

**LEY CHOON GROUP HOLDINGS LTD**  
**(Company Registration No. 198700318G)**

**ANNOUNCEMENT OF CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2021**

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 Catalist, 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 Mr. Leong Weng Tuck (Registered Professional, RHT Capital Pte. Ltd.) Address: 6 Raffles Quay, #24-02, Singapore 048580, [sponsor@rhtgoc.com](mailto:sponsor@rhtgoc.com).

## Table of Contents

<b>A</b>	<b>Condensed interim consolidated statement of profit or loss and other comprehensive income</b>	<b>3</b>
<b>B</b>	<b>Condensed interim statements of financial position</b>	<b>5</b>
<b>C</b>	<b>Condensed interim statements of changes in equity</b>	<b>6</b>
<b>D</b>	<b>Condensed interim consolidated statement of cash flows</b>	<b>8</b>
<b>E</b>	<b>Notes to the condensed interim consolidated financial statements</b>	<b>10</b>
<b>F</b>	<b>Other information required by Appendix 7C of the Catalist Rules</b>	<b>18</b>

## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

1st Quarter ended				
		30 Jun 2021	30 Jun 2020	Change
	Note	S\$'000	S\$'000	%
Revenue	4	24,076	10,359	132.4%
Cost of sales		<u>(19,921)</u>	<u>(13,114)</u>	51.9%
<b>Gross profit/(loss)</b>		4,155	(2,755)	n/m
Other income		1,269	2,063	-38.5%
Selling and distribution expenses		(24)	(17)	41.2%
Administrative expenses		(2,185)	(2,363)	-7.5%
Finance costs		(626)	(723)	-13.4%
Share of results of associate, net of tax		<u>(73)</u>	-	n/m
<b>Profit/(loss) from continuing operations before taxation</b>	6	2,516	(3,795)	n/m
Taxation	7	<u>-</u>	<u>5</u>	n/m
<b>Profit/(loss) from continuing operations after taxation</b>		2,516	(3,790)	n/m
Loss from discontinued operation, net of tax (Note 1)		<u>-</u>	<u>(45)</u>	n/m
<b>Profit/(loss) for the period</b>		2,516	(3,835)	n/m
<b>Other comprehensive profit/(loss) after tax:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences		<u>-</u>	<u>(205)</u>	n/m
<b>Other comprehensive loss for the period, net of tax of nil</b>		<u>-</u>	<u>(205)</u>	n/m
<b>Total comprehensive profit/(loss) for the period</b>		<u>2,516</u>	<u>(4,040)</u>	n/m
<b>Profit/(loss) attributable to:</b>				
Owners of the Company				
- Profit/(loss) from continuing operations, net of tax		2,516	(3,790)	n/m
- Loss from discontinued operations, net of tax		<u>-</u>	<u>(45)</u>	n/m
<b>Profit/(loss) for the period</b>		<u>2,516</u>	<u>(3,835)</u>	n/m
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the Company				
- Profit/(loss) from continuing operations, net of tax		2,516	(3,995)	n/m
- Loss from discontinued operations, net of tax		<u>-</u>	<u>(45)</u>	n/m
<b>Total comprehensive profit/(loss) for the period</b>		<u>2,516</u>	<u>(4,040)</u>	n/m

Note 1: Discontinued operation relates to result of Ley Choon (Yantai) Eco-Green Construction Material Ltd ("LCYT") which was proposed for disposal on 31 March 2020 (proposed disposal of 60% equity interest in LCYT was completed on 21 May 2021).

**A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)**

	<b>1st Quarter ended</b>	
	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
<b>Earnings/(loss) per share attributed to owners of the Company (cents)</b>		
From continuing and discontinued operations		
- basic and diluted	0.21	(0.32)
From continuing operations		
- basic and diluted	0.21	(0.32)
From discontinued operation		
- basic and diluted	-	-

