



AEM HOLDINGS LTD.
(REGISTRATION NO. 200006417D)

UNAUDITED FULL YEAR FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors announces the results of the Group for the year ended 31 December (“FY”) 2020. These figures have not been audited or reviewed.

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

1(a)(i) Consolidated Income Statement

	2H2020 S\$'000	2H2019 S\$'000	Change %	2020 S\$'000	2019 S\$'000	Change %
Revenue	245,260	172,495	42.2%	518,959	323,130	60.6%
Other income	177	17	941.2%	3,360	177	1798.3%
Changes in inventories of finished goods and work-in-progress	(33,303)	3,756	-986.7%	10,452	18,588	-43.8%
Raw materials and other consumables	(115,756)	(100,786)	-14.9%	(325,943)	(210,949)	-54.5%
Staff costs	(35,046)	(27,839)	-25.9%	(67,536)	(47,423)	-42.4%
Depreciation of property, plant and equipment	(1,003)	(818)	-22.6%	(2,085)	(1,689)	-23.4%
Depreciation of right-of-use assets	(1,775)	(1,548)	-14.7%	(4,060)	(2,739)	-48.2%
Amortisation of intangible assets	(1,397)	(808)	-72.9%	(2,270)	(1,648)	-37.7%
Expense relating to low-value leases	(259)	(145)	-78.6%	(414)	(284)	-45.8%
Utilities and maintenance expenses	(1,025)	(818)	-25.3%	(1,861)	(1,551)	-20.0%
Legal and professional fees	(3,839)	(1,180)	-225.3%	(5,116)	(2,000)	-155.8%
Sales and marketing expenses	(2,477)	(3,425)	27.7%	(6,295)	(7,678)	18.0%
Other expenses	(3,143)	(2,672)	-17.6%	(4,033)	(3,016)	-33.7%
Results from operating activities	46,414	36,229	28.1%	113,158	62,918	79.9%
Finance income	302	317	-4.7%	672	516	30.2%
Finance costs	(129)	(103)	-25.2%	(224)	(160)	-40.0%
Net finance income	173	214	-19.2%	448	356	25.8%
Share of equity-accounted investee's (losses)/ profit (net of tax)	(62)	327	-119.0%	199	461	-56.8%
Profit before tax	46,525	36,770	26.5%	113,805	63,735	78.6%
Tax expenses	(4,222)	(6,311)	33.1%	(16,218)	(10,972)	-47.8%
Profit after tax	42,303	30,459	38.9%	97,587	52,763	85.0%
Profit attributable to :						
Owners of the Company	42,303	30,459	38.9%	97,587	52,763	85.0%
Profit after tax	42,303	30,459	38.9%	97,587	52,763	85.0%

Note: NM denotes not meaningful.

1(a)(ii) Explanatory Notes to Consolidated Income Statement

Profit before tax includes the following:

Group	2H2020 S\$'000	2H2019 S\$'000	Change %	2020 S\$'000	2019 S\$'000	Change %
Government grant income ⁽¹⁾	1,146	50	2192.0%	3,250	181	1695.6%
Exchange (loss)/ gain, net ⁽²⁾	(1,761)	(57)	-2989.5%	(803)	(45)	-1684.4%
Allowance for stock obsolescence ⁽³⁾	(76)	(267)	71.5%	(76)	(311)	75.6%
Remeasurement of deferred and contingent consideration ⁽⁴⁾	(1,814)	(2,411)	24.8%	(1,814)	(2,411)	24.8%

- (1) Government grants received in 2H2020 and FY2020 largely on Job Support Scheme and Wage Credit in view of the COVID-19 pandemic development.
- (2) The higher net foreign exchange loss recorded in 2H2020 and FY2020 was largely due to weaker United States Dollar vis-a-vis Singapore Dollar.
- (3) The allowance for stock obsolescence were made for slow-moving stock.
- (4) Remeasurement of deferred and contingent consideration relates to the acquisition of InspiRain Technology Pte. Ltd. in FY2017.

