



Reclaims Global Limited

绿达环球有限公司

Company Registration No. 201834755M

Registered Address: 10 Tuas South Street 7 Singapore 637114

---

**Unaudited Half Year Financial Statements and Dividend Announcement  
For the Financial Period Ended 31 July 2019**

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel: +65 6232 3210) at 1 Robinson Road #21-00, AIA Tower, Singapore 048542.

---

Reclaims Global Limited (the "**Company**") and together with its subsidiary, the "**Group**") was listed on the Catalist of the SGX-ST on 11 March 2019, pursuant to an initial public offering (the "**IPO**") exercise. The Group is an eco-friendly integrated service provider in the construction industry, specialising in the recycling of construction and demolition waste, customisation of excavation solutions and operating fleet management. The Group's business is organised into three main business segments as follows: (1) recycling; (2) excavation services; and (3) logistics and leasing. Since 2009, the Group has built an established reputation and a proven track record for effective execution and timely delivery of services of different nature and scales.

The Company was incorporated in Singapore on 11 October 2018 under the Companies Act (Chapter 50) of Singapore as a private company limited by shares under the name of "Reclaims Global Pte. Ltd.". On 23 January 2019, pursuant to the restructuring exercise (the "**Restructuring Exercise**") undertaken to rationalise the corporate structure of our Group in preparation for the IPO as disclosed in the Company's offer document dated 1 March 2019 (the "**Offer Document**"), the Company became the parent company of the Group. The Company was converted into a public limited company on 23 January 2019 and the Company's name was changed to "Reclaims Global Limited". Please refer to the Offer Document for further details on the Restructuring Exercise.

For the purposes of this announcement, the Group's results for the 6-month financial period ended 31 July 2019 ("**1H2020**") and comparative results for the 6-month financial period ended 31 July 2018 ("**1H2019**") have been prepared using the pooling-of-interest method, and the consolidated financial statements are presented as if the combination has occurred since the beginning of the earliest period presented. There are no comparative figures for the Company as at the end of the corresponding period of the immediately preceding financial year (i.e. 31 July 2018) as the Company was incorporated after 31 July 2018.

**Part I Information Required for Quarterly, Half-Year and Full Year Announcements**

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

	Group		
	Unaudited 1H2020 S\$'000	Unaudited 1H2019 S\$'000	Increase/ (Decrease) %
Revenue	15,160	13,110	15.6
Interest income	2	2	-
Other gains	453	309	46.6
Cost of materials, services and consumables	(8,289)	(7,180)	15.4
Other losses	-	(380)	N.M
Finance costs	(107)	(82)	30.5
Depreciation and amortisation expense	(1,289)	(1,196)	7.8
Employee benefits expense	(3,122)	(2,065)	51.2
Other expenses	(2,308)	(2,472)	(6.6)
Profit before tax from continuing operations	500	46	987.0
Income tax expense	(50)	(138)	(63.8)
Profit/ (Loss) from continuing operations, net of tax and total comprehensive income/ (loss)	450	(92)	N.M
Profit/ (Loss), net of tax and total comprehensive income/ (loss) attributable to owners of the Company	450	(92)	N.M

**1(a)(ii) Total comprehensive income is arrived after crediting/(charging) the following:**

	Group		
	Unaudited 1H2020 S\$'000	Unaudited 1H2019 S\$'000	Increase/ (Decrease) %
Interest income	2	2	-
Interest expense	(107)	(82)	30.5
Share-based payment, equity-settled	-	(800)	N.M
Depreciation of property, plant and equipment	(1,163)	(1,070)	8.7
Amortisation of other asset	(126)	(126)	-
Allowance for impairment on trade receivables	-	(380)	N.M
Reversal of impairment on trade receivables	-	20	N.M
Gain on disposal of plant and equipment	199	136	46.3