## B. Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		30 Jun 2021	31 Mar 2021	30 Jun 2021	31 Mar 2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	9	24,591	26,072	-	-
Right-of-use assets		9,422	8,304	-	-
Subsidiaries		-	-	42,042	42,043
Associate		3,208	3,281	3,281	3,281
Club membership		229	229	-	-
		<u>37,450</u>	<u>37,886</u>	<u>45,323</u>	<u>45,324</u>
<b>Current Assets</b>					
Inventories		8,020	7,502	-	-
Contract assets		33,214	32,738	-	-
Trade and other receivables		13,485	15,876	1,201	368
Prepayments		3,134	3,410	14	25
Other investments		50	50	-	-
Cash and bank balances		3,025	7,009	3	2,874
Fixed deposits		665	162	-	-
		<u>61,593</u>	<u>66,747</u>	<u>1,218</u>	<u>3,267</u>
<b>Total assets</b>		<u>99,043</u>	<u>104,633</u>	<u>46,541</u>	<u>48,591</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	11	79,807	79,807	146,026	146,026
Accumulated losses		(58,565)	(61,081)	(146,598)	(146,173)
Other reserves		938	938	29,017	29,017
<b>Total equity</b>		<u>22,180</u>	<u>19,664</u>	<u>28,445</u>	<u>28,870</u>
<b>Non-Current Liabilities</b>					
Lease liabilities		3,298	2,813	-	-
Deferred tax liabilities		31	34	-	-
		<u>3,329</u>	<u>2,847</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>					
Borrowings	10	48,500	54,266	15,975	15,975
Lease liabilities		2,300	1,745	-	-
Trade and other payables		22,677	24,258	2,121	3,746
Current tax payable		57	54	-	-
Provisions (Note 1)		-	1,799	-	-
		<u>73,534</u>	<u>82,122</u>	<u>18,096</u>	<u>19,721</u>
<b>Total liabilities</b>		<u>76,863</u>	<u>84,969</u>	<u>18,096</u>	<u>19,721</u>
<b>Total equity and liabilities</b>		<u>99,043</u>	<u>104,633</u>	<u>46,541</u>	<u>48,591</u>

Note 1: Provision for liquidated damages related to a completed project off-set against with final settlement claim.

## C. Condensed interim statements of changes in equity

<u>Group</u>	Share capital	Accumulated losses	Foreign currency translation reserve	Other reserve	Equity component of convertible bonds	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 April 2020</b>	79,807	(61,954)	399	(43)	243	18,452
Loss for the period	-	(3,835)	-	-	-	(3,835)
Other comprehensive loss for the period						
- Currency translation differences	-	-	(205)	-	-	(205)
<b>Total comprehensive loss for the period</b>	-	(3,835)	(205)	-	-	(4,040)
<b>Balance as at 30 June 2020</b>	79,807	(65,789)	194	(43)	243	14,412
<b>Balance as at 1 April 2021</b>	79,807	(61,081)	747	(52)	243	19,664
Profit for the period, representing total comprehensive income for the period	-	2,516	-	-	-	2,516
<b>Balance as at 30 June 2021</b>	79,807	(58,565)	747	(52)	243	22,180

## C. Condensed interim statements of changes in equity (cont'd)

<u>Company</u>	Share capital	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 April 2020</b>	146,026	29,017	(146,451)	28,592
Loss for the period, representing total comprehensive loss for the period	-	-	(433)	(433)
<b>Balance as at 30 June 2020</b>	<u>146,026</u>	<u>29,017</u>	<u>(146,884)</u>	<u>28,159</u>
<b>Balance as at 1 April 2021</b>	146,026	29,017	(146,173)	28,870
Loss for the period, representing total comprehensive loss for the period	-	-	(425)	(425)
<b>Balance as at 30 June 2021</b>	<u>146,026</u>	<u>29,017</u>	<u>(146,598)</u>	<u>28,445</u>