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years

In FY2020, the Group's tax charge included write-back of over provision of S\$683,000 (FY2019: S\$275,000) in respect of prior years.

1(a)(iv) Consolidated Comprehensive Income Statement

	2H2020 S\$'000	2H2019 S\$'000	Change %	2020 S\$'000	2019 S\$'000	Change %
Profit after tax	42,303	30,459	38.9%	97,587	52,763	85.0%
Other comprehensive income						
Item that is or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences	(5,955)	(640)	NM	(4,679)	(1,068)	NM
Share of foreign currency translation difference of equity- accounted investee	(33)	1	NM	91	(42)	NM
Total comprehensive income for the period	(5,988)	(639)	-837.1%	(4,588)	(1,110)	-313.3%
Total comprehensive income attributable to:						
Owners of the Company	36,315	29,820	21.8%	92,999	51,653	80.0%

Note: NM denotes not meaningful.

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	
	31.12.2020 S\$'000	31.12.2019 S\$'000	31.12.2020 S\$'000	31.12.2019 S\$'000
Assets				
Property, plant and equipment	8,127	6,392	29	31
Right-of-use assets	9,509	2,051	-	-
Intangible assets	46,646	16,905	-	-
Investment in subsidiaries	-	-	42,986	26,781
Investment in an associate	4,680	4,572	4,667	4,667
Deferred tax assets	168	54	19	19
Non-current assets	69,130	29,974	47,701	31,498
Inventories	79,676	57,479	-	-
Contract cost	1,234	-	-	-
Trade and other receivables	47,571	27,976	9,316	10,692
Contract assets	3,123	4,856	-	-
Cash and cash equivalents	134,785	107,676	8,944	7,862
Current assets	266,389	197,987	18,260	18,554
Total assets	335,519	227,961	65,961	50,052
Equity				
Share capital	50,727	45,786	50,727	45,786
Reserves	(226)	2,968	6,570	5,174
Accumulated profit/ (losses)	160,929	85,582	(6,335)	(10,092)
Total equity attributable to owners of the Group	211,430	134,336	50,962	40,868
Liabilities				
Financial liabilities	6,310	527	-	-
Trade and other payables	3,050	1,565	2,581	1,565
Deferred tax liabilities	3,073	1,823	-	-
Non-current liabilities	12,433	3,915	2,581	1,565
Financial liabilities	4,977	1,681	-	-
Trade and other payables	83,658	71,563	9,957	6,260
Contract liabilities	2,806	3,688	-	-
Current tax payable	17,854	11,607	2,461	1,359
Provisions	2,361	1,171	-	-
Current liabilities	111,656	89,710	12,418	7,619
Total liabilities	124,089	93,625	14,999	9,184
Total equity and liabilities	335,519	227,961	65,961	50,052

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

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

As at 31.12.2020		As at 31.12.2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,543	-	-

Amount repayable after one year *

As at 31.12.2020		As at 31.12.2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	325	-	-

* Amount repayable comprised borrowings of the Group's overseas subsidiaries.

