



KING WAN CORPORATION LIMITED

Incorporated in Singapore (Company Registration No. 200001034R)

Third Quarter & Nine Months Results – Financial Statement And Related Announcement

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

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

KING WAN CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	Note	GROUP THIRD QUARTER ENDED 31 DECEMBER			GROUP 9 MONTHS ENDED 31 DECEMBER		
		2020 S\$	2019 S\$	Increase/ (Decrease)	2020 S\$	2019 S\$	Increase/ (Decrease)
Revenue	1	15,565,172	15,266,606	2%	22,123,326	48,598,467	-54%
Cost of sales		(13,822,723)	(13,169,350)	5%	(20,599,694)	(43,766,526)	-53%
Gross profit	2	1,742,449	2,097,256	-17%	1,523,632	4,831,941	-68%
Other operating income							
Dividend income		-	-	n.m	132	139	-5%
Net foreign exchange gain (loss)		17,162	(5,560)	-409%	45,599	-	n.m
(Loss) Gain on disposal of property, plant and equipment	3	(156)	(280)	-44%	149,203	24,370	512%
Change in fair value of insurance contract		-	(3,497)	-100%	-	4,106	-100%
Interest income	4	232,416	221,437	5%	686,468	726,590	-6%
Management fee income		27,163	22,530	21%	82,318	81,937	0%
Rental income	5	34,911	131,749	-74%	271,351	452,119	-40%
Fee income from financial guarantee to associates and joint venture	6	28,931	45,286	-36%	86,793	135,856	-36%
Government grants		-	-		80,239	-	n.m
Sundry income	7	112,712	31,493	258%	193,550	48,816	296%
		453,139	443,158	2%	1,595,653	1,473,933	8%
Administrative expenses	8	(1,191,786)	(1,762,377)	-32%	(3,412,196)	(4,696,068)	-27%
Loss allowance for amounts due from associate	9	(495,000)	-	n.m	(495,000)	-	n.m
Share of profit of associates and joint venture		3,649	4,839	-25%	82,157	80,384	2%
Finance costs	10	(176,463)	(407,984)	-57%	(736,026)	(1,125,762)	-35%
Profit (Loss) before income tax		335,988	374,892	-10%	(1,441,780)	564,428	-355%
Income tax expense		(31,214)	(146,887)	-79%	(84,626)	(293,762)	-71%
Profit (Loss) for the period		304,774	228,005	34%	(1,526,406)	270,666	-664%
Other comprehensive income (loss):							
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Net fair value gain (loss) in equity securities carried at fair value through other comprehensive income ("FVTOCI")	11	2,545,647	(1,617,711)	-257%	323,542	(7,268,463)	-104%
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		(99,239)	(77,098)	29%	(234,383)	1,535	-15369%
Other comprehensive income (loss) for the period		2,446,408	(1,694,809)	-244%	89,159	(7,266,928)	-101%
Total comprehensive income (loss) for the period		2,751,182	(1,466,804)	-288%	(1,437,247)	(6,996,262)	-79%

Third Quarter (3Q2021) and 9 months ended 31 December 2020 (9M2021)

Note 1 - The Group's revenue for 3Q2021 recorded S\$15.57 million, a 1.96% increase compared to 3Q2020 as the operation for construction sites resumed. On the contrary, the revenue for 9M2021 recorded S\$22.12 million, a 54.48% decrease compared to 9M2020 as a result of Circuit Breaker measures taken by the Singapore government due to the COVID-19 pandemic.

Note 2 - Gross profit margin for 3Q2021 was 11.19%, which was lower than the 13.74% achieved in 3Q2020 due to operating losses arising from the increase in construction costs for certain projects as a result of the COVID-19 pandemic. This is partially offset by the increase in demand for portable lavatories in 3Q2021. With increased awareness of hygiene issues as a result of the COVID-19 pandemic, the government has improved the relevant requirements that are piloted into quick build workers' dormitories, as well as construction sites. As a consequence, the ratio of lavatories to workers has increased.

