

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

**ANNOUNCEMENT OF CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST HALF YEAR ENDED 30 SEPTEMBER 2022**

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").

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.

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## 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

The Group				
6 Months ended				
		30 Sep 2022	30 Sep 2021	Change
	Note	S\$'000	S\$'000	%
Revenue	4	61,265	46,992	30.4%
Cost of sales		<u>(52,767)</u>	<u>(40,303)</u>	30.9%
<b>Gross profit</b>		8,498	6,689	27.0%
Other income		1,851	2,674	-30.8%
Selling and distribution expenses		(73)	(35)	108.6%
Administrative expenses		(4,876)	(4,506)	8.2%
Other operating expenses		(16)	(25)	-36.0%
Finance costs		<u>(708)</u>	<u>(1,247)</u>	-43.2%
<b>Profit from continuing operations before taxation</b>	6	4,676	3,550	31.7%
Taxation	7	<u>-</u>	<u>-</u>	n/m
<b>Profit from continuing operations after taxation</b>		4,676	3,550	31.7%
Loss from discontinued operation, net of tax (Note 1)		<u>-</u>	<u>(96)</u>	n/m
<b>Profit for the period</b>		4,676	3,454	35.4%
<b>Other comprehensive income after tax:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences		<u>(499)</u>	<u>(9)</u>	5444.4%
<b>Other comprehensive loss for the period, net of tax of nil</b>		<u>(499)</u>	<u>(9)</u>	5444.4%
<b>Total comprehensive income for the period</b>		<u>4,177</u>	<u>3,445</u>	21.2%
<b>Profit/(loss) attributable to:</b>				
Owners of the Company				
- Profit from continuing operations, net of tax		4,676	3,550	31.7%
- Loss from discontinued operation, net of tax		<u>-</u>	<u>(96)</u>	n/m
<b>Profit for the period</b>		<u>4,676</u>	<u>3,454</u>	35.4%
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the Company				
- Profit from continuing operations, net of tax		4,177	3,541	18.0%
- Loss from discontinued operation, net of tax		<u>-</u>	<u>(96)</u>	n/m
<b>Total comprehensive income for the period</b>		<u>4,177</u>	<u>3,445</u>	21.2%

Note 1: Discontinued operation relates to results of Ley Choon (Yantai) Eco-Green Construction Material Ltd ("LCYT"). The disposal of 60% equity interest in LCYT was completed on 17 May 2021. As at 31 March 2021 and 31 March 2022, LCYT was an associate of the Group and the Company.

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

	<b>The Group</b>	
	<b>6 Months ended</b>	
	<b>30 Sep</b>	<b>30 Sep</b>
	<b>2022</b>	<b>2021</b>
<b>Earnings/(loss) per share attributed to owners of the Company (cents)</b>		
From continuing and discontinued operations		
- basic and diluted	0.31	0.29
From continuing operations		
- basic and diluted	0.31	0.30
From discontinued operation		
- basic and diluted	-	(0.01)

## B. Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		30 Sep 2022	31 Mar 2022	30 Sep 2022	31 Mar 2022
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	9	20,743	20,150	-	-
Right-of-use assets		5,969	8,717	-	-
Subsidiaries		-	-	47,147	47,147
Associate		-	-	-	-
Deferred tax assets		677	677	-	-
Club membership		229	229	-	-
		<u>27,618</u>	<u>29,773</u>	<u>47,147</u>	<u>47,147</u>
<b>Current Assets</b>					
Inventories		8,811	9,279	-	-
Contract assets		32,874	28,327	-	-
Trade and other receivables		20,902	15,328	2,886	2,886
Prepayments		3,731	3,666	39	25
Other investments		13	14	-	-
Cash and bank balances		2,402	4,334	2	5
Fixed deposits		491	573	-	-
		<u>69,224</u>	<u>61,521</u>	<u>2,927</u>	<u>2,916</u>
Assets of disposal group classified as held-for-sale		<u>3,183</u>	<u>3,183</u>	<u>3,281</u>	<u>3,281</u>
		<u>72,407</u>	<u>64,704</u>	<u>6,208</u>	<u>6,197</u>
<b>Total assets</b>		<u>100,025</u>	<u>94,477</u>	<u>53,355</u>	<u>53,344</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	11	97,889	97,889	164,108	164,108
Accumulated losses		(51,647)	(56,323)	(143,249)	(142,902)
Other reserves		(1,608)	(1,109)	28,774	28,774
<b>Total equity</b>		<u>44,634</u>	<u>40,457</u>	<u>49,633</u>	<u>49,980</u>
<b>Non-Current Liabilities</b>					
Borrowings		17,452	19,726	-	-
Lease liabilities		1,779	2,085	-	-
Deferred tax liabilities		8	8	-	-
		<u>19,239</u>	<u>21,819</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>					
Borrowings	10	8,018	8,209	-	-
Lease liabilities		3,002	2,501	-	-
Trade and other payables		25,075	21,433	3,722	3,364
Current tax payable		57	58	-	-
		<u>36,152</u>	<u>32,201</u>	<u>3,722</u>	<u>3,364</u>
<b>Total liabilities</b>		<u>55,391</u>	<u>54,020</u>	<u>3,722</u>	<u>3,364</u>
<b>Total equity and liabilities</b>		<u>100,025</u>	<u>94,477</u>	<u>53,355</u>	<u>53,344</u>