## D. Condensed interim consolidated statement of cash flows

	3 Months Period ended	
	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000
<b>Cash Flows from Operating Activities:</b>		
<b>Profit/(loss) before taxation</b>		
- Continuing operations	2,516	(3,795)
- Discontinued operation	-	(45)
	2,516	(3,840)
<b>Profit/(loss) before taxation</b>	2,516	(3,840)
Adjustments for:		
Depreciation of property, plant and equipment	1,495	1,765
Depreciation of right-of-use assets	615	543
Share of results of associate, net of tax	73	-
Impairment losses on trade receivables reversed, net		
- Discontinued operation	-	(80)
Gain on disposal of property, plant and equipment	(208)	-
Fair value gain on other investments	-	(11)
Dividend income from other investments	-	(1)
Interest expense	626	732
	5,117	(892)
<b>Operating cash flows before working capital changes</b>	5,117	(892)
Changes in inventories	(519)	(776)
Changes in contract assets	(482)	8,624
Changes in trade and other receivables	2,560	9,145
Changes in prepayments	57	(270)
Changes in provision	(1,799)	-
Changes in trade and other payables	(1,721)	(11,181)
	3,213	4,650
<b>Cash generated from operations</b>	3,213	4,650
Income taxes (refunded)/paid	-	-
	3,213	4,650
<b>Net cash generated from operating activities</b>	3,213	4,650
<b>Cash Flows from Investing Activities:</b>		
Purchase of property, plant and equipment	(52)	(109)
Dividend received from other investments	-	1
Proceeds from disposal of property, plant and equipment	216	-
	164	(108)
<b>Net cash generated from investing activities</b>	164	(108)

## D. Condensed interim consolidated statement of cash flows (cont'd)

	3 Months Period ended	
	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000
<b>Cash Flows from Financing Activities:</b>		
Interest paid	(693)	(715)
Repayment of loans from financial institutions	(5,451)	-
Repayment of lease liabilities	(712)	(634)
Fixed deposits pledged with banks	(504)	-
<b>Net cash used in financing activities</b>	<u>(7,360)</u>	<u>(1,349)</u>
<b>Net decrease in cash and cash equivalents</b>	(3,984)	3,193
<b>Cash and cash equivalents at beginning of period</b>	7,009	3,470
Exchange differences on translation of cash and cash equivalents	-	(12)
<b>Cash and cash equivalents at end of period (Note 3)</b>	<u>3,025</u>	<u>6,651</u>

Note 3: 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.

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Ley Choon Group Holdings Ltd (the "**Company**") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist board of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the three months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as below:

- Underground utilities infrastructure construction and maintenance services, which include water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, fibre optic cables and sewer pipeline rehabilitation;
- Road and airfield pavement construction and maintenance services, which include the supplying and laying of graded stones, cement treated base and milling and laying of asphalt premix; and
- Construction materials supply services, which include production of asphalt premix and recycled aggregates from construction and demolition waste and production of ready mix concrete and cement bricks.

### **2. Basis of Preparation**

The condensed interim financial statements for the three months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

#### **2.1. New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as follows:

- Note 9 - Depreciation of property, plant and equipment and right-of-use assets

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 March 2021.

### **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

The Group is organised into the following main business segments:

Segment 1: Pipes & roads;  
Segment 2: Construction materials; and  
Segment 3: Others

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

#### 4.1. Reportable segments

	Continuing operations						Discontinued operation				Total	
	Pipes and roads		Construction materials		Other operations		Construction materials		Other operations		30 Jun 21	30 Jun 20
	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20	S\$'000	S\$'000
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	23,134	10,175	942	184	-	-	-	-	-	-	24,076	10,359
Inter-segment revenue	5,380	4,402	1,784	490	-	-	-	-	-	-	7,164	4,892
<b>Total revenue</b>	<b>28,514</b>	<b>14,577</b>	<b>2,726</b>	<b>674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,240</b>	<b>15,251</b>
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	(66)	(70)	-	-	(560)	(653)	-	(9)	-	-	(626)	(732)
Depreciation of property, plant and equipment	(861)	(982)	(83)	(84)	(551)	(551)	-	(148)	-	-	(1,495)	(1,765)
Depreciation of right-of-use assets	(462)	(381)	(81)	(81)	(72)	(65)	-	(16)	-	-	(615)	(543)
Impairment losses on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses on right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-
Reportable segment profit/(loss) before tax	3,728	(2,733)	264	(74)	(1,476)	(988)	-	(45)	-	-	2,516	(3,840)
Reportable segment assets	66,638	56,723	8,613	5,004	23,792	25,496	-	9,918	-	-	99,043	97,141
Capital expenditure	18	34	-	-	5	8	-	60	-	-	23	102
Reportable segment liabilities	19,188	17,285	1,451	1,152	56,224	60,426	-	3,866	-	-	76,863	82,729

