

## Part 1 - Information required for announcements of quarterly (Q1, Q2 &amp; Q3), half-year and full year results

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

(i) Consolidated Statement of Profit or Loss

|  |         | Group        |              |             |
|--|---------|--------------|--------------|-------------|
|  |         | S\$'000      |              | %           |
|  |         | 2018         | 2017         | Change      |
| Revenue  | Note 1  | 68,443       | 72,974       | (6)         |
| Other income including interest income                                       |         | 94           | 31           | 203         |
| Changes in inventories   | Note 1  | (430)        | (7,886)      | (95)        |
| Raw materials and consumables used   | Note 1  | (52,990)     | (50,344)     | 5           |
| Staff costs  |         | (7,585)      | (7,409)      | 2           |
| Depreciation of property, plant and equipment                                | Note 2  | (955)        | (879)        | 9           |
| Foreign exchange loss, net   | Note 3  | (983)        | (278)        | 254         |
| Impairment loss recognised on trade debtors                                  | Note 4  | (227)        | (89)         | 155         |
| Write-back of provision for slow-moving inventories, net                     | Note 5  | 943          | 886          | 6           |
| Impairment loss reversed/(recognised) on amounts due from an associate       | Note 6  | 73           | (250)        | (129)       |
| Impairment loss reversed/(recognised) on sundry debtors                      | Note 7  | 117          | (295)        | NM          |
| Impairment loss on other investments   |         | -            | (57)         | NM          |
| Gain on changes in fair value of investment properties                       | Note 8  | 323          | 408          | (21)        |
| Plant and equipment written off, net/Gain on disposal of plant and equipment |         | (32)         | 58           | (155)       |
| Other operating expenses   | Note 9  | (3,261)      | (2,804)      | 16          |
| Finance costs  |         | (1,031)      | (1,053)      | (2)         |
| Share of results of associates   |         | 16           | 10           | 60          |
| <b>Profit before tax</b>   |         | <b>2,515</b> | <b>3,023</b> | <b>(17)</b> |
| Income tax (expense)/credit  | Note 10 | (642)        | 623          | NM          |
| <b>Profit for the year</b>   |         | <b>1,873</b> | <b>3,646</b> | <b>(49)</b> |
| <b>Profit attributable to:</b>   |         |              |              |             |
| Owners of the Company  |         | 1,827        | 3,394        | (46)        |
| Non-controlling interests  |         | 46           | 252          | (82)        |
|  |         | <b>1,873</b> | <b>3,646</b> | <b>(49)</b> |

(ii) Consolidated Statement of Comprehensive Income

|  |         | Group        |              |             |
|--|---------|--------------|--------------|-------------|
|  |         | S\$'000      |              | %           |
|  |         | 2018         | 2017         | Change      |
| <b>Profit for the year</b>   |         | <b>1,873</b> | <b>3,646</b> | <b>(49)</b> |
| <b>Other comprehensive income:</b>                                       |         |              |              |             |
| <i>Item that will not be reclassified subsequently to profit or loss</i> |         |              |              |             |
| Revaluation of land and buildings, net of tax                            | Note 11 | 4,419        | 510          | 766         |
|  |         | 4,419        | 510          | 766         |
| <i>Item that may be reclassified subsequently to profit or loss</i>      |         |              |              |             |
| Foreign currency translation   | Note 12 | 888          | 139          | 539         |
|  |         | 888          | 139          | 539         |
| <b>Other comprehensive income for the year, net of tax</b>               |         | <b>5,307</b> | <b>649</b>   | <b>NM</b>   |
| <b>Total comprehensive income for the year</b>                           |         | <b>7,180</b> | <b>4,295</b> | <b>67</b>   |
| <b>Total comprehensive income attributable to:</b>                       |         |              |              |             |
| Owners of the Company  |         | 7,131        | 4,037        | 77          |
| Non-controlling interests  |         | 49           | 258          | (81)        |
|  |         | <b>7,180</b> | <b>4,295</b> | <b>67</b>   |

NM - Not meaningful

## Notes to the Income Statement

- 1 Group revenue declined by 6% to \$68.4 million from \$73.0 million in FY17, largely due to the bearings and seals segment as follows:
  - stiff competition in the dealers' market primarily in ASEAN and Other Asian countries;
  - cyclical downturn in Original Equipment Manufacturer ("OEM") market in Singapore; and
  - longer delivery lead time from certain suppliers resulting in the delay in the fulfillment of certain customers' back orders during the year.