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

	2H2020 S\$'000	2H2019 S\$'000	FY2020 S\$'000	FY2019 S\$'000
Cash flows from operating activities				
Profit after tax	42,303	30,459	97,587	52,763
<i>Adjustments for:</i>				-
Depreciation of property, plant and equipment	1,003	818	2,085	1,689
Depreciation of right-of-use assets	1,775	1,548	4,060	2,739
Amortisation of intangible assets	1,397	808	2,270	1,648
Allowance for stock obsolescence	76	267	76	311
Gain on disposal of property, plant and equipment	-	(23)	-	(23)
Net finance income	(173)	(214)	(448)	(356)
Share of loss/(profit) from equity accounted investee, net of tax	62	(327)	(199)	(461)
Equity-settled share-based payment expenses	877	4,343	1,883	4,837
Remeasurement of deferred and contingent consideration	1,814	2,411	1,814	2,411
Tax expense	4,222	6,311	16,218	10,972
	<u>53,356</u>	<u>46,401</u>	<u>125,346</u>	<u>76,530</u>
<i>Changes in:</i>				
Inventories	22,067	(13,707)	(21,878)	(30,825)
Contract costs	(1,243)	224	(1,243)	785
Trade and other receivables	5,960	21,318	(17,905)	(10,300)
Contract assets	463	(2,229)	2,017	(1,292)
Trade and other payables	(34,331)	8,992	10,093	38,017
Contract liabilities	1,462	1,677	(1,491)	1,128
Provisions	871	161	1,192	256
Cash from operating activities	<u>48,605</u>	<u>62,837</u>	<u>96,131</u>	<u>74,299</u>
Tax paid	<u>(9,589)</u>	<u>(2,912)</u>	<u>(9,844)</u>	<u>(6,648)</u>
Net cash from operating activities	<u>39,016</u>	<u>59,925</u>	<u>86,287</u>	<u>67,651</u>
Cash flows from investing activities				
Acquisition of intangible assets	(1,330)	(354)	(1,995)	(873)
Interest received	302	317	672	516
Proceeds from disposal of property, plant and equipment	-	23	-	23
Acquisition of property, plant and equipment	(2,272)	(1,603)	(3,243)	(2,436)
Acquisition of subsidiaries, net of cash acquired	(17,080)	-	(25,205)	-
Net cash used in investing activities	<u>(20,380)</u>	<u>(1,617)</u>	<u>(29,771)</u>	<u>(2,770)</u>
Cash flows from financing activities				
Interest paid	(13)	(72)	(19)	(129)
Repayment of borrowings	256	-	(594)	(157)
Payment of lease liabilities	(3,147)	(1,558)	(4,603)	(2,868)
Proceeds from borrowings	46	-	973	-
Repurchase of own shares	(1,060)	(500)	(2,864)	(1,688)
Proceeds from exercise of share options	890	66	3,443	174
Dividends paid	(13,733)	(5,391)	(22,241)	(10,533)
Net cash used in financing activities	<u>(16,761)</u>	<u>(7,455)</u>	<u>(25,905)</u>	<u>(15,201)</u>
Net increase in cash and cash equivalents	1,875	50,853	30,611	49,680
Cash and cash equivalents at beginning of period	137,921	57,371	107,676	58,890
Effect of exchange rate changes on balances held in foreign currencies	(5,011)	(548)	(3,502)	(894)
Cash and cash equivalents	<u>134,785</u>	<u>107,676</u>	<u>134,785</u>	<u>107,676</u>

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.

	Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Currency translation reserve	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
At 1 January 2019	45,786	(2,331)	1,500	2,172	(1,246)	43,369	89,250
Total comprehensive income for the year							
Profit after tax	-	-	-	-	-	52,763	52,763
Other comprehensive income							
Foreign currency translation difference	-	-	-	-	(1,068)	-	(1,068)
Share of foreign currency translation difference of equity-accounted investee	-	-	-	-	(42)	-	(42)
Total comprehensive income	-	-	-	-	(1,110)	52,763	51,653
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners of the company							
Own shares acquired	-	(1,688)	-	-	-	-	(1,688)
Treasury shares reissued pursuant to settlement of deferred and contingent consideration	-	450	210	-	-	-	660
Treasury shares reissued pursuant to share plans	-	937	438	(1,201)	-	-	174
Share-based payment transactions	-	-	-	4,837	-	-	4,837
Final dividend of 1.9 cent per share in respect of 2018	-	-	-	-	-	(5,142)	(5,142)
Interim dividend of 2.0 cent per share in respect of 2019	-	-	-	-	-	(5,408)	(5,408)
Total transactions with owners	-	(301)	648	3,636	-	(10,550)	(6,567)
At 31 December 2019	45,786	(2,632)	2,148	5,808	(2,356)	85,582	134,336