Gross profit margin for 9M2021 was 6.89%, lower compared to gross profit margin of 9.94% achieved in 9M2020.

Note 3 - Higher gain on disposal of property, plant and equipment was due to sale of modified portable lavatories whereby the Group modifies portable lavatories by tapping on its Mechanical & Electrical (M&E) engineering skills to install shower unit and wash basin which meets the current market demand at affordable cost in 9M2021. As the sale of modified portable lavatories does not fall under the principal activities of the Group whereby the Group operates and rents the portable lavatories, hence these modified portable lavatories are classified as property, plant and equipment.

Note 4 - Higher interest income from loans to associates and joint venture was due to interests being accrued on a higher carrying amount of advances to associates and joint venture (net of loss allowances) in 3Q2021.

Note 5 - Lower rental income was mainly due to lower occupancy rate for workers' dormitory in 3Q2021 and 9M2021.

Note 6 - Lower fee income from financial guarantees was due to associates and joint venture utilising lesser bank borrowings in 3Q2021 and 9M2021.

Note 7 - Higher sundry income was mainly due to sale of scrapped metals and backcharge of meal expenses to dormitory tenants in 3Q2021 and 9M2021.

Note 8 - Included in administration expenses are the following:

		THIRD QUARTER ENDED			9 MONTHS ENDED		
		31.12.2020 S\$	31.12.2019 S\$	(Increase)/ Decrease S\$	31.12.2020 S\$	31.12.2019 S\$	(Increase)/ Decrease S\$
(Loss allowance) Reversal for trade receivables and contract assets		(3,960)	(1,144)	(2,816)	(8,650)	1,044	(9,694)
Change in fair value of held-for-trading investments	i	11,641	(41,694)	53,335	(39,239)	(80,465)	41,226
Change in fair value of insurance contract		(5,687)	-	(5,687)	(11,477)	-	(11,477)
Property tax	ii	(39,215)	(36,044)	(3,171)	(76,053)	(106,950)	30,897
Directors' remuneration	iii	(63,428)	(187,114)	123,686	(194,750)	(627,054)	432,304
Directors' fees	iii	(30,250)	(44,000)	13,750	(90,750)	(132,000)	41,250
Staff related expenses	iv	(495,010)	(651,658)	156,648	(1,082,241)	(1,602,262)	520,020
Depreciation	v	(260,655)	(398,793)	138,138	(765,680)	(826,335)	60,655

i. Gain on fair value of held-for-trading investments in 9M2021 was due to higher closing market price of quoted equity securities at the end of the reporting

ii. Lower property tax was due to rebates received from the government in 9M2021.

iii. Lower directors' remuneration and directors' fee were mainly due to adjustment made in 3Q2021 and 9M2021.

iv. Lower staff related expenses were mainly due to adjustment made to salaries in 3Q2021 and 9M2021.

v. Lower depreciation in 3Q2021 and 9M2021 was due to fewer property, plant and equipment subject to normal depreciation.

Note 9 - Loss allowance for amount due from associate for 3Q2021 and 9M2021 was made in relation to the property development in the People's Republic of China due to slowdown in property market amid the COVID-19 pandemic.

Note 10 - Lower finance costs in 3Q2021 and 9M2021 was due to lower effective borrowing interest rate.

Note 11 - Net fair value gain on investment in equity securities carried at FVTOCI in 3Q2021 was due to increase in the quoted closing market prices to THB 2.88 per share as at 31 December 2020 from THB 2.42 per share as at 30 September 2020 as well as appreciation of THB against SGD. These securities pertain to investment in quoted equity shares of Kaset Thai International Sugar Corporation Public Company Limited listed on Thailand Stock Exchange.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

