

Dynamic Colours Limited
Incorporated in the Republic of Singapore
(Company registration no. 199304233Z)
Full Year 2019 Financial Statement and Dividend Announcement
For the year ended 31 December 2019



Section	Content	Page
1	Unaudited financial statements – 31 December 2019	
	1.(a)(i) Statement of Comprehensive Income (Group)	2
	1.(a)(ii) Notes to the Statement of Comprehensive Income (Group)	3
	1.(a)(iii) Results of the Discontinued Operations	4
	1.(b)(i) Statement of Financial Position (Group and Company)	5
	1.(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities	6
	1.(c) Statement of Cash Flows (Group)	7
	1.(d)(i) Statement of Changes in Equity (Group and Company)	8
	1.(d)(ii) Share Capital	10
	1.(d)(iii) Number of Issued Shares excluding Treasury Shares	10
	1.(d)(iv) Sales, Transfers, Disposals, Cancellations and/or Use of Treasury Shares as at the end of the current financial period reported on	10
	1.(d)(v) Sales, transfers, cancellation and/or use of subsidiary holdings as at end of the current financial period reported on	10
2	Audit - Whether figures have been audited or reviewed	10
3	Auditors' report (if audited)	11
3A	Latest financial statements subjected to an adverse opinion, qualified opinion or disclaimer of opinion	11
4	Accounting policies	11
5	Changes in accounting policies	11
6	Earnings per ordinary share	12
7	Net asset value per ordinary share	13
8	Review of performance of the Group	13
9	Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results	15
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.	15
11	Dividends	16
12	If no dividend has been declared/recommended, a statement to that effect	16
13	Interested Person Transactions	17
14	For announcement of interim financial statements (quarterly or half-yearly), the directors to confirm that, to the best of their knowledge, nothing has come to their attention of the board of directors which may render the interim financial results to be false and misleading, in material aspect.	17
15	Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).	17
16	Group segmented revenue and results for business or geographical segments	17
17	Review of performance of material changes in contributions to turnover and earnings by the business or geographical segments.	19
18	Breakdown of sales	20
19	Breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.	20
20	Disclosure of a person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format as shown, if there is no such person, the issuer must make an appropriate negative statement.	20

1.	Unaudited Financial Statements – 31 December 2019
1.(a)(i)	Statement of Comprehensive Income (Group) (An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year)

	Group		% Changes
	2019	2018	
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	
Revenue	27,443	24,168	13.6
Cost of sales	(21,358)	(20,113)	6.2
Gross profit	6,085	4,055	50.1
Other income	117	66	77.3
Distribution expenses	(953)	(808)	17.9
Administrative expenses	(1,991)	(1,914)	4.0
Net finance income/(costs)	79	(115)	<i>n.m.</i>
Profit before tax	3,337	1,284	159.9
Income tax expense	(893)	(349)	155.9
Profit from continuing operations	2,444	935	161.4
<u>Discontinued operations</u>			
Profit from discontinued operations	431	452	(4.6)
Profit for the financial year	2,875	1,387	107.3
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(40)	(140)	(71.4)
	2,835	1,247	127.3
Profit attributable to:			
Owner of the parent			
- Profit from continuing operations	2,444	935	161.4
- Profit from discontinued operations	431	452	(4.6)
Non-controlling interests	-	-	-
	2,875	1,387	107.3
Total comprehensive income attributable to:			
Owner of the parent			
- Profit from continuing operations	2,444	935	161.4
- Profit from discontinued operations	391	312	25.3
Non-controlling interests	-	-	-
	2,835	1,247	127.3

n.m. – not meaningful

1.(a)(ii) Notes to the Statement of Comprehensive Income (Group)