Revenue from the property segment also declined by \$0.2 million, to \$1.9 million in FY18, due to vacant units for certain property units during the year. This was offset by full year sales from the beauty division in 2018.

Gross profit margin improved to 21.9% (FY17: 20.2%) largely due to general improvement in the operating market conditions in Malaysia.
- 2 The increase in depreciation by 9% reflected the impact of the upward revaluation of the Group's properties in Singapore and Malaysia in December 2017 and the addition of fixed assets.
- 3 Group foreign exchange loss was mainly due to the:
  - realisation of IDR currency translation losses arising from the full repayments of quasi-equity loan by its Indonesia subsidiary to the Company during the year; and
  - strengthening of JPY against IDR during the year.
- 4 Impairment loss recognised on trade debtors was made upon internal assessment of the Group's outstanding trade receivables.
- 5 The Group recorded net write-back of provision for slow-moving inventories following the sale of certain inventories previously provided for. The provision for slow-moving inventories was adequate as at 31 December 2018.
- 6 The reversal of impairment loss recognised on amounts due from an associate was due to partial settlements received during the year for aged debts previously provided for.
- 7 The reversal of impairment loss recognised for sundry debtors relates to partial settlement of the remaining deferred consideration balance previously provided for in relation to the sale of shares of the Company's China subsidiary to its minority shareholder in 2015.
- 8 The gain on changes in fair value of investment properties arose from independent valuation performed on a Group's investment property during the year.
- 9 Other operating expenses increased by 16% due to full year operating costs of the Group's beauty and electrical divisions being recorded.
- 10 The effective tax rate for the Group for FY18 was higher than the Singapore tax rate of 17% (FY17: 17%) mainly due to higher tax rate of 24% for its Malaysia subsidiary and certain non-deductible expenses of the Group for tax purposes.
- 11 The revaluation of land and buildings under property, plant and equipment was mainly attributable to net revaluation gain arising from independent valuations performed on the Group's properties in Singapore during the year.
- 12 The gain on translation reserve was primarily due to realisation of IDR currency translation losses arising from the full repayments of quasi-equity loan by its Indonesia subsidiary to the Company during the year as explained in note 3 above.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding year.

