

METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore on 22/12/1988)

(Company Registration Number: 198804700N)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

This announcement has been prepared by Metal Component Engineering Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “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.

PART 1 – INFORMATION REQUIRED FOR HALF YEAR AND FULL YEAR RESULTS ANNOUNCEMENT

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	GROUP		Increase/ (Decrease) %
		FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000	
Revenue		32,233	45,460	-29.1
Other income	A	674	329	104.9
Raw materials and consumables used		(16,310)	(21,291)	-23.4
Changes in inventories of finished goods and work in progress		(226)	(1,133)	-80.1
Employee benefits expense		(10,197)	(12,814)	-20.4
Depreciation of property, plant and equipment		(1,475)	(1,903)	-22.5
Depreciation of right-of-use assets		(1,392)	(1,213)	14.8
Impairment losses on trade receivables		-	(17)	-100.0
Other charges	B	(89)	(175)	-49.1
Finance costs	C	(429)	(688)	-37.6
Other operating expenses		(4,724)	(6,438)	-26.6
(Loss)/Profit before taxation		(1,935)	117	NM
Taxation		(25)	85	NM
(Loss)/Profit for the year attributable to owners of the Company		(1,960)	202	NM
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation		471	144	227.1
Revaluation gain on land and buildings (net of tax)		-	1,234	-100.0
Total comprehensive (loss)/gain for the year attributable to owners of the Company		(1,489)	1,580	NM

NM – Not meaningful

1(a)(ii) Notes to Consolidated Statement of Profit or Loss

The Group's net profit was arrived after crediting / (charging) the following:

	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000	Increase/ (Decrease)
A) Major items for other income :			
Gain on disposal of property, plant and equipment	79	58	36.2
Reversal of write-down on inventories	32	21	52.4
Reversal of impairment losses on trade receivables	-	118	NM
Bad debt recovered	1	-	NM
Interest income	6	6	0.0
Government grants	482	82	487.8
Sundry income	74	44	68.2
B) Major items for other charges :			
Foreign exchange loss	89	175	-49.1
C) Major items for finance costs :			
Interest expense on borrowings	230	499	-53.9
Interest expense on lease liabilities	199	189	5.3

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 31-Dec-20 (Unaudited) S\$'000	As at 31-Dec-19 (Audited) S\$'000	As at 31-Dec-20 (Unaudited) S\$'000	As at 31-Dec-19 (Audited) S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	5,566	18,314	73	110
Subsidiaries	-	-	16,146	17,604
Right-of-use assets	5,064	6,270	126	-
Deferred tax assets	138	163	-	-
	10,768	24,747	16,345	17,714
Current Assets:				
Inventories	3,517	3,431	-	-
Trade and other receivables	12,546	13,071	6,305	9,088
Cash and bank balances	4,265	2,436	2,227	245
Assets of disposal group classified as held-for-sale	12,414	-	9,690	-
	32,742	18,938	18,222	9,333
Total assets	43,510	43,685	34,567	27,047
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	21,639	21,639	21,639	21,639
Accumulated losses	(14,367)	(13,680)	(9,297)	(15,788)
Other reserves	8,059	8,851	115	120
Total equity	15,331	16,810	12,457	5,971
Non-Current Liabilities				
Deferred tax liabilities	2,402	2,402	-	-
Lease liabilities	1,448	2,055	462	534
Borrowings	3,841	99	3,804	-
	7,691	4,556	4,266	534
Current Liabilities				
Trade and other payables	16,622	12,322	15,896	16,262
Contract liability	383	922	330	522
Lease liabilities	1,511	1,809	622	408
Borrowings	1,970	7,266	996	3,350
Liabilities of disposal group classified as held-for-sale	2	-	-	-
	20,488	22,319	17,844	20,542
Total liabilities	28,179	26,875	22,110	21,076
Total equity and liabilities	43,510	43,685	34,567	27,047

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

	GROUP	
	As at 31 Dec 2020 S\$'000	As at 31 Dec 2019 S\$'000
Amount repayable in one year or less, or on demand		
Secured	974	5,048
Unsecured	996	2,218
	1,970	7,266
Amount repayable after one year		
Secured	36	99
Unsecured	3,805	-
	3,841	99
TOTAL	5,811	7,365

Details of any collateral

Certain borrowings are secured by pledges on certain plant and equipment of the Group, corporate guarantee of the Company as well as certain trade receivables of the Group.