	Continuing operations		Discontinued operations		Group		Changes
	2019	2018	2019	2018	2019	2018	%
<i>(In USD'000)</i>							
After charging and crediting:							
Compensation income	-	-	(1,659)	-	(1,659)	-	<i>n.m.</i>
Termination benefits	-	-	1,185	-	1,185	-	<i>n.m.</i>
Depreciation of property, plant and equipment	1,273	1,352	134	3	1,407	1,355	3.8
Depreciation of right-of-use assets	91	-	8	-	99	-	<i>n.m.</i>
(Gain)/loss on disposal of property, plant and equipment	(51)	-	3	(1)	(48)	(1)	470.0
Amortisation of intangible assets	-	3	-	-	-	3	<i>n.m.</i>
Amortisation of prepaid land lease prepayment	-	30	-	9	-	39	<i>n.m.</i>
Property, plant and equipment written off	-	-	-	5	-	5	<i>n.m.</i>
Inventory written down	-	-	115	-	115	-	<i>n.m.</i>
Finance income:							
Interest income	(102)	(25)	(6)	(2)	(108)	(27)	300.0
	(102)	(25)	(6)	(2)	(108)	(27)	(300.0)
Finance cost:							
Lease liabilities	4	3	-	-	4	3	33.3
Term loans	-	4	-	-	-	4	<i>n.m.</i>
Trust receipts	-	81	-	-	-	81	<i>n.m.</i>
Foreign exchange loss, net	19	52	17	33	36	85	57.6
	23	140	17	33	40	173	(76.9)
Net finance (income)/cost	(79)	115	11	31	(68)	146	<i>n.m.</i>
Income tax expense:							
Current tax expense	803	309	7	132	810	441	83.7
Deferred tax expense/(income)	43	65	(16)	5	27	70	(61.4)
Under/(Over)provision in prior financial years	47	(25)	2	-	49	(25)	<i>n.m.</i>
	893	349	(7)	137	886	486	82.3

n.m. – not meaningful

1.(a)(iii)	Results of the discontinued operations (An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year)
-------------------	--

	2019	2018	%
	(US\$'000)	(US\$'000)	Changes
Revenue	8,414	16,648	(49.5)
Cost of sales	(7,414)	(15,205)	(51.2)
Gross profit	1,000	1,443	(30.7)
Other income	2,048	429	377.4
Distribution expenses	(206)	(337)	(38.9)
Administrative expenses	(710)	(741)	4.2
Other operating expenses	(1,654)	(174)	850.6
Loss allowances on trade receivables	(43)	-	<i>n.m.</i>
Net finance income/(costs)	(11)	(31)	(64.5)
Profit before tax	424	589	(28.0)
Income tax expense	7	(137)	<i>n.m.</i>
Profit from discontinued operations	431	452	(4.6)

n.m. – not meaningful

1.(b)(i)	Statement of Financial Position (Group and Company)
	Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Non-current assets				
Property, plant and equipment	11,779	14,748	2	2
Right-of-use assets	1,315	-	-	-
Prepaid land lease payments	-	1,429	-	-
Intangible assets	-	-	-	-
Deferred tax assets	54	39	-	-
Investment in subsidiaries	-	-	7,949	7,949
	13,148	16,216	7,951	7,951
Current assets				
Inventories	5,629	7,174	-	331
Trade and other receivables	4,089	6,873	8,859	14,662
Prepayments	116	86	6	3
Tax paid in advance	314	156	-	-
Cash and bank balances	19,542	6,830	8,953	2,996
	29,690	21,119	17,818	17,992
Assets held for sale	1,745	-	-	-
Total assets	44,583	37,335	25,769	25,943
Equity				
Share capital	18,822	18,822	18,822	18,822
Reserves	2,040	2,080	152	152
Retained earnings	13,944	11,840	5,150	4,844
	34,806	32,742	24,124	23,818
Non-current liabilities				
Lease liabilities	106	15	-	-
Deferred tax liabilities	982	974	-	-
	1,088	989	-	-
Current liabilities				
Trade and other payables	2,676	3,453	1,577	2,105
Lease liabilities	50	13	-	-
Provisions	172	-	-	-
Deferred compensation income	5,087	-	-	-
Current income tax payable	704	138	68	20
	8,689	3,604	1,645	2,125
Total liabilities	9,777	4,593	1,645	2,125
Total equity and liabilities	44,583	37,335	25,769	25,943

