



HUATIONG GLOBAL LIMITED
(Company Registration Number: 201422395Z)

**Unaudited Financial Statement and Dividend Announcement
For the Half Year Ended 30 June 2020 (“HY2020”)**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST. 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 Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), 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

	Group		
	HY2020 Unaudited S\$'000	HY2019 Unaudited S\$'000	(+/-) %
Revenue	24,063	61,321	(60.8)
Cost of sales and services	(31,458)	(47,764)	(34.1)
Gross (loss)/profit	(7,395)	13,557	nm
Other income	3,699	1,879	96.9
Administrative expenses	(7,582)	(10,341)	(26.7)
Other expenses	(551)	(284)	94.0
Loss allowance on trade receivables and contract assets	(3,986)	(146)	nm
Finance costs	(2,220)	(1,653)	34.3
Share of results of a joint venture	2	646	(99.7)
(Loss)/Profit before income tax	(18,033)	3,658	nm
Income tax expense	(10)	(542)	(98.2)
(Loss)/Profit for the financial period	(18,043)	3,116	nm
<u>Other comprehensive income:</u>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Fair value changes on financial assets at FVOCI	(9)	46	nm
Reclassification of fair value loss in fair value reserve to profit or loss	114	-	nm
Reversal of fair value loss in fair value reserve upon redemption	1	9	nm
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of property, plant and equipment	452	530	(14.7)
Other comprehensive income, net of tax	558	585	(4.6)
Total comprehensive income for the financial period	(17,485)	3,701	nm
(Loss)/Profit attributable to:			
Owners of the parent	(18,043)	3,149	nm
Non-controlling interests	-	(33)	nm
	(18,043)	3,116	nm
Total comprehensive income attributable to:			
Owners of the parent	(17,485)	3,734	nm
Non-controlling interests	-	(33)	nm
	(17,485)	3,701	nm

Note:

(1) FVOCI: fair value through other comprehensive income

nm denotes not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

The Group's profit before income tax has been arrived at after charging / (crediting) the following:

	Group		
	HY2020	HY2019	(+/-)
	Unaudited	Unaudited	%
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	4,069	7,826	(48.0)
Depreciation of right-of-use assets	6,223	419	nm
Amortisation of intangible assets	8	8	-
Loss allowance on trade receivables and contract assets	3,986	146	nm
Allowance for impairment of financial assets at FVOCI	264	-	nm
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	(4)	(2)	100.0
Fair value gain on financial assets at FVTPL	(95)	(80)	18.8
Interest expenses	1,849	1,578	17.2
Employee benefits expense	13,472	17,889	(24.7)
Short-term lease expense	903	3,407	(73.5)
Interest income	(30)	(29)	3.4
Gain on disposal of plant and equipment	-	(23)	nm
Loss on lease modification	116	-	nm
Amortisation of gain on sale and leaseback transactions	(396)	(437)	(9.4)
Foreign exchange gain, net	11	6	83.3

Note:

(1) FVTPL: fair value through profit or loss

nm denotes 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	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	Unaudited S\$'000	Audited S\$'000	Unaudited S\$'000	Audited S\$'000
Assets				
Non-current assets				
Property, plant and equipment	39,812	39,707	-	-
Right-of-use assets	77,322	79,961	-	-
Financial assets at FVTPL	5,590	5,315	-	-
Investments in subsidiaries	-	-	41,735	41,735
Investment in a joint venture	793	2,791	-	-
Intangible assets	103	110	15	17
	123,620	127,884	41,750	41,752
Current assets				
Contract assets	68,175	77,852	-	-
Financial assets at FVOCI	787	952	-	-
Inventories	2,010	1,279	-	-
Trade and other receivables	29,676	44,887	1,760	1,867
Prepayments	1,365	1,121	154	150
Cash and cash equivalents	14,672	4,484	120	153
	116,685	130,575	2,034	2,170
Total assets	240,305	258,459	43,784	43,922
Liabilities				
Current liabilities				
Contract liabilities	5,942	339	-	-
Trade and other payables	48,642	51,173	233	203
Lease liabilities	16,543	17,471	-	-
Bank borrowings	48,952	55,761	-	-
Deferred income	793	793	-	-
Current income tax payable	358	358	-	-
	121,230	125,895	233	203