## 4.2. Disaggregation of Revenue

	3 Months Period ended 30 June 2021		
	Pipes and Roads S\$'000	Construction materials S\$'000	TOTAL S\$'000
The Group			
Revenue from contracts with customers			
- Rendering of services	22,962	-	22,962
- Sale of construction materials	-	942	942
	22,962	942	23,904
Rental of motor vehicles and machinery	172	-	172
	23,134	942	24,076
Timing of transfer of goods and services			
- Over time	4,723	-	4,723
- At a point in time	18,411	942	19,353
	23,134	942	24,076
Geographical information			
Singapore	22,968	-	22,968
Sri Lanka	166	942	1,108
	23,134	942	24,076

	3 Months Period ended 30 June 2020		
	Pipes and Roads S\$'000	Construction materials S\$'000	TOTAL S\$'000
The Group			
Revenue from contracts with customers			
- Rendering of services	10,170	-	10,170
- Sale of construction materials	-	184	184
	10,170	184	10,354
Rental of motor vehicles and machinery	5	-	5
	10,175	184	10,359
Timing of transfer of goods and services			
- Over time	4,721	-	4,721
- At a point in time	5,454	184	5,637
	10,175	184	10,359
Geographical information			
Singapore	9,831	184	9,831
Sri Lanka	344	-	528
	10,175	184	10,359

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 March 2021:

	The Group		The Company	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss (FVTPL)	50	50	-	-
Cash and cash equivalents and trade and other receivables (Amortised cost)	17,175	23,047	3	2,874
	<u>17,225</u>	<u>23,097</u>	<u>3</u>	<u>2,874</u>
<u>Financial liabilities</u>				
Trade and other payables, borrowings and lease liabilities (Amortised cost)	76,775	83,082	18,096	19,721

### 5.1 Fair value measurement

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and bank balances and fixed deposits, borrowings (which are short-term or repayable on demand), and trade and other payables, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

## 6. Profit before taxation

### 6.1. Significant items

	3 months ended	
	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000
The Group		
Impairment losses on trade receivables reversed	-	(80)
Depreciation of property, plant and equipment	1,495	1,765
Depreciation and amortisation of right-of-use assets	615	543
Foreign exchange loss/(gain)	254	(77)
Change in fair value of financial assets at fair value through profit or loss	-	(11)
Dividend income from other investments	-	(1)
Gain on disposal of property, plant and equipment	(208)	-
Finance costs	626	732
Operating lease expenses	159	147

### 6.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

## 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	3 Months ended	
	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000
Current income tax expense	-	-
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

## 8. Net Asset Value

	Group		Company	
	As at	As at	As at	As at
	30 Jun	31 Mar	30 Jun	31 Mar
Net asset value (NAV in cents)	2021	2021	2021	2021
NAV per ordinary share	1.87	1.66	2.40	2.44
Number of shares	1,184,813,992	1,184,813,992	1,184,813,992	1,184,813,992

## 9. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$24,000 (30 June 2020: S\$103,000) and disposed of assets amounting to S\$8,000 (30 June 2020: nil).

## 10. Borrowings

	The Group and the Company	
	30 Jun 2021	31 Mar 2021
	S\$'000	S\$'000
<b>Amount repayable within one year or on demand</b>		
Secured	48,500	54,266
Unsecured	-	-
	<hr/>	<hr/>
	48,500	54,266
<b>Amount repayable after one year</b>		
Secured	-	-
Unsecured	-	-
	<hr/>	<hr/>
	-	-

The bank borrowings and credit facilities of the Group 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.

## 11. Share capital

	The Group and the Company			
	As at 30 June 2021		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
		\$'000		\$'000
Beginning and end of interim period	1,184,813,992	79,807	1,184,813,992	79,807

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 March 2021.

## 12. Subsequent events

Subsequent to the period ended 30 June 2021, the Company announced on 6 August 2021 in relation to the proposed disposal of the balance 40% of the registered capital of Ley Choon (Yantai) Eco-Green Construction Materials Ltd.