Notes to Statements of Financial Position

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group and the Company has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The ROU assets as at 31 December 2019 were mainly related to prepaid land lease payments, leases of a factory, office as well as some staff accommodations and office equipment occupied by the Group in the various locations. Accordingly, there was a corresponding increase in lease liabilities of about US\$140K for the period ended 31 December 2019.

1.(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

Details of Group's liabilities	As at 31 December 2019			As at 31 December 2018		
	Secured (US\$'000)	Unsecured (US\$'000)	Total (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)	Total (US\$'000)
Amount repayable in one year or less, or on demand Interest bearing liabilities	-	-	-	-	-	-
Amount repayable in one year or less, or on demand (which excludes lease liabilities)	-	-	-	13	-	13
Amount repayable after one year (which excludes lease liabilities)	-	-	-	15	-	15

1.(c)	Statement of Cash Flows (Group)
	Consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	31-Dec-19	31-Dec-18
	(US\$'000)	(US\$'000)
Operating activities		
Profit before income tax from continuing operations	3,337	1,284
Profit before income tax from discontinued operations	424	589
Profit before income tax, total	3,761	1,873
<i>Adjustments for:-</i>		
Depreciation of property, plant and equipment	1,407	1,355
Depreciation of right-of-use assets	99	-
Amortisation of prepaid land lease payments	-	39
Amortisation of intangible assets	-	3
Inventory written down	115	-
Loss allowances on trade receivables	43	-
Interest expense	4	88
Interest income	(108)	(27)
Gain on disposal of property, plant and equipment	(48)	(1)
Property, plant and equipment written off	-	5
Unrealised foreign exchange gain	(1)	23
Operating cash flows before movements in working capital	5,272	3,358
Changes in working capital:		
Inventories	1,424	820
Trade and other receivables	2,781	296
Prepayments	(18)	8
Trade and other payables	(778)	(17)
Provisions	174	-
Cash generated from operations	8,855	4,465
Income tax paid	(487)	(1,116)
Net cash from operating activities	8,368	3,349
Investing activities		
Acquisition of property, plant and equipment	(106)	(588)
Interest received	62	27
Proceeds from disposal of property, plant and equipment	121	11
Compensation received	5,117	-
Net cash used in investing activities	5,194	(550)
Financing activities		
Dividends paid	(771)	(2,379)
Interest paid	(4)	(88)
Deposit refunded/(pledged)	-	2
Repayment of lease liabilities / finance lease liabilities	(41)	(12)
Repayment of short-term loans	-	(1,092)
Proceeds from trust receipts	-	10,012
Repayment of trust receipts	-	(11,662)
Net cash used in financing activities	(816)	(5,219)
Net change in cash and cash equivalents	12,746	(2,420)
Cash and cash equivalent at beginning of the financial year	6,638	9,021
Effect of foreign exchange rate changes on cash and cash equivalents	(38)	37
Cash and cash equivalents at end of the financial year (Note 1)	19,346	6,638

Note 1: Cash and cash balances per the Statement of Financial Position as at FY 2019 includes fixed deposit pledged at US\$196K (FY 2018 US\$192k)

1.(d)(i)	Statement of Changes in Equity (Group and Company) A statement (for the issuer and group) showing all changes in equity together with a comparative statement for the corresponding period of the immediately preceding financial year.
-----------------	--

