

# **LEY CHOON GROUP HOLDINGS LTD**

(Company Registration No. 198700318G)

## **ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

Pursuant to Rule 705(2C) of the Listing Manual Section B: Rules of Catalyst, the Singapore Exchange Regulation requires the Company to continue to announce its quarterly financial statements with effect from 7 February 2020.

The details of the contact person for the Sponsor is: Name: Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.) Address: 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619 Tel: 6381 6966.

## LEY CHOON GROUP HOLDINGS LIMITED

### UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2020

#### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3, Q4), HALF-YEAR AND FULL YEAR RESULTS

**1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

|  | 1 <sup>st</sup> Quarter ended |                           | Change<br>% |
|--|-------------------------------|---------------------------|-------------|
|  | 30 Jun<br>2020<br>S\$'000     | 30 Jun<br>2019<br>S\$'000 |             |
| Revenue  | 10,359                        | 25,630                    | (59.6)      |
| Cost of sales  | (13,114)                      | (23,512)                  | (44.2)      |
| <b>Gross (loss)/profit</b>   | (2,755)                       | 2,118                     | n/m         |
| Other income   | 2,063                         | 404                       | 410.6       |
| Selling and distribution expenses                                    | (17)                          | (22)                      | (22.7)      |
| Administrative expenses  | (2,363)                       | (2,313)                   | 2.2         |
| Impairment losses on trade receivables reversed                      | 80                            | 108                       | (25.9)      |
| Other operating expenses   | -                             | (6)                       | n/m         |
| Finance costs  | (723)                         | (812)                     | (11.0)      |
| <b>Loss from continuing operations before taxation</b>               | (3,715)                       | (523)                     | 610.3       |
| Taxation   | 5                             | 5                         | -           |
| <b>Loss from continuing operations after taxation</b>                | (3,710)                       | (518)                     | 616.2       |
| (Loss)/profit from discontinued operation, net of tax (Note 1)       | (125)                         | 73                        | n/m         |
| <b>Loss for the period</b>   | (3,835)                       | (445)                     | 761.8       |
| <b>Other comprehensive loss after tax:</b>                           |                               |                           |             |
| <b>Items that may be reclassified subsequently to profit or loss</b> |                               |                           |             |
| Currency translation differences                                     | (205)                         | (436)                     | (53.0)      |
| <b>Other comprehensive loss for the period, net of tax of nil</b>    | (205)                         | (436)                     | (53.0)      |
| <b>Total comprehensive loss for the period</b>                       | (4,040)                       | (881)                     | 358.6       |

Note 1: Discontinued operation relates to result of Ley Choon (Yantai) Eco-Green Construction Material Ltd which was proposed for disposal on 31 March 2020

**1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

|  | <b>1<sup>st</sup> Quarter ended</b> |                |               |
|--|-------------------------------------|----------------|---------------|
|  | <b>30 Jun</b>                       | <b>30 Jun</b>  |               |
|  | <b>2020</b>                         | <b>2019</b>    | <b>Change</b> |
|  | <b>S\$'000</b>                      | <b>S\$'000</b> | <b>%</b>      |
| <b>Loss attributable to:</b>                             |                                     |                |               |
| Owners of the Company                                    |                                     |                |               |
| - Loss from continuing operations, net of tax            | (3,710)                             | (518)          | 616.2         |
| - (Loss)/profit from discontinued operations, net of tax | (125)                               | 73             | n/m           |
| <b>Loss for the period</b>                               | <u>(3,835)</u>                      | <u>(445)</u>   | 761.8         |
| <b>Total comprehensive loss attributable to:</b>         |                                     |                |               |
| Owners of the Company                                    |                                     |                |               |
| - Loss from continuing operations, net of tax            | (3,915)                             | (954)          | 310.4         |
| - (Loss)/profit from discontinued operations, net of tax | (125)                               | 73             | n/m           |
| <b>Total comprehensive loss for the period</b>           | <u>(4,040)</u>                      | <u>(881)</u>   | 358.6         |