KING WAN CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	As at
	31.12.2020	31.3.2020
	S\$	S\$
ASSETS		
Current Assets:		
Cash and cash equivalents	6,082,804	8,197,497
Trade receivables	6,406,610	5,322,211
Other receivables and prepayments	6,691,819	6,895,032
Held-for-trading investments	163,751	202,990
Inventories	1,238,205	950,664
Contract assets	20,128,575	25,300,296
Total current assets	40,711,764	46,868,690
Non-current assets		
Other receivables	43,444,695	42,535,125
Property, plant and equipment	2,011,832	2,091,671
Right-of-use assets	2,453,301	2,810,189
Investment in associates and joint venture	3,870,239	3,792,458
Investments	14,460,819	14,148,754
Deferred tax assets	221,783	221,783
Total non-current assets	66,462,669	65,599,980
Total assets	107,174,433	112,468,670
LIABILITIES AND EQUITY		
Current Liabilities		
Bank borrowings	11,679,167	14,713,253
Contract liabilities	1,314,557	157,982
Trade payables	12,706,629	15,779,608
Bills payables	16,070,144	19,541,584
Other payables	2,061,538	1,868,709
Lease liabilities	521,211	510,696
Provision for liabilities	2,195,961	1,552,802
Income tax payable	832,577	992,563
Total current liabilities	47,381,784	55,117,197
Non-current liabilities		
Bank borrowings	4,270,833	-
Lease liabilities	1,213,890	1,606,300
Total non-current liabilities	5,484,723	1,606,300
Capital and reserves		
Share capital	46,813,734	46,813,734
Retained earnings	37,219,898	38,746,304
Foreign currency translation reserve	(148,568)	85,815
Investment revaluation reserve	(29,577,138)	(29,900,680)
Total equity	54,307,926	55,745,173
Total liabilities and equity	107,174,433	112,468,670

KING WAN CORPORATION LIMITED (COMPANY)
STATEMENT OF FINANCIAL POSITION

	As at	As at
	31.12.2020	31.3.2020
	S\$	S\$
ASSETS		
Current assets:		
Cash and cash equivalents	229,363	143,878
Other receivables and prepayments	4,885	44,117
Amount due from subsidiaries	5,851,351	5,002,579
Total current assets	6,085,599	5,190,574
Non-current assets:		
Investment in subsidiaries	31,699,413	31,699,413
Investment in associates and a joint venture	941,960	941,960
Investments	11,058,474	10,807,145
Total non-current assets	43,699,847	43,448,518
Total assets	49,785,446	48,639,092
LIABILITIES & EQUITY		
Current liabilities:		
Other payables	712,581	835,008
Amount due to a subsidiary	18,198,292	16,793,855
Income tax payable	2,268	1,856
Total current liabilities	18,913,141	17,630,719
Capital and reserves:		
Share capital	46,813,734	46,813,734
Retained earnings	7,034,227	7,421,623
Investment revaluation reserve	(22,975,656)	(23,226,984)
Total equity	30,872,305	31,008,373
Total liabilities and equity	49,785,446	48,639,092

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at		As at	
31.12.2020		31.3.2020	
Secured	Unsecured	Secured	Unsecured
\$257,580	\$27,749,311	\$265,193	\$34,254,837

Amount repayable after 1 year

As at		As at	
31.12.2020		31.3.2020	
Secured	Unsecured	Secured	Unsecured
\$190,856	\$4,270,833	\$381,011	-

Details of any collateral

Secured liabilities refer to assets acquired under lease agreements. Unsecured liabilities refer to banking facilities guaranteed 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