## 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 2021</b>	79,807	(61,081)	747	(52)	243	19,664
Profit for the period	-	3,454	-	-	-	3,454
- Currency translation differences	-	-	(9)	-	-	(9)
<b>Total comprehensive income for the period</b>	-	3,454	(9)	-	-	3,445
<b>Balance as at 30 September 2021</b>	79,807	(57,627)	738	(52)	243	23,109
<b>Balance as at 1 April 2022</b>	97,889	(56,323)	(1,060)	(49)	-	40,457
Profit for the period	-	4,676	-	-	-	4,676
- Currency translation differences	-	-	(499)	-	-	(499)
<b>Total comprehensive income for the period</b>	-	4,676	(499)	-	-	4,177
<b>Balance as at 30 September 2022</b>	97,889	(51,647)	(1,559)	(49)	-	44,634

## 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 2021</b>	146,026	29,017	(146,173)	28,870
Loss for the period, representing total comprehensive loss for the period	-	-	(987)	(987)
<b>Balance as at 30 September 2021</b>	146,026	29,017	(147,160)	27,883
<b>Balance as at 1 April 2022</b>	164,108	28,774	(142,902)	49,980
Loss for the period, representing total comprehensive loss for the period	-	-	(347)	(347)
<b>Balance as at 30 September 2022</b>	164,108	28,774	(143,249)	49,633

## D. Condensed interim consolidated statement of cash flows

	<b>The Group</b>	
	<b>6 Months Period ended</b>	
	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows from Operating Activities:</b>		
<b>Profit before taxation</b>		
- Continuing operations	4,676	3,550
- Discontinued operation	-	(96)
	<u>4,676</u>	<u>3,454</u>
<b>Profit before taxation</b>	4,676	3,454
Adjustments for:		
Depreciation of property, plant and equipment	2,917	2,948
Depreciation of right-of-use assets	1,227	1,237
Share of results of associate, net of tax	-	96
Loss/(Gain) on disposal of property, plant and equipment	5	(208)
Gain on lease modification	(5)	-
Fair value gain on other investments	1	1
Interest income	(3)	(6)
Interest expense	708	1,247
	<u>9,526</u>	<u>8,769</u>
<b>Operating cash flows before working capital changes</b>	9,526	8,769
Changes in inventories	413	(1,195)
Changes in contract assets	(4,604)	2,943
Changes in trade and other receivables	(5,704)	435
Changes in prepayments	(89)	11
Changes in provision	-	(1,799)
Changes in trade and other payables	3,483	(160)
	<u>3,025</u>	<u>9,004</u>
<b>Cash generated from operations</b>	3,025	9,004
Income taxes (refunded)/paid	-	-
	<u>-</u>	<u>-</u>
<b>Net cash generated from operating activities</b>	<u>3,025</u>	<u>9,004</u>
<b>Cash Flows from Investing Activities:</b>		
Interest received	3	6
Purchase of property, plant and equipment	(263)	(171)
Proceeds from disposal of property, plant and equipment	30	216
	<u>(230)</u>	<u>51</u>
<b>Net cash (used in)/generated from investing activities</b>	<u>(230)</u>	<u>51</u>

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

	<b>The Group</b>	
	<b>6 Months Period ended</b>	
	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows from Financing Activities:</b>		
Interest paid	(708)	(1,463)
Repayment of loans from financial institutions	(2,465)	(7,571)
Repayment of lease liabilities	(1,600)	(1,427)
Fixed deposits pledged with banks	<u>81</u>	<u>(507)</u>
<b>Net cash used in financing activities</b>	<u>(4,692)</u>	<u>(10,968)</u>
<b>Net decrease in cash and cash equivalents</b>	(1,897)	(1,913)
<b>Cash and cash equivalents at beginning of period</b>	4,334	7,009
Exchange differences on translation of cash and cash equivalents	<u>(35)</u>	<u>-</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>2,402</u></u>	<u><u>5,096</u></u>

## **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 six months ended 30 September 2022 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 six months ended 30 September 2022 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 2022.

