



# YONGNAM HOLDINGS LIMITED

(Company Registration No. 199407612N)  
(Incorporated in the Republic of Singapore on 19 October 1994)

## FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2020

### 1 (a) GROUP INCOME STATEMENT

	Group		
	1H FY2020	1H FY2019	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	59,884	101,636	(41.1)
Cost of sales	(69,750)	(103,144)	32.4
Gross loss	(9,866)	(1,508)	(554.2)
Other income	527	169	211.8
General and administrative expenses	(5,671)	(7,549)	24.9
Interest income	8	2	300.0
Finance costs	(6,260)	(6,034)	(3.7)
Share of results of an associated company, net of tax	(375)	182	nm
Loss before tax	(21,637)	(14,738)	(46.8)
Taxation	762	1,778	(57.1)
Loss after tax	(20,875)	(12,960)	(61.1)

Attributable to:

Owners of the Company	(21,164)	(12,385)	(70.9)
Non-controlling interests	289	(575)	nm
	(20,875)	(12,960)	(61.1)

nm - not meaningful

Loss before tax is arrived at after charging/(crediting):

(Gain)/Loss on disposal of property, plant & equipment	(688)	47
Depreciation	15,885	17,303
Strut consumption allowance	2,549	2,760

**1(b)(i) BALANCE SHEET**

	<b>Group</b>		<b>Company</b>	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	265,219	268,677	-	-
Right-of-use assets	46,670	48,058	-	-
Investment in subsidiaries	-	-	180,280	179,442
Deferred tax assets	5,845	459	-	-
Investment in associated company	84	5,056	-	-
	<b>317,818</b>	<b>322,250</b>	<b>180,280</b>	<b>179,442</b>
<b>Current assets</b>				
Inventories	22,752	27,120	-	-
Contract assets	57,183	70,576	-	-
Trade debtors	13,177	21,897	-	-
Other receivables and deposits	7,992	6,655	9	9
Prepayments	3,411	4,373	-	4
Investment in shares	1,593	-	-	-
Cash and bank balances	9,582	9,117	17	21
	<b>115,690</b>	<b>139,738</b>	<b>26</b>	<b>34</b>
<b>Current liabilities</b>				
Contract liabilities	24,606	20,225	-	-
Trade creditors	57,199	58,509	-	-
Other creditors and accruals	12,836	12,994	667	556
Borrowings	22,627	101,369	-	-
Hire purchase creditors	1,635	1,928	-	-
Lease liabilities	7,473	5,259	-	-
Income tax payable	127	525	-	-
	<b>126,503</b>	<b>200,809</b>	<b>667</b>	<b>556</b>
<b>Net current liabilities</b>	<b>(10,813)</b>	<b>(61,071)</b>	<b>(641)</b>	<b>(522)</b>
<b>Non-current liabilities</b>				
Borrowings	77,110	9,899	-	-
Hire purchase creditors	3,929	2,591	-	-
Lease liabilities	43,320	46,302	-	-
Convertible bonds (liability component)	11,039	10,334	11,039	10,334
Convertible bonds (embedded derivative)	1,299	1,299	1,299	1,299
	<b>136,697</b>	<b>70,425</b>	<b>12,338</b>	<b>11,633</b>
<b>Net assets</b>	<b>170,308</b>	<b>190,754</b>	<b>167,301</b>	<b>167,287</b>
<b>Equity</b>				
Share capital	141,445	141,445	141,445	141,445
Reserves	37,670	58,406	25,856	25,842
	<b>179,115</b>	<b>199,851</b>	<b>167,301</b>	<b>167,287</b>
Non-controlling interest	(8,807)	(9,097)	-	-
	<b>170,308</b>	<b>190,754</b>	<b>167,301</b>	<b>167,287</b>

Property, plant and equipment and right-of-use assets decreases mainly due to depreciation charges during the period. Inventories decreased due to sale and consumption of inventories to projects. Contract assets decreased due to timing in billing for on-going projects as well as low project activities since the start of circuit breaker till end of June 2020. Trade debtor decreased due to collection of billings. Other receivables and deposits increased due to receivables from sale of fixed asset. Prepayment decreased mainly due to amortisation of front-end facilities fees during the period.