Group	Share capital (US\$'000)	Foreign exchange reserve (US\$'000)	Statutory reserve (US\$'000)	Share-based payment reserve (US\$'000)	Retained earnings (US\$'000)	Total equity attributable to the company (US\$'000)
At 1 January 2019	18,822	94	1,834	152	11,840	32,742
Comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	2,875	2,875
Foreign currency translation differences	-	(40)	-	-	-	(40)
Total comprehensive income for the financial year	-	(40)	-	-	2,875	2,835
Transactions with owners						
Dividend paid	-	-	-	-	(771)	(771)
Total transactions with owners	-	-	-	-	(771)	(771)
At 31 December 2019	18,822	54	1,834	152	13,944	34,806
Group						
	Share capital (US\$'000)	Foreign exchange reserve (US\$'000)	Statutory reserve (US\$'000)	Share-based payment reserve (US\$'000)	Retained earnings (US\$'000)	Total equity attributable to the company (US\$'000)
At 1 January 2018	18,822	234	1,680	152	12,986	33,874
Comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	1,387	1,387
Foreign currency translation differences	-	(140)	-	-	-	(140)
Total comprehensive income for the financial year	-	(140)	-	-	1,387	1,247
Transactions with owners						
Dividend paid	-	-	-	-	(2,379)	(2,379)
Total transactions with owners	-	-	-	-	(2,379)	(2,379)
Transfer to statutory reserve	-	-	154	-	(154)	-
At 31 December 2018	18,822	94	1,834	152	11,840	32,742

Company	Share capital (US\$'000)	Share - based payment reserve (US\$'000)	Retained earnings (US\$'000)	Total equity (US\$'000)
At 1 January 2019	18,822	152	4,844	23,818
Comprehensive income for the financial year				
Profit for the financial year	-	-	1,077	1,077
Total comprehensive income for the financial year	-	-	1,077	1,077
Transactions with owners				
Dividend paid	-	-	(771)	(771)
Total transactions with owners	-	-	(771)	(771)
At 31 December 2019	18,822	152	5,150	24,124

Company	Share capital (US\$'000)	Share - based payment reserve (US\$'000)	Retained earnings (US\$'000)	Total equity (US\$'000)
At 1 January 2018	18,822	152	3,528	22,502
Comprehensive income for the financial year				
Profit for the financial year	-	-	3,695	3,695
Total comprehensive income for the financial year	-	-	3,695	3,695
Transactions with owners				
Dividend paid	-	-	(2,379)	(2,379)
Total transactions with owners	-	-	(2,379)	(2,379)
At 31 December 2018	18,822	152	4,844	23,818

1.(d)(ii)	Changes in Share Capital (Group and Company)
	(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 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 numbers 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.)
	There are no changes in the Group and Company's share capital for the financial year ended 31 December 2018 and 2019.
	The Group and Company have no treasury shares for the financial year ended 31 December 2018 and 2019.
1.(d)(iii)	Number of Issued Shares excluding Treasury Shares
	(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.)
	Total number of issued shares as at 31 December 2019
	209,971,310
	Total number of issued shares as at 31 December 2018
	209,971,310
1.(d)(iv)	Sales, Transfers, Cancellations and/or use of Treasury Shares
	(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.
1.(d)(v)	Sales, Transfers, Cancellation and/or use of Subsidiary Holdings
	A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at end of the current financial period reported on.
	Not applicable.
2.	Audit – Whether figures have been audited or reviewed
	(Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.)
	The financial information for the current financial period has not been audited or reviewed by the Company's auditors.

3.	Auditors' report (if audited) (Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a 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.
	Not applicable.
	(b) Confirmations from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.
	Not applicable.
4.	Accounting Policies (Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.)
	Other than the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s as mentioned in paragraph 5 below, 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 recent audited annual financial statements for the year ended 31 December 2018.
5.	Changes in accounting policies (If there are any changes in the accounting policies and methods of computation, including any required by and accounting standard, what has changed, as well as the reasons for, and the effect of, the change.)
	During the current financial year, the Group and the Company have adopted the following new SFRS(I), which took effect from financial year beginning 1 January 2019: - SFRS(I) 16 <i>Leases</i> The adoption of the above new SFRS(I), is assessed to have no material impact to the results and financial position of the Group and of the Company for the year ending 31 December 2019. Accordingly, it has no material impact on the earnings per share of the Group and of the Company. Please refer to page 5 for further details on the quantum of the adjustments made in relation to SFRS(I) 16.