KING WAN CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

Note	GROUP THIRD QUARTER ENDED		GROUP 9 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	SS	SS	SS	SS
Operating Activities				
(Loss) Profit before income tax	335,988	374,892	(1,441,780)	564,428
Adjustments for				
Depreciation of property, plant and equipment	141,693	198,967	408,792	626,509
Depreciation of right-of-use assets	118,962	199,826	356,888	199,826
Loss (Gain) on disposal of property, plant and equipment	156	280	(149,203)	(24,370)
Loss allowance (Reversal) for trade receivables and contract assets	3,960	1,144	8,650	(1,044)
Change in fair value of held-for-trading investments	(11,641)	41,694	39,239	80,465
Change in fair value of insurance contract	5,687	3,497	11,477	(4,106)
Dividend income from held-for-trading investments	-	-	(132)	(139)
Interest income	(239,515)	(221,437)	(693,567)	(726,590)
Interest expense	176,463	407,984	736,026	1,125,762
Allowance for amounts due from associates	495,000	-	495,000	-
Share of profit of associates and joint venture	(3,649)	(4,839)	(82,157)	(80,384)
Provision for liabilities	792,392	(418,161)	792,392	(380,511)
Fee income from financial guarantee to associates and joint venture	(28,931)	(45,286)	(86,793)	(135,856)
Operating cash flows before movements in working capital	1,786,565	538,561	394,832	1,243,990
Trade receivables	(2,210,461)	2,150,477	(1,093,049)	485,263
Other receivables and prepayments	(75,558)	(7,009)	225,543	(94,152)
Contract assets	(1,377,094)	2,578,622	5,171,721	2,885,385
Inventories	(168,670)	(283,081)	(287,541)	(102,106)
Trade payables and bill payables	2,956,939	(2,233,578)	(6,544,419)	(822,485)
Contract liabilities	(1,663,438)	446,444	1,156,575	140,823
Other payables	288,161	(235,135)	279,622	600,091
Provision for liabilities	(91,125)	403,702	(149,233)	(229,283)
Cash (used in) generated from operations	(554,681)	3,359,003	(845,949)	4,107,526
Income tax paid	(181,660)	(133,992)	(244,612)	(537,443)
Interest paid	(176,463)	(361,224)	(736,026)	(1,079,002)
Net cash (used in) from operating activities	(912,804)	2,863,787	(1,826,587)	2,491,081
INVESTING ACTIVITIES				
Interest received	1,678	1,670	7,099	8,010
Advances to associates and joint venture	-	(1,580,000)	(955,000)	(3,045,000)
Dividends received from held-for-trading investments	-	-	132	139
Purchase of property, plant and equipment	(268,201)	(15,320)	(379,920)	(43,750)
Proceeds from disposal of property, plant and equipment	-	-	200,170	77,877
Purchase of right-of-use assets	-	-	-	(7,106)
Net cash used in investing activities	(266,523)	(1,593,650)	(1,127,519)	(3,009,830)
FINANCING ACTIVITIES				
Repayments of lease liabilities	(128,044)	(298,727)	(381,895)	(435,192)
Proceeds from bank borrowings	500,000	(250,000)	5,000,000	1,500,000
Repayments of bank borrowings	(1,500,000)	(669,554)	(3,763,253)	(2,689,474)
Net cash (used in) from financing activities	(1,128,044)	(1,218,281)	854,852	(1,624,666)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,307,371)	51,856	(2,099,254)	(2,143,415)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,394,963	2,791,131	8,197,497	4,988,367
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON BALANCES HELD IN FOREIGN CURRENCIES	(4,788)	(209)	(15,439)	(2,174)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,082,804	2,842,778	6,082,804	2,842,778

Note a

	GROUP THIRD QUARTER ENDED		GROUP 9 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	SS	SS	SS	SS
Purchase of right-of-use assets	-	-	-	79,068
Less : Assets acquired under lease arrangement	-	-	-	(71,962)
Net	-	-	-	7,106

Note b

Cash and cash equivalents consist of cash, bank balances, less bank overdrafts as follows:

	GROUP As at	
	31.12.2020	31.12.2019
	SS	SS
Cash and bank balances	6,082,804	3,208,342
Bank overdrafts	-	(365,564)
Net	6,082,804	2,842,778

1(d)(i) A statement (for the issuer and group) 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

