

LEY CHOON GROUP HOLDINGS LTD

(Company Registration No. 198700318G)

ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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.

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LEY CHOON GROUP HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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

	3 rd Quarter ended			9 Months		
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	Change %	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	Change %
Revenue	23,978	23,627	1.5%	51,036	71,238	-28.4%
Cost of sales	(19,803)	(20,958)	-5.5%	(49,654)	(64,492)	-23.0%
Gross profit	4,175	2,669	56.4%	1,382	6,746	-79.5%
Other income	1,511	478	216.1%	6,254	1,561	300.6%
Selling and distribution expenses	(19)	(39)	-51.3%	(51)	(98)	-48.0%
Administrative expenses	(2,472)	(2,356)	4.9%	(7,142)	(7,246)	-1.4%
Impairment losses on trade receivables reversed	-	68	n/m	-	340	n/m
Other operating expenses	(73)	(18)	305.6%	(171)	(166)	3.0%
Finance costs	(666)	(818)	-18.6%	(2,072)	(2,463)	-15.9%
Profit/(Loss) from continuing operations before taxation	2,456	(16)	n/m	(1,800)	(1,326)	35.7%
Taxation	41	(11)	n/m	41	(39)	n/m
Profit/(Loss) from continuing operations after taxation	2,497	(27)	n/m	(1,759)	(1,365)	28.9%
Profit/(Loss) from discontinued operation, net of tax (Note 1)	(159)	245	n/m	(246)	853	n/m
Profit/(Loss) for the period	2,338	218	972.5%	(2,005)	(512)	291.6%
Other comprehensive loss after tax:						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences	158	(80)	n/m	177	(688)	n/m
Other comprehensive profit/(loss) for the period, net of tax of nil	158	(80)	n/m	177	(688)	n/m
Total comprehensive profit/(loss) for the period	2,496	138	1708.7%	(1,828)	(1,200)	52.3%

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 vide our announcement dated 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)

	3 rd Quarter ended			9 Months		
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	Change %	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	Change %
Profit/(Loss) attributable to:						
Owners of the Company						
- Profit/(Loss) from continuing operations, net of tax	2,497	(27)	n/m	(1,759)	(1,365)	28.9%
- Profit/(Loss) from discontinued operations, net of tax	(159)	245	-94.3%	(246)	853	n/m
Profit/(Loss) for the period	<u>2,338</u>	<u>218</u>	972.5%	<u>(2,005)</u>	<u>(512)</u>	291.6%
Total comprehensive profit/(loss) attributable to:						
Owners of the Company						
- Profit/(Loss) from continuing operations, net of tax	2,482	(107)	n/m	(1,582)	(2,053)	-22.9%
- Profit/(Loss) from discontinued operations, net of tax	(159)	245	-94.3%	(246)	853	n/m
Total comprehensive profit/(loss) for the period	<u>2,496</u>	<u>138</u>	1708.7%	<u>(1,828)</u>	<u>(1,200)</u>	52.3%

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:

	3 rd Quarter ended			9 Months		
	31 Dec	31 Dec	Change	Period ended		Change
	2020	2019		31 Dec	31 Dec	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Impairment losses on trade receivables made/(reversed), net	20	(375)	n/m	(157)	(647)	-75.7%
Amortisation of land use rights	-	16	n/m	-	49	n/m
Depreciation of property, plant and equipment	1,636	1,902	-14.0%	5,071	6,004	-15.5%
Depreciation of right-of-use assets	543	360	50.8%	1,594	1,086	46.8%
Foreign exchange loss/(gain)	230	(114)	n/m	91	(413)	n/m
Fair value loss/(gain) on other investment	1	(5)	n/m	(7)	8	n/m
Dividend income from other investments	-	-	n/m	(1)	(1)	0.0%
(Gain)/Loss on disposal of property, plant and equipment	(17)	(40)	-57.5%	47	(42)	n/m
Finance costs	676	826	-18.2%	2,100	2,505	-16.2%
Provision for fines and penalty reversed	-	(442)	n/m	-	(642)	n/m
Write-down on inventories	-	20	n/m	-	20	n/m
Operating lease expenses	168	190	-11.6%	493	569	-13.4%