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. (Continued)

	Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Currency translation reserve	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
At 1 January 2020	45,786	(2,632)	2,148	5,808	(2,356)	85,582	134,336
Total comprehensive income for the year							
Profit after tax	-	-	-	-	-	97,587	97,587
Other comprehensive income							
Foreign currency translation difference	-	-	-	-	(4,679)	-	(4,679)
Share of foreign currency translation difference of equity-accounted investee	-	-	-	-	91	-	91
Total comprehensive income	-	-	-	-	(4,588)	97,587	92,999
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners of the company							
Own shares acquired	-	(2,864)	-	-	-	-	(2,864)
Treasury shares reissued pursuant to settlement of deferred and contingent consideration	-	270	443	-	-	-	713
Issue of shares related to settlement of deferred and contingent consideration	2,248	-	78	-	-	-	2,326
Issue of shares related to business combination	834	-	-	-	-	-	834
Treasury shares reissued pursuant to share plans	-	3,214	2,773	(4,403)	-	-	1,584
Issue of shares related to share plans	1,859	-	-	-	-	-	1,859
Share-based payment transactions	-	-	-	1,883	-	-	1,883
Final dividend of 3.1 cent per share in respect of 2019	-	-	-	-	-	(8,508)	(8,508)
Interim dividend of 5.0 cent per share in respect of 2020	-	-	-	-	-	(13,733)	(13,733)
Total transactions with owners	4,941	620	3,294	(2,520)	-	(22,241)	(15,906)
At 31 December 2020	50,727	(2,012)	5,442	3,288	(6,944)	160,929	211,430

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. (Continued)

	Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
At 1 January 2019	45,786	(2,331)	1,347	2,172	(13,678)	33,326
Profit after tax	-	-	-	-	14,136	14,136
Transactions with owners, recognised directly in equity						
<i>Contributions by and distributions to owners of the company</i>						
Own shares acquired	-	(1,688)	-	-	-	(1,688)
Treasury shares reissued pursuant to settlement of deferred and contingent consideration	-	450	210	-	-	660
Treasury shares reissued pursuant to share plans	-	937	441	(1,201)	-	177
Share-based payment transactions	-	-	-	4,837	-	4,837
Final dividend of 1.9 cent per share in respect of 2018	-	-	-	-	(5,142)	(5,142)
Interim dividend of 2.0 cent per share in respect of 2019	-	-	-	-	(5,408)	(5,408)
Total transactions with owners	-	(301)	648	3,636	(10,550)	(6,564)
At 31 December 2019	45,786	(2,632)	1,998	5,808	(10,092)	40,868

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. (Continued)

	Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
At 1 January 2020	45,786	(2,632)	1,998	5,808	(10,092)	40,868
Profit after tax	-	-	-	-	26,000	26,000
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners of the company						
Own shares acquired	-	(2,864)	-	-	-	(2,864)
Treasury shares reissued pursuant to settlement of deferred and contingent consideration	-	270	443	-	-	713
Issue of shares related to settlement of deferred and contingent consideration	2,248	-	78	-	-	2,326
Issue of shares related to business combination	834	-	-	-	-	834
Treasury shares reissued pursuant to share plans	-	3,214	2,773	(4,403)	-	1,584
Issue of shares related to share plans	1,859	-	-	-	-	1,859
Share-based payment transactions	-	-	-	1,883	-	1,883
Final dividend of 3.1 cent per share in respect of 2019	-	-	-	-	(8,508)	(8,508)
Interim dividend of 5.0 cent per share in respect of 2020	-	-	-	-	(13,733)	(13,733)
Total transactions with owners	4,941	620	3,294	(2,520)	(22,241)	(15,906)
At 31 December 2020	50,727	(2,012)	5,292	3,288	(6,333)	50,962

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(ii)(A) Movements in issued and paid-up capital

As at 31 December 2020, the treasury shares balance was 1,305,313 (31 December 2019: 3,541,418).