*n/m – not meaningful*

**1(a)(ii) Notes to consolidated statement of comprehensive income**

The statement of comprehensive income is arrived at after charging/(crediting) the following:

|   | <b>1<sup>st</sup> Quarter ended</b> |                |               |
|---|-------------------------------------|----------------|---------------|
|   | <b>30 Jun</b>                       | <b>30 Jun</b>  | <b>Change</b> |
|   | <b>2020</b>                         | <b>2019</b>    |               |
|   | <b>S\$'000</b>                      | <b>S\$'000</b> | <b>%</b>      |
| Impairment losses on trade receivables reversed                               | (80)                                | (108)          | (25.9)        |
| Amortisation of land use rights   | -                                   | 17             | n/m           |
| Depreciation of property, plant and equipment                                 | 1,765                               | 2,111          | (16.4)        |
| Depreciation and amortisation of right-of-use assets                          | 543                                 | 363            | 49.6          |
| Foreign exchange gain   | (77)                                | (194)          | (60.3)        |
| Change in fair value of financial assets at fair value through profit or loss | (11)                                | 6              | n/m           |
| Dividend income from other investments  | (1)                                 | (1)            | -             |
| Gain on disposal of property, plant and equipment                             | -                                   | (5)            | n/m           |
| Finance costs   | 732                                 | 837            | (12.5)        |
| Provision for fines and penalty reversed                                      | -                                   | (200)          | n/m           |
| Operating lease expenses  | 147                                 | 189            | (22.2)        |

*n/m – 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**

|  | <b>Group</b>                             |  | <b>Company</b>                           |  |
|--|--|--|--|--|
|  | <b>As at<br/>30 Jun 2020<br/>S\$'000</b> | <b>As at<br/>31 Mar 2020<br/>S\$'000</b> | <b>As at<br/>30 Jun 2020<br/>S\$'000</b> | <b>As at<br/>31 Mar 2020<br/>S\$'000</b> |
| <b>ASSETS</b>  |  |  |  |  |
| <b>Non-Current Assets</b>  |  |  |  |  |
| Property, plant and equipment  | 29,779                                   | 31,394                                   | -  | -  |
| Right-of-use assets  | 8,314                                    | 8,314                                    | -  | -  |
| Subsidiaries   | -  | -  | 46,407                                   | 46,407                                   |
| Club membership  | 229                                      | 229                                      | -  | -  |
|  | <u>38,322</u>                            | <u>39,937</u>                            | <u>46,407</u>                            | <u>46,407</u>                            |
| <b>Current Assets</b>  |  |  |  |  |
| Inventories  | 7,578                                    | 6,801                                    | -  | -  |
| Contract assets  | 24,455                                   | 33,070                                   | -  | -  |
| Trade and other receivables  | 7,118                                    | 16,211                                   | 90                                       | 90                                       |
| Prepayments  | 2,920                                    | 3,130                                    | 48                                       | 57                                       |
| Other investments  | 49                                       | 39                                       | -  | -  |
| Cash and bank balances   | 6,620                                    | 2,834                                    | 47                                       | 1  |
| Fixed deposits   | 161                                      | 161                                      | -  | -  |
|  | <u>48,901</u>                            | <u>62,246</u>                            | <u>185</u>                               | <u>148</u>                               |
| Assets of disposal group<br>classified as held-for-sale                            | 9,918                                    | 10,866                                   | -  | -  |
|  | <u>58,819</u>                            | <u>73,112</u>                            | <u>185</u>                               | <u>148</u>                               |
| <b>Total assets</b>  | <u>97,141</u>                            | <u>113,049</u>                           | <u>46,592</u>                            | <u>46,555</u>                            |
| <b>EQUITY AND LIABILITIES</b>  |  |  |  |  |
| <b>Capital and Reserves</b>  |  |  |  |  |
| Share capital  | 79,807                                   | 79,807                                   | 146,026                                  | 146,026                                  |
| Accumulated losses   | (65,789)                                 | (61,954)                                 | (146,884)                                | (146,451)                                |
| Other reserves   | 394                                      | 599                                      | 29,017                                   | 29,017                                   |
| <b>Total equity</b>  | <u>14,412</u>                            | <u>18,452</u>                            | <u>28,159</u>                            | <u>28,592</u>                            |
| <b>Non-Current Liabilities</b>   |  |  |  |  |
| Lease liabilities  | 2,774                                    | 2,740                                    | -  | -  |
| Deferred tax liabilities   | 31                                       | 31                                       | -  | -  |
|  | <u>2,805</u>                             | <u>2,771</u>                             | <u>-</u>                                 | <u>-</u>                                 |
| <b>Current Liabilities</b>   |  |  |  |  |
| Borrowings   | 54,413                                   | 54,458                                   | 15,882                                   | 15,851                                   |
| Lease liabilities  | 2,382                                    | 2,574                                    | -  | -  |
| Trade and other payables   | 17,410                                   | 28,358                                   | 2,551                                    | 2,112                                    |
| Current tax payable  | 54                                       | 54                                       | -  | -  |
| Provisions   | 1,799                                    | 1,799                                    | -  | -  |
|  | <u>76,058</u>                            | <u>87,243</u>                            | <u>18,433</u>                            | <u>17,963</u>                            |
| Liabilities directly associated with<br>disposal group classified as held-for-sale | 3,866                                    | 4,583                                    | -  | -  |
|  | <u>79,924</u>                            | <u>91,826</u>                            | <u>18,433</u>                            | <u>17,963</u>                            |
| <b>Total liabilities</b>   | <u>82,729</u>                            | <u>94,597</u>                            | <u>18,433</u>                            | <u>17,963</u>                            |
| <b>Total equity and liabilities</b>  | <u>97,141</u>                            | <u>113,049</u>                           | <u>46,592</u>                            | <u>46,555</u>                            |