6.	Earnings per ordinary share (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	
	31-Dec-19	31-Dec-18
Profit after income tax from continuing operations attributable to owners of the parent <i>(US\$'000)</i>	2,444	935
Profit after income tax from discontinued operations attributable to owners of the parent <i>(US\$'000)</i>	431	452
Total profit after income tax attributable to owners of the parent <i>(US\$'000)</i>	2,875	1,387
Number of ordinary shares ('000)		
As at 1 January	209,971	209,971
Issued during the year	-	-
As at 31 December	209,971	209,971
Earnings per ordinary share (US\$):		
(a) Based on weighted average number of ordinary shares on issue (cents)		
Continuing operations	1.16	0.45
Discontinued operations	0.21	0.21
Total	1.37	0.66
(b) On a fully diluted basis (cents)		
Continuing operations	1.16	0.45
Discontinued operations	0.21	0.21
Total	1.37	0.66
Earnings per ordinary share (S\$ equivalent)*		
(a) Based on weighted average number of ordinary shares on issue (cents)		
Continuing operations	1.56	0.61
Discontinued operations	0.28	0.29
Total	1.84	0.90
(b) On a fully diluted basis (cents)		
Continuing operations	1.56	0.61
Discontinued operations	0.28	0.29
Total	1.84	0.90
*S\$ equivalent, based on US\$ 1 = S\$1.3467 (2018 US\$ = S\$1.3643)		

7.	<p>Net asset value per ordinary share (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.)</p>
-----------	--

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Net assets (US\$'000)	34,806	32,742	24,124	23,818
Number of ordinary shares ('000)	209,971	209,971	209,971	209,971
Net asset value per share:				
- in US cents	16.58	15.59	11.49	11.34
- in Singapore cents*	22.33	21.27	15.47	15.47
*S\$ equivalent, based on US\$ 1 = S\$1.3467 (2018 US\$1 = S\$1.3643)				

8.	<p>Review of performance of the Group (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.)</p>
	Year ended 31 December 2019 ("FY2019") compared to the year ended 31 December 2018 ("FY2018")

	<p>Overview of Group's business</p> <p>The core businesses of Dynamic Colours Group ("the Group") are resin compounding and polyethylene packaging. Currently, our resin compounding ("RC") segment comprises our wholly owned subsidiaries in Vietnam and Malaysia, namely Huiye (Vietnam) Plastic Co., Ltd ("HVP") and Huiye Polymer (M) Sdn. Bhd. ("HPM"). Our polyethylene packaging ("PP") segment is represented by SL Packaging Industries Pte Ltd ("SLP") in Singapore and HPM in Malaysia.</p> <p>In FY2019, due to the compulsory acquisition of the production facilities in Suzhou by the authorities for development purposes, the Suzhou wholly owned subsidiaries, namely Suzhou Huiye Plastic Industry Co., Ltd ("SHP"), Suzhou Huiye Chemical & Light Industry Co., Ltd ("SHC"), the RC businesses in these entities have curtailed their production activities and their corresponding results disclosed as discontinued operations.</p> <p>In FY2019, our RC segment accounted for 44.7% of the total Group revenue (FY2018: 57.1%) and 55.3% (FY2018: 42.9%) was contributed by the PP segment.</p>
--	--