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

	Group		Company	
	As at 31 Dec 2020 S\$'000	As at 31 Mar 2020 S\$'000	As at 31 Dec 2020 S\$'000	As at 31 Mar 2020 S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	27,356	31,394	-	-
Right-of-use assets	7,910	8,314	-	-
Subsidiaries	-	-	38,407	38,407
Club membership	229	229	-	-
	35,495	39,937	38,407	38,407
Current Assets				
Inventories	7,423	6,801	-	-
Contract assets	29,148	33,070	-	-
Trade and other receivables	12,758	16,211	-	90
Prepayments	3,344	2,880	47	57
Other investments	46	39	-	-
Cash and bank balances	2,340	2,834	3	1
Fixed deposits	169	161	-	-
	55,228	61,996	50	148
Assets of disposal group classified as held-for-sale	9,865	10,866	8,000	8,000
	65,093	72,862	8,050	8,148
Total assets	100,588	112,799	46,457	46,555
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	79,807	79,807	146,026	146,026
Accumulated losses	(63,959)	(61,954)	(147,815)	(146,451)
Other reserves	776	599	29,017	29,017
Total equity	16,624	18,452	27,228	28,592
Non-Current Liabilities				
Lease liabilities	2,529	2,740	-	-
Deferred tax liabilities	31	31	-	-
	2,560	2,771	-	-
Current Liabilities				
Borrowings	54,284	54,458	15,944	15,851
Lease liabilities	1,746	2,574	-	-
Trade and other payables	19,766	28,108	3,285	2,112
Current tax payable	54	54	-	-
Provisions	1,799	1,799	-	-
	77,649	86,993	19,229	17,963
Liabilities directly associated with disposal group classified as held-for-sale	3,755	4,583	-	-
	81,404	91,576	19,229	17,963
Total liabilities	83,964	94,347	19,229	17,963
Total equity and liabilities	100,588	112,799	46,457	46,555

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 31 Dec 2020 S\$'000	As at 31 Mar 2020 S\$'000
Secured		
Bank loans	38,340	38,607
Convertible bond (Murabaha Facility)	15,944	15,851
Total	54,284	54,458

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

	9 Months Period ended	
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
Cash Flows from Operating Activities:		
Profit/(Loss) before taxation		
- Continuing operations	(1,800)	(1,325)
- Discontinued operation	(244)	843
	(2,044)	(482)
Adjustments for:		
Amortisation of land use rights	-	49
Depreciation of property, plant and equipment	5,071	6,004
Depreciation of right-of-use assets	1,594	1,086
Provision for fines and penalty reversed, net	-	(642)
Provision for foreseeable losses	10	-
Impairment losses on trade receivables reversed	(157)	(647)
Loss/(Gain) on disposal of property, plant and equipment	47	(42)
Fair value (gain)/loss on other investments	(7)	8
Dividend income from other investments	(1)	(1)
Interest income	(8)	(9)
Finance costs	2,100	2,505
Write-down on inventories	-	20
	6,605	7,849
Operating cash flows before working capital changes		
Changes in inventories	(654)	(793)
Changes in contract assets	3,657	(2,111)
Changes in trade and other receivables	4,318	(2,691)
Changes in prepayments	(2,433)	549
Changes in trade and other payables	(7,692)	2,460
	3,801	5,263
Cash generated from operations		
Income taxes refunded/(paid)	41	(39)
	3,842	5,224
Net cash generated from operating activities		
Cash Flows from Investing Activities:		
Interest received	8	9
Purchase of property, plant and equipment and right-of-use assets	(1,022)	(1,380)
Dividend received from other investments	1	1
Proceeds from disposal of property, plant and equipment	122	172
	(891)	(1,198)
Net cash used in investing activities		
Cash Flows from Financing Activities:		
Interest paid	(1,869)	(2,245)
Repayment of loans from financial institutions	(140)	(1,295)
Repayment of lease liabilities	(2,038)	(2,175)
Fixed deposits pledged with banks	(18)	6
	(4,065)	(5,709)
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(1,114)	(1,683)
Cash and cash equivalents at beginning of period	3,470	3,568
Exchange differences on translation of cash and cash equivalents	2	(11)
	2,358	1,874
Cash and cash equivalents at end of period (Note 2)		

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.