	Total Issued Less Treasury Shares	Total Treasury Shares	Total Issued Shares
Fully paid ordinary shares, with no par value:			
At 1 January 2019	269,046,736	4,261,084	273,307,820
Purchase of treasury shares	(1,700,000)	1,700,000	-
Issue of shares under Performance Share Plan	1,286,666	(1,286,666)	-
Share options exercised	333,000	(333,000)	-
Issue of shares related to deferred and contingent consideration	800,000	(800,000)	-
At 31 December 2019	269,766,402	3,541,418	273,307,820
Purchase of treasury shares	(1,378,000)	1,378,000	-
Issue of shares under Performance Share Plan	1,593,667	(1,593,667)	-
Share options exercised	4,112,638	(1,656,638)	2,456,000
Issue of shares related to deferred and contingent consideration	1,200,000	(363,800)	836,200
Issue of shares related to business combination	262,960	-	262,960
At 31 December 2020	275,557,667	1,305,313	276,862,980

1(d)(ii)(B) Share Options

As at 31 December 2020, the number of share options of the company outstanding was 5,667,690 (31 December 2019: 9,225,638). There were 4,112,638 options being exercised in FY2020 (FY2019: 333,000).

Date of grant of options	Exercise price per share (\$)	Options outstanding at 1 January 20	Options granted	Options exercised	Options forfeited/expired	Options outstanding at period end
27-02-17	0.196*	459,000	-	(459,000)	-	-
23-08-17	0.627*	128,000	-	(56,000)	(28,000)	44,000
15-01-19	0.890	3,414,638	-	(3,132,638)	(38,000)	244,000
07-10-19	1.142	5,224,000	-	(465,000)	-	4,759,000
01-04-20	1.652	-	620,690	-	-	620,690
Total		9,225,638	620,690	(4,112,638)	(66,000)	5,667,690

*Exercise price was adjusted due to bonus shares issue.

1(d)(ii)(C) Performance Shares

As at 31 December 2020, the number of performance shares of the company outstanding was 917,620 (31 December 2019: 2,461,000).

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 at the end of the period was 275,557,667 (31 December 2019: 269,766,402).

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

There were 1,593,667 treasury shares transferred for Performance Share Plan, 363,800 treasury shares transferred for business combination and 1,656,638 treasury shares transferred for purpose of exercise of share options.

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.

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

The financial statements for the financial ended 31 December 2020, are prepared in accordance with Singapore Financial Reporting Standards (International)(SFRS(I)). The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited 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.

Not applicable.

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.

	2020	2019
Earnings per ordinary share for the year based on 1(a) above :-		
(i) Basic earnings per share ⁽¹⁾	35.49 cents	19.48 cents
(ii) Diluted earnings per share ⁽²⁾	35.12 cents	19.38 cents

(1) The calculation of earnings per ordinary share was based on weighted average number of shares 274,940,969 (FY2019: 270,829,505) in issue during the period.

(2) The calculation of earnings per ordinary share (on a fully diluted basis) was based on weighted average number of shares of 277,888,030 (FY2019: 272,317,311) in issue during the period.

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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at 31 December 2020 and as at 31 December 2019 (cts) ⁽³⁾	76.7 cents	49.8 cents	18.5 cents	15.1 cents

The calculation of net asset value per ordinary share was based on the existing share capital less treasury shares of 275,557,667 ordinary shares as at 31 December 2020 (31 December 2019: 269,766,402).