## **Other Information Required by Appendix 7C of the Catalist Rules**

## **OTHER INFORMATION**

### **1. Review**

The condensed consolidated statement of financial position of Ley Choon Group Holdings Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months period 30 June 2021 and certain explanatory notes have not been audited or reviewed.

#### **1A. 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.

### **2. Review of performance of the Group**

The financial statements referred above were not reviewed or audited.

#### **3. 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.

#### **4. 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 operating period and the next 12 months**

The Building and Construction Authority ("BCA"), in their announcement dated 18 January 2021, projected that the total construction demand in 2021 (i.e. the value of construction contracts to be awarded) would range between S\$23 billion and S\$28 billion. The public sector is expected to drive the construction demand in 2021, with between S\$15 billion and S\$18 billion worth of public housing and infrastructure projects scheduled for award this year which include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1, the Deep Tunnel Sewerage System Phase-2 and underground utilities infrastructure projects such as water, gas and power transmission and distribution lines.

The COVID-19 pandemic continues to evolve and is not going to disappear so soon and the Group has been trying its best to adopt to the new normal. Given the uncertainties over the duration and severity of this pandemic, the Group has been trying to embrace new ways of working, accelerating digital transformation and rethinking of project management strategy. The Group has been strictly following the Government advisories and implement the necessary measures in response to those advisories.

Despite the difficult operating environment and rising costs, the Group will continue to tender prudently and strive to secure more contracts to maintain a sustainable order book. To-date, the Group's unfulfilled order book stands at a healthy level of some S\$170 million.

## **5. Dividend Information**

### **5a. Current Financial Period Reported on**

**Any dividend recommended for the current financial period reported on?**

No.

### **5b. Corresponding Period of the Immediate Preceding Financial Year**

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

No.

### **5c. Date Payable**

Not Applicable.

### **5d. Books Closure Date**

Not Applicable.

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

No dividend has been declared by the Group due to the terms in the Debt Restructuring Agreement signed with all the lenders (vide our announcements dated 26 September 2016 and 28 April 2021).

## **7. Interested person transactions**

The Group has not obtained a general mandate from shareholders for interested party transactions. The Group had no interested party transactions during the period.

## **8. Review of performance of the Group**

### **Comprehensive income statement for the three months period ended 30 June 2021**

#### Revenue

Revenue increased by approximately S\$13.7 million or 132.4% to S\$24.1 million for the three months ended 30 June 2021 ("Q1FY22") compared to the corresponding period ended 30 June 2020 ("Q1FY21") of S\$10.4 million. The increase in revenue is attributable mainly to higher construction activities in small diameter pipe laying works, cable laying projects and sale of construction materials. The lower construction activities in Q1FY21 was mainly due to halting of construction activities during the Circuit Breaker period and slow resumption of activities during Phase-1 reopening period.

#### Gross profit/(loss)

Gross profit was S\$4.2 million with a gross profit margin of 17.3% for Q1FY22 compared to gross loss of S\$2.8 million with a gross loss margin of 26.6% for Q1FY21. The gross profit and margin were mainly attributable to the increase in revenue and margin from the projects mentioned above and lower direct operating cost during the period.

#### Other income

Other income for Q1FY22 decreased by approximately S\$0.8 million or 38.5% to S\$1.3 million compared to Q1FY21 of S\$2.1 million due mainly to lower grants and disbursements package received from the Singapore Government to support the business affected by COVID-19.

#### Selling and distribution expenses

Selling and distribution expenses for Q1FY22 increased by 41.2% to S\$0.02 million compared to Q1FY21 due mainly insurance expenses incurred during the period.

#### Administrative expenses

Administrative expenses for Q1FY22 decreased by approximately S\$0.2 million or 7.5% to S\$2.2 million compared to Q1FY21 due mainly to decrease in various administrative expenses which includes depreciation and professional fees during the period.

#### Finance cost

Finance costs for Q1FY22 decreased by approximately S\$0.1 million or 13.4% to S\$0.6 million compared to Q1FY21 due mainly to the decrease in borrowings as well as interest rates during the period.