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)

	9 Months Period ended	
	31 Dec 2020	31 Dec 2019
	S\$'000	S\$'000
Cash and bank balances - continuing operations	2,340	1,874
Cash and bank balances - discontinued operation	18	-
Cash and cash equivalents at end of period	<u>2,358</u>	<u>1,874</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

Group	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Reserve of disposal group classified as held-for-sale S\$'000	Other reserve S\$'000	Equity component of convertible bonds S\$'000	Total equity S\$'000
Balance at 1 April 2019	79,807	(57,214)	364	-	-	243	23,200
Adjustment on initial application of SFRS (I) 16 (net of tax)	-	(148)	-	-	-	-	(148)
	79,807	(57,362)	364	-	-	243	23,052
Loss for the period	-	(512)	-	-	-	-	(512)
Other comprehensive loss for the period	-	-	-	-	-	-	-
- Currency translation differences	-	-	(688)	-	-	-	(688)
Total comprehensive loss for the period	-	(512)	(688)	-	-	-	(1,200)
Balance at 31 December 2019	79,807	(57,874)	(324)	-	-	243	21,852
Balance at 1 April 2020	79,807	(61,954)	572	(173)	(43)	243	18,452
Loss for the period	-	(2,005)	-	-	-	-	(2,005)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	-
- Currency translation differences	-	-	103	(74)	-	-	177
Total comprehensive loss for the period	-	(2,005)	103	(74)	-	-	(1,828)
Balance at 31 December 2020	79,807	(63,959)	675	(99)	(43)	243	16,624

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>	Share capital S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 April 2019	146,026	(884)	(112,348)	32,794
Loss for the period/Total comprehensive loss for the period	-	-	(1,358)	(1,358)
Balance at 31 December 2019	146,026	(884)	(113,706)	31,436
Balance at 1 April 2020	146,026	29,017	(146,451)	28,592
Loss for the period/Total comprehensive loss for the period	-	-	(1,364)	(1,364)
Balance at 31 December 2020	146,026	29,017	(147,815)	27,228

1(d)(ii) Details of any changes in the company’s share capital arising from right 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’s as well as the Group’s share capital since the end of the previous reporting period.

As at 31 December 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 31 December 2020 (and 31 December 2019).

There were no subsidiary shareholdings as at 31 December 2020 (and 31 December 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.

Actual	31 December 2020	31 March 2020
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 2020 (the "**FY2020 Audited Financial Statements**") included a material uncertainty related to going concern in the Independent Auditor's Report, the FY2020 Audited Financial Statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion 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 2020.

- 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 31 December 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.

Earnings per share (EPS in cents)	3 rd Quarter ended		9 Months Period ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<u>Continuing operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	0.20	(0.00)	(0.15)	(0.12)
EPS based on a fully diluted basis (cents)	0.20	(0.00)	(0.15)	(0.12)
<u>Discontinued operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	0.00	0.02	(0.02)	0.07
EPS based on a fully diluted basis (cents)	0.00	0.02	(0.02)	0.07
Weighted average number of shares	1,184,813,992	1,184,813,992	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

Net asset value (NAV in cents)	Group		Company	
	As at 31 Dec 2020	As at 31 Mar 2020	As at 31 Dec 2020	As at 31 Mar 2020
NAV per ordinary share	1.40	1.56	2.30	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

Third quarter review – Q3FY21 vs Q3FY20

Revenue

Revenue marginally increased by approximately S\$0.4 million or 1.5% to S\$24.0 million for the third quarter ended 31 December 2020 ("**Q3FY21**") compared to the corresponding period ended 31 December 2019 ("**Q3FY20**") of S\$23.6 million. The increase in revenue is attributable mainly to the higher volume of work done in small diameter pipe maintenance, airport taxiways resurfacing works and laying of gas pipe projects, despite the decrease in revenue from big diameter pipe and cable projects.