## 1(b)(ii) Aggregate amount of the Group's borrowing and debt securities

Amount repayable in one year or less, or on demand

|                                      | Group         |               |
|--------------------------------------|---------------|---------------|
|                                      | As at         | As at         |
|                                      | 30 Jun 2020   | 31 Mar 2020   |
|                                      | S\$'000       | S\$'000       |
| <b><u>Secured</u></b>                |               |               |
| Bank loans                           | 38,531        | 38,607        |
| Convertible bond (Murabaha Facility) | 15,882        | 15,851        |
| <b>Total</b>                         | <b>54,413</b> | <b>54,458</b> |

Details of any collateral

Bank overdrafts, bills payable and bank loans are secured by the following:

- (i) legal mortgage over the Group's leasehold properties;
- (ii) charge over certain of the Group's plant and equipment;
- (iii) charge over shares in the Company's subsidiaries;
- (iv) charge over certain of the Group's bank accounts;
- (v) fixed deposits of the Group;
- (vi) floating charge over all other assets; and
- (vii) corporate guarantees by the Company.

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

|  | <b>3 Months Period ended</b> |                    |
|--|------------------------------|--------------------|
|  | <b>30 Jun 2020</b>           | <b>30 Jun 2019</b> |
|  | <b>S\$'000</b>               | <b>S\$'000</b>     |
| <b>Cash Flows from Operating Activities:</b>               |                              |                    |
| Loss before taxation                                       | (3,840)                      | (450)              |
| Adjustments for:   |                              |                    |
| Amortisation of land use rights                            | -                            | 17                 |
| Depreciation of property, plant and equipment              | 1,765                        | 2,111              |
| Depreciation and amortisation of right-of-use assets       | 543                          | 363                |
| Provision for fines and penalty reversed                   | -                            | (200)              |
| Impairment losses on trade receivables reversed            | (80)                         | (108)              |
| (Gain)/loss on disposal of property, plant and equipment   | -                            | (5)                |
| Fair value loss on other investments                       | (11)                         | 6                  |
| Dividend income from other investments                     | (1)                          | (1)                |
| Finance costs  | 732                          | 837                |
| <b>Operating cash flows before working capital changes</b> | <u>(892)</u>                 | <u>2,570</u>       |
| Changes in inventories                                     | (776)                        | (269)              |
| Changes in contract assets                                 | 8,624                        | (1,318)            |
| Changes in trade and other receivables                     | 9,145                        | 1,435              |
| Changes in prepayments                                     | (270)                        | 226                |
| Changes in trade and other payables                        | (11,181)                     | 540                |
| <b>Net cash generated from operating activities</b>        | <u>4,650</u>                 | <u>3,184</u>       |
| <b>Cash Flows from Investing Activities:</b>               |                              |                    |
| Purchase of property, plant and equipment                  | (109)                        | (884)              |
| Dividend received from other investments                   | 1                            | 1                  |
| Proceeds from disposal of property, plant and equipment    | -                            | 28                 |
| <b>Net cash used in investing activities</b>               | <u>(108)</u>                 | <u>(855)</u>       |