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

	GROUP	
	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(1,935)	117
Adjustments for :		
Depreciation of property, plant and equipment	1,475	1,903
Depreciation of right-of-use assets	1,392	1,213
Gain on disposal of property, plant and equipment	(79)	(58)
Interest income	(6)	(6)
Interest expense on borrowings	230	499
Interest expense on lease liabilities	199	189
Reversal of impairment losses on trade receivables	-	(101)
Reversal of write-down on inventories	(32)	(21)
Equity-settled share-based payment transactions	-	50
Bad debts recovered	(1)	-
Operating profit before working capital changes	1,243	3,785
Changes in cash restricted in use	-	99
Changes in inventories	(80)	828
Changes in trade and other receivables	473	1,662
Changes in trade and other payables	(1,354)	(1,003)
Cash generated from operations	282	5,371
Income tax refunded	-	1
Net cash generated from operating activities	282	5,372
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	139	179
Purchase of property, plant and equipment	(394)	(1,541)
Payments for right-of-use assets	-	(1,185)
Net proceeds from first tranche payment	4,755	-
Interest received	6	6
Net cash generated from/(used in) investing activities	4,506	(2,541)
Cash flows from financing activities		
Proceeds from borrowings	15,735	25,707
Repayments of borrowings	(17,224)	(26,352)
Interest paid	(429)	(688)
Repayments of lease liabilities	(903)	(1,461)
Net cash used in financing activities	(2,821)	(2,794)
Net increase in cash and cash equivalents	1,967	37
* Cash and cash equivalents at beginning of year	2,194	2,136
Effect of currency translation on cash and cash equivalents	35	21
* Cash and cash equivalents at end of year	4,196	2,194
* Cash and cash equivalents are net of bank overdraft and cash restricted in use.		
Cash and cash equivalents consist the following:		
Cash at banks and on hand	4,265	2,436
Bank overdraft	-	(136)
Fixed deposit restricted in use	(106)	(106)
Cash of disposal group classified as held-for-sale	37	-
	4,196	2,194

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group</u>	Share Capital	Accumulated Profits/ (Losses)	Share Option Reserve	Revaluation Reserve	Translation Reserve	Statutory Reserve	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	21,639	(13,884)	72	5,972	(563)	1,944	15,180
Profit for the year	-	202	-	-	-	-	202
Revaluation of land and buildings	-	-	-	1,234	-	-	1,234
Currency translation differences	-	-	-	-	144	-	144
Expiry/Forfeiture of share options	-	2	(2)	-	-	-	-
Share-based payment transactions	-	-	50	-	-	-	50
Balance as at 31 December 2019	21,639	(13,680)	120	7,206	(419)	1,944	16,810
Balance as at 1 January 2020	21,639	(13,680)	120	7,206	(419)	1,944	16,810
Loss for the year	-	(1,960)	-	-	-	-	(1,960)
Currency translation differences	-	-	-	-	471	-	471
Expiry/Forfeiture of share options	-	5	(5)	-	-	-	-
Transfer to accumulated profits/(loss)	-	1,268	-	-	-	(1,258)	10
Balance as at 31 December 2020	21,639	(14,367)	115	7,206	52	686	15,331

<u>Company</u>	<u>Share Capital</u>	<u>Accumulated profits/(losses)</u>	<u>Share Option Reserve</u>	<u>Total Equity</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance as at 1 January 2019	21,639	(7,572)	72	14,139
Loss for the year	-	(8,218)	-	(8,218)
Share-based payment transactions	-	-	50	50
Expiry/Forfeiture of share options	-	2	(2)	-
Balance as at 31 December 2019	21,639	(15,788)	120	5,971
Balance as at 1 January 2020	21,639	(15,788)	120	5,971
Profit for the year	-	6,486	-	6,486
Expiry/Forfeiture of share options	-	5	(5)	-
Balance as at 31 December 2020	21,639	(9,297)	115	12,457

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercises of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

	<u>Issued and paid up ordinary shares</u>	<u>Share capital (S\$'000)</u>
As at 30 June 2020 and 31 December 2020	374,119,000	21,639

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.