Note:

(1) FVTPL: fair value through profit or loss

(2) FVOCI: fair value through other comprehensive income

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 (continued)

	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	Unaudited S\$'000	Audited S\$'000	Unaudited S\$'000	Audited S\$'000
Non-current liabilities				
Lease liabilities	41,810	40,462	-	-
Bank borrowings	14,622	11,588	-	-
Deferred income	561	957	-	-
Deferred tax liabilities	5,976	5,966	-	-
	62,969	58,973	-	-
Total liabilities	184,199	184,868	233	203
Net assets	56,106	73,591	43,551	43,719
Equity				
Share capital	38,676	38,676	38,676	38,676
Other reserves	(14,378)	(14,936)	-	-
Accumulated profits	32,687	50,730	4,875	5,043
Equity attributable to owners of the parent	56,985	74,470	43,551	43,719
Non-controlling interests	(879)	(879)	-	-
Total equity	56,106	73,591	43,551	43,719

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

	As at 30 June 2020 (Unaudited)			As at 31 December 2019 (Audited)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Repayable within one year	29,623	35,872	65,495	32,748	40,484	73,232
Repayable after one year	40,488	15,944	56,432	37,105	14,945	52,050
Total	70,111	51,816	121,927	69,853	55,429	125,282

Secured Borrowings

Bank borrowings

As at 30 June 2020, the Group's bank borrowings amounted to S\$63.6 million (31 December 2019: S\$67.4 million), of which S\$26.2 million (31 December 2019: S\$28.8 million) was secured by mortgages over a leasehold property and beneficial interest arising from certain insurance policies undertaken by the Group.

Lease liabilities

As at 30 June 2020, the Group's lease liabilities amounted to S\$58.4 million (31 December 2019: S\$57.9 million), of which S\$43.9 million (31 December 2019: S\$41.0 million) was secured by the Group's leased plant and equipment with net carrying amount of S\$63.7 million as at 30 June 2020 (31 December 2019: S\$63.3 million).

All the bank borrowings and the secured lease liabilities were supported by corporate guarantees given by the Company.

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

	Group	
	HY2020 Unaudited S\$'000	HY2019 Unaudited S\$'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(18,033)	3,657
Adjustments for:		
Depreciation of property, plant and equipment	4,069	7,826
Depreciation of right-of-use assets	6,223	419
Amortisation of intangible assets	8	8
Loss allowance on trade receivables and contract assets	3,986	146
Changes in allowance for impairment of financial assets at FVOCI	264	-
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	(4)	(49)
Gain on disposal of property, plant and equipment and right-of-use assets	-	(23)
Loss on lease modification	116	
Amortisation of gain on sale and leaseback transactions	(396)	(437)
Interest expenses	1,849	1,578
Interest income	(30)	(29)
Share of results of a joint venture	(2)	(646)
Fair value gain of financial assets at FVTPL	(95)	(80)
Unrealised exchange differences, net	14	(4)
Operating cash flows before working capital changes	(2,031)	12,366
Working capital changes:		
Trade and other receivables	15,212	(6,249)
Prepayments	(245)	86
Contract assets, net	11,294	5,908
Inventories	(731)	(496)
Trade and other payables	(1,168)	(569)
Cash generated from operations	22,331	11,046
Interest received	2	4
Income tax paid	-	(1,606)
Net cash from operating activities	22,333	9,444
Cash flows from investing activities		
Purchase of property, plant and equipment	(412)	(245)
Addition of right-of-use assets	(531)	(180)
Additions to intangible assets	-	(12)
Interest received	28	54
Dividends received from joint venture	2,000	-
Proceeds from disposal of property, plant and equipment	-	30
Proceeds from redemption of financial assets at FVOCI	10	1,307
Net cash from investing activities	1,095	954