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 2022.

### **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 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		Others		Construction materials		Others		30 Sep 22	30 Sep 21
	30 Sep 22	30 Sep 21	30 Sep 22	30 Sep 21	30 Sep 22	30 Sep 21	30 Sep 22	30 Sep 21	30 Sep 22	30 Sep 21		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
The Group												
External revenue	60,126	44,320	1,139	2,672	-	-	-	-	-	-	61,265	46,992
Inter-segment revenue	14,242	12,675	3,293	3,048	-	-	-	-	-	-	17,535	15,723
<b>Total revenue</b>	<b>74,368</b>	<b>56,995</b>	<b>4,432</b>	<b>5,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,800</b>	<b>62,715</b>
Interest income	-	-	-	-	3	6	-	-	-	-	3	6
Interest expense	(114)	(143)	-	-	(594)	(1,104)	-	-	-	-	(708)	(1,247)
Depreciation of property, plant and equipment	(1,652)	(1,686)	(155)	(159)	(1,110)	(1,103)	-	-	-	-	(2,917)	(2,948)
Depreciation of right-of-use assets	(913)	(925)	(180)	(168)	(134)	(144)	-	-	-	-	(1,227)	(1,237)
Impairment losses on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses on right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-
Reportable segment profit/(loss) before tax	8,255	5,788	40	601	(3,619)	(2,935)	-	(96)	-	-	4,676	3,454
Reportable segment assets	67,712	64,630	3,944	6,184	22,843	25,776	5,526	3,185	-	-	100,025	99,775
Capital expenditure	124	107	-	-	109	19	-	-	-	-	233	126
Reportable segment liabilities	20,348	19,981	1,312	2,040	31,388	54,645	2,343	-	-	-	55,391	76,666

## 4.2. Disaggregation of Revenue

The Group	6 Months Period ended 30 September 2022		
	Pipes and Roads S\$'000	Construction materials S\$'000	TOTAL S\$'000
Revenue from contracts with customers			
- Rendering of services	59,214	-	59,214
- Sale of construction materials	-	1,139	1,139
	59,214	1,139	60,353
Rental of motor vehicles and machinery	912	-	912
	60,126	1,139	61,265
Timing of transfer of goods and services			
- Over time	24,482	-	24,482
- At a point in time	35,644	1,139	36,783
	60,126	1,139	61,265
Geographical information			
Singapore	57,904	1,139	59,043
Sri Lanka	2,222	-	2,222
	60,126	1,139	61,265

The Group	6 Months Period ended 30 September 2021		
	Pipes and Roads S\$'000	Construction materials S\$'000	TOTAL S\$'000
Revenue from contracts with customers			
- Rendering of services	44,121	-	44,121
- Sale of construction materials	-	2,672	2,672
	44,121	2,672	46,793
Rental of motor vehicles and machinery	199	-	199
	44,320	2,672	46,992
Timing of transfer of goods and services			
- Over time	10,359	-	10,359
- At a point in time	33,961	2,672	36,633
	44,320	2,672	46,992
Geographical information			
Singapore	43,910	2,672	46,582
Sri Lanka	410	-	410
	44,320	2,672	46,992

## 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 September 2022 and 31 March 2022:

	The Group		The Company	
	30 Sep 2022 \$'000	31 Mar 2022 \$'000	30 Sep 2022 \$'000	31 Mar 2022 \$'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss (FVTPL)	13	14	-	-
Cash and cash equivalents and trade and other receivables (Amortised cost)	23,795	20,235	2,888	2,891
	<u>23,808</u>	<u>20,249</u>	<u>2,888</u>	<u>2,891</u>
<u>Financial liabilities</u>				
Trade and other payables, borrowings and lease liabilities (Amortised cost)	55,326	53,954	3,722	3,364

### 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

	6 months ended		Change %
	30-Sep-22 S\$'000	30-Sep-21 S\$'000	
The Group			
Depreciation of property, plant and equipment	2,917	2,948	-1.1%
Depreciation and amortisation of right-of-use assets	1,227	1,237	-0.8%
Foreign exchange gain	(815)	(189)	331.2%
Change in fair value of financial assets at fair value through profit or loss	1	1	0.0%
Interest income	(3)	(6)	-50.0%
Loss/(Gain) on disposal of property, plant and equipment	5	(208)	n/m
Finance costs	708	1,247	-43.2%
Operating lease expenses	33	311	-89.4%