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

|  | <b>3 Months Period ended</b> |                    |
|--|------------------------------|--------------------|
|  | <b>30 Jun 2020</b>           | <b>30 Jun 2019</b> |
|  | <b>S\$'000</b>               | <b>S\$'000</b>     |
| <b>Cash Flows from Financing Activities:</b>                     |                              |                    |
| Interest paid  | (715)                        | (739)              |
| Repayment of loans from financial institutions                   | -                            | (1,260)            |
| Repayment of finance lease liabilities                           | -                            | (248)              |
| Repayment of lease liabilities                                   | (634)                        | (346)              |
| Fixed deposits pledged with banks                                | -                            | 1                  |
| <b>Net cash used in financing activities</b>                     | <u>(1,349)</u>               | <u>(2,592)</u>     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      | 3,193                        | (263)              |
| <b>Cash and cash equivalents at beginning of period</b>          | 3,470                        | 3,568              |
| Exchange differences on translation of cash and cash equivalents | (12)                         | (5)                |
| <b>Cash and cash equivalents at end of period (Note 2)</b>       | <u>6,651</u>                 | <u>3,300</u>       |

Note 2: The cash and cash equivalents include assets of disposal group classified as held-for sale which relates to the proposed disposal of Ley Choon (Yantai) Eco-Green Construction Material Ltd.

|   | <b>3 Months Period ended</b> |                    |
|---|------------------------------|--------------------|
|   | <b>30 Jun 2020</b>           | <b>30 Jun 2019</b> |
|   | <b>S\$'000</b>               | <b>S\$'000</b>     |
| Cash and bank balances - continuing operations  | 6,620                        | 3,300              |
| Cash and bank balances - discontinued operation | 31                           | -                  |
| Cash and cash equivalents at end of period      | <u>6,651</u>                 | <u>3,300</u>       |

**1(d)(i) A statement showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

| <b>Group</b>  | <b>Share capital</b> | <b>Accumulated losses</b> | <b>Equity component of convertible bonds</b> | <b>Fair value reserve</b> | <b>Foreign currency translation reserve</b> | <b>Total equity</b> |
|---|----------------------|---------------------------|--|---------------------------|---|---------------------|
|   | <b>S\$'000</b>       | <b>S\$'000</b>            | <b>S\$'000</b>                               | <b>S\$'000</b>            | <b>S\$'000</b>                              | <b>S\$'000</b>      |
| <b>Balance at 1 April 2019</b>                                | 79,807               | (57,214)                  | 243  | -                         | 364   | 23,200              |
| Adjustment on initial application of SFRS (I) 16 (net of tax) | -                    | (148)                     | -  | -                         | -   | (148)               |
|   | 79,807               | (57,362)                  | 243  | -                         | 364   | 23,052              |
| Loss for the period   | -                    | (445)                     | -  | -                         | -   | (445)               |
| Other comprehensive loss for the period                       |                      |                           |  |                           |   |                     |
| - Currency translation differences                            | -                    | -                         | -  | -                         | (436)                                       | (436)               |
| <b>Total comprehensive loss for the period</b>                | -                    | (445)                     | -  | -                         | (436)                                       | (881)               |
| <b>Balance at 30 June 2019</b>                                | 79,807               | (57,807)                  | 243  | -                         | (72)  | 22,171              |
| <b>Balance at 1 April 2020</b>                                | 79,807               | (61,954)                  | 243  | (43)                      | 399   | 18,452              |
| Loss for the period   | -                    | (3,835)                   | -  | -                         | -   | (3,835)             |
| Other comprehensive (loss)/income for the period              |                      |                           |  |                           |   |                     |
| - Currency translation differences                            | -                    | -                         | -  | -                         | (205)                                       | (205)               |
| <b>Total comprehensive loss for the period</b>                | -                    | (3,835)                   | -  | -                         | (205)                                       | (4,040)             |
| <b>Balance at 30 June 2020</b>                                | 79,807               | (65,789)                  | 243  | (43)                      | 194   | 14,412              |