**Statements of Financial Position**

|   | Group                 |                       |                       | Company               |                       |                       |               |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------|
|   | 31.12.2018<br>S\$'000 | 31.12.2017<br>S\$'000 | 01.01.2017<br>S\$'000 | 31.12.2018<br>S\$'000 | 31.12.2017<br>S\$'000 | 01.01.2017<br>S\$'000 |               |
| <b>Assets</b>                                       |                       |                       |                       |                       |                       |                       |               |
| <b>Non-current assets</b>                           |                       |                       |                       |                       |                       |                       |               |
| Property, plant and equipment                       | Note 1                | 36,019                | 29,355                | 23,767                | 26,876                | 22,483                | 22,590        |
| Investment in subsidiaries                          | Note 2                | -                     | -                     | -                     | 13,051                | 13,762                | 14,445        |
| Investment in associates                            |                       | 780                   | 764                   | 764                   | 453                   | 453                   | 463           |
| Investment properties                               | Note 3                | 57,031                | 56,818                | 56,527                | 4,520                 | 4,520                 | 4,130         |
| Other investments                                   |                       | -                     | -                     | 57                    | -                     | -                     | 57            |
|   |                       | <u>93,830</u>         | <u>86,937</u>         | <u>81,115</u>         | <u>44,900</u>         | <u>41,218</u>         | <u>41,685</u> |
| <b>Current assets</b>                               |                       |                       |                       |                       |                       |                       |               |
| Trade debtors                                       | Note 4                | 10,831                | 13,722                | 14,311                | -                     | -                     | -             |
| Other debtors                                       | Note 5                | 81                    | 332                   | 958                   | 27                    | 44                    | 896           |
| Prepayments   |                       | 302                   | 231                   | 124                   | 15                    | 3                     | 3             |
| Amounts due from subsidiaries                       | Note 2                | -                     | -                     | -                     | 30,433                | 28,090                | 23,914        |
| Amounts due from an associate                       |                       | -                     | 8                     | 724                   | -                     | -                     | 354           |
| Inventories   |                       | 30,234                | 29,721                | 36,721                | -                     | -                     | -             |
| Cash at banks and on hand                           |                       | 4,847                 | 6,128                 | 11,414                | 36                    | 118                   | 6,197         |
|   |                       | <u>46,295</u>         | <u>50,142</u>         | <u>64,252</u>         | <u>30,511</u>         | <u>28,255</u>         | <u>31,364</u> |
| <b>Total assets</b>                                 |                       | <u>140,125</u>        | <u>137,079</u>        | <u>145,367</u>        | <u>75,411</u>         | <u>69,473</u>         | <u>73,049</u> |
| <b>Equity and liabilities</b>                       |                       |                       |                       |                       |                       |                       |               |
| <b>Current liabilities</b>                          |                       |                       |                       |                       |                       |                       |               |
| Interest bearing loans and borrowings               | Note 6                | 12,800                | 10,109                | 28,349                | 8,000                 | 8,800                 | 14,714        |
| Trade creditors and accruals                        |                       | 13,313                | 13,500                | 11,325                | 577                   | 411                   | 434           |
| Other creditors                                     | Note 7                | 844                   | 1,014                 | 1,007                 | 28                    | 388                   | 70            |
| Amounts due to related parties                      |                       | 2,384                 | 2,389                 | 2,393                 | -                     | -                     | -             |
| Provision for taxation                              |                       | 119                   | 124                   | 53                    | -                     | -                     | -             |
|   |                       | <u>29,460</u>         | <u>27,136</u>         | <u>43,127</u>         | <u>8,605</u>          | <u>9,599</u>          | <u>15,218</u> |
| <b>Net current assets</b>                           |                       | <u>16,835</u>         | <u>23,006</u>         | <u>21,125</u>         | <u>21,906</u>         | <u>18,656</u>         | <u>16,146</u> |
| <b>Non-current liabilities</b>                      |                       |                       |                       |                       |                       |                       |               |
| Interest bearing loans and borrowings               | Note 6                | 18,410                | 26,080                | 23,437                | -                     | -                     | -             |
| Deferred tax liabilities                            | Note 8                | 4,124                 | 3,027                 | 2,750                 | 3,229                 | 2,364                 | 2,267         |
|   |                       | <u>22,534</u>         | <u>29,107</u>         | <u>26,187</u>         | <u>3,229</u>          | <u>2,364</u>          | <u>2,267</u>  |
| <b>Total liabilities</b>                            |                       | <u>51,994</u>         | <u>56,243</u>         | <u>69,314</u>         | <u>11,834</u>         | <u>11,963</u>         | <u>17,485</u> |
| <b>Net assets</b>                                   |                       | <u>88,131</u>         | <u>80,836</u>         | <u>76,053</u>         | <u>63,577</u>         | <u>57,510</u>         | <u>55,564</u> |
| <b>Equity attributable to owners of the Company</b> |                       |                       |                       |                       |                       |                       |               |
| Share capital                                       |                       | 31,658                | 31,658                | 31,658                | 31,658                | 31,658                | 31,658        |
| Assets revaluation reserve                          | Note 1                | 16,820                | 12,401                | 11,891                | 15,402                | 11,180                | 10,705        |
| Foreign currency translation reserve                |                       | (5,145)               | (6,030)               | (6,163)               | -                     | -                     | -             |
| Revenue reserve                                     |                       | 35,765                | 33,938                | 30,544                | 16,517                | 14,672                | 13,201        |
|   |                       | <u>79,098</u>         | <u>71,967</u>         | <u>67,930</u>         | <u>63,577</u>         | <u>57,510</u>         | <u>55,564</u> |
| Non-controlling interests                           |                       | 9,033                 | 8,869                 | 8,123                 | -                     | -                     | -             |
| <b>Total equity</b>                                 |                       | <u>88,131</u>         | <u>80,836</u>         | <u>76,053</u>         | <u>63,577</u>         | <u>57,510</u>         | <u>55,564</u> |
| <b>Total equity and liabilities</b>                 |                       | <u>140,125</u>        | <u>137,079</u>        | <u>145,367</u>        | <u>75,411</u>         | <u>69,473</u>         | <u>73,049</u> |

## Notes to the Statements of Financial Position

- 1 The increase in property, plant and equipment at the Group and Company level was mainly attributed to the:
  - \$5.3 million revaluation gain resulting from independent valuations performed on properties located in Singapore; and
  - acquisition of a property in Singapore for its branch operations during the year.