### 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:

	6 Months ended	
	30 Sep 2022 S\$'000	30 Sep 2021 S\$'000
Current income tax expense	-	-
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
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## 8. Net Asset Value

	Group		Company	
	As at	As at	As at	As at
	30 Sep	31 Mar	30 Sep	31 Mar
Net asset value (NAV in cents)	2022	2022	2022	2022
NAV per ordinary share	2.96	2.69	3.30	3.32
Number of shares	1,505,767,572	1,505,767,572	1,505,767,572	1,505,767,572

## 9. Property, plant and equipment

During the six months ended 30 September 2022, the Group acquired assets amounting to S\$233,000 (30 September 2021: S\$126,000) and disposed of assets amounting to S\$35,000 (30 September 2021: S\$8,000).

## 10. Borrowings

	The Group and the Company	
	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000
<b>Amount repayable within one year or on demand</b>		
Secured	8,018	8,209
Unsecured	-	-
	<u>8,018</u>	<u>8,209</u>
<b>Amount repayable after one year</b>		
Secured	17,452	19,726
Unsecured	-	-
	<u>17,452</u>	<u>19,726</u>

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

	<b>The Group and the Company</b>			
	<b>As at 30 September 2022</b>		<b>As at 31 March 2022</b>	
	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
		<b>\$'000</b>		<b>\$'000</b>
Beginning and end of interim period	<u>1,505,767,572</u>	<u>97,889</u>	<u>1,505,767,572</u>	<u>97,889</u>

The Company did not hold any treasury shares as at 30 September 2022 and 31 March 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2022 and 31 March 2022.

## **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 September 2022 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 first half year ended 30 September 2022 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.

#### **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**

Based on advance estimates released by the Ministry of Trade and Industry ("MTI") on 14 October 2022<sup>1</sup>, the construction sector grew by 7.8 per cent year-on-year in the third quarter of 2022, accelerating from the 4.8 per cent growth in the preceding quarter. Both public and private construction output picked up during the quarter, supported in part by the easing of border restrictions on the inflow of migrant workers.

The outlook for construction industry is expected to be positive and progressive, particularly in public sector and infrastructure construction. However, the uncertainties arising from the impact of geopolitical situations, leading price increase of raw materials and potential inflation, will continue to affect the businesses. The Group remains cautiously optimistic as it continues to focus on the smooth execution of the ongoing projects. In addition, the Group will continue to leverage its strong track record and expertise to strive to secure more contracts in underground infrastructure utilities construction with prudent tendering.

To-date, the Group's unfulfilled order book stands at a healthy level of approximately S\$220.2 million.

<sup>1</sup> Source: [https://www.mti.gov.sg/Newsroom/Press-Releases/2022/10/Singapore-Economy-Expanded-by-4\\_4-Per-Cent-in-the-Third-Quarter-of-2022](https://www.mti.gov.sg/Newsroom/Press-Releases/2022/10/Singapore-Economy-Expanded-by-4_4-Per-Cent-in-the-Third-Quarter-of-2022)

## **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 18 August 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 first half year ended 30 September 2022**

#### Revenue

Revenue increased by approximately S\$14.3 million or 30.4% to S\$61.3 million for the first half year ended 30 September 2022 ("1HFY23") compared to the corresponding period ended 30 September 2021 ("1HFY22") of S\$47.0 million. The increase in revenue is largely attributed to higher construction activities in pipe laying, airport and sewer rehab projects. However, the increase in revenue was partially offset by a) the decrease in revenue from certain small diameter pipe laying projects nearing completion and b) lower sales of construction materials.

#### Gross profit/(loss)

Gross profit was S\$8.5 million with a gross profit margin of 13.9% for 1HFY23 compared to gross profit of S\$6.7 million with a gross profit margin of 14.2% for 1HFY22. The increase in gross profit was mainly attributable to the increase in revenue from the project mix referred above.

#### Other income

Other income for 1HFY23 decreased by approximately S\$0.8 million or 30.8% to S\$1.9 million compared to 1HFY22 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 1HFY23 increased by 108.6% to S\$0.1 million compared to 1HFY22 due mainly to increase in travel related expenses incurred during the period.

#### Administrative expenses

Administrative expenses for 1HFY23 increased by approximately S\$0.4 million or 8.2% to S\$4.9 million compared to 1HFY22 due mainly to increase in administrative staff and certain office expenses during the period.

#### Other operating expenses

Other operating expenses for 1HFY23 decreased by approximately S\$0.01 million or 36.0% to S\$0.02 million compared to 1HFY22 due mainly to lower regulatory costs at construction sites.