N.M = Not meaningful

**1(b)(i) 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	
	Unaudited As at 31 July 2019 S\$'000	Audited As at 31 January 2019 S\$'000	Unaudited As at 31 July 2019 S\$'000	Audited As at 31 January 2019 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11,918	11,291	-	-
Investment in subsidiary	-	-	15,327	15,327
Other asset, non-current	3,863	3,989	-	-
<b>Total non-current assets</b>	15,781	15,280	15,327	15,327
<b>Current assets</b>				
Inventories	71	82	-	-
Trade and other receivables	6,200	6,335	3,297	-
Other assets, current	6,916	4,576	14	-
Cash and cash equivalents	2,776	2,138	732	-
<b>Total current assets</b>	15,963	13,131	4,043	-
<b>Total assets</b>	31,744	28,411	19,370	15,327
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	19,389	15,327	19,389	15,327
Retained earnings/ (Accumulated losses)	1,842	1,392	(100)	(52)
<b>Total equity</b>	21,231	16,719	19,289	15,275
<b>Non-current liabilities</b>				
Deferred tax liabilities	801	805	-	-
Other financial liabilities, non-current	3,113	3,142	-	-
<b>Total non-current liabilities</b>	3,914	3,947	-	-
<b>Current liabilities</b>				
Income tax payable	269	528	-	-
Trade and other payables	4,307	4,509	81	52
Other financial liabilities, current	2,023	2,708	-	-
<b>Total current liabilities</b>	6,599	7,745	81	52
<b>Total liabilities</b>	10,513	11,692	81	52
<b>Total equity and liabilities</b>	31,744	28,411	19,370	15,327

**1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year**

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

	Group			
	Unaudited As at 31 July 2019		Audited As at 31 January 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	1,650	-	1,300	-
Bills payable to bank	-	-	1,408	-
Finance lease liabilities	373	-	-	-
	2,023	-	2,708	-

**Amount repayable after one year:**

	Group			
	Unaudited As at 31 July 2019		Audited As at 31 January 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	2,491	-	3,142	-
Finance lease liabilities	622	-	-	-
	3,113	-	3,142	-

**Details of collaterals relating to the above borrowing(s):**

Bank loans and bills payable to bank

Bank loans and bills payable are covered by:

- Joint and several guarantees from certain directors of the Company;
- First legal mortgage over a leasehold property at 10 Tuas South Street 7 Singapore 637114 ("**Tuas Property**"); and
- Assignment of all rights, title and benefits under existing and future tenancy agreements and rental income in respect of the Tuas Property.

Finance lease liabilities

The obligations under finance lease liabilities are secured by the lessors' charge over the leased assets and covered by joint and several guarantees from certain directors of the Company.

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

	Group	
	Unaudited 1H2020 S\$'000	Unaudited 1H2019 S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	500	46
Adjustments for:		
Interest income	(2)	(2)
Interest expense	107	82
Share-based payment, equity-settled	-	800
Depreciation of property, plant and equipment	1,163	1,070
Gain on disposal of plant and equipment	(199)	(136)
Amortisation of other asset	126	126
Operating cash flows before changes in working capital	1,695	1,986
Inventories	11	-
Trade and other receivables	135	143
Other assets, current	(2,340)	(2,849)
Trade and other payables	998	1,331
Net cash flows from operations	499	611
Income taxes paid	(313)	(805)
<b>Net cash flows from/ (used in) operating activities</b>	<b>186</b>	<b>(194)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(2,002)	(1,060)
Proceeds from disposal of plant and equipment	685	153
Interest received	2	2
<b>Net cash flows used in investing activities</b>	<b>(1,315)</b>	<b>(905)</b>
<b>Cash flows from financing activities</b>		
Dividends paid (Note 1)	(1,200)	(2,000)
Interest paid	(107)	(82)
Increase in bills payable	240	-
Repayment of bills payable	(1,648)	-
Proceeds from borrowings	500	-
Repayment of borrowings	(801)	(649)
Increase in finance lease liabilities	860	-
Repayment of finance lease liabilities	(139)	-
Net movements in amounts due to directors	-	(12)
Net movements in amounts due from a related party	-	500
Proceeds from issuance of new shares pursuant to the IPO, net of share issue expenses capitalised	4,062	-
<b>Net cash flows from/ (used in) financing activities</b>	<b>1,767</b>	<b>(2,243)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>638</b>	<b>(3,342)</b>
Cash and cash equivalents, beginning balance	2,138	4,946
<b>Cash and cash equivalents, ending balance</b>	<b>2,776</b>	<b>1,604</b>

**Note 1:**

Dividend paid of S\$1.2 million during 1H2020 pertains to final dividend declared by the Group's subsidiary for FY2018 approved in July 2018.