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Retained earnings	Foreign currency translation reserve	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$	S\$
Balance as at 1 April 2019	46,813,734	38,326,639	(68,895)	(15,312,077)	69,759,401
Total comprehensive loss for the period:					
Profit for the period	-	270,666	-	-	270,666
Other comprehensive loss for the period	-	-	1,535	(7,268,463)	(7,266,928)
Balance as at 31 December 2019	46,813,734	38,597,305	(67,360)	(22,580,540)	62,763,139
Balance as at 1 April 2020	46,813,734	38,746,304	85,815	(29,900,680)	55,745,173
Total comprehensive loss for the period:					
Loss for the period	-	(1,526,406)	-	-	(1,526,406)
Other comprehensive profit for the period	-	-	(234,383)	323,542	89,159
Balance as at 31 December 2020	46,813,734	37,219,898	(148,568)	(29,577,138)	54,307,926

COMPANY	Share capital	Retained earnings	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$
Balance as at 1 April 2019	46,813,734	13,213,931	(11,894,492)	48,133,173
Total comprehensive loss for the period:				
Loss for the period	-	(1,008,705)	-	(1,008,705)
Other comprehensive loss for the period	-	-	(5,646,175)	(5,646,175)
Balance as at 31 December 2019	46,813,734	12,205,226	(17,540,667)	41,478,293
Balance as at 1 April 2020	46,813,734	7,421,623	(23,226,984)	31,008,373
Total comprehensive loss for the period:				
Loss for the period	-	(387,396)	-	(387,396)
Other comprehensive profit for the period	-	-	251,328	251,328
Balance as at 31 December 2020	46,813,734	7,034,227	(22,975,656)	30,872,305

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. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any against the total number of issued shares excluding treasury shares 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.

There are no changes in the Company's share capital since the end of the previous period reported on. As at 31 December 2020, the Company does not have any outstanding convertibles or treasury shares (as at 31 December 2019 : Nil).

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.

The total number of issued shares as at 31 December 2020 is 349,176,870 (as at 31 December 2019 : 349,176,870).

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

As at 31 December 2020, the Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as those applied in the preparation of the audited financial statements for the financial 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

	Group		Group	
	Third Quarter ended		9 Months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
(i) Basic earnings per share (in cents)	0.09	0.07	(0.44)	0.08
Weighted Average Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870
(ii) Diluted earnings per share (in cents)	0.09	0.07	(0.44)	0.08
Weighted Average Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	As at		As at	
	31.12.2020	31.03.2020	31.12.2020	31.03.2020
Net Asset Value Per Ordinary Share (in cents)	15.55	15.96	8.84	8.88
Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any 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 factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

Third Quarter ended 31 December 2020 (3Q2021)

The Group's revenue for 3Q2021 recorded S\$15.57 million, a 1.96% increase compared to 3Q2020 as the operation for construction sites resumed. Gross profit margin for 3Q2021 was 11.19%, which was lower than the 13.74% achieved in 3Q2020 due to operating losses arising from the increase in construction costs for certain projects as a result of the COVID-19 pandemic. This is partially offset by the increase in demand for portable lavatories in 3Q2021.

The Group's net profit after income tax for 3Q2021 was S\$0.30 million, which was higher than S\$0.23 million achieved in 3Q2020. This was mainly due to lower finance costs, staff cost, directors' remuneration and directors' fee incurred in the current period.

9 Months ended 31 December 2020 (9M2021)

The Group's revenue for 9M2021 recorded S\$22.12 million, a 54.48% decrease compared to 9M2020. Gross profit margin for 9M2021 was 6.89%, which was lower than the 9.94% achieved in 9M2020.

The Group's net loss after income tax for 9M2021 was S\$1.53 million whereas it was a net profit of S\$0.27 million in 9M2020. This was mainly due to lower gross profit achieved in the current period.

EARNINGS PER SHARE (EPS) AND NET ASSET VALUE PER SHARE (NAV)

EPS for 3Q2021 was 0.09 cents, higher compared to 0.07 cents in 3Q2020. Loss per share for 9M2021 was 0.44 cents, compared to EPS of 0.09 cents in 9M2020.

NAV for the Group stood at 15.55 cents per share at 31 December 2020, a decrease from 15.96 cents per share at 31 March 2020. This decrease was due to net loss incurred during the current period.