#### Finance cost

Finance costs for 1HFY23 decreased by approximately S\$0.5 million or 43.2% to S\$0.7 million compared to 1HFY22 due mainly to the decrease in borrowings despite an increase in interest rates during the period.

#### Net profit/(loss)

The Group reported a net profit after tax of S\$4.7 million for 1HFY23 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\$2.2 million from S\$29.8 million as at 31 March 2022 to S\$27.6 million as at 30 September 2022, attributable mainly to:

- (a) increase in property, plant and equipment by S\$0.5 million to S\$20.7 million as at 30 September 2022 compared to S\$20.2 million as at 31 March 2022, as a result of the transfer of right-of-use assets to property, plant and equipment amounting to S\$3.3 million, addition of plant and machinery amounting to S\$0.2 million which was partially offset by depreciation of S\$2.9 million and disposal of property, plant and equipment amounting to S\$0.04 million; and
- (b) decrease in right-of-use assets by S\$2.7 million to S\$6.0 million as at 30 September 2022 compared to S\$8.7 million as at 31 March 2022, as a result of right-of-used assets transferred to property, plant and equipment amounting to S\$3.3 million, amortization of S\$1.2 million and termination of lease assets amounting to S\$0.1 million which was partially offset by additions of right-of-use assets amounting to S\$1.9 million.

### Current assets

The Group's current assets increased by S\$7.7 million from S\$64.7 million as at 31 March 2022 to S\$72.4 million as at 30 September 2022, attributable mainly to:

- (a) increase in trade and other receivables by S\$5.6 million to S\$20.9 million as at 30 September 2022 compared to S\$15.3 million as at 31 March 2022 due mainly to more billing during the period;
- (b) increase in contract assets by S\$4.5 million to S\$32.8 million as at 30 September 2022 compared to S\$28.3 million as at 31 March 2022 due mainly to increase in revenue from ongoing projects as a result of higher operational activities as explained above;
- (c) decrease in cash and cash equivalents by S\$1.9 million to S\$2.4 million as at 30 September 2022 compared to S\$4.3 million as at 31 March 2022 due mainly to the payment trade and other payables and repayment of borrowings; and
- (d) decrease in inventories by S\$0.5 million to S\$8.8 million as at 30 September 2022 compared to S\$9.2 million as at 31 March 2022 due mainly to more usage of materials for the projects.

### Current liabilities

The Group's current liabilities increased by S\$4.0 million from S\$32.2 million as at 31 March 2022 to S\$36.2 million as at 30 September 2022 due mainly to:

- (a) increase in trade and other payable by S\$3.7 million to S\$25.1 million as at 30 September 2022 compared to S\$21.4 million as at 31 March 2022 due mainly to the material purchased for projects;
- (b) increase in lease liabilities by S\$0.5 million due mainly to additional lease; and
- (c) decrease in borrowings by S\$0.2 million due to repayment of borrowings.

### Non-current liabilities

The Group's non-current liabilities decreased by S\$2.6 million due mainly to repayment of borrowings and lease liabilities.

## **Consolidated statement of cash flow**

The Group's cash and cash equivalents stood at S\$2.4 million as at 30 September 2022, as compared to S\$4.3 million as at 31 March 2022.

### Net cash generated from operating activities

Net cash generated from operating activities was S\$3.0 million, comprising operating cash flows before working capital changes of S\$9.5 million and net working capital outflow of S\$6.5 million. The net working capital outflow of S\$6.5 million was due mainly to the following:

- (a) increase in trade and other receivables of approximately S\$5.7 million due to the more billing during the period;
- (b) increase in contract assets of approximately S\$4.6 million due to the increase in revenue from ongoing projects as result of higher operational activities as explained above;

- (c) increase in trade and other payables of approximately S\$3.5 million due to purchase of materials for projects;
- (d) decrease in inventories of approximately S\$0.4 million due to more usage of materials for the projects; and
- (e) increase in prepayment approximately S\$0.1 million due to the advance payment made for materials purchased for projects.

Net cash used in investing activities

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

Net cash used in financing activities

Net cash used in financing activities of approximately S\$4.7 million was due mainly to repayment of borrowings, lease liabilities and interest payments.

**9. Disclosure on Acquisitions and Realisations of Shares pursuant to Rule 706A of the Catalist Rules**

During 1HFY2023, there were no acquisitions or realisations of shares resulting in a company becoming or ceasing to be a subsidiary or associated company of the Company, or resulting in the Company increasing or reducing its shareholding percentage in a subsidiary or associated company.

**10. 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.

**11. 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 half yearly financial results for the period ended 30 September 2022 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

11 November 2022