**1(d)(i) Statement (for the issuer and group) showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>GROUP</b>	<b>Total equity S\$'000</b>	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Share-based payment reserves (Note 1) S\$'000</b>
<b>1H2020 (Unaudited):</b>				
Balance at 1 February 2019	16,719	15,327	1,392	-
Total comprehensive income for the period	450	-	450	-
IPO:				
- Issuance of new shares	4,370	4,370	-	-
- Share issue expenses capitalised	(308)	(308)	-	-
Balance at 31 July 2019	21,231	19,389	1,842	-
<b>1H2019 (Unaudited):</b>				
Balance at 1 February 2018	16,619	1,000	15,619	-
Total comprehensive loss for the period	(92)	-	(92)	-
Share-based payment, equity-settled	800	-	-	800
Dividends (Note 2)	(2,000)	-	(2,000)	-
Balance at 31 July 2018	15,327	1,000	13,527	800

<b>COMPANY</b>	<b>Total equity S\$'000</b>	<b>Share capital S\$'000</b>	<b>Accumulated losses S\$'000</b>
<b>1H2020 (Unaudited):</b>			
Balance at 1 February 2019	15,275	15,327	(52)
Total comprehensive income for the year	(48)	-	(48)
IPO:			
- Issuance of new shares	4,370	4,370	-
- Share issue expenses capitalised	(308)	(308)	-
Balance at 31 January 2019	19,289	19,389	(100)

**1(d)(i) Statement (for the issuer and group) showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)**

Note 1:

There is share-based payment arrangement. Based on an agreement entered between the Executive Directors, namely Chan Chew Leh, Tan Kok Huat and Andrew Chew, in January 2018, Andrew Chew is engaged to map out the strategy for the listing of the Group. Pursuant to the agreement, each of Chan Chew Leh and Tan Kok Huat transferred 2.5% of the issued share capital of Reclaims Enterprise Pte. Ltd. to Andrew Chew in April 2018. A further 2.5% of the issued share capital of Reclaims Enterprise Pte. Ltd. each from Chan Chew Leh and Tan Kok Huat is transferred to Andrew Chew during the share swap in connection with the Restructuring Exercise.

The fair value of the share-based payment totalling S\$1,830,000 has been estimated based on the Guideline Public Company Model (GPCM). S\$800,000 and S\$1,030,000 were recognised in profit or loss during 1H2019 and the 6-month financial period ended 31 January 2019 respectively and correspondingly recorded in a share-based payment reserve account. Balance in the share-based payment reserve amounting to S\$1,830,000 was transferred to retained earnings as at 31 January 2019.

Note 2:

Dividends on equity shares declared by the Group's subsidiary	Unaudited 1H2020 S\$'000	Unaudited 1H2019 S\$'000
Final tax-exempt (1-tier): S\$2.00 per share on 1,000,000 ordinary shares	-	2,000

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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**

**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**

**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**

	Company Number of ordinary shares '000	Share capital S\$'000
Issued and paid-up share capital as at date of incorporation on 11 October 2018	-*	-*
Add: Issuance of shares pursuant to the Restructuring Exercise (before sub-division of shares)	15,327	15,327
Issued and paid-up share capital after the Restructuring Exercise (before sub-division of shares) and as at 31 January 2019	15,327	15,327
Sub-division of 15,327,000 ordinary shares	112,000	15,327
Add: Issuance of new shares pursuant to the IPO	19,000	4,370
Less: Share issue expense capitalised	-	(308)
As at 31 July 2019	131,000	19,389

\* Amount less than S\$1,000.

The Company was incorporated on 11 October 2018 with an issued and paid up capital of S\$1 comprising one ordinary share. Pursuant to the Restructuring Exercise on 23 January 2019, the Company has an issued and paid up capital of S\$15,327,085 comprising 15,327,085 ordinary shares.