**1(d)(i) A statement showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

| <u>Company</u>  | <b>Share capital</b> | <b>Capital reserve</b> | <b>Accumulated losses</b> | <b>Total equity</b> |
|---|----------------------|------------------------|---------------------------|---------------------|
|   | <b>S\$'000</b>       | <b>S\$'000</b>         | <b>S\$'000</b>            | <b>S\$'000</b>      |
| <b>Balance at 1 April 2019</b>                              | 146,026              | (884)                  | (112,348)                 | 32,794              |
| Loss for the period/Total comprehensive loss for the period | -                    | -                      | (472)                     | (472)               |
| <b>Balance at 30 June 2019</b>                              | 146,026              | (884)                  | (112,820)                 | 32,322              |
| <b>Balance at 1 April 2020</b>                              | 146,026              | 29,017                 | (146,451)                 | 28,592              |
| Loss for the period/Total comprehensive loss for the period | -                    | -                      | (433)                     | (433)               |
| <b>Balance at 30 June 2020</b>                              | 146,026              | 29,017                 | (146,884)                 | 28,159              |

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

There was no change in the Company as well as the Group’s share capital since the end of the previous reporting period.

As at 30 June 2020 (and 31 March 2020), the Company’s issued and paid-up share capital was S\$146,026,238 (and S\$146,026,238).

There were no treasury shares held by the Company as at 30 June 2020 (and 30 June 2019).

There were no subsidiary shareholdings as at 30 June 2020 (and 30 June 2019).

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

| <b>Actual</b>   | <b>30 June 2020</b> | <b>31 March 2020</b> |
|---|---------------------|----------------------|
| Total number of issued shares excluding treasury shares | 1,184,813,992       | 1,184,813,992        |

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

Not applicable.

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

Not applicable.

**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 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.**

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

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

Not applicable. Whilst the Group's latest audited financial statements for the financial year ended 31 March 2019 (the "**FY2019 Audited Financial Statements**") included a material uncertainty related to going concern in the Independent Auditor's Report, the FY2019 Audited Financial Statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

The audit for the financial year ended 31 March 2020 ("**FY2020**") is in progress. The Group will update shareholders of any adverse opinion, qualified opinion or disclaimer of opinion, if issued by the auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

There were no significant changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited annual financial statements for the year ended 31 March 2019.

The FY2020 audit is in progress. The Group will update shareholders of any material changes in accounting policies and methods of computation.

**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.**

As at 30 June 2020, the convertible bonds are excluded from the calculation of diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive.

|  | <b>1<sup>st</sup> Quarter ended</b> |                        |
|--|-------------------------------------|------------------------|
|  | <b>30 Jun<br/>2020</b>              | <b>30 Jun<br/>2019</b> |
| <b>Earnings per share (EPS in cents)</b>                                 |                                     |                        |
| <b><u>Continuing operations</u></b>                                      |                                     |                        |
| EPS based on weighted average number of ordinary shares on issue (cents) | (0.31)                              | (0.04)                 |
| EPS based on a fully diluted basis (cents)                               | (0.31)                              | (0.04)                 |
| <b><u>Discontinued operations</u></b>                                    |                                     |                        |
| EPS based on weighted average number of ordinary shares on issue (cents) | (0.01)                              | 0.01                   |
| EPS based on a fully diluted basis (cents)                               | (0.01)                              | 0.01                   |
| Weighted average number of shares  | 1,184,813,992                       | 1,184,813,992          |