Gross profit

Gross profit was S\$4.2 million with a gross profit margin of 17.4% for Q3FY21 compared to gross profit of S\$2.7 million with a gross profit margin of 11.3% for Q3FY20. Both the increase in gross profit and gross profit margin were mainly contributed by small diameter pipe, cable and sewer rehab projects and decrease in certain direct operating costs, partially offset by decrease in gross profit in big pipe projects.

Other income

Other income for Q3FY21 increased by approximately S\$1.0 million or 216.1% to S\$1.5 million compared to Q3FY20 due mainly to the grants and disbursements from the government to support businesses affected by COVID-19.

Selling and distribution expenses

Selling and distribution expenses for Q3FY21 decreased by 51.3% to S\$0.02 million compared to Q3FY20 due mainly to zero travelling expenses during the period.

Administrative expenses

Administrative expenses for Q3FY21 increased by approximately S\$0.1 million or 4.9% to S\$2.5 million compared to Q3FY20 due mainly to the increase in depreciation and certain office expenses.

Impairment losses on trade receivables reversed

Impairment losses on trade receivables for Q3FY21 decreased approximately S\$0.07 million compared to Q3FY20 due to absence of such item during the period.

Other operating expenses

Other operating expenses for Q3FY21 increased by approximately S\$0.06 million or 305.6% to S\$0.07 million compared to Q3FY20 due mainly to foreign exchange losses.

Finance costs

Finance costs for Q3FY21 decreased by approximately S\$0.2 million or 18.6% to S\$0.7 million compared to Q3FY20 due mainly to the decrease in interest rates during the period.

Net profit after tax

The Group reported a net profit after tax of S\$2.3 million for Q3FY21 due to the various reasons as explained above.

Nine months review – 9MFY21 vs 9MFY20

Revenue

Revenue decreased by approximately S\$20.2 million or 28.4% to S\$51.0 million for the nine months ended 31 December 2020 ("**9MFY21**") compared to the corresponding period ended 31 December 2019 ("**9MFY20**") of S\$71.2 million. The decrease in revenue is attributable mainly to halting of majority of construction works, subsequent slow restart of construction activities and lower demand for construction materials during the circuit breaker and phase-1 reopening periods.

Gross profit

Gross profit was S\$1.4 million with a gross profit margin of 2.7% for 9MFY21 compared to gross profit of S\$6.7 million with a gross profit margin of 9.5% for 9MFY20. The decrease in gross profit and the gross profit margin were mainly due to loss of revenue as explained in the above paragraph.

Other income

Other income for 9MFY21 increased by approximately S\$4.7 million or 300.6% to S\$6.3 million compared to 9MFY20 mainly due to the grants and rebates from the government to support businesses affected by COVID-19.

Selling and distribution expenses

Selling and distribution expenses for 9MFY21 decreased by 48.0% to S\$0.05 million compared to 9MFY20 due mainly to zero travelling expenses during the period.

Administrative expenses

Administrative expenses for 9MFY21 marginally decreased by approximately S\$0.1 million or 1.4% to S\$7.1 million compared to 9MFY20 due mainly to the decrease in professional fees expenses, among others during the period.

Impairment losses on trade receivables reversed

Impairment losses on trade receivables reversed for 9MFY21 decreased by approximately S\$0.3 million compared to 9MFY20 due to absence of such item during the period.

Other operating expenses

Other operating expenses for 9MFY21 increased by approximately S\$0.01 million or 3.0% to S\$0.2 million compared to 9MFY20 due to foreign exchange losses during the period.