During 1H2020, the following took place:

- (i) On 26 February 2019, the 15,327,085 ordinary shares in the issued and paid up capital of the Company were sub-divided into 112,000,000 ordinary shares; and
- (ii) On 8 March 2019, the Company issued 19,000,000 new shares pursuant to the IPO. As at 31 July 2019, the issued and paid-up capital (after capitalisation of qualifying share issue expenses) of the Company is S\$19,389,000 comprising 131,000,000 ordinary shares.

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 July 2019.

There are no comparative figures for the Company as at 31 July 2018 as the Company was incorporated on 11 October 2018.

**1(d)(iii) 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**

Company	
Unaudited 31 July 2019	Audited 31 January 2019
131,000,000	15,327,085



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

The Company did not have treasury shares as at 31 July 2019 and there are no sales, transfers, cancellation and/ or use of treasury shares during 1H2020.

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

There were no subsidiary holdings as at 31 July 2019 and there are no sales, transfers, cancellation and/ or use of subsidiary holdings during 1H2020.

**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 by the Company's auditors.

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

Not applicable.

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

Save as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation as presented in the audited combined financial statements of the Group for the financial year ended 31 January 2019.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group adopted the new and/or revised Singapore Financial Reporting Standards (International) (the "**SFRS(I)s**") that are effective for reporting periods beginning on or after 1 February 2019. Changes to the Group's accounting policies and methods of computation, including any required by the SFRS(I)s, would be made in accordance with the transition provisions in the respective SFRS(I)s. The adoption of the new and/or revised SFRS(I)s did not result in any substantial changes or significant impact on the Group's financial statements.

**6 Earnings per ordinary share (“EPS”) 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**

	Group	
	Unaudited 1H2020	Unaudited 1H2019
Profit/ (Loss) attributable to owners of the Company (S\$'000)	450	(92)
Weighted average number of ordinary shares ('000)	127,221	112,000
EPS (Basic and diluted) (cents)	0.35	(0.08)

Diluted EPS is the same as basic EPS as no potential dilutive ordinary shares exist during the respective reporting periods.

For comparative and illustrative purposes, the weighted average number of ordinary shares used for the calculation of EPS for 1H2019 is based on pre-invitation number of shares of 112,000,000. Excluding listing-related expenses amounting to S\$1.1 million (including an equity-settled share-based payment amounting to S\$0.8 million) recognised during 1H2019, the profit net of tax for 1H2019 would have been S\$1.0 million, and the related earnings per share based on 112,000,000 of ordinary shares would have been 0.98 cents per share.

**7 Net asset value (“NAV”) (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 current financial period reported on and the immediately preceding financial year**

	Group		Company	
	31 July 2019	31 January 2019	31 July 2019	31 January 2019
NAV attributable to owners of the Company (S\$'000)	21,281	16,719	19,289	15,275
Total number of issued shares excluding treasury shares ('000)	131,000	131,000	131,000	131,000
NAV per ordinary share (cents)	16.25	12.76	14.72	11.66

For comparative and illustrative purposes, the NAV per ordinary share as at 31 January 2019 was computed based on post-invitation number of shares of 131,000,000.

**8 Review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business**

**(a) Significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factor**

**Revenue**

For 1H2020, the Group registered a higher revenue of S\$15.2 million compared to S\$13.1 million during 1H2019.

Revenue generated was mainly from the business segments below:

Recycling

Revenue from the recycling segment was generated from the sale of recycled concrete aggregates such as recycled graded stone, recycled quarry dust and 20-mm recycled aggregate. As part of our recycling activities, we may from time to time provide reinstatement works, demolition works, backfilling, compaction and turfing, and disposal of construction and demolition (“**C&D**”) waste.

Revenue from the recycling segment decreased by S\$1.1 million or 32.9% from S\$3.3 million in 1H2019 to S\$2.2 million in 1H2020 mainly due to less reinstatement and demolition works undertaken by the Group, resulting in less amount of C&D waste being recycled and sold.

Excavation services

Our excavation services mainly include earth moving, mass excavation, deep basement excavation, foundation and pile cap excavation.