As at 31 December 2020, unissued shares of the Company in respect of MCE Share Option Scheme are as follows:

	Balance as at 31.12.2019	Granted during the year	Lapsed /forfeited during the year	Balance as at 31.12.2020
MCE Share Option Scheme	12,905,000	-	(412,500)	12,492,500

Save for the above, there were no other outstanding convertibles as at 31 December 2020 and 31 December 2019.

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.

The Company did not have any treasury shares or subsidiary holdings as at 31 December 2020 and 31 December 2019.

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

	As at 31 December 2020	As at 31 December 2019
Number of ordinary shares in issue	374,119,000	374,119,000

The Company did not have any treasury shares as at 31 December 2020 and 31 December 2019.

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

Not applicable. The Company did not have any 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. The Company did not have any 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 auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications 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.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2019 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

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 Group has adopted the new/revised SFRS(I)s that are effective for annual period beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I)s Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s and SFRS(I) Interpretations:

- Amendments to SFRS(I) 3 *Definition of a Business*;
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*;
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*; and
- Revised Conceptual Framework for Financial Reporting.

Other than the adoption of the above, there were no 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 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 adoption of the SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s in Section 4 of this announcement is assessed to have no significant impact on the financial statements of the Group.

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:-

	GROUP	
	FY2020	FY2019
(Loss)/earnings per share (cents)		
- on weighted average number of ordinary shares	(0.52)	0.05
- on fully diluted basis	(0.52)	0.05
(Loss)/profit for the year attributable to owners of the Company (S\$'000)	(1,960)	202
Weighted average number of ordinary shares in issue		
- for basic loss per share	374,119,000	374,119,000
- for diluted loss per share ⁽¹⁾	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 issued share capital excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Net asset value (%NAV+) (S\$'000)	15,331	16,810	12,457	5,971
Number of ordinary shares (excluding treasury shares)	374,119,000	374,119,000	374,119,000	374,119,000
NAV per ordinary share (cents)	4.10	4.49	3.33	1.60

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.

(A) REVIEW OF THE GROUP'S PERFORMANCE

The Group recorded revenue of S\$32.2 million for the financial year ended 31 December 2020 (~~FY2020~~), a 29.1% decrease from S\$45.5 million for the financial year ended 31 December 2019 (~~FY2019~~). The decrease was mainly due to the significant drop in global demand for our customer products, primarily from the adverse impact of the coronavirus disease 2019 (~~COVID-19~~) pandemic.

Other income amounted to S\$674,000 in FY2020, as compared to S\$329,000 in FY2019. The increase was mainly due to the government grants received in Singapore (pursuant to the Job Support Scheme) and in Malaysia (pursuant to the Government Wages Subsidy Stimulus Packages) in FY2020.

Percentage of cost of direct materials to revenue increased from 49.3% in FY2019 to 51.3% in FY2020, mainly due to changes in sales mix.

Employee benefits expense decreased by S\$2.6 million, from S\$12.8 million in FY2019 to S\$10.2 million in FY2020, mainly due to reduction in headcount and pay-cut taken by directors of the Company and management of the Group.

Depreciation of property, plant and equipment decreased by S\$0.4 million, from S\$1.9 million in FY2019 to S\$1.5 million in FY2020. 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.

Depreciation of right-of-use assets increased by S\$0.2 million, from S\$1.2 million in FY2019 to S\$1.4 million in FY2020, mainly due to increase in leases.

Other charges decreased by S\$86,000, from S\$175,000 in FY2019 to S\$89,000 in FY2020, due to decrease in foreign exchange loss as a result of weakening US dollars against the Singapore dollars.

Finance costs decreased by S\$259,000 to S\$429,000 in FY2020, from S\$688,000 in FY2019, 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 in January 2020.

Other operating expenses which comprised mainly electricity and water bills, as well as factory expenses and rentals, decreased by S\$1.7 million to S\$4.7 million in FY2020, from S\$6.4 million in FY2019. This was mainly due to (a) reduced production volume, and (b) stringent cost cutting measures undertaken to reduce manufacturing overheads.

As a result of the above, the Group recorded a loss after tax of S\$2.0 million for FY2020, as compared to a profit after tax of S\$0.2 million for FY2019.