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;

\$'000	Equipment Systems Solutions ("ESS")	System Level Test & Inspection ("SLT-i")	Micro-Electro-Mechanical Systems ("MEMS")	Test and Measurement Solutions ("TMS")	Total
FY2020	501,277	7,772	5,886	4,024	518,959
FY2019	307,932	4,889	7,394	2,915	323,130
Change %	62.8%	59.0%	-20.4%	38.0%	60.6%

The Group reported a stellar performance with revenue hitting record high of S\$519.0 million, increased by 60.6% compared to FY2019. The increase was driven primarily by the growth in the Equipment Systems Solutions ("ESS") with increase orders from customers. Accordingly, revenue for ESS increased by S\$193.3 million, translated to 62.8% compared to FY2019. The other business segments reported higher revenue except for MEMS.

MEMS recorded a decrease in revenue of 20.4% from S\$7.4 million to S\$5.9 million due to lower demand from customers, affected by COVID-19.

Staff costs increased 42.4% in FY2020 as compared to FY2019 mainly due to additional headcounts for research and development (R&D), business development and engineering projects, higher staff bonus and share plans expenses as well as inclusion of Mu-TEST and DB-Design's results following acquisition in FY2020.

Depreciation of property, plant and equipment increased from S\$1.7 million in FY2019 to S\$2.1 million in FY2020 mainly due to higher carrying value from renovation and equipment expenditure.

Amortisation of right-of-use assets increased from S\$2.7 million in FY2019 to S\$4.1 million in FY2020 mainly due to additional leases taken up for the increase in sales and production activities.

Amortisation of intangible assets increased from S\$1.6 million in FY2019 to S\$2.3 million in FY2020 largely due to amortisation of development costs following commencement of commercial production.

Legal and professional fees increased from S\$2.0 million in FY2019 to S\$5.1 million in FY2020 mainly due to higher merger & acquisition related expenses and other professional fees incurred.

Sales and marketing expenses decreased 18.0% from S\$7.7 million in FY2019 to S\$6.3 million in FY2020 mainly due to lower exhibition, travelling and warranty expenses, partially offset by higher packing and delivery expenses in line with higher revenue in FY2020.

Other income increased to S\$3.4 million due to higher government grants received in FY2020. Other expenses increased from S\$3.0 million in FY2019 to S\$4.0 million in FY2020 mainly due to higher foreign exchange loss in FY2020 resultant from the weaker United States Dollar.

Profit before tax increased by S\$50.1 million (78.6%) from S\$63.7 million in FY2019 to S\$113.8 million in FY2020.

Profit after tax of S\$97.6 million, an increase of S\$44.8 million (85.0%) vis-à-vis FY2019.

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: (continued)**

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Financial Position

The financial position of the Group as at 31 December 2020 remained strong. Total equity increased by S\$77.1 million from S\$134.3 million as at 31 December 2019 to S\$211.4 million due mainly to increase in profit in FY2020.

Total non-current assets increased by S\$39.2 million to S\$69.1 million was largely due to (i) new lease agreements for office and production space in Singapore, Malaysia and France resulted in an increase of right-of-use assets by S\$7.5 million and (ii) increase in intangible assets by S\$29.7 million largely from the acquisition of Mu-TEST, DB-Design Group, Inc and Lattice Innovation, Inc in FY2020.

Total current assets (excluding cash and cash equivalents) increased by S\$41.3 million to S\$131.6 million largely due to (i) increase in inventories by S\$22.2 million on account of higher inventory builds for fulfilment of sales order. (ii) increase in trade and other receivables by S\$19.6 million on account of higher revenue in the last two months of FY2020.

Total liabilities increased by S\$30.5 million to S\$124.1 million largely due to (i) increase in financial liabilities from new lease agreements for office and production space and increased in deferred consideration from acquisition of subsidiaries (ii) increase in trade and other payables due to increased material purchases following increase in sales orders to be fulfilled.

Cash Flow

The Group generated a net cash from operating activities of S\$86.3 million for 2020. As at 31 December 2020, the Group had cash and cash equivalents of S\$134.8 million, an increase of S\$27.1 million, net of dividend payout of S\$22.2 million and acquisition of subsidiaries for a sum of S\$25.2 million.