Revenue from the excavation services segment increased by S\$3.1 million or 54.8% from S\$5.6 million in 1H2019 to S\$8.7 million in 1H2020 mainly due to increase in the number of excavation projects secured via referrals from our existing customers.

Logistics and leasing

Revenue from the logistics and leasing segment is generated from the provision of material transportation and disposal services using our fleet of tipper trucks. From time to time, we lease our equipment such as excavators, tipper trucks, breakers, articulated dump trucks, mobile crushers and mobile screeners.

Revenue from the logistics and leasing segment decreased by S\$0.1 million or 2.2% from S\$4.2 million in 1H2019 to S\$4.1 million in 1H2020 mainly due to redirection of our resources to the excavation services segment.

**Interest income**

Our interest income for 1H2020 and 1H2019 pertains to interest received from our interest-bearing bank account.

**Other gains**

Other gains increased by S\$0.1 million or 46.6% from S\$0.3 million in 1H2019 to S\$0.4 million in 1H2020 mainly due to an increase in government grants received.

**Cost of materials, services and consumables**

Cost of materials, services and consumables increased by S\$1.1 million or 15.4% from S\$7.2 million in 1H2019 to S\$8.3 million in 1H2020 mainly due to increase in transportation costs and diesel costs.

**Other losses**

Other losses during 1H2019 amounting to S\$0.4 million pertain to allowances made for impairment on trade receivables (1H2020: NIL).

The management regularly assesses the collectability of trade receivables, considering various factors such as financial status of the customers and age of their debts. Impairment allowance on the specific trade receivables would be made if the chance of recovery is very low. Where recovery is remote, the specific trade receivables would be written-off. Our Group typically does not trade with customers whose trade receivables had been previously impaired or written-off.

#### **Finance costs**

Finance costs increased by S\$25,000 or 30.5% from S\$82,000 in 1H2019 to S\$107,000 in 1H2020 due to the drawdown of various banking facilities, such as hire purchase facilities and trade financing facility, to support the increased operations.

#### **Depreciation and amortisation expense**

Depreciation and amortisation expense for 1H2020 and 1H2019 amounted to S\$1.3 million and S\$1.2 million respectively. Although additions in plant and equipment is higher in 1H2020 compared to 1H2019, depreciation and amortisation expense for 1H2020 and 1H2019 are comparable as more plant and equipment were fully depreciated at the beginning of 1H2020 as compared to 1H2019.

#### **Employee benefits expense**

Employee benefits expense increased by S\$1.0 million or 51.2% from S\$2.1 million in 1H2019 to S\$3.1 million in 1H2020 mainly due to increase in headcount and salary increments during 1H2020. As at 31 July 2019, the Group had 139 employees as compared to 112 employees as at 31 July 2018.

#### **Other expenses**

Other expenses decreased by S\$0.2 million or 6.6% from S\$2.5 million in 1H2019 to S\$2.3 million in 1H2020. The decrease was mainly due to the absence of equity-settled share-based payment of S\$0.8 million during 1H2019. Impact of the above was partially offset by increase in repair and maintenance costs and rental of machineries.

#### **Profit or loss before tax**

As a result of the above, profit before tax for 1H2020 amounted to S\$0.5 million compared to loss before tax for 1H2019 of S\$0.1 million.

For 1H2019, excluding listing-related expenses amounting to S\$1.1 million, profit before tax would have been S\$1.1 million and profit after tax would have been S\$1.0 million.

#### **Income tax expense**

The Group operates in Singapore and is subject to Singapore corporate tax. Our effective tax rates for 1H2020 and 1H2019 were 10.0% and 300.0% respectively. The income tax expense was high in proportion to profit before tax for 1H2019 as the listing-related expenses are not tax-deductible. Excluding listing-related expenses of S\$1.1 million, profit before tax for 1H2019 was S\$1.1 million and the effective tax rate would have been 12.0%.

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

**Financial Position Review**

**Non-current assets**

Non-current assets increased by S\$0.5 million or 3.3% from S\$15.3 million as at 31 January 2019 to S\$15.8 million as at 31 July 2019.