Contract liabilities increased due to advance billings from customer for on-going projects. Net borrowing decreased due to payment of bank borrowings during the period.

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its projects as they restart from the COVID-19 circuit breaker period. As there was no construction activities carried out in Singapore during the circuit breaker period from 7 April to 30 June 2020, the Group recorded minimal project revenue in the Contract Assets for this period, resulting in net current liability as at 30 June 2020. Some projects have resumed operations to-date and we expect the majority of the remaining on-going projects to progressively resume operations in Q3 FY2020, and therefore the contract assets value will increase accordingly based on progress of project execution. Coupled with the strong order book of \$352.2 million as at 30 June 2020 and contracts awarded subsequent to 30 June 2020, the Group will slowly build up the value of its contract assets in the coming quarters. This will in turn reverse the net current liabilities to net current assets in the future.

1(b)(ii) **GROUP BORROWINGS AND DEBT SECURITIES**

	As at 30/6/2020		As at 31/12/2019	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	22,627	-	101,369	-
Amount repayable after one year	77,110	12,338	9,899	11,633

Details of collateral:

Certain group borrowings are secured by way of a fixed charge on certain assets of the Group's principal subsidiaries.

1(c) **GROUP CONSOLIDATED CASH FLOW STATEMENT**

	1H FY2020	1H FY2019
	\$'000	\$'000
<b>Operating activities</b>		
Loss before tax	(21,637)	(14,738)
Add/(less):		
Depreciation	15,885	17,303
Strut Consumption allowance	2,549	2,760
Interest income	(8)	(2)
Interest expense	6,260	6,034
Provision for onerous contracts	(29)	-
(Gain)/Loss on disposal of property, plant & equipment	(688)	47
Share of results of an associated company	375	(182)
Effects of changes in foreign exchange	(289)	-
<b>Operating cash flows before changes in working capital</b>	2,418	11,222
Decrease in inventories	4,381	5,811
Decrease/(Increase) in trade, other receivables and contract assets	24,365	(539)
Increase in trade, other creditors and contract liabilities	3,054	16,566
<b>Cash flows generated from operations</b>	34,218	33,060
Income tax paid	(423)	(177)
Interest received	8	2
Interest paid	(5,556)	(6,034)
<b>Net cash flows from operating activities</b>	28,247	26,851
<b>Investing activities</b>		
Purchase of property, plant & equipment	(13,304)	(16,182)
Proceeds from disposal of property, plant & equipment	3,793	4,134
Investment in shares	(1,593)	-
<b>Net cash flows used in investing activities</b>	(11,104)	(12,048)
<b>Financing activities</b>		
Proceeds from issuance of convertible bonds	-	12,083
Proceeds from borrowings	3,438	-
Repayment of borrowings	(15,012)	(17,607)
Lease payments	(3,857)	(2,842)
Payment for hire purchase instalments	(1,323)	(1,513)
<b>Net cash flows used in financing activities</b>	(16,754)	(9,879)
<b>Net increase in cash and cash equivalents</b>	389	4,924
<b>Effect of exchange rate changes on cash and cash equivalents</b>	76	(7)
Cash and cash equivalents at beginning of year	9,117	14,264
<b>Cash and cash equivalents at end of year</b>	9,582	19,181

1(d)(i) **STATEMENT OF COMPREHENSIVE INCOME**

	<b>Group</b>		
	1H FY2020	1H FY2019	Fav/(Unfav)
	\$'000	\$'000	%
Loss after tax	(20,875)	(12,960)	(61.1)
Foreign currency translation	429	(330)	nm
Total comprehensive loss	(20,446)	(13,290)	(53.8)

Attributable to:

Owners of the Company	(20,735)	(12,715)	(63.1)
Non-controlling interests	289	(575)	nm
	(20,446)	(13,290)	(53.8)

nm - not meaningful

1(d)(ii) **STATEMENT OF CHANGES IN EQUITY**

	Share capital \$'000	Capital reserves \$'000	Share option reserves \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total \$'000
<b>GROUP</b>							
Balance at 1 January 2020	141,445	6,837	12,800	(6,492)	45,261	(9,097)	190,754
Total comprehensive income/ (loss) for the year	-	-	-	429	(21,164)	289	(20,446)
Balance at 30 June 2020	141,445	6,837	12,800	(6,063)	24,097	(8,808)	170,308
Balance at 1 January 2019	141,445	6,837	12,800	(6,285)	99,016	(8,149)	245,664
Total comprehensive loss for the year	-	-	-	(330)	(12,385)	(575)	(13,290)
Balance at 30 June 2019	141,445	6,837	12,800	(6,615)	86,631	(8,724)	232,374
<b>COMPANY</b>							
Balance at 1 January 2020	141,445	-	12,800	-	13,042	-	167,287
Total comprehensive income for the year	-	-	-	-	14	-	14
Balance at 30 June 2020	141,445	-	12,800	-	13,056	-	167,301
Balance at 1 January 2019	141,445	-	12,800	-	12,262	-	166,507
Total comprehensive income for the year	-	-	-	-	21	-	21
Balance at 30 June 2019	141,445	-	12,800	-	12,283	-	166,528

1(d)(iii)&(iv) **SHARE CAPITAL**

There was no share issued during the period from 1 April 2020 to 30 June 2020.

As at 30 June 2020, there was 69,832,402 (31 December 2019: 69,832,402) unissued ordinary shares relating to convertible bonds issued on 4 June 2019.

As at 30 June 2020, the total number of issued shares was 522,602,931 (31 December 2019: 522,602,931).

**2 AUDIT**

These figures have not been audited or reviewed by the auditors.

**3 AUDITOR'S REPORT**

Not applicable.

**4 ACCOUNTING POLICIES**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as those in the financial year ended 31 December 2019, as well as all the applicable Singapore Financial Reporting Standards(International) ("SFRS(I)") which became effective for the financial year beginning on or after 1 January 2020.

**5 CHANGES IN ACCOUNTING POLICIES**

The adoption of new/revised/amendments to SFRS (I)s which came into effect from 1 January 2020 does not have a material impact on the financial statements of the Group and the Company for the period under review.

**6 EARNINGS PER SHARE**

Earnings per share for the year based on net profit attributable to shareholders:-

	<b>Group</b>	
	1H FY2020	1H FY2019
(i) Based on weighted average number of shares in issue (cents)	(4.05)	(2.37)
(ii) On a fully diluted basis (cents) #	(4.05)	(2.37)
(i) Weighted average number of shares in issue	522,602,931	522,602,931
(ii) Weighted average number of shares for diluted earnings	522,602,931	522,602,931

# - Based on the weighted average number of units during the period, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to ordinary shares.

**7 NET ASSET VALUE PER SHARE**

	<b>Group (cents)</b>		<b>Company (cents)</b>	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
Net asset value per share	34.27	38.24	32.01	32.01

## 8 REVIEW OF THE PERFORMANCE OF THE GROUP

The Group's performance in 1HFY2020 was adversely affected by the circuit breaker measures taken by the Singapore government to contain the spread of coronavirus which saw all of the Group's construction sites closed since 7 April 2020. As a result, the Group's construction activities were halted and minimal revenue recognised for on-going projects between 7 April 2020 and the end of 1HFY2020.

The Group's revenue decreased by 41.1% from \$101.6 million to \$59.9 million, with lower contributions from all business segments. On a segmental basis, revenue contribution from Structural Steelwork decreased 36.2%, from \$43.9 million in 1HFY2019 to \$28.0 million in 1HFY2020 mainly due to lower business activities during the circuit breaker period as well as the substantial completion of the Park Mall re-development project and a new industrial development in Singapore at the end of FY2019. JTC Logistics Hub, JTC North Coast Development, Shimano Factory and India Bangalore Airport were key contributors to Structural Steelwork's revenue in the period under review.