(B) STATEMENT OF CASH FLOWS/WORKING CAPITAL & BALANCE SHEET REVIEW

In FY2020, the Group recorded a net cash inflow of S\$2.0 million (FY2019: S\$37,000), due to net cash of S\$0.3 million from operating activities and S\$4.5 million in investing activities, partially reduced by cash used of S\$2.8 million in financing activities.

Net cash generated from operating activities in FY2020 was S\$0.3 million, mainly due to operating profit before working capital changes of S\$1.3 million, partially offset by decrease in working capital changes of S\$1.0 million.

Net cash generated from investing activities in FY2020 was S\$4.5 million, mainly for the receipt of the first tranche payment, less expenses of S\$4.8 million from the sale of MCE Shanghai, and proceeds from disposal of property, plant and equipment of S\$0.1 million, partially reduced by purchase of plant and equipment of S\$0.4 million.

Net cash used in financing activities in FY2020 was S\$2.8 million, from (a) net payments of bank borrowings of S\$1.5 million, (b) interest paid of S\$0.4 million, and (c) repayment of lease liabilities of S\$0.9 million.

Correspondingly, the Group's cash and bank balances increased by S\$1.9 million, from S\$2.4 million as at 31 December 2019 to S\$4.3 million as at 31 December 2020. Bank borrowings decreased by S\$1.6 million, from S\$7.4 million as at 31 December 2019 to S\$5.8 million as at 31 December 2020, mainly due to repayment of bank borrowings in FY2020. Consequently, the Group's net debt decreased from S\$5.0 million as at 31 December 2019 to S\$1.5 million as at 31 December 2020.

As at 31 December 2020, the Group recorded an improved and a positive working capital of S\$12.2 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+, and the replacement of short term bank borrowings with short term to long term bank borrowings.

Trade receivable days and trade payable days stood at 117 and 107 days, respectively, as at 31 December 2020, as compared to 79 and 81 days as at 31 December 2019, respectively. The increase in trade receivables turnover days and trade payable turnover days were mainly attributable to changes in sales mix as well as change of credit terms to certain customers and suppliers respectively. Inventory days increased from 33 days as at 31 December 2019 to 45 days as at 31 December 2020, mainly due to changes in sales mix. Correspondingly, the Group's net working capital days increased to 55 days as at 31 December 2020, from 31 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 as at 31 December 2019 to S\$5.6 million as at 31 December 2020.

Right-of-use assets decreased from S\$6.3 million as at 31 December 2019 to S\$5.1 million as at 31 December 2020, mainly due to depreciation charges in FY2020.

Contract liability which relates to advance billings for tools made to customers decreased from S\$0.9 million as at 31 December 2019 to S\$0.4 million as at 31 December 2020, mainly due to lesser tooling contracts received.

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

Not applicable. No forecast or prospect statement has been 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.

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 of the pandemic 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 2021 will be severely challenged and may be adversely impacted.

To mitigate the uncertain sales demand in the next 12 months that may be further exacerbated by the on-going trade war between the United States 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 22 January 2021, the Company announced the signing of a revised payment agreement on the payment terms of the second and third tranche payments for the sale of its dormant subsidiary, MCE

Industries (Shanghai) Co. Ltd. Further to the abovementioned, a deposit payment of the second tranche payment of RMB37.0 million (equivalent to approximately S\$7.55 million) was received on 1 February 2021. The Company will make further updates when there are material developments on this matter.

In addition to working with key customers to sustain our revenue stream in the next 12 months, 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

(a) Any dividend recommended/declared for the current financial period reported on?

Nil.

(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded by Directors for FY2020 as the Company is loss making.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), 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 a general mandate from its shareholders for IPTs.

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 confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

PART 2 – 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.

For management reporting purposes, the Group is organised into business units based on their geographical locations, and has four reportable operating segments, namely Singapore, Thailand, Malaysia and China.

There are no operating segments that have been aggregated to form the above reportable operating segments.