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

	Group	
	HY2020 Unaudited	HY2019 Unaudited
	S\$'000	S\$'000
Cash flows from financing activities		
Proceeds from trust receipts	28,122	32,532
Repayment of trust receipts	(35,504)	(46,399)
Proceeds from term loans	6,000	8,500
Repayment of term loans	(2,587)	(2,176)
Interest paid	(1,737)	(1,578)
Repayment of lease liabilities	(7,534)	(8,594)
Decrease in amounts due to related parties	-	(100)
Net cash used in financing activities	(13,240)	(17,815)
Net change in cash and cash equivalents	10,188	(7,417)
Cash and cash equivalents at beginning of the financial period	4,484	8,509
Cash and bank balances at end of the financial period	14,672	1,092

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

Company	Share capital	Accumulated profits	Total equity
	\$'000	\$'000	\$'000
(Unaudited)			
Balance as at 1 January 2020	38,676	5,043	43,719
Loss for the financial period, representing total comprehensive income for the financial period	-	(168)	(168)
Balance as at 30 June 2020	38,676	4,875	43,551
(Unaudited)			
Balance as at 1 January 2019	38,676	5,361	44,037
Loss for the financial period, representing total comprehensive income for the financial period	-	(146)	(146)
Balance as at 30 June 2019	38,676	5,215	43,891

Huatong Global Limited

Unaudited Financial Statements and Dividend Announcement for Half Year Ended 30 June 2020

Consolidated Statement of Changes in equity

Group	Attributable to owners of the company					Non-controlling Interests	Total equity
	Share capital	Accumulated profits	Other reserves	Equity attributable to owners of the parent			
(Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2020	38,676	50,730	(14,936)	74,470	(879)		73,591
(Loss)/Profit for the financial period	-	(18,043)	-	(18,043)	-		(18,043)
Other comprehensive income:							
Gain on revaluation of property, plant and equipment	-	-	452	452	-		452
Fair value changes on financial assets at FVOCI	-	-	(9)	(9)	-		(9)
Reversal of fair value loss in fair value reserve upon redemption	-	-	1	1	-		1
Reclassification of fair value loss in fair value reserve to profit or loss	-	-	114	114	-		114
Total comprehensive income for the financial period	-	(18,043)	558	(17,485)	-		(17,485)
Balance as at 30 June 2020	38,676	32,687	(14,378)	56,985	(879)		56,106
(Unaudited)							
Balance as at 1 January 2019	38,676	46,777	(14,292)	71,161	(847)		70,314
Profit for the financial period	-	3,149	-	3,149	(33)		3,116
Other comprehensive income:							
Gain on revaluation of property, plant and equipment	-	-	530	530	-		530
Fair value changes on financial assets at FVOCI	-	-	46	46	-		46
Reversal of fair value loss in fair value reserve upon redemption	-	-	9	9	-		9
Total comprehensive income for the financial period	-	3,149	585	3,734	(33)		3,701
Balance as at 30 June 2019	38,676	49,926	(13,707)	74,895	(880)		74,015

1(d)(ii) Details of any changes in the company’s share capital arising from rights 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 of the issuer and subsidiary holdings, 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 share capital from 31 December 2019 to 30 June 2020.

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2020 and 30 June 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

	30.06.2020	31.12.2019
Total number of issued shares excluding treasury shares	151,384,600	151,384,600

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. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by the Company’s auditors.

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.

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

Except as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 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/revised Singapore Financial standards (International) (“SFRS(I)s”) that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The adoption of the new SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group for the current financial reporting period.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per ordinary share:	Group	
	HY2020 Unaudited	HY2019 Unaudited
(Loss)/Profit attributable to owners of the Company (S\$'000)	(18,043)	3,149
Weighted average number of ordinary shares	151,384,600	151,384,600
Basic and diluted EPS (Singapore cents)	(11.92)	2.08

(a) Basic earnings per share (“**EPS**”) is calculated by dividing the net profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

(b) The basic and diluted EPS are the same as there were no potential dilutive ordinary shares in issue as at 30 June 2020 and 30 June 2019.