The above was, however, offset by depreciation charges during the year.
- 2 The net decline in investment in subsidiaries was primarily due to the repayments of quasi-equity loans offset by investment in a subsidiary during the period.
 

The amounts due from subsidiaries at the Company level increased in view of funding provided to certain subsidiaries for the purchase of inventories offset by partial settlements received during the period.
- 3 Investment properties increased primarily due to upward revaluation of an investment property, offset by currency loss on revaluation of investment properties at the Group level.
- 4 The decline in Group trade debtors was primarily due to:
  - lower sales for the bearings and seals division; and
  - collections received during the year.
- 5 The decline in Group other debtors was primarily due to deposits made in the prior year in relation to the acquisition of a property in Singapore for its branch operations. The said deposit was subsequently capitalized into property, plant and equipment upon completion of the acquisition in the current year.
- 6 Bank borrowings for both the Group and the Company declined primarily due to net repayments made during the year. It was, however, offset by an increase due to the acquisition of a property in Singapore for its branch operations during the year.
- 7 The decline in other creditors at the Group level was primarily due to lower advances received from customers of the Group. The decline in other creditors at the Company level was primarily due to the waiver of deferred consideration for the acquisition of ACEE Electric Pte Ltd ("ACEE") in 2017 following the transfer of operations from ACEE to Kian Ho Pte Ltd ("KHPL") during the year to provide wider offerings of Electrical, Bearings and Seals products to our customers under KHPL.
- 8 The increase in deferred tax liabilities at the Group and Company level was primarily due to the revaluation gain resulting from independent valuations performed on properties located in Singapore.

### 1(b)(ii) Aggregate amount of group's borrowings and debt securities

#### Amount repayable in one year or less, or on demand

| As at 31.12.2018 |           | As at 31.12.2017 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| 1,100            | 11,700    | 1,309            | 8,800     |

#### Amount repayable after one year

| As at 31.12.2018 |           | As at 31.12.2017 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| 18,410           | -         | 26,080           | -         |

#### Details of any collaterals

The Group's borrowings were secured on certain properties of the Group.

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

**Consolidated Statement of Cash Flows**

|  | Group          |                 |
|--|----------------|-----------------|
|  | 2018           | 2017            |
|  | S\$'000        | S\$'000         |
| <b>Operating activities</b>  |                |                 |
| Profit before tax  | 2,515          | 3,023           |
| Adjustments for:   |                |                 |
| Depreciation of property, plant and equipment                                | 955            | 879             |
| Impairment loss recognised on trade debtors                                  | 227            | 89              |
| Write-back of provision for slow-moving inventories, net                     | (943)          | (886)           |
| Impairment loss (reversed)/recognised on sundry debtors                      | (117)          | 295             |
| Impairment loss (reversed)/recognised on amounts due from an associate       | (73)           | 250             |
| Gain on changes in fair value of investment properties                       | (323)          | (408)           |
| Plant and equipment written off, net/Gain on disposal of plant and equipment | 32             | (58)            |
| Share of results of associates   | (16)           | (10)            |
| Impairment loss on other investments   | -              | 57              |
| Foreign currency adjustments   | 993            | 292             |
| Interest expense   | 1,031          | 1,053           |
| Interest income  | (3)            | (7)             |
| <b>Operating cash flows before changes in working capital</b>                | <b>4,278</b>   | <b>4,569</b>    |
| <b>Changes in working capital</b>  |                |                 |
| Decrease in inventories  | 407            | 8,036           |
| Decrease in trade debtors  | 2,624          | 2,146           |
| Decrease in amounts due from an associate                                    | 81             | 466             |
| Decrease in other debtors  | 285            | 226             |
| (Decrease)/Increase in trade creditors and accruals                          | (60)           | 565             |
| Decrease in other creditors  | (167)          | (41)            |
| Decrease in trade amounts owing to related parties                           | (5)            | (5)             |
| <b>Cash flows generated from operations</b>                                  | <b>7,443</b>   | <b>15,962</b>   |
| Income tax (paid)/received   | (434)          | 849             |
| Interest paid  | (1,031)        | (1,053)         |
| Interest income received   | 3              | 7               |
| <b>Net cash flows generated from operating activities</b>                    | <b>5,981</b>   | <b>15,765</b>   |
| <b>Investing activities</b>  |                |                 |
| Purchase of property, plant and equipment                                    | (2,347)        | (5,753)         |
| Acquisition of a subsidiary  | -              | 400             |
| Dividends received from an associate   | -              | 10              |
| Proceeds from disposal of plant and equipment                                | -              | 73              |
| <b>Net cash flows used in investing activities</b>                           | <b>(2,347)</b> | <b>(5,270)</b>  |
| <b>Financing activities</b>  |                |                 |
| Proceeds from term loans from banks  | 26,023         | 22,973          |
| Repayment of term loans from banks   | (31,002)       | (38,111)        |
| Proceeds from trade financing  | 625            | 13,367          |
| Repayment of trade financing   | (625)          | (13,985)        |
| Capital injection by non-controlling shareholders of a subsidiary            | 115            | -               |
| <b>Net cash flows used in financing activities</b>                           | <b>(4,864)</b> | <b>(15,756)</b> |
| <b>Net decrease in cash and cash equivalents</b>                             | <b>(1,230)</b> | <b>(5,261)</b>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>          | <b>(51)</b>    | <b>(25)</b>     |
| <b>Cash and cash equivalents at 1 January</b>                                | <b>6,128</b>   | <b>11,414</b>   |
| <b>Cash and cash equivalents at 31 December</b>                              | <b>4,847</b>   | <b>6,128</b>    |
| <b>Cash and cash equivalents comprise of:-</b>                               |                |                 |
| Cash at banks and on hand  | 4,847          | 6,128           |