Geographical segments

	FY2020							
	Singapore	Thailand	Malaysia	China	Total Continuing Operations	Adjustments	Note	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
External sales	9,872	8,127	1,819	12,415	32,233	-		32,233
Inter-segment sales	4,322	4	7,809	1,390	13,525	(13,525)		-
Total revenue	14,194	8,131	9,628	13,805	45,758	(13,525)		32,233
(Loss)/profit before interest and taxation	1,887	77	(369)	116	1,711	(2,584)		(873)
Finance cost								(429)
Unallocated expenses							(i)	(633)
Loss before taxation								(1,935)
Taxation								(25)
Net loss after taxation								(1,960)
Property, plant and equipment	73	1,563	1,739	2,580	5,955	(389)		5,566
Right-of-use assets	126	1,480	2,947	511	5,064	-		5,064
Other segment information:								
Additions of property, plant and equipment	16	232	123	43	414	(20)		394
Additions of right-of-use assets	186	135	-	-	321	-		321
Depreciation of property, plant and equipment	53	495	429	519	1,496	(21)		1,475
Depreciation of right-of-use assets	60	213	709	409	1,391			1,391
(Gain)/Loss on disposal of property, plant &	-	-	(52)	(44)	(96)	18		(78)
Write-down on inventories made/(reversed)	-	2	-	(34)	(32)	-		(32)

	FY2019							
	Singapore	Thailand	Malaysia	China	Total Continuing Operations	Adjustments	Note	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
External sales	15,882	11,051	1,562	16,965	45,460	-		45,460
Inter-segment sales	5,312	198	10,758	2,550	18,818	(18,818)		-
Total revenue	21,194	11,249	12,320	19,515	64,278	(18,818)		45,460
(Loss)/profit before interest and taxation	(7,361)	1,291	365	(1)	(5,706)	7,129		1,423
Finance cost								(688)
Unallocated expenses							(i)	(618)
Loss before taxation								117
Taxation								85
Net loss after taxation								202
Other segment information:								
Segment assets	29,510	8,525	14,207	23,294	75,536	(31,851)		43,685
Segment liabilities	21,655	3,050	10,906	19,575	55,186	(28,311)		26,875
Non-current assets:								
Property, plant and equipment	110	2,098	1,739	5,662	9,609	8,705		18,314
Right-of-use assets	-	1,463	3,972	835	6,270	-		6,270
Other segment information:								
Additions of property, plant and equipment	21	600	1,427	28	2,076	(535)		1,541
Additions of right-of-use assets	-	439	1,472	-	1,911	-		1,911
Depreciation of property, plant and equipment	68	368	385	756	1,577	326		1,903
Depreciation of right-of-use assets	-	250	557	406	1,213	-		1,213
(Gain)/Loss on disposal of property, plant &	-	-	(61)	(9)	(70)	12		(58)
Write-down on inventories made/(reversed)	-	8	11	(40)	(21)	-		(21)

(i) Unallocated expenses primarily relate to directors' fees, directors' remuneration, listing expenses and other corporate related expenses.

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

The decline in revenue (comprising both external and inter-segment sales) was experienced in all geographical segments of the Group, namely Singapore (declined by 33%), Thailand (declined by 28%), Malaysia (declined by 22%) and China (declined by 29%). The decrease in revenue derived from sales in Singapore (from S\$21.2 million in FY2019 to S\$14.2 million in FY2020), Malaysia (from S\$12.3 million in FY2019 to S\$9.6 million in FY2020), Thailand (from S\$11.2 million in FY2019 to S\$8.1 million in FY2020) and China (from S\$19.5 million in FY2019 to S\$13.8 million in FY2020) was largely due to the significant drop in global demand for the Group's customer products, primarily from the adverse impact of the COVID-19 pandemic.

Arising from the decreased revenue in Malaysia and Thailand, earnings from these geographical segments had reduced year-on-year. Significant cost cutting measures undertaken in China and reversal of impairment losses in one of the Group's subsidiary in Singapore enabled these segments to turn in a profit despite the reduced sales.

17. A breakdown of sales

	GROUP		Increase/ (Decrease) %
	FY2020 S\$'000	FY2019 S\$'000	
Sales reported for first half (1 January to 30 June)	13,714	22,953	-40.3
Operating loss after tax before deducting minority interests reported for the first half	(2,136)	(143)	>1000
Sales reported for second half (1 July to 31 December)	18,519	22,507	-17.7
Operating loss after tax before deducting minority interests reported for the second half	176	345	-49.0

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

	FY2020	FY2019
Final, one-tier tax exempt	-	-

19. If any person is 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).

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Chua Kheng Choon
Executive Chairman and Chief Executive Officer
26 February 2021