Property, plant and equipment increased by S\$0.6 million or 5.6% from S\$11.3 million as at 31 January 2019 to S\$11.9 million as at 31 July 2019. The increase was mainly due to addition of plant and equipment amounting to S\$2.3 million during 1H2020 which was partially offset by disposal of plant and equipment of net book value amounting to S\$0.5 million and depreciation expense amounting to S\$1.2 million during 1H2020.

Other asset comprised the non-current portion of land lease prepaid to Jurong Town Corporation for land parcel at 10 Tuas South Street 7 Singapore 637114. The decrease of S\$0.1 million or 3.2% from S\$4.0 million as at 31 January 2019 to S\$3.9 million as at 31 July 2019 was due to amortisation during 1H2020.

**Current assets**

Current assets increased by S\$2.8 million or 21.6% from S\$13.1 million as at 31 January 2019 to S\$15.9 million as at 31 July 2019. The increase was mainly due to increase in other assets and cash and cash equivalents of S\$2.3 million and S\$0.6 million respectively. These increases were partially offset by decrease in trade and other receivables of S\$0.1 million.

Trade receivables' turnover days was 75 as at 31 July 2019 compared to 73 as at 31 January 2019.

Other assets as at 31 July 2019 mainly comprise contract assets pertaining to work performed but not billed amounting to S\$4.9 million (31 January 2019: S\$3.9 million). The increase in contract assets as at 31 July 2019 was due to the Group undertaking more project-based contracts during 1H2020 where payment by customers are subject to their payment certification procedures which typically take a longer time to process. There was also an increase in advance payment to suppliers by S\$1.4 million in view of increased operations. The above increases were partially offset by a reclassification of capitalised share issue expenses of S\$0.1 million to share capital.

**Non-current liabilities**

Non-current liabilities maintained at around S\$3.9 million as at 31 July 2019 and 31 January 2019.

**Current liabilities**

Current liabilities decreased by S\$1.2 million or 15.4% from S\$7.7 million as at 31 January 2019 to S\$6.5 million as at 31 July 2019. The decrease was due to decrease in income tax payable, trade and other payables and other financial liabilities of S\$0.3 million, S\$0.2 million and S\$0.7 million respectively. The decrease in other financial liabilities was due to the decrease in bills payable to bank.

Trade payables' turnover days was 88 as at 31 July 2019 compared to 63 as at 31 January 2019.

### **Cash Flow Review**

During 1H2020, net cash flows from operating activities was S\$0.2 million due to operating cash inflows before changes in working capital of S\$1.7 million, partially offset by net cash outflows from working capital changes of S\$1.2 million and income tax paid of S\$0.3 million. The net cash outflows from working capital changes was mainly due to increase in other assets amounting of S\$2.3 million due to increased operations of the Group which resulted in an increased contract assets balance and advance payments to suppliers.

Net cash flows used in investing activities amounting to S\$1.3 million was mainly attributable to cash outflows for purchase of plant and equipment of S\$2.0 million. This was partially offset by proceeds from disposal of plant and equipment of S\$0.7 million.

Net cash flows from financing activities amounting to S\$1.8 million was mainly attributable to the receipt of IPO proceeds (net of share issue expenses capitalised) amounting to S\$4.0 million and proceeds from bank borrowings amounting to S\$1.6 million. These inflows were partially offset by dividend payment of S\$1.2 million (pertaining to final dividend declared by the Group's subsidiary for FY2018), repayment of bank borrowings amounting to S\$2.6 million and interest payment of S\$0.1 million.

As a result of the above, there was a net increase of S\$0.6 million in cash and cash equivalents during 1H2020. Cash and cash equivalents as at 31 July 2019 stood at S\$2.8 million.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

**10     Commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Based on projection by the Building and Construction Authority of Singapore ("BCA"), construction demand in 2019 is expected to reach between S\$27.0 billion and S\$32.0 billion, with about 60% contributed by the public sector construction demand. The sustained public sector construction demand would mainly be driven by major infrastructure projects and a pipeline of major industrial building projects.