7. Net asset 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.

	Group		Company	
	30.06.2020 Unaudited	31.12.2019 Audited	30.06.2020 Unaudited	31.12.2019 Audited
Net asset value per ordinary share (Singapore cents)	37.6	49.2	28.8	28.9
Number of ordinary shares in issue	151,384,600	151,384,600	151,384,600	151,384,600

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:-**
- (a) 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; and
 - (b) 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 of the Group for half year ended 30 June 2020 ("HY2020") vs. for half year ended 30 June 2019 ("HY2019")

The implementation of Circuit Breaker measures by the Government in April 2020 as well as additional Covid-19 safety measures imposed by the Government on the construction sector to mitigate the risk of any potential Covid-19 outbreak during and after the Circuit Breaker have severely impacted the Group's business. The suspension of most of the Group's construction projects have caused disruption in project management, increased project costs and delay to project schedules. As a result, the overall performance of the Group's business in HY2020 has been adversely affected.

The Group's revenue decreased by S\$37.2 million or 60.8% from S\$61.3 million in HY2019 to S\$24.1 million in HY2020 mainly due to significant lower level of business activities in all of our business segments during the Circuit Breaker and the restart requirement by the Building and Construction Authority. Cost of sales and services decreased by approximately S\$16.3 million or 34.1% from S\$47.8 million in HY2019 to S\$31.5 million in HY2020. The Group recorded a gross loss of S\$7.4 million in HY2020 as compared to a gross profit of S\$13.6 million due to lower revenue.

Depreciation expenses increased by approximately S\$2.1 million or 25.6% from S\$8.2 million in HY2019 to S\$10.3 million in HY2020. The increase was mainly due to addition of plant and equipment as well as Right-of-use assets ("ROU") in second half year of 2019.

Other income increased by approximately S\$1.8 million or 96.9% from S\$1.9 million in HY2019 to S\$3.7 million in HY2020. The increase was mainly due to the grants received from Government's Jobs Support Scheme and foreign worker levy rebate which provide wage support to employers during the period of economic uncertainty.

Administrative expenses decreased by S\$2.7 mil or 26.7% from S\$10.3 million in HY2019 to S\$7.6 million in HY2020. The decrease was mainly due to foreign worker levy waiver granted by the Government to provide support to help employers to care for the upkeep of our foreign workers during the COVID-19 pandemic.

Other expenses in HY2020 amounted to S\$0.6 million as compared to S\$0.3 million in HY2019. The increase was mainly due to the impairment of a financial asset at FVOCI amounting S\$0.3 million resulted from the decrease in its market value.

Loss allowance on trade receivables and contract assets in HY2020 amounted to S\$4.0 million as compared to S\$0.2 million in HY2019. The increase was due to the provision of loss allowance on certain customers in view of the current economic slowdown.

Finance costs increased by approximately S\$0.5 million or 34.3% from S\$1.7 million in HY2019 to S\$2.2 million in HY2020 primarily due to higher utilisation of bank facilities.

The Group recorded a profit of S\$2,000 from the share of profit of a joint venture company in HY2020 as compared to a profit of S\$0.6 million in HY2019 due to the negative impact of the COVID-19 pandemic.

Overall, the Group recorded a loss before income tax and net loss attributable to owners of the parent in HY2020 of S\$18.0 million.

Statement of financial position of the Group as at 30 June 2020

Non-current Assets

As at 30 June 2020, the Group had a total of S\$39.8 million Property, plant and equipment (“PPE”) as compared to S\$39.7 million as at 31 December 2019. This was the net effect of additions of PPE of approximately S\$8.0 million, revaluation gain of approximately S\$0.5 million for the Group’s leasehold property, partially offset by the depreciation charge of S\$4.1 million and a net reclassification of S\$4.3 million from PPE to ROU assets upon obtaining financing through leases.