- 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.

**Statements of Changes in Equity**

|   | <u>Attributable to owners of the Company</u> |                                   |   |                        | <u>Non-controlling interests</u> | <u>Total equity</u> |
|---|--|-----------------------------------|---|------------------------|----------------------------------|---------------------|
|   | <u>Share Capital</u>                         | <u>Assets revaluation reserve</u> | <u>Foreign currency translation reserve</u> | <u>Revenue reserve</u> |                                  |                     |
|   | <u>S\$'000</u>                               | <u>S\$'000</u>                    | <u>S\$'000</u>                              | <u>S\$'000</u>         |                                  |                     |
| <b>Group</b>  |  |                                   |   |                        |                                  |                     |
| <b>Balance at 1 January 2017</b>                                  | 31,658                                       | 11,891                            | (6,163)                                     | 30,544                 | 8,123                            | 76,053              |
| Profit for the year   | -  | -                                 | -   | 3,394                  | 252                              | 3,646               |
| Other comprehensive income for the year                           | -  | 510                               | 133   | -                      | 6                                | 649                 |
| Total comprehensive income for the year                           | -  | 510                               | 133   | 3,394                  | 258                              | 4,295               |
| <u>Contributions by and distributions to owners</u>               |  |                                   |   |                        |                                  |                     |
| Acquisition of a subsidiary                                       | -  | -                                 | -   | -                      | 488                              | 488                 |
| Total transactions with owners recognised directly in equity      | -  | -                                 | -   | -                      | 488                              | 488                 |
| <b>Balance at 31 December 2017</b>                                | <b>31,658</b>                                | <b>12,401</b>                     | <b>(6,030)</b>                              | <b>33,938</b>          | <b>8,869</b>                     | <b>80,836</b>       |
| <b>Balance at 1 January 2018</b>                                  | 31,658                                       | 12,401                            | (6,030)                                     | 33,938                 | 8,869                            | 80,836              |
| Profit for the year   | -  | -                                 | -   | 1,827                  | 46                               | 1,873               |
| Other comprehensive income for the year                           | -  | 4,419                             | 885   | -                      | 3                                | 5,307               |
| Total comprehensive income for the year                           | -  | 4,419                             | 885   | 1,827                  | 49                               | 7,180               |
| <u>Contributions by and distributions to owners</u>               |  |                                   |   |                        |                                  |                     |
| Capital injection by non-controlling shareholders of a subsidiary | -  | -                                 | -   | -                      | 115                              | 115                 |
| Total transactions with owners recognised directly in equity      | -  | -                                 | -   | -                      | 115                              | 115                 |
| <b>Balance at 31 December 2018</b>                                | <b>31,658</b>                                | <b>16,820</b>                     | <b>(5,145)</b>                              | <b>35,765</b>          | <b>9,033</b>                     | <b>88,131</b>       |
| <b>Company</b>  |  |                                   |   |                        |                                  |                     |
| <b>Balance at 1 January 2017</b>                                  | 31,658                                       | 10,705                            | -   | 13,201                 | -                                | 55,564              |
| Profit for the year   | -  | -                                 | -   | 1,471                  | -                                | 1,471               |
| Other comprehensive income for the year                           | -  | 475                               | -   | -                      | -                                | 475                 |
| Total comprehensive income for the year                           | -  | 475                               | -   | 1,471                  | -                                | 1,946               |
| <b>Balance at 31 December 2017</b>                                | <b>31,658</b>                                | <b>11,180</b>                     | <b>-</b>                                    | <b>14,672</b>          | <b>-</b>                         | <b>57,510</b>       |
| <b>Balance at 1 January 2018</b>                                  | 31,658                                       | 11,180                            | -   | 14,672                 | -                                | 57,510              |
| Profit for the year   | -  | -                                 | -   | 1,845                  | -                                | 1,845               |
| Other comprehensive income for the year                           | -  | 4,222                             | -   | -                      | -                                | 4,222               |
| Total comprehensive income for the year                           | -  | 4,222                             | -   | 1,845                  | -                                | 6,067               |
| <b>Balance at 31 December 2018</b>                                | <b>31,658</b>                                | <b>15,402</b>                     | <b>-</b>                                    | <b>16,517</b>          | <b>-</b>                         | <b>63,577</b>       |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