From 2020 to 2023, BCA expects that public sector construction demand will continue to propel overall demand. Other than public housing developments, public sector construction demand over the medium term is expected to be supported by major infrastructure projects such as Changi Airport Terminal 5, the Cross Island MRT Line and developments at the Jurong Lake District. In view of the consistent pipeline of public sector projects and the creditworthiness of government agencies, the Group will continue to focus on public sector projects as they tend to be larger in scale and longer in duration.

The Group remains vigilant to market changes and alert to take on any opportunities locally and overseas to grow our business.

**11     Dividend**

**(a) Dividend declared for the current financial period**

No dividend has been declared for 1H2020. Dividend payment of S\$1.2 million reflected in the consolidated statement of cash flows for 1H2020 pertains to final dividend declared by the Group's subsidiary for FY2018 approved in July 2018.

**(b) Dividend declared for the previous corresponding period of the immediately preceding financial year**

Not applicable as the Company was incorporated on 11 October 2018.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Dividend payment of S\$1.2 million during 1H2020 pertains to final dividend declared by the Group's subsidiary for FY2018 approved in July 2018.

No dividend has been declared/ recommended for 1H2020 as the Group wishes to conserve cash for business growth.

As disclosed in the Chairman's Statement of Annual Report for FY2019, barring unforeseen circumstances, the Group intends to start declaring dividends from FY2020 onwards. In particular, the Board of Directors of the Company (the "**Board**") intends to recommend a dividend of not less than 20% of the Group's net profit attributable to shareholders in respect of the financial year ending 31 January 2020.

**13 If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.**

In 1H2020, the Group entered into the following IPTs:

Name of Interested Persons and nature of transactions	Aggregate value of all IPTs during 1H2020 (excluding transactions less than S\$100,000)	
	Not conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000	Conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000
<b>New Development Construction ("NDC"):</b>		
Rendering of logistics services to NDC	237	261
Receipt of excavation services from NDC	191	-
Rental of excavators from NDC	39	114

General mandate for IPTs was obtained at the Annual General Meeting held on 30 May 2019.

**14 Negative confirmation pursuant to Rule 705(5) of the Catalist Rules**

The Board confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the interim financial statements for 1H2020 to be false or misleading in any material aspect.

**15 Confirmation that the issuer has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules**

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

**16 Use of IPO Proceeds**

The Company raised gross proceeds of S\$4.4 million from the IPO.

Referring to the Company's unaudited financial results for the financial year ended 31 January 2019 which was announced on 1 April 2019 and the use of proceeds from the IPO announcements on 2 May 2019, 22 May 2019, 4 June 2019, 19 August 2019 and 5 September 2019 (collectively, the "**Announcements**"), the utilisation and reallocation of the gross proceeds as at the date of this announcement are as follows:

Use of proceeds (as set out in the Offer Document)	Amount allocated S\$'000	Amount re- allocated S\$'000	Amount utilised S\$'000	Amount unutilised S\$'000
Expansion of operational capacity	600	-	(600)	-
Expansion of recycled product range	500	-	-	500
Expansion through acquisition, joint ventures and/or strategic alliances	300	(300)	-	-
General working capital purposes	1,363	552	(1,615)	300
Net proceeds	2,763	252	(2,215)	800
Share issue and listing expenses	1,607	(252)	(1,355)	-
Gross proceeds	4,370	-	(3,570)	800

As disclosed in the Company's announcement dated 19 August 2019, no further payment to professional parties and vendors relating to the IPO is required. As such, the unutilised amount of S\$252,000 allocated for share issue and listing expenses has been re-allocated to general working capital purposes.

As disclosed in the Company's announcement dated 5 September 2019, the Group is not in the process of finalising or making any offer for acquisition of business or entering into joint venture or strategic alliance and the amount of S\$300,000 allocated to expansion through acquisition, joint ventures and/ or strategic alliances is not expected to be utilised in the near term. To put the financial resources to better use, the Group has re-allocated the amount of S\$300,000 to general working capital purpose to fund its expanding operations.

Save as disclosed above, the above utilisation of gross proceeds is in line with the intended use and allocation of gross proceeds as set out in the Offer Document.

BY ORDER OF THE BOARD

Andrew Dekguang Jhou Chew  
Executive Director and CEO

12 September 2019