As at 30 June 2020, the Group had a total S\$77.3 million ROU assets as compared to S\$80.0 million as at 31 December 2020. The decreased was mainly due to the depreciation charge of approximately S\$6.2 million, deduction of carry amount of ROU assets of approximately S\$1.7 million resulted from lease modifications, partially offset by additions of ROU assets of approximately S\$1.0 million and net reclassification of S\$4.3 million from PPE to ROU assets upon obtaining financing through leases.

As at 30 June 2020, the Group’s financial assets at FVTPL amounted to S\$5.6 million as compared to S\$5.3 million as at 31 December 2019. The increase was mainly due to the unrealised exchange gain and an increase in the fair value of these financial assets during the financial period.

As at 30 June 2020, the Group’s investment in a joint venture reduced to S\$0.8 million as compared to S\$2.8 million as at 31 December 2019 due to dividends received in HY2020.

Current assets

Contract assets decreased by approximately S\$9.7 million to S\$68.2 million as at 30 June 2020 from S\$77.9 million as at 31 December 2019 in tandem with lower revenue recognised in HY2020.

Trade and other receivables decreased by approximately S\$15.2 million to S\$29.7 million as at 30 June 2020 from S\$44.9 million as at 31 December 2019 in tandem with the decreased revenue in HY2020.

Inventory increased by approximately S\$0.7 million to S\$2.0 million as at 30 June 2020 from S\$1.3 million as at 31 December 2019, mainly due to inventory of construction materials, hardware parts and consumables that were not used for projects arising from the suspension of the Group’s business and operations as a result of the Covid-19 pandemic.

Financial assets at FVOCI decreased by approximately S\$0.2 million to S\$0.8 million as at 30 June 2020 from S\$1.0 million as 31 December 2019. The decrease was mainly due to decrease in the fair value of the financial assets as well as partial redemption during the HY2020.

Prepayment increased by approximately S\$0.3 million to S\$1.4 million as at 30 June 2020 from S\$1.1 million as at 31 December 2019 due to the prepayment for insurances newly renewed during the period.

Cash and cash equivalents increased by approximately S\$10.2 million to S\$14.7 million as at 30 June 2020 when compared to S\$4.5 million as at 31 December 2019. The increase was mainly due to drawdown of additional bank borrowings and advance payment received for ongoing public sector construction contracts affected by the suspension of activities at workplaces due to COVID-19.

Current liabilities

Contract liabilities increased from S\$0.3 million as at 31 December 2019 to S\$5.9 million as at 30 June 2020, mainly due to advance billings made for certain projects as at 30 June 2020.

Trade and other payable decreased by approximately \$2.6 million to S\$48.6 million as at 30 June 2020 from S\$51.2 million as at 31 December 2019 in tandem with the lower level of business activities due to COVID-19. The decrease was partially offset by advance payment received for ongoing public sector construction contracts.

Lease liabilities payable within one year amounted to S\$16.5 million as at 30 June 2020 as compared to S\$17.5 million as at 31 December 2019. This was the net effect of repayment made during the reporting period, financing machineries and vehicles purchased through finance leases and re-measurement of lease liabilities upon lease modifications.

Short-term bank borrowings decreased by approximately S\$6.8 million to S\$49.0 million as at 30 June 2020 from S\$55.8 million as at 31 December 2019, mainly due to less trade facilities utilised during HY2020 as a result of suspension of activities at workplaces due to COVID-19.

Current income tax payable remained as S\$0.4 million as at 30 June 2020. This was due to the net loss before tax recorded for HY2020.

Deferred income to be recognised within 12 months amounted to S\$0.8 million as at 30 June 2020 which was the same amount as at 31 December 2019.