STATEMENT OF FINANCIAL POSITION

The Group's equity base stood at S\$54.31 million as at 31 December 2020, a decrease from S\$55.75 million as at 31 March 2020.

Total current assets amounted to S\$40.71 million as at 31 December 2020, lower than the S\$46.87 million as at 31 March 2020. The decrease was mainly due to decrease in contract asset as a result of less construction works being carried out during the end of the current period.

Non-current assets increased to S\$66.46 million as at 31 December 2020 from S\$65.60 million as at 31 March 2020. The increase was mainly due to accrual of interest income on loans to associates and joint venture.

Current liabilities decreased to S\$47.38 million as at 31 December 2020 from S\$55.12 million as at 31 March 2020. The decrease was mainly due to decrease in trade and bills payables as a result of less construction works being carried out during the end of the current period.

Non-current liabilities increased to S\$5.48 million as at 31 December 2020 from S\$1.61 million as at 31 March 2020 was mainly due to drawdown of temporary bridging loans during the current period.

The debt-equity ratio decreased to 0.60 as at 31 December 2020 as compared to 0.63 as at 31 March 2020 was due to lower bank borrowings during the current period.

STATEMENT OF CASH FLOWS

Third Quarter (3Q2021) and 9 Months ended 31 December 2020 (9M2021)

Net cash used in operating activities amounted to S\$0.91 million in 3Q2021 (9M2021 : S\$1.83 million), compared to an inflow of S\$2.86 million in 3Q2020 (9M2020 : S\$2.49 million). The outflow was mainly due to operating loss incurred by the Group during the current period.

Net cash used in investing activities amounted to S\$0.27 million in 3Q2021 (9M2021 : S\$1.13 million), compared to an outflow of S\$1.59 million in 3Q2020 (9M2020 : S\$3.01 million). The outflow was mainly due to advances of loans to associates and joint venture of the Group during the current period.

Net cash used in financing activities amounted to S\$1.13 million in 3Q2021 (9M2021 : inflow of S\$0.85 million), compared to an outflow of S\$0.85 million in 3Q2020 (9M2020 : S\$1.26 million). The outflow was mainly due to drawdown of temporary bridging loans during the current period.

As a result of the aforementioned, cash and cash equivalents stood at S\$6.08 million as at 31 December 2020.

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

No forecast had been issued.

10. A commentary at the date of the announcement of the 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 Singapore construction sector has been adversely affected since the onset of COVID-19 in 2020. According to press release issued by Singapore Ministry of Trade and Industry (MTI) on 14 October 2020, Singapore's GDP had contracted by 7.0% in the third quarter of 2020. In particular, the construction sector had shrank by 44.7% on a year-on-year basis in the third quarter, extending the 59.9% decline in the previous quarter when most construction activities had to come to a stop due to the Circuit Breaker and movement restrictions in the foreign worker dormitories. Construction output in the third quarter remained weak on account of the slow resumption of construction activities due to the need for construction firms to implement safe management measures for a safe restart. According to press release issued by MTI on 4 January 2021, Singapore's GDP had contracted by 3.8% and the construction sector had shrank by 28.5% on a year-on-year basis in the fourth quarter of 2020.

Following the progressive easing of restrictions and as economies reopen, we continue to expect the Mechanical & Electrical (M&E) engineering business segment to remain challenging in the next 12 months and face pressures from rising cost and uncertainties over economic recovery. Based on order books secured, the M&E engineering business will remain the core business for the Group and continue to generate an income stream that is sustainable.

As at the date of this Announcement, the Group has approximately S\$174.0 million worth of M&E engineering contracts on hand. The Group will continue to be vigilant and maintain sufficient liquidity to meet its obligations.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared.

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). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirms compliance with Rule 720(1).

15. Confirmation pursuant to Rule 705(5) of the Listing Manual

We confirm on behalf of the Board of Directors, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited third quarter financial results of the Group and the Company for the period ended 31 December 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chua Kim Hua
Executive Chairman

Chua Eng Eng
Managing Director

9 February 2021

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

9 February 2021