<b>(204)</b>	<b>1,944</b>	<b>15,397</b>

<b>The Group</b>	<b>Share Capital</b>	<b>Accumulated losses</b>	<b>Share Option Reserve</b>	<b>Revaluation Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Statutory Reserve</b>	<b>Total Equity</b>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2020</b>	21,639	(13,680)	120	7,206	(419)	1,944	16,810
Adjustment on adoption of SFRS(I) 16	-	-	-	-	-	-	-
<b>Adjusted balance at 1 January 2020</b>	21,639	(13,680)	120	7,206	(419)	1,944	16,810
Loss for the period	-	(2,136)	-	-	-	-	(2,136)
Share-based payment transactions	-	-	-	-	-	-	-
Expiry/forfeiture of share options	-	5	(5)	-	-	-	-
Currency translation differences	-	-	-	-	(91)	-	(91)
<b>Balance as at 30 June 2020</b>	<b>21,639</b>	<b>(15,811)</b>	<b>115</b>	<b>7,206</b>	<b>(510)</b>	<b>1,944</b>	<b>14,583</b>

<b>The Company</b>	<b>Share Capital</b>	<b>Accumulated losses</b>	<b>Share Option Reserve</b>	<b>Total Equity</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2019</b>	21,639	(7,572)	72	14,139
Loss for the period	-	(344)	-	(344)
Share-based payment transactions	-	-	51	51
Expiry/forfeiture of share options	-	1	(1)	-
<b>Balance as at 30 June 2019</b>	<b>21,639</b>	<b>(7,915)</b>	<b>122</b>	<b>13,846</b>

<b>The Company</b>	<b>Share Capital</b>	<b>Accumulated losses</b>	<b>Share Option Reserve</b>	<b>Total Equity</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2020</b>	21,639	(15,788)	120	5,971
Loss for the period	-	(242)	-	(242)
Share-based payment transactions	-	-	-	-
Expiry/forfeiture of share options	-	5	(5)	-
<b>Balance as at 30 June 2020</b>	<b>21,639</b>	<b>(16,025)</b>	<b>115</b>	<b>5,729</b>

**METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

**HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

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 for 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.

**a) Share capital**

	No. of shares	Share capital (\$'000)
Issued share capital	374,119,000	21,639
as at 31 December 2019 and 30 June 2020		

**b) Share options scheme**

As at 30 June 2020, unissued shares of the Company in respect of MCE Share Option Scheme are as follows:

	Balance as at 01.01.2020	Granted during the period	Lapsed during the period	Balance as at 30.06.2020	Balance as at 30.06.2019
MCE Share Option Scheme	12,492,500	-	(467,500)	12,025,000	12,740,000

Save for the above, there were no other outstanding convertibles as at 30 June 2020 and as at 30 June 2019.

The Company did not have any treasury shares or subsidiary holdings as at 30 June 2020 and as at 30 June 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.

	COMPANY	
	As at 30-Jun-20	As at 31-Dec-19
Number of ordinary shares in issue	374,119,000	374,119,000

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 has no treasury shares during and as at the end of the current financial period reported on.

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 has no subsidiary holdings during and as at the end of the current financial period reported on.

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

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

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

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

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2019 are not subject to any adverse opinion, qualified opinion or disclaimer opinion.

**METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

**HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020****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 Note 5, there were no significant changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited annual financial statements for the year ended 31 December 2019.

**5 If there were 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 ("EPS") 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**

	<b>GROUP</b>	
	<b>HY2020</b>	<b>HY2019</b>
Loss per share (Cents)		
- on weighted average number of ordinary shares	(0.57)	(0.04)
- on fully diluted basis	(0.57)	(0.04)
Loss attributable to owners of the Company (S\$'000)	(2,136)	(143)
Weighted average number of ordinary shares in issue		
- for basic loss per share	374,119,000	374,119,000
- for diluted loss per share <sup>(1)</sup>	374,119,000	374,119,000

Note :

(1) Share options granted under the MCE Share Option Scheme (see note (1)(d)(ii)(b)) were excluded in the diluted weighted average number of ordinary shares calculation as its effect would have been anti-dilutive.