	<p>Statement of Comprehensive Income (Including full year results, where Group operates in more than one business segment and/or country where review has provided for any material changes in contribution to turnover and profits (by geographical and business segments).)</p>
	<p>The Group's profit after tax for the year ended 31 December 2019 (FY2019) increased by 107.3% to US\$2.88M (US\$1.39M in FY2018). The profit before tax contributions in FY2019 from the RC segment was 40.6% (FY2018: 57.0%) and the PP segment was 59.4% (FY2018: 43.0%).</p> <p>Gross profit for FY2019 was US\$7.08M an increase from US\$5.50M by 28.7% as compared to FY2018.</p>
	<p>These are despite the fact that the Group's revenue in FY2019 has decreased to US\$35.86M as compared to FY2018 by US\$5.00M (12.2%) while cost of sales fell by US\$6.55M (18.5%) from US\$35.32M in FY2018 to US\$28.77M in FY2019. The larger than proportionate decrease of cost of sales as compared to the revenue drop resulted in the growth of the overall gross profit margin from 13.5% to 19.8%.</p> <p>Other income has surged by US\$1.67M (337.8%) in FY2019 as compared to FY2018. This is mainly due to the recognition of compensation received from the Chinese authorities for the compulsory acquisition of our production facilities in Suzhou.</p> <p>Administrative expenses increased by US\$0.08M (3.0%) from US\$2.66M to US\$2.74M mainly attributed to staff-related costs.</p> <p>For other operating expenses, there was an increase by US\$1.43M from US\$0.17M in FY2018 to US\$1.60M in FY2019 due mainly to termination benefits and inventory write down as a result of the compulsory acquisition exercise in the Suzhou subsidiaries.</p> <p>Loss allowances for trade receivables of US\$0.04M was also reported as a result of payment dispute at the discontinued operations.</p> <p>In general, FY2019 reported a net finance income position of US\$0.07M as compared to a net finance loss position of US\$0.15M for the year ended last year. Interest income increased from US\$0.03M to US\$0.11M while interest expense decreased substantially to almost nil. This was the result of higher fixed deposit interest earned and negligible borrowings. Net foreign exchange also witnessed lower loss position by US\$0.05M (57.6%) from FY2018 to FY2019.</p> <p>Income tax expense recorded 82.3% increase from US\$0.49M in FY2018 to US\$0.89M in FY2019 as a result of higher profit before tax.</p>
	<p>Statement of Financial Position</p> <p>Overall, the total assets for the Group as at 31 December 2019 rose by US\$7.25M as compared to the last financial year-end mainly as a result of increase in cash and bank balances by US\$12.71M and assets held for sale of US\$1.75M due to the compulsory acquisition of the Suzhou production facilities by the authorities for development purposes; offset by decrease in property, plant and equipment by US\$2.97M, trade and other receivables by US\$2.78M as well as inventories by US\$1.55M.</p> <p>The increase in prepayment were mainly those made to suppliers while tax paid in advance was specific to Malaysia.</p>

	<p>The reduction in property, plant and equipment from US\$14.75M in FY2018 to US\$11.78M for FY2019 was mainly due to reclassification to non-current assets held for sale and depreciation charge.</p> <p>Inventories and receivables decreased in line with the lower overall revenues.</p> <p>As for total liabilities of the Group, there was an increase by US\$5.18M as at 31 December 2019 in comparison with the last preceding financial year-end. This was mainly attributed to a deferred compensation income from the Suzhou relocation for US\$5.09M and the newly included lease liabilities of US\$0.13M with the adoption of SFRS(I) 16 as well as increase in current tax payable of US\$0.57M with higher profit for the period; only to be mitigated by reduction in trade and other payables (including provisions) by US\$0.61M.</p> <p>The decrease in trade and other payables (including provisions) from US\$3.45M to US\$2.85M was largely due to lower purchases and continued prompt repayment to suppliers.</p> <p>Increase in the equity of the Group of US\$2.06M from FY2018 to FY2019 was mainly due to current year profit after tax of US\$2.88M after payment of dividend for the year of US\$0.77M.</p>
	<p>Statement of Cash Flows</p>
	<p>Cash and cash equivalents saw a net increase by US\$12.74M for FY2019. This was attributed to the positive operating results and better management of working capital for the reporting period under cash flow from operating activities as well as cash inflows from investing activities mainly due to compensations received of US\$5.12M from the authorities with the compulsory acquisition of the Suzhou production facilities; offset mainly by dividend paid of US\$0.77M under cash flow used in financing activities.</p> <p>The profit before income tax of US\$3.76M for the Group increased the operating profit before movements in working capital to US\$5.27M after adjustment for depreciation add-back of US\$1.51M. As a result of decrease in inventories and trade and other receivables, partially negated by increase in prepayments, income tax paid as well as trade and other payables, the net positive cashflow from operating activities improved from US\$3.35M to US\$8.37M.</p>
<p>9.</p>	<p>Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.</p> <p>No forecast or prospect statement has been previously disclosed to shareholders.</p>
<p>10.</p>	<p>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.</p> <p>The economic climate will continue to remain challenging with the ongoing trade war between the US and China. With the recent Covid-19 outbreak, it may only weigh on and impact the Group in the next 12 months. However, Management will continue to remain vigilant and explore new opportunities as they arise.</p>