There was no change in the Company's share capital during the financial year.

- 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.

The total number of issued ordinary shares excluding treasury shares as at 31 December 2018 was 234,060,000 (2017: 234,060,000).

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

The Company has no treasury shares.

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 auditor's report (including any qualifications or emphasis of matter).

Not applicable.

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 Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financials for the current year as compared with the audited financial statements for the year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has been changed, as well as the reasons for, and the effect of, the change.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the Singapore Financial Reporting Standards (International) (SFRS(I)s), that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018.

The Group has adopted a new financial reporting framework, SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the year ended 31 December 2018.

The adoption of the new SFRS(I) and SFRS(I) INT does not result in significant change to the Group's and Company's amounts reported for the current or prior years.

6. Earnings per ordinary share 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.

Earnings per ordinary share for the year:-  
Based on existing issued share capital  
On a fully diluted basis

| Group      |            |
|------------|------------|
| 31.12.2018 | 31.12.2017 |
| in cents   | in cents   |
| 0.78       | 1.45       |
| 0.78       | 1.45       |

The computation of earnings per share is based on 234,060,000 (2017: 234,060,000) weighted average number of ordinary shares in issue during the year.

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

| Group      |            | Company    |            |
|------------|------------|------------|------------|
| 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| in cents   | in cents   | in cents   | in cents   |
| 33.79      | 30.75      | 27.16      | 24.57      |

Net asset value per ordinary share based on issued

The above is computed based on the number of issued ordinary shares as at the respective balance sheet dates amounting to 234,060,000 (2017: 234,060,000) shares.

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.

Group revenue declined by 6% to \$68.4 million from \$73.0 million in FY17, largely due to the bearings and seals segment as follows:

- stiff competition in the dealers' market primarily in ASEAN and Other Asian countries;
- cyclical downturn in OEM market in Singapore; and
- longer delivery lead time from certain suppliers resulting in the delay in the fulfillment of certain customers' back orders during the year.

Revenue from the property segment also declined by \$0.2 million, to \$1.9 million in FY18, due to vacant units for certain property units during the year. This was offset by full year sales from the beauty division in 2018.

Gross profit margin improved to 21.9% (FY17: 20.2%) largely due to general improvement in the operating market conditions in Malaysia.

The Group recorded a decline in profit before taxation ("PBT") of \$0.5 million to \$2.5 million in FY18, from \$3.0 million in FY17 primarily due to the:

- S\$0.7 million increase in foreign exchange loss;
- S\$0.5 million increase in other operating expenses;

offset by:

- S\$0.4 million net impact on the reversal of impairment loss recognised on sundry debtors
- S\$0.3 million net impact on the reversal of impairment loss recognised on amounts due from an associate.

Please refer to notes to the income statement for further details.

The Group's net cash generated from operating activities was \$6.0 million (FY17: \$15.8 million) due to receipts from operations during the year.

