



## YONGNAM HOLDINGS LIMITED

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

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### NEWS RELEASE

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#### **YONGNAM REPORTS REVENUE OF S\$59.9 MILLION IN 1HFY2020 AMID COVID-19 DISRUPTION**

- ***Financial performance adversely affected by circuit breaker measures amid COVID-19 pandemic***
- ***Order book of S\$352.2 million as at June 30, 2020***
- ***10 out of 28 projects restarted to-date and targeting to restart remaining projects substantially by September 2020***

**Singapore, August 14, 2020** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported revenue of S\$59.9 million for the financial period ended June 30, 2020 (“1HFY2020”), a decline of 41.1%, from S\$101.6 million in the corresponding period a year ago (“1HFY2019”). This was mainly due to the drastic reduction in construction activity from April 7, 2020 to the end of 1HFY2020 amid the circuit breaker measures. Loss before tax widened to S\$21.6 million in 1HFY2020 from S\$14.7 million in 1HFY2019.

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “The COVID-19 pandemic has caused an unprecedented level of disruption across all sectors of the economy. In particular, the construction sector has been amongst the hardest hit, due to the circuit breaker measures implemented to combat the pandemic, which brought construction activity to a halt. As a result, revenue recognised for ongoing projects between April 7, 2020 and the end of 1HFY2020 was minimal. In the near-term, our focus would be on ensuring the Group’s preparedness for the safe resumption of construction activity from Q3 2020 onwards.”

## **Performance Review**

The Group's revenue decreased by 41.1% from S\$101.6 million to S\$59.9 million, with lower contributions from all business segments. This was mainly due to the drastic reduction in construction activity amid the circuit breaker measures imposed by the Government to combat COVID-19, resulting in minimal revenue recognised for ongoing projects between April 7, 2020 and the end of 1HFY2020.

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

Revenue from Specialist Civil Engineering projects fell 31.7% to S\$29.7 million in 1HFY2020, from S\$43.4 million in 1HFY2019, 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 Line and Circle Line MRT projects, Changi Terminal 5, and infrastructural projects in Australia and Hong Kong.

In tandem with lower revenue, gross loss increased from S\$1.5 million to S\$9.9 million. However, 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.

Finance cost increased marginally by 3.7% from S\$6.0 million to S\$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 S\$21.6 million as compared to a loss before tax of S\$14.8 million in the corresponding period last year.

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

Net asset value per share decreased from 38.24 Singapore cents as at December 31, 2019 to 34.27 Singapore cents as at June 30, 2020. The Group's net gearing remains unchanged at 0.60 time as at June 30, 2020, compared to 0.60 time as at December 31, 2019.

## **Outlook**

Amidst the uncertain outlook exacerbated by the COVID-19 outbreak in Singapore and regionally, the Group has taken strong safety and precautionary measures and will monitor the macroeconomic environment closely.

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.

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

In addition, the Group has also secured four contracts worth S\$63.0 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 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 S\$1.2 billion. At present, the Group is also 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.

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 are expected to continue to support construction activity in Singapore. The Group will also selectively bid for targeted contracts in the region.

## **About Yongnam Holdings Limited**

With more than 40 years of experience in steel fabrication, Yongnam excels in adding value to steel construction. The Group's two production facilities in Singapore and Nusajaya, Johor, Malaysia have a total annual production capacity of 84,000 tons of steel fabrication.

The Group utilises the latest fabrication technologies and design innovation to offer solutions to its clients on a fast-track basis. Yongnam's modular strutting system continues to give the Group a strong competitive edge in meeting increasingly more stringent design and project requirements in infrastructure and construction projects. With a traceability procedure that meets the requirements of the Singapore Building and Construction Authority ("BCA"), its modular strutting system is the first to be certified by an independent auditor for reusability in earth retaining or stabilising structures.

Yongnam's technical and value engineering solutions for steel fabrication and erection have resulted in increased productivity, improved yield and lower costs. The Group's in-house pool of experienced and qualified engineers, detailers, technicians, welders, riggers and fitters are consistently adding value to clients' projects.

Yongnam is an ISO-9001:2015, ISO 14001:2015, ISO 45001:2018 certified company and a certified manufacturer of CE-marked structural steelwork to EN 1090 and EN ISO 3834 for the highest execution class EXC4 for the EU market. Yongnam is also an accredited fabricator of the highest S1 category from the Singapore Structural Steel Society and holds A1 and A2 Grades from the BCA for the categories of General Building and Civil Engineering respectively.

The Group's Quality Management System takes a planned approach towards continuous improvement of its products, processes and services. Yongnam has also achieved a bizSAFE Star Level award and BCA Green and Gracious Builder award.

Moving forward, Yongnam aims to be the partner of choice in providing solutions for the steel construction industry.

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