**7. Net assets 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**

|                                       | <b>Group</b>                     |                                  | <b>Company</b>                   |                                  |
|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                                       | <b>As at<br/>30 Jun<br/>2020</b> | <b>As at<br/>31 Mar<br/>2020</b> | <b>As at<br/>30 Jun<br/>2020</b> | <b>As at<br/>31 Mar<br/>2020</b> |
| <b>Net asset value (NAV in cents)</b> |                                  |                                  |                                  |                                  |
| NAV per ordinary share                | 1.22                             | 1.56                             | 2.38                             | 2.41                             |
| Number of shares                      | 1,184,813,992                    | 1,184,813,992                    | 1,184,813,992                    | 1,184,813,992                    |

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

**Comprehensive income statement**

Revenue

Revenue decreased by approximately S\$15.2 million or 59.6% to S\$10.4 million for the three months ended 30 June 2020 ("**Q1FY21**") compared to the corresponding period ended 30 June 2019 ("**Q1FY20**") of S\$25.6 million. The decrease was due mainly to the decrease in revenue from construction projects and sale of construction materials as a result of low construction activities during the circuit breaker and reopening of economic activities phase-1 periods.

Gross profit/(loss)

Gross loss was S\$2.8 million with a gross loss margin of 26.6% for Q1FY21 compared to gross profit of S\$2.1 million with a gross profit margin of 8.3% for Q1FY20. The gross loss and margin were mainly attributable to the decrease in revenue as well as certain fixed direct operating cost that was incurred during the period.

Other income

Other income for Q1FY21 increased by approximately S\$1.7 million or 410.6% to S\$2.1 million compared to Q1FY20 due mainly to payments from the government to support businesses affected by COVID-19 to preserve capacity and capability, and protect jobs through various measures/schemes and rebates.

Selling and distribution expenses

Selling and distribution expenses for Q1FY21 decreased by 22.7% to S\$0.02 million compared to Q1FY20 due mainly to lower business expenses incurred during the period.

Administrative expenses

Administrative expenses for Q1FY21 increased by approximately S\$0.05 million or 2.2% to S\$2.4 million compared to Q1FY20 due mainly to the increase in professional fees during the period.

Impairment losses on trade receivables reversed

Impairment losses on trade receivables reversed for Q1FY21 decreased by approximately S\$0.03 million or 25.9% to S\$0.08 million compared to Q1FY20 due mainly to lower impairment losses on trade receivables reversed during the period.

### Finance costs

Finance costs for Q1FY21 decreased by approximately S\$0.09 million or 11.0% to S\$0.7 million compared to Q1FY20 due mainly to the decrease in interest rates during the period.

### Net loss after tax

The Group reported a net loss after tax of S\$3.8 million for Q1FY21 due to the various reasons as explained above.

## **Consolidated statements of financial position**

### Non-current assets

The Group's non-current assets decreased by S\$1.6 million from S\$39.9 million as at 31 March 2020 to S\$38.3 million as at 30 June 2020, attributable mainly to the decrease in property, plant and equipment by S\$1.6 million to S\$29.8 million as at 30 June 2020 compared to S\$31.4 million as at 31 March 2020, as a result of depreciation of S\$1.8 million; partially offset by additions of plant and machinery amounting to S\$0.1 million during the period.

### Current assets

The Group's current assets decreased by S\$14.3 million from S\$73.1 million as at 31 March 2020 to S\$58.8 million as at 30 June 2020, attributable mainly to:

- (a) decrease in trade and other receivables by S\$9.1 million to S\$7.1 million as at 30 June 2020 compared to S\$16.2 million as at 31 March 2020 due mainly to the increase in collections from customers; and
- (b) decrease in contract assets by S\$8.6 million to S\$24.5 million as at 30 June 2020 compared to S\$33.1 million as at 31 March 2020 due mainly to the decrease in revenue from ongoing projects as a result of lower operational activities as explained above;

which were partially offset by:

- (c) increase in cash and cash equivalents by S\$3.8 million to S\$6.8 million as at 30 June 2020 compared to S\$3.0 million as at 31 March 2020 due mainly to the increase in collections from customers.