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

Not applicable.

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.

The Group expects the business operating environment to remain challenging globally in the year ahead. The Group will continue to exercise prudence in its operations as well as generate positive cashflow to maintain a healthy balance sheet and working capital position.

Barring any unforeseen circumstances, the Directors expect the performance of the Group for the financial year 2019 to remain profitable.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on? No

| Name of dividend                     | Interim<br>(Tax exempt One-Tier) | First and final<br>(Tax exempt One-Tier) |
|--------------------------------------|----------------------------------|--|
| Dividend Type                        | N.A.                             | N.A.                                     |
| Dividend amount per share (in cents) | Nil                              | Nil                                      |

(b) Corresponding period of the Immediately Preceding Financial Year?

Any dividend declared for the corresponding period of the Immediately Preceding Financial Year? No

| Name of dividend                     | Interim<br>(Tax exempt One-Tier) | First and final<br>(Tax exempt One-Tier) |
|--------------------------------------|----------------------------------|--|
| Dividend Type                        | N.A.                             | N.A.                                     |
| Dividend amount per share (in cents) | Nil                              | Nil                                      |

(c) Date payable

N.A.

(d) Books closure date

N.A.

12. If no dividend has been declared/recommended, a statement to that effect.

In anticipation of the uncertain global economy, the Group is keenly aware of the need to be prudent and conserve its resources in order to achieve long term capital growth. Keeping in mind the Group's best interest, it has thus not declared any dividend for the current financial year reported on.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results.)**

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

**Business Segments**

|   | Bearings & Seals |                 | Property        |                 | Others          |                 | Total           |                 |
|---|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2018<br>S\$'000  | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 |
| <i>Segment revenue</i>                              |                  |                 |                 |                 |                 |                 |                 |                 |
| Revenue to external customers                       | 65,495           | 70,595          | 1,908           | 2,094           | 1,040           | 285             | 68,443          | 72,974          |
| Segment results                                     | 1,733            | 1,843           | 1,766           | 2,175           | 28              | 41              | 3,527           | 4,059           |
| <u>Adjustments A</u>                                |                  |                 |                 |                 |                 |                 |                 |                 |
| Interest income                                     |                  |                 |                 |                 |                 |                 | 3               | 7               |
| Finance costs                                       |                  |                 |                 |                 |                 |                 | (1,031)         | (1,053)         |
| Share of results of associates                      |                  |                 |                 |                 |                 |                 | 16              | 10              |
| Profit before tax per consolidated income statement |                  |                 |                 |                 |                 |                 | 2,515           | 3,023           |

*Other business segment information*

|                                 | Bearings & Seals |                 | Property        |                 | Others          |                 | Total           |                 |
|---------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                 | 2018<br>S\$'000  | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 |
| Capital expenditure             | 2,343            | 5,753           | -               | -               | 4               | -               | 2,347           | 5,753           |
| Depreciation                    | 955              | 879             | -               | -               | -               | -               | 955             | 879             |
| Other non-cash expense/(income) | 107              | 25              | (323)           | (408)           | (4)             | 4               | (220)           | (379)           |

|  | Bearings & Seals |                 | Property        |                 | Others          |                 | Total           |                 |
|--|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 2018<br>S\$'000  | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 | 2018<br>S\$'000 | 2017<br>S\$'000 |
| Segment assets                                   | 83,721           | 78,897          | 55,175          | 57,288          | 449             | 130             | 139,345         | 136,315         |
| <u>Adjustments B</u>                             |                  |                 |                 |                 |                 |                 |                 |                 |
| Investment in associates                         |                  |                 |                 |                 |                 |                 | 780             | 764             |
| Per consolidated statement of financial position |                  |                 |                 |                 |                 |                 | 140,125         | 137,079         |
| Segment liabilities                              | 30,762           | 26,771          | 16,965          | 26,267          | 24              | 54              | 47,751          | 53,092          |
| <u>Adjustments C</u>                             |                  |                 |                 |                 |                 |                 |                 |                 |
| Provision for taxation                           |                  |                 |                 |                 |                 |                 | 119             | 124             |
| Deferred tax liabilities                         |                  |                 |                 |                 |                 |                 | 4,124           | 3,027           |
| Per consolidated statement of financial position |                  |                 |                 |                 |                 |                 | 51,994          | 56,243          |

The electrical operations have been merged under the Group's subsidiary, Kian Ho Pte Ltd ("KHPL"), during the year to provide wider offerings of Electrical, Bearings and Seals products to our customers under KHPL. Accordingly, the electrical operation results have been reclassified to the Bearings and Seals segment. The Others business segment refers to the gearbox and beauty divisions of the Group. The beauty division currently consists of OPI nail polish products.