**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 period reported on and (b) immediately preceding financial year**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30-Jun-20</b>	<b>As at 31-Dec-19</b>	<b>As at 30-Jun-20</b>	<b>As at 31-Dec-19</b>
Net asset value per ordinary share based issued capital as at end of the period/year (cents)	3.90	4.49	1.53	1.60
Number of ordinary shares in issue at the end of the period/year ('000)	374,119	374,119	374,119	374,119
Net asset value (S\$'000)	14,584	16,810	5,729	5,971

## METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

### HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

---

- 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 period reported on.**

#### STATEMENT OF COMPREHENSIVE INCOME REVIEW

The Group recorded a revenue of S\$13.7 million in the half year financial period ended 30 June 2020 ("HY2020"), a decrease of S\$9.3 million from S\$23.0 million in the corresponding half year financial period ended 30 June 2019 ("HY2019"). The decrease was mainly due to the significant drop in global demand for our customer products, primarily due to the adverse impact of the coronavirus disease 2019 ("COVID-19") pandemic.

Other income amounted to S\$223,000 in HY2020, as compared to S\$88,000 in HY2019. The increase was mainly due to the COVID-19 government grants received in Singapore (pursuant to the Job Support Scheme), and Malaysia (pursuant to Government Wages Subsidy Stimulus Packages) in HY2020.

Percentage of cost of direct materials to sales increased slightly from 50% in HY2019 to 51% in HY2020, mainly due to changes in product mix.

Employee benefits expense decreased by S\$1.3 million, from S\$6.4 million in HY2019 to S\$5.1 million in HY2020, mainly due to a reduction in headcount and pay-cut taken by directors of the Company and the management of the Group.

Depreciation expense decreased by S\$0.3 million, from S\$1.9 million in HY2019 to S\$1.6 million in HY2020. This was mainly due to the cessation of depreciation for the property in MCE Industries (Shanghai) Co., Ltd ("MCE Shanghai") as a result of the classification of the said property in MCE Shanghai to assets held for sale, following the sale of MCE Shanghai in January 2020.

Other operating expenses which comprised mainly electricity and water bills, as well as factory expenses and rentals, decreased by S\$0.9 million, to S\$2.1 million in HY2020 from S\$3.0 million in HY2019. This was mainly due to reduced production volume and stringent cost cutting measures undertaken to reduce manufacturing overheads.

Finance costs decreased by S\$93,000, to S\$254,000 in HY2020 from S\$347,000 in HY2019, mainly due to reduced borrowings following the repayment of bank borrowings funded by proceeds from the first tranche payment of S\$5.0 million from the sale of MCE Shanghai.

As a result of the above, the Group recorded a net loss of S\$2.1 million in HY2020, as compared to a net loss of S\$143,000 in HY2019.

## METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

### HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

---

#### STATEMENT OF CASH FLOWS / WORKING CAPITAL & BALANCE SHEET REVIEW

In HY2020, the Group recorded a net cash inflow of S\$0.1 million as compared to net cash outflow of S\$0.6 million in HY2019. In HY2020, the Group generated net cash of S\$4.3 million from operations and used net cash of S\$0.1 million and S\$4.0 million in its investing activities and financing activities, respectively.

Net cash generated from operations in HY2020 was S\$4.3 million, mainly due to changes in working capital of S\$4.6 million that included the receipt of the first tranche payment of S\$5.0 million from the sale of MCE Shanghai.

Net cash used in investing activities in HY2020 was S\$0.1 million as there was minimal purchase of plant and equipment in HY2020.

Net cash used in financing activities in HY2020 was S\$4.0 million, mainly for the net repayment of bank loan of S\$3.1 million, repayment of finance lease liabilities of S\$0.7 million and interest expenses of S\$0.1 million.

Correspondingly, the Group's cash and bank balances increased by S\$0.2 million, from S\$2.4 million as at 31 December 2019 to S\$2.6 million as at 30 June 2020. Bank borrowings decreased by S\$3.4 million, from S\$7.4 million as at 31 December 2019 to S\$4.0 million as at 30 June 2020. Consequently, the Group's net debt decreased from S\$5.0 million as at 31 December 2019 to S\$1.4 million as at 30 June 2020.