### Current liabilities

The Group's current liabilities decreased by S\$11.9 million from S\$91.8 million as at 31 March 2020 to S\$79.9 million as at 30 June 2020 due mainly to the decrease in trade and other payables by S\$10.9 million.

### Non-current liabilities

The Group's non-current liabilities remained at S\$2.8 million as at 30 June 2020 and 31 March 2020.

### **Consolidated statement of cash flow**

The Group's cash and cash equivalents stood at S\$6.6 million as at 30 June 2020, as compared to S\$3.3 million as at 30 June 2019.

### Net cash generated from operating activities

Net cash generated from operating activities was S\$4.6 million, comprising a deficit of S\$0.9 million from operating cash flows before working capital changes and net working capital inflow of S\$5.5 million.

The net working capital inflow of S\$5.5 million was due mainly to the following:

- (a) decrease in trade and other receivables of approximately S\$9.1 million due to the increase in collections from customers; and
- (b) decrease in contract assets of approximately S\$8.6 million due to the decrease in revenue from ongoing projects; which were partially offset by
- (c) decrease in trade and other payables of approximately S\$11.2 million due to the increase in payments to creditors;
- (d) increase in inventories of approximately S\$0.8 million due to purchase of materials for the projects; and
- (e) increase in prepayments of approximately S\$0.3 million due to more payment.

### Net cash used in investing activities

Net cash used in investing activities of approximately S\$0.1 million was due mainly to purchase of property, plant and equipment.

### Net cash used in financing activities

Net cash used in financing activities of approximately S\$1.3 million was due mainly to repayment of lease liabilities and interest payments.

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

No forecast or prospect statement has been previously disclosed. Furthermore, there is no deviation from paragraph 10 of the previous financial results announcement.

**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.**

Based on the recent news release from Building and Construction Authority (“**BCA**”) on 27 June 2020, a new S\$1.36 billion Construction Support Package will be extended to firms in the construction sector to help them cope with the impact of COVID-19. The Construction Support Package will give financial support to construction firms and help businesses to be COVID-19-safe.

Despite the challenging market conditions as a result of the impact of the COVID-19 outbreak, the Group will strive to tender prudently for more underground utilities infrastructure projects, where the Group has the proven track record, experience and capabilities, to ensure a healthy order book position.

During the circuit breaker and the subsequent phase-1 periods, the Group’s operations were limited to the provision of essential services to maintain public safety as determined by the relevant Singapore Government agencies. The Group’s usual operations only resumed gradually after phase-1 reopening period. The Group has strictly implemented measures in response to COVID-19 which include, *inter alia*, safe distancing measures both at the workplace and dormitory, daily monitoring of the workforce movement, periodical testing, etc.

Although construction activities have resumed, the operational constraints as mentioned above have already affected the financial performance of the Group for the current reporting period Q1FY21 and this impact will continue to reflect in results of the Group for the current financial year ending 31 March 2021.

To date, the Group’s unfulfilled order book stands at approximately S\$123.8 million.

**11. Dividends**

**(a) Current financial period**

Any dividend declared for the current financial period reported on? No.

**(b) Previous corresponding financial period**

Any dividend declared for the previous corresponding financial period reported on? No.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(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.**

Not applicable.

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

No dividend has been declared as the Group has reported a net loss for the three-month period ended 30 June 2020.

**13. 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 from shareholders for interested party transactions. The Group had no interested party transactions during the period.

**14. Disclosure on the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

Not applicable.

**15. Confirmation pursuant to Rule 705(5) of the listing manual**

Having considered, including but not limited to, the following:

- whether the financial statements provide a balanced and fair view of any material factors that have affected the Company's business conditions and financial position; and
- whether all material information has been assessed to ensure reliability of the financial statements,

on behalf of the Board of Directors of the Company, we, Toh Choo Huat and Ling Chung Yee, being Directors of the Company, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the three-month period ended 30 June 2020 to be false or misleading in any material aspect.

**16. Confirmation that the issuer has procured undertakings from all its directors and executive officers**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H pursuant to Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Toh Choo Huat  
Executive Chairman and Chief Executive Officer

12 August 2020