Finance costs

Finance costs for 9MFY21 decreased by approximately by S\$0.4 million or 15.9% to S\$2.1 million compared to 9MFY20 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\$2.0 million for 9MFY21 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\$4.4 million from S\$39.9 million as at 31 March 2020 to S\$35.5 million as at 31 December 2020, attributable mainly to:

- (a) decrease in property, plant and equipment by S\$4.0 million to S\$27.4 million as at 31 December 2020 compared to S\$31.4 million as at 31 March 2020, as a result of depreciation of S\$5.1 million; partially offset by additions of plant and machinery amounting to S\$0.9 million and disposal of plant and machinery amounting to S\$0.2 million during the period; and
- (b) decrease in right-of-use assets by S\$0.4 million to S\$ 7.9 million as at 31 December 2020 compared to S\$8.3 million as at 31 March 2020, as a result of depreciation and partially offset by additions of right-of-use assets

Current assets

The Group's current assets decreased by S\$7.8 million from S\$72.9 million as at 31 March 2020 to S\$65.1 million as at 31 December 2020, attributable mainly to:

- (a) decrease in trade and other receivables by S\$3.4 million to S\$12.8 million as at 31 December 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\$4.0 million to S\$29.1 million as at 31 December 2020 compared to S\$33.1 million as at 31 March 2020 due mainly to the increase in billing and decrease in revenue from ongoing projects as a result of lower operational activities as explained earlier; and
- (c) decrease in cash and cash equivalents by S\$0.5 million to S\$2.5 million as at 31 December 2020 compared to S\$3.0 million as at 31 March 2020 due mainly to the payment of trade and other payables

Current liabilities

The Group's current liabilities decreased by S\$10.2 million from S\$91.6 million as at 31 March 2020 to S\$81.4 million as at 31 December 2020 due mainly to the decrease in trade and other payables by S\$8.3 million as a result of more payment made to the creditors.

Non-current liabilities

The Group's non-current liabilities decreased by S\$0.2 million due mainly to repayment of lease liabilities.

Consolidated statement of cash flow

The Group's cash and cash equivalents stood at S\$2.4 million as at 31 December 2020, as compared to S\$1.9 million as at 31 December 2019.

Net cash generated from operating activities

Net cash generated from operating activities was S\$3.8 million, comprising operating cash flows before working capital changes of S\$6.6 million and net working capital outflow of S\$2.8 million.

The net working capital outflow of S\$2.8 million was due mainly to the following:

- (a) decrease in trade and other receivables of approximately S\$4.3 million due to the increase in collections from customers; and
- (b) decrease in contract assets of approximately S\$3.7 million due to the decrease in billing and generation of lower revenue from ongoing projects due to lower operational activities as explained earlier; which were partially offset by
- (c) decrease in trade and other payables of approximately S\$7.7 million due to the increase in payments made to creditors;

(d) increase in inventories of approximately S\$0.7 million due to purchase of materials for the projects; and

(e) increase in prepayments of approximately S\$2.4 million due to more advance payment and upfront expenses.

Net cash used in investing activities

Net cash used in investing activities of approximately S\$0.9 million was due mainly to 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\$4.1 million was due mainly to repayment of borrowings, 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 announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Building and Construction Authority ("BCA"), vide their announcement dated 18 January 2021, projects the total construction demand in 2021 (i.e. the value of construction contracts to be awarded) to range between S\$23 billion and S\$28 billion. The public sector is expected to drive the construction demand in 2021, to between S\$15 billion and S\$18 billion with an anticipated stronger demand for public housing and infrastructure projects. Some of the upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

The Group will continue to tender prudently for more underground utilities infrastructure projects. Further, the Group has secured contracts worth S\$33.7 million during the third quarter ended 31 December 2020.

The Group will continue to observe the on-going pandemic situation carefully and strictly follow the implemented measures in response to COVID-19.

To date, the Group's unfulfilled order book stands at approximately S\$195.5 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 financial year ended 31 December 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 Roy, 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 nine-month period ended 31 December 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

9 February 2021