Non-current liabilities

Total non-current liabilities increased by S\$4.0 million to S\$63.0 million as at 30 June 2020 from S\$59.0 million as at 31 December 2019, mainly due to drawdown of additional bank borrowings and additional lease liabilities resulted from financing machineries and vehicles purchased through finance leases.

Working Capital

The Group posted a negative working capital of approximately S\$4.5 million as at 30 June 2020 as compared to a positive working capital of S\$4.7 million as at 31 December 2019. The negative working capital was mainly due to negative impact from the suspension of the Group's business and operations as a result of the Covid-19 pandemic.

Notwithstanding the negative working capital position, the Board is of the opinion that, after having made due and careful enquiry, and after taking into account the Group's positive cash flows generated from its operating activities, the existing cash and cash equivalents, together with the credit facilities available to the Group and the financial support from the Government, the working capital available as at 30 June 2020 is sufficient for the Group's present requirements and for the following 12 months.

Statement of Cash flows of the Group for HY2020

As at 30 June 2020, the Group recorded cash and cash equivalents of S\$14.7 million as compared to S\$4.5 million as at 31 December 2019.

Net cash flows generated from operating activities in HY2020, after meeting working capital requirements and net of tax paid, were S\$22.3 million. Net working capital inflow of S\$24.4 million was the net effect of decrease in net contract assets of S\$11.3 million, decrease in trade and other receivables of S\$15.2 million, decrease in trade and other payables of S\$1.2 million, increase in inventories of S\$0.7 million and increase in prepayments of S\$0.2 million.

Net cash from investing activities in HY2020, amounted to S\$1.1 million, mainly due to dividends of S\$2.0 million received from a joint venture, partially offset by purchase of additional PPE of S\$0.4 million and addition of ROU assets of S\$0.5 million during HY2020.

Net cash used in financing activities in HY2020 amounted to S\$13.2 million, was the net effect of net repayment of trust receipts of S\$7.4 million, repayment of lease liabilities of S\$7.5 million, interest payment of S\$1.7 million and net drawdown of bank loans of S\$3.4 million.

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

The Group's unaudited results for the financial period ended 30 June 2020 are in line with the Company's profit guidance announcement on 1 August 2020.

10. A 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.

The implementation of Circuit Breaker measures by the Government in April 2020 as well as additional Covid-19 safety measures imposed by the Government on the construction sector to mitigate the risk of any potential Covid-19 outbreak during and after the Circuit Breaker have severely impacted the Group's business. The suspension of most of the Group's construction projects have caused disruption in project management, increased project costs and delay to project schedules.

With the gradual easing of restrictions in Covid-19 in second half of 2020, the Group is cautiously optimistic that all of the Group's construction projects can commence operation progressively.

In view of the challenging economic outlook, the Group will remain operationally and financially prudent to conserve resources to prepare for the post pandemic recovery. The Group will continue to leverage on our strength in civil works to seek opportunities in public infrastructure projects to keep our order book strong for sustainable growth. Currently, the Group's order book for on-going projects is approximately \$630 million which is expected to be completed in the next 5 years.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for HY2020.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

No dividend has been declared or recommended for HY2019.

(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 as no dividend has been declared or recommended for HY2020.

(d) The date the dividend is payable.

Not applicable as no dividend has been declared or recommended for HY2020.

(e) Book closure date

Not applicable as no dividend has been declared or recommended for HY2020.

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

No dividend has been declared or recommended for HY2020. Having regard to the loss for the half year ended 30 June 2020 and given the current uncertain economic climate, the Board of Directors deems it appropriate to conserve adequate resources for the Group's business activities.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), 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.

No changes to IPTs as disclosed in page 45 of the Company's annual report for the financial year ended 31 December 2019.

The Group does not have a general mandate from shareholders for recurrent interested person transactions.

14. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

During HY2020, the Company did not acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

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

The Board of Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the financial period ended 30 June 2020 to be false or misleading in any material aspects.

16. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1)

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 Catalist Rules.

BY ORDER OF THE BOARD

Ng Kian Ann Patrick
Executive Director and CEO
14 August 2020