#### Net profit/(loss)

The Group reported a net profit after tax of S\$2.5 million for Q1FY22 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\$0.4 million from S\$37.9 million as at 31 March 2021 to S\$37.5 million as at 30 June 2021, attributable mainly to:

- (a) decrease in property, plant and equipment by S\$1.5 million to S\$24.6 million as at 30 June 2021 compared to S\$26.1 million as at 31 March 2021, mainly as a result of depreciation of S\$1.5 million, disposal of property, plant and equipment amounting to S\$0.02 million; partially offset by additions of plant and machinery amounting to S\$0.02 million; and
- (b) increase in right-of-use assets by S\$1.1 million to S\$9.4 million as at 30 June 2021 compared to S\$8.3 million as at 31 March 2021, as a result of additions of right-of-use assets amounting to S\$1.7 million which partially offset by amortization of S\$0.6 million.

#### Current assets

The Group's current assets decreased by S\$5.1 million from S\$66.7 million as at 31 March 2021 to S\$61.6 million as at 30 June 2021, attributable mainly to:

- (a) decrease in trade and other receivables by S\$2.4 million to S\$13.5 million as at 30 June 2021 compared to S\$15.9 million as at 31 March 2021 due mainly to the net increase in collections from customers;
- (b) decrease in cash and cash equivalents by S\$4.0 million to S\$3.0 million as at 30 June 2021 compared to S\$7.0 million as at 31 March 2021 due mainly to the payment of trade and other payables and repayment of borrowings; and
- (c) increase in contract assets by S\$0.5 million to S\$33.2 million as at 30 June 2021 compared to S\$32.7 million as at 31 March 2021 due mainly to the increase in revenue from ongoing projects as a result of higher operational activities as explained above.

#### Current liabilities

The Group's current liabilities decreased by S\$8.6 million from S\$82.1 million as at 31 March 2021 to S\$73.5 million as at 30 June 2021 due mainly to

- (a) decrease in trade and other payables by S\$1.6 million as a result of more payment made to the creditors;
- (b) decrease in borrowings by S\$5.8 million as a result of repayment of borrowings;
- (c) decrease in provision by S\$1.8 million (provided in the prior years for liquidated damages related to a completed project) due to the off-set against final settlement of claims which includes prolongation cost claims; and
- (d) increase in lease liabilities by S\$0.6 million due mainly to additional lease liabilities.

#### Non-current liabilities

The Group's non-current liabilities increased by S\$0.5 million to S\$3.3 million as at 30 June 2021 due mainly to additional lease liabilities.

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

The Group's cash and cash equivalents stood at S\$3.0 million as at 30 June 2021, as compared to S\$7.0 million as at 31 March 2021.

#### Net cash generated from operating activities

Net cash generated from operating activities was S\$3.2 million, comprising operating cash flows before working capital changes of S\$5.1 million and net working capital outflow of S\$1.9 million.

The net working capital outflow of S\$1.9 million was due mainly to the following:

- (a) decrease in trade and other receivables of approximately S\$2.6 million due to the increase in collection from customers;
- (b) increase in contract assets of approximately S\$0.5 million due to more work done from ongoing projects;
- (c) decrease in trade and other payables of approximately S\$1.7 million due to the increase in payments to creditors;
- (d) increase in inventories of approximately S\$0.5 million due to purchase of materials for the projects; and

(e) decrease in provision of approximately S\$1.8 million due to the settlement of final claims as explained above.

Net cash used in investing activities

Net cash generated from investing activities of approximately S\$0.2 million was due mainly to proceeds from disposal of property, plant and equipment which was partially offset by purchase of property, plant and equipment and right-of-use assets.

Net cash used in financing activities

Net cash used in financing activities of approximately S\$7.4 million was due mainly to repayment of borrowings, lease liabilities and interest payments.

**9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

**10. Confirmation by the Board**

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
- All material information has been assessed to ensure reliability of the financial statements.

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the first quarter financial results for the period ended 30 June 2021 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Toh Choo Huat  
Executive Chairman and Chief Executive Officer

Ling Chung Yee  
Lead Independent Director

13 August 2021