11.	Dividends
	(a) If a decision regarding dividend has been made?
	Yes.

Final dividends FY2019 (Recommended)	
Name of Dividend	Final Dividend 2019
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.0100 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	23/2/2020
Amount to be paid in Singapore dollars	S\$2.10 million
Amount in US\$ (for accounting purposes)	US\$1.55 million

(b) Corresponding period of the immediately Preceding Financial Year

Final dividends FY2018 (Paid)	
Name of Dividend	Final Dividend 2018
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.0050 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	26/2/19
Books Closure Date	10/5/19
Date of payment	17/5/19
Amount to be paid in Singapore dollars	S\$1.05 million
Amount in US\$ (for accounting purposes)	US\$0.77 million

(c) Date payable
To be announced later.

(d) Books closure date
To be announced later.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.
To be announced later.

12.	If no dividend has been declared/recommended, a statement to that effect.
	Not applicable.

13.	Interested Person Transactions (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.)
	There is no general mandate from shareholders. The value of IPT is below the threshold prescribed under Part III of Chapter 9 of Listing Manual.
14.	For announcement of interim financial statements (quarterly or half-yearly), the directors to confirm that, to the best of their knowledge, nothing has come to their attention of the board of directors which may render the interim financial results to be false and misleading, in material aspect.
	Not applicable as this is a full-year results announcement.
15.	Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).
	Pursuant to Listing Rule 720(1), the Company has received revised Letter of Undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 of the SGX-ST Listing Manual.
16.	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.
	<p>Segmented information is prepared in respect of the Group's operating and geographical segments. The operating segments are based on the Group's management and internal reporting structures.</p> <p>Inter-segment pricing is determined on mutually agreed terms.</p> <p>Segmented results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.</p>
(a)	Operating segments The group comprises the following main operating segments: Resin compounding (RC): Manufacture and sale of compounded resins and toll compounding services. Polyethylene packaging (PP): Manufacture and sale of polyethylene packaging materials.

<i>(In USD'000)</i>	Resin compounding (Continuing operations)		Polyethylene packaging (Continuing operations)		Resin compounding (Discontinued operations)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
External revenue	7,617	6,639	19,826	17,529	8,414	16,648	35,857	40,816
Segment results	1,004	524	2,235	823	418	587	3,657	1,934
Interest income	100	23	2	2	6	2	108	27
Finance costs	(2)	(86)	(2)	(2)	-	-	(4)	(88)
Profit before income tax	1,102	461	2,235	823	424	589	3,761	1,873
Income tax expense							(886)	(486)
Profit for the financial year							2,875	1,387
Assets and liabilities								
Segment assets	20,951	12,525	11,979	14,710	11,653	10,100	44,583	37,335
Segment liabilities	2,565	2,668	1,694	1,346	5,518	579	9,777	4,593
Capital expenditure	51	407	52	88	3	93	106	588
Non-cash items								
Depreciation of property, plant and equipment	296	331	977	1,021	134	3	1,407	1,355
Depreciation of ROU assets	43	-	48	-	8	-	99	-
Amortisation of prepaid land lease payments	-	30	-	-	-	9	-	39
Amortisation of intangible assets	-	3	-	-	-	-	-	3