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

In the Business Performance for third quarter and Outlook Statement dated 3 November 2020, the Group provided FY2020 revenue guidance to be between S\$500 million to S\$520 million and Capex for FY2020 is projected at about S\$5 million.

For FY2020, the Group achieved a revenue of S\$519.0 million and recorded capital expenditure of S\$4.9 million.

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 current macroeconomic environment has been characterised by rising geopolitical tensions, economic downturn and a change in administration in the USA. 2020 was a year marred by the pandemic, however, it significantly drove the wholesale shift to digitalisation. Work from home significantly boosted the IC market which grew by 8% in 2020¹. As we adapt to this new normal, the need for ICs chips is expected to further boost and grow by 11% in 2021 on the back of continuing economic recovery, cloud expansion (such as data centres), 5G proliferation in electronic devices, transition to Electric vehicles, AI and Industrial IoT¹. In view thereof, according to the World Semiconductor Trade Statistics (WSTS) organisation, the annual global sales of semiconductors is expected to increase by 8.4% in 2021, highlighting an upward revision from 6.2% as expected previously².

On 15 February 2021, AEM's wholly-owned subsidiary, AEM Singapore Pte. Ltd. ("ASG"), launched a voluntary conditional offer for CEI Limited ("Offer") with an option for all-cash or cash and new AEM shares, which is conditional upon ASG receiving acceptances under the Offer which will result in ASG holding shares carrying more than 50% of the voting rights attributable to the issued shares in CEI Limited, by the close of the Offer.

CEI Limited is a contract manufacturer which is involved in the design and manufacture of proprietary equipment, assembly of printed circuit boards, box-build, prototyping and value add engineering work, such as circuit layout and functional design. If the Offer becomes unconditional and the acquisition of CEI Limited's shares thereunder is successfully completed, CEI would be added to AEM's portfolio, which would solidify our leadership in serving semiconductor and electronics companies in the advanced computing, 5G and artificial intelligence space. CEI's regional footprint and expertise in their field would strengthen AEM's resilience to be more responsive to the needs of our global customer base.

In addition to the growth opportunities and expanding semiconductor markets, the Group also foresees volatility in the near future. Amidst escalating trade tensions, we have seen a wave of localisation in the Chinese markets, post the sanctions imposed on Chinese semiconductor and electronics industries. We anticipate this fallout from US-China decoupling to impact supply chains and vendor relationships. Furthermore, as heterogenous packaging becomes prevalent in the semiconductor industry and SLT becomes increasingly important, we expect to encounter increased competition from major test equipment players in SLT.

The Group will continue to strategically expand its presence and further establish its leadership in the industry through both development of in-house technological capabilities as well as through mergers and acquisitions to counter these challenges. We will continue to capitalise on global trends such as 5G and AI and strive to constantly increase our market share globally.

AEM wishes to emphasise that any statements regarding the future are not intended to be profit forecasts, estimations or projections, and should not be treated as such.

¹ Mark Lapedus, Fearless Chip Forecasts for 2021: Semiconductor Engineering, 2021

² Semiconductor Industry Association (SIA), Global Semiconductor Sales Increase 6 Percent Year-to-Year in October; Annual Sales Projected to Increase 5.1 Percent in 2020: SIA, 2020

11. Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	4.0 cent per ordinary share
Tax Rate	Tax Exempt (1-tier)

b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	3.1 cent per ordinary share
Tax Rate	Tax Exempt (1-tier)

c. Date payable

Subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, the proposed final dividend for financial year ended 31 December 2020 will be payable on 31 May 2021.

d. Record date

5.00 p.m. on 17 May 2021.

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

Not applicable.

13. Interested person transactions.

No interested persons transactions ("IPT") were conducted under the Company's IPT mandate for the year ended 31 December 2020.