Revenue from Specialist Civil Engineering projects decreased by 31.7% from \$43.4 million in 1HFY2019 to \$29.7 million in 1HFY2020 mainly due to lower business activities during the circuit breaker period and lower contributions from infrastructural projects in Australia. The contributions for the review period came from Thomson-East Coast Line and Circle Line MRT projects, the Changi Terminal 5 project and infrastructural projects in Australia and Hong Kong.

In tandem with lower revenue, gross loss increased from \$1.5 million to \$9.9 million. The higher gross loss was partially cushioned by lower general and administrative expenses and staff cost as a result of the recognition of government grants meant to defray manpower cost and a reduction in other operating expenses during the COVID-19 pandemic.

Other income increased from \$169,000 to \$527,000 mainly due to the receipt of a grant from BCA in relation to the purchase of a robotic automated machine.

Finance cost increased marginally by 3.7% from \$6.0 million to \$6.3 million mainly due to higher convertible bond interest amortisation in 1HFY2020 as compared to only one month of bond interest recorded in 1HFY2019. The increase in bond interest is mitigated by lower interests on bank borrowings. Overall, the Group recorded a loss before tax of \$21.6 million as compared to a loss before tax of \$14.8 million in the corresponding period last year.

Despite the net loss, the Group had generated positive net cash flows from operating activities of \$28.2 million for the half-year ended 30 June 2020.

Net asset value per share decreased from 38.24 Singapore cents as at 31 December 2019 to 34.27 Singapore cents as at 30 June 2020.

The Group's net gearing remains unchanged at 0.60 times as at 30 June 2020, compared to 0.60 times as at 31 December 2019.

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

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

## 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 event that may effect the group in the next reporting period and the next 12 months

Amidst the uncertain outlook exacerbated by the COVID-19 outbreak in Singapore and regionally, the Group has taken strong safety and precautionary measures to ensure continued business operations.

To-date, 10 out of 28 projects have restarted operations. Another six projects are expected to resume by the end of August 2020. The remaining projects are substantially expected to restart in September 2020.

As at 30 June 2020, the Group's order book stood at \$352.2 million, compared to \$405.7 million as at 31 December 2019. Subsequent to 1HFY2020, the Group's 40%-owned joint venture with Daewoo Engineering & Construction Co., Ltd. successfully clinched a \$320.4 million design and build contract for Jurong Region Line.

In addition, the Group has also secured four contracts worth \$63 million in Singapore and Hong Kong. These projects include two structural steelwork contracts in Singapore for a mixed-use development on the Singapore General Hospital campus and a Regional Sport Centre in Punggol and two specialist civil engineering contracts for an underground rail infrastructure project at Changi East Development in Singapore and a residential development in Hong Kong.

The Group is currently actively pursuing a number of upcoming mega public sector infrastructure projects in Singapore including various major contracts for the North-South Corridor, Jurong Region MRT Line, Cross Island Line and commercial projects, including the Marina Bay Sands expansion.

The total value of the infrastructure and commercial projects across the geographical regions of Singapore, Hong Kong and Australia, that the Group is currently in active pursuit of, stands at approximately \$1.2 billion.

Over the next few years, Singapore is expected to focus on major infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and construction of Changi Airport Terminal 5, which will continue to support the construction activity in Singapore. The group will also selectively bid for targeted contracts in the region.

**11 DIVIDEND**

**(a) Current financial period reported on**

None

**(b) Corresponding period of the immediately preceding financial year**

None

**12 If no dividend has been declared / recommended, a statement to the effect and the reason**

No dividend is recommended for period ended 30 June 2020 as the Board of Directors deems it appropriate to conserve funds for the Group's business activities and working capital requirement.

**13 Interested Person Transactions**

The Group has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1)(a)ii.

**14 Negative assurance**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the 6 months ended 30 June 2020 to be false or misleading, in any material aspect.

**15 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 under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

**SEOW SOON YONG**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance & Executive Director

Date: 14 August 2020