Adjustment A

These items are added to/(deducted from) segment profit to arrive at 'profit before tax' presented in the consolidated income statement.

Adjustments B and C

These items are added to segment assets/liabilities to arrive at total assets/liabilities reported in the consolidated statement of financial position.

Non-cash expense/(income) information presented above consists of foreign currency adjustments, plant and equipment written off, net/gain on disposal of plant and equipment, gain on changes in fair value of investment properties, impairment loss recognised on trade debtors, impairment loss reversed/(recognised) on amounts due from an associate, impairment loss reversed/(recognised) on sundry debtors, impairment loss on other investments, write-back of provision for slow-moving inventories, and share of results of associates as presented in the consolidated statement of cash flows.

## Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

|                       | Revenue         |                 |             | Non-current assets |                 |             |
|-----------------------|-----------------|-----------------|-------------|--------------------|-----------------|-------------|
|                       | 2018<br>S\$'000 | 2017<br>S\$'000 | Change<br>% | 2018<br>S\$'000    | 2017<br>S\$'000 | Change<br>% |
| Singapore             | 25,421          | 27,916          | (9)         | 87,439             | 80,761          | 8           |
| Other ASEAN countries | 26,580          | 27,569          | (4)         | 1,283              | 1,313           | (2)         |
| Other Asian countries | 13,420          | 14,179          | (5)         | 4,328              | 4,099           | 6           |
| Western countries     | 2,820           | 3,020           | (7)         | -                  | -               | NM          |
| Others                | 202             | 290             | (30)        | -                  | -               | NM          |
|                       | 68,443          | 72,974          | (6)         | 93,050             | 86,173          | 8           |

Non-current assets information presented above consist of property, plant and equipment, and investment properties as presented in the consolidated statement of financial position.

### Information about major customers

The Group is not significantly reliant on revenue derived from any major customers or group of customers.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 1 to the income statement for details.

Group turnover by geographical segment declined mainly due to:

**a) Singapore:**

- cyclical downturn in OEM market in Singapore; and
- longer delivery lead time from certain suppliers resulting in the delay in the fulfillment of certain customers' back orders

**b) Other Asian countries:**

- stiff competition in the dealers' market

**c) Western:**

- continued weak export market in Europe and South America

15. A breakdown of revenue

Revenue reported for first half year  
Operating profit after tax before deducting non-controlling interests reported for first half year

Revenue reported for second half year  
Operating profit after tax before deducting non-controlling interests reported for second half year

|   | Group   |        |        |
|---|---------|--------|--------|
|   | S\$'000 |        | %      |
|   | 2018    | 2017   | Change |
| Revenue reported for first half year  | 37,237  | 39,171 | (5)    |
| Operating profit after tax before deducting non-controlling interests reported for first half year  | 798     | 755    | 6      |
| Revenue reported for second half year   | 31,206  | 33,803 | (8)    |
| Operating profit after tax before deducting non-controlling interests reported for second half year | 1,075   | 2,891  | (63)   |

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

|            | 2018    | 2017    |
|------------|---------|---------|
|            | S\$'000 | S\$'000 |
| Ordinary   | -       | -       |
| Preference | -       | -       |
| Total:     | -       | -       |

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

The Group has not obtained a general mandate for Interested Person Transactions from the shareholders.

18. 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).

| 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 |
|-----------------------|-----|--|--|---|
| Kwek San San, Susanna | 48  | Daughter of Kwek Che Yong (Deemed Substantial Shareholder)           | Head, Purchasing of Kian Ho Pte Ltd ("KHPL") since August 2015.<br>Duties: Oversees the Purchasing department.                               | N/A   |
| Koh Hai Yang          | 49  | Son-in-law of Kwek Che Yong (Deemed Substantial Shareholder)         | Business Development director of KHPL since June 2017.<br>Duties: Oversees sourcing for bearings and seals products and Malaysia operations. | Resigned as Director of KHPL since 27 November 2018                     |

19. 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 it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Teo Teng Beng  
Managing Director

14 January 2019