Name of interested person	Aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	FY2020	FY2019
Novo Tellus Capital Partners Pte Ltd ("Novo Tellus")	312,000	233,000

Novo Tellus is a company controlled by Mr. Loke Wai San, the Non-Executive Chairman of the Company and Mr. James Toh Ban Leng, a Director of the Company. The IPT of S\$312,000 for FY2020 comprised (i) professional fee of S\$240,000 (FY2019: S\$160,000) paid by the Company to Novo Tellus for advisory services in upgrading of software capabilities, merger and acquisition activities of the Group and (ii) the Group's share of the consultancy service fee of S\$72,000 (FY2019: S\$73,000) paid by the Company's associated company, Novoflex Pte Ltd. to Novo Tellus.

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

14. 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.

14 (a)(i). Business Segments

The Group determines and presents operating segments based on the information provided internally to the Group's chief operating decision maker (CODM).

\$'000	ESS	SLT-i	MEMS	TMS	Others	Total
2020						
Revenue	501,277	7,772	5,886	4,024	-	518,959
Depreciation and amortisation	(6,461)	(1,066)	(178)	(128)	(582)	(8,415)
Finance income	671	1	-	-	-	672
Finance costs	(203)	(12)	(8)	(1)	-	(224)
Exchange loss, net	(1,196)	31	361	1	-	(803)
Remeasurement of contingent consideration	-	-	-	-	(1,814)	(1,814)
Tax (expenses)/ credit	(17,148)	766	16	63	85	(16,218)
Share of gain of equity-accounted investee	-	-	-	-	199	199
Profit/ (loss) for the year	101,930	(614)	(69)	(1,548)	(2,112)	97,587
Reportable segment assets	258,430	28,919	20,874	4,307	22,989	335,519
Reportable segment liabilities	94,404	7,708	6,501	475	15,001	124,089
2019						
Revenue	307,932	4,889	7,394	2,915	-	323,130
Depreciation and amortisation	(4,700)	(179)	(153)	(69)	(975)	(6,076)
Finance income	515	1	-	-	-	516
Finance costs	(147)	-	(13)	-	-	(160)
Exchange gain/ (loss), net	69	5	(119)	-	-	(45)
Remeasurement of contingent consideration	-	-	-	-	(2,411)	(2,411)
Tax (expenses)/ credit	(11,242)	(411)	(18)	448	251	(10,972)
Share of gain of equity-accounted investee	-	-	-	-	461	461
Profit/ (loss) for the year	57,305	548	(301)	(2,115)	(2,674)	52,763
Reportable segment assets	191,325	4,346	9,266	2,449	20,575	227,961
Reportable segment liabilities	81,413	2,123	7,503	554	2,032	93,625

14 (a)(ii). Geographical Segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

\$'000	Malaysia	USA	Vietnam	China	Others	Total
FY2020	143,238	141,856	140,234	68,982	24,649	518,959
FY2019	102,124	68,093	80,087	49,847	22,979	323,130
Change %	40.3%	108.3%	75.1%	38.4%	7.3%	60.6%

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

Not applicable.

16. A breakdown of sales.

	Group		
	2020	2019	Increase
	\$'000	\$'000	
Sales reported for first half	273,699	150,635	81.7%
Profit after tax for first half year	55,284	22,304	147.9%
Sales reported for second half	245,260	172,495	42.2%
Profit after tax for second half year	42,303	30,459	38.9%

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

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Interim	13,733	5,408
Final	11,022	8,508
Total:	24,755	13,916

The figure under the latest full year comprises the proposed final dividend for FY2020 which is subject to shareholders' approval at the forthcoming Annual General Meeting and calculated based on 275,557,667 issued shares excluding treasury shares in the capital of the Company as at 31 December 2020.

18. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the Listing Rules.

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

19. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in compliance with Rule 720(1) of the Listing Manual in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Loke Wai San
Non-Executive Chairman

25 February 2021