As at 30 June 2020, the Group had a positive net working capital of S\$7.8 million, as compared to a negative working capital of S\$3.4 million as at 31 December 2019. This was mainly due to the classification of the assets in MCE Shanghai as "Assets held for sale".

Trade receivable days and trade payable days stood at 100 and 85 days, respectively, as at 30 June 2020, as compared to 78 and 79 as at 31 December 2019, respectively. The increase in trade receivables turnover days relate to changes in sales mix as well as change of credit terms to certain customers, whereas the increase in trade payable turnover days was mainly attributable to changes in sales mix. Inventory days increased from 33 days as at 31 December 2019 to 46 days as at 30 June 2020 mainly due to changes in sales mix. Consequently, the Group's net working capital days increased to 61 days as at 30 June 2020, from 33 days as at 31 December 2019.

Arising from the classification of the property in MCE Shanghai as asset held for sale, property, plant and equipment fell correspondingly, from S\$18.3 million in 31 December 2019 to S\$5.6 million in 30 June 2020.

Right-of-use assets decreased from S\$6.3 million as at 31 December 2019 to S\$5.3 million as at 30 June 2020, mainly due to depreciation charges in HY2020.

## METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

### HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

---

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

The unaudited financial results for HY2020 set out in this announcement are in line with the profit guidance announcement released by the Company on 28 July 2020.

**10 A commentary at the date of the announcement of the significant trend 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**

With the continuing spread of COVID-19 around the world, most industries have been and continue to be severely and adversely impacted. While the extent of the impact on the Group's financial performance and operations for the next 12 months cannot be determined at this stage as the duration and extent of the spread of COVID-19 is uncertain, the Group's financial results for the financial year ending 31 December 2020 will be adversely affected and will decline as compared to the previous year.

To mitigate the uncertain sales demand in the next 12 months that may be further exacerbated by the on-going trade war between the US and China, the Group will continue to operate a lean cost structure whilst reaching out to existing and new customers for new programs to grow its top line.

On 13 March 2020, the Company announced the receipt of the first tranche payment of RMB25 million (equivalent to S\$4.99 million) as part of the consideration for the sale of its dormant subsidiary, MCE Industries (Shanghai) Co. Ltd. The second tranche payment of RMB37.0 million (equivalent to approximately S\$7.2 million) is expected to be paid within 30 days from the lifting of the 14-day quarantine and travel bans on Chinese nationals/residents from entering Hong Kong and Singapore due to COVID-19. The Company will make further updates when there are material developments on this matter.

On 5 July 2020, the Group announced the lapse of the placement of new shares due to the failure on the part of the placee to arrange the payment of the subscription amount of S\$3.4 million in time. Nevertheless, the Group will continue to explore potential and suitable acquisitions, joint ventures and strategic alliances, which generate sustainable revenue streams for the Group and represent a strategic diversification strategy for the Group towards improving its financial performance and position over a longer term.

**11 Dividend**

<b>(a) Current Financial Period Reported On</b>	Nil
<b>(b) Prior Financial Period Reported On</b>	Nil
<b>(c) Date Payable</b>	Not applicable
<b>(d) Books closure date</b>	Not applicable

**12 If no dividend has been declared/recommended, a statement to that effect and the reasons for the decision.**

No dividend has been declared/recommended for HY2020 as the Group recorded net loss in HY2020.

**METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

**HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

---

**13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii).**

The Group did not obtain a general mandate from its shareholders for IPTs. There was no interested person transaction entered into by the Group with value of S\$100,000 or more during HY2020.

**14 Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).**

The Board of Directors confirms that, they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

**15 Statement by Directors  
Pursuant to SGX Catalist Rule 705(5)**

On behalf of the Board of Directors of the Company, we 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 consolidated financial results for the half year ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Chua Kheng Choon  
Chairman and Chief Executive Officer

Koh Gim Hoe  
Lead Independent Director

14 August 2020