(b) Geographical segments	
	In presenting information on the basis of geographical segments, segment revenue is reported based on countries in which the revenue was sourced and non-current assets are based on the geographical location in which the business activities were being carried out.
	The Group's three operating segments operate in four main geographical areas:
	- Singapore – The Company is the holding company of the subsidiaries and is involved in the sale of plastic resins and polyethylene packaging materials.
	- Vietnam – The operations are principally manufacture and sale of compounded resins and toll compounding services.
	- Malaysia – The operations are principally manufacture and sale of compounded resins, toll compounding services and manufactures and sale of polyethylene packaging material.
	- People's Republic of China – The operations are principally manufacture and sale of compounded resins and toll compounding services. This is now classified as a discontinued operations due to the Suzhou relocation exercise.

<i>(In USD'000)</i>	Customers Revenue						Non-current assets	
	Resin Compounding		Polyethylene Packaging		Group		2019	2018
	2019	2018	2019	2018	2019	2018		
<u>Continuing operations:</u>								
Singapore	5	5	16,200	15,081	16,205	15,086	1,772	130
Malaysia	2,914	4,319	345	138	3,259	4,457	8,136	10,664
Vietnam	4,698	2,315	2,191	1,721	6,889	4,036	3,064	3,272
Indonesia	-	-	1,090	589	1,090	589	N/A	N/A
	7,617	6,639	19,826	17,529	27,443	24,168	12,972	14,066
<u>Discontinued operations:</u>								
People's Republic of China	8,414	16,648	-	-	8,414	16,648	176	2,150
Total	16,031	23,287	19,826	17,529	35,857	40,816	13,148	16,216

17.	In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.
	The factors leading to the material changes in contributions to revenue and earnings by business or geographical segments are stated under Section 8.

18. Breakdown of sales.

	Group		% Change
	2019 (US\$'000)	2018 (US\$'000)	
<i>Revenue reported for first half year:</i>			
- Continuing operations	13,120	12,270	6.9
- Discontinued operations	5,507	8,360	(34.1)
Total revenue for first half year	18,627	20,630	(9.7)
<i>Revenue reported for second half year:</i>			
- Continuing operations	14,323	11,898	20.4
- Discontinued operations	2,907	8,288	(64.9)
Total revenue for second half year	17,230	20,186	(14.6)
Total revenue reported for the year	35,857	40,816	(12.1)
<i>Operating profit after tax reported for first half year:</i>			
- Continuing operations	946	736	28.5
- Discontinued operations	59	115	(48.7)
Total operating profit after tax for first half year	1,005	851	18.1
<i>Operating profit after tax reported for second half year:</i>			
- Continuing operations	1,498	199	652.8
- Discontinued operations	372	337	10.4
Total operating profit after tax for second half year	1,870	536	248.9
Total operating profit after tax reported for the year	2,875	1,387	107.3

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

Please refer to Section 11 on Dividends above.

20. 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(13) 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 held	Details of changes in duties and position held, if any, during the year
Grace Yeo Jia Lin	30	Daughter of Mr. Yeo Hock Leng and Mdm. Goh Seok Eng	Assistant General Manager	No Change

Eddie Sim Jian Jie	33	Son in law of Mr. Yeo Hock Leng and Mdm. Goh Seok Eng	General Manager of RC Division	No Change
--------------------	----	---	--------------------------------	-----------

ON BEHALF OF THE BOARD

Goh Seok Eng
Executive Chairman

23 February 2020