



HUATIANG GLOBAL LIMITED
(Company Registration Number: 201422395Z)

**Unaudited Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2020 (“FY2020”)**

This announcement has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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Huatong Global Limited

Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 31 December 2020

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		
	FY2020 Unaudited S\$'000	FY2019 Restated* S\$'000	(+/-) %
Revenue	115,958	133,625	(13.2)
Cost of sales and services	(112,145)	(107,909)	3.9
Gross profit	3,813	25,716	(85.2)
Other income	10,067	3,938	155.6
Administrative expenses	(15,480)	(22,133)	(30.1)
Other expenses	(854)	(721)	18.4
Loss allowance on trade receivables and contract assets	(5,663)	(253)	nm
Finance costs	(3,563)	(3,850)	(7.5)
Share of results of a joint venture	915	985	(7.1)
(Loss)/Profit before income tax	(10,765)	3,682	nm
Income tax expense	(931)	(746)	24.8
(Loss)/Profit for the financial year	(11,696)	2,936	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)	(12)	(25.0)
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	-	9	(100.0)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Loss on revaluation of property, plant and equipment	(70)	(532)	(86.8)
Other comprehensive income, net of tax	35	(535)	nm
Total comprehensive (loss)/income for the financial year	(11,661)	2,401	nm
(Loss)/Profit attributable to:			
Owners of the parent	(11,769)	2,968	nm
Non-controlling interests	73	(32)	nm
	(11,696)	2,936	nm
Total comprehensive (loss)/income attributable to:			
Owners of the parent	(11,734)	2,433	nm
Non-controlling interests	73	(32)	nm
	(11,661)	2,401	nm

Note:

(1) FVOCI: fair value through other comprehensive income

nm denotes not meaningful

* The FY2019 comparatives have been restated, please refer to paragraph 5 for details

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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		
	FY2020	FY2019	(+/-)
	Unaudited S\$'000	Restated* S\$'000	%
Depreciation of property, plant and equipment	8,089	6,077	33.1
Depreciation of right-of-use assets	12,053	13,519	(10.8)
Amortisation of intangible assets	16	16	0.0
Loss allowance on trade receivables and contract assets	5,663	253	nm
Bad debts recovered	-	(43)	nm
Allowance for impairment of financial assets at FVOCI	264	-	nm
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	(10)	(6)	66.7
Allowance for impairment of property, plant and equipment	-	52	nm
Fair value gain on financial assets at FVTPL	(179)	(163)	9.8
Interest expenses	3,368	3,676	(8.4)
Employee benefits expense	27,631	37,522	(26.4)
Short-term lease expense	3,327	3,796	(12.4)
Interest income	(58)	(58)	0.0
Government incentive/grants	(7,515)	(291)	nm
Gain on disposal of property, plant and equipment and right-of-use assets	(156)	(51)	nm
Loss/(Gain) on lease modification	78	(95)	nm
Amortisation of gain on sale and leaseback transactions	(793)	(834)	(4.9)
Loss on derivative financial instruments	29	-	nm
Foreign exchange gain, net	36	(28)	(228.6)
Under/(Over) provision of income tax in respect of prior years	(455)	72	nm

*Note:**(1) FVTPL: fair value through profit or loss**nm denotes not meaningful*** The FY2019 comparatives have been restated, please refer to paragraph 5 for details*

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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	
	31.12.2020 Unaudited S\$'000	31.12.2019 Restated* S\$'000	31.12.2020 Unaudited S\$'000	31.12.2019 Audited S\$'000
Assets				
Non-current assets				
Property, plant and equipment	38,028	39,707	-	-
Right-of-use assets	69,760	79,961	-	-
Financial assets at FVTPL	5,387	5,315	-	-
Investments in subsidiaries	-	-	41,735	41,735
Investment in a joint venture	706	2,791	-	-
Prepayments	-	-	-	-
Intangible assets	95	110	14	17
	113,976	127,884	41,749	41,752
Current assets				
Contract assets	72,479	86,589	-	-
Financial assets at FVOCI	783	952	-	-
Inventories	1,271	1,279	-	-
Trade and other receivables	45,666	34,008	1,660	1,867
Prepayments	4,568	1,121	3	150
Current income tax recoverable	130	-	-	-
Cash and cash equivalents	32,896	4,484	52	153
	157,793	128,433	1,715	2,170
Total assets	271,769	256,317	43,464	43,922
Liabilities				
Current liabilities				
Contract liabilities	11,334	148	-	-
Trade and other payables	58,755	50,662	192	203
Lease liabilities	14,080	17,471	-	-
Derivative financial liabilities	28	-	-	-
Bank borrowings	63,637	55,761	-	-
Deferred income	1,033	793	-	-
Current income tax payable	-	113	-	-
	148,867	124,948	192	203

Note:

(1) FVTPL: fair value through profit or loss

(2) FVOCI: fair value through other comprehensive income

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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	
	31.12.2020 Unaudited S\$'000	31.12.2019 Restated* S\$'000	31.12.2020 Unaudited S\$'000	31.12.2019 Audited S\$'000
Non-current liabilities				
Lease liabilities	39,404	40,462	-	-
Bank borrowings	15,617	11,588	-	-
Deferred income	272	957	-	-
Deferred tax liabilities	7,972	7,064	-	-
	63,265	60,071	-	-
Total liabilities	212,132	185,019	192	203
Net assets	59,637	71,298	43,272	43,719
Equity				
Share capital	38,676	38,676	38,676	38,676
Other reserves	(16,827)	(16,862)	-	-
Accumulated profits	38,594	50,363	4,596	5,043
Equity attributable to owners of the parent	60,443	72,177	43,272	43,719
Non-controlling interests	(806)	(879)	-	-
Total equity	59,637	71,298	43,272	43,719

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

	As at 31 December 2020 (Unaudited)			As at 31 December 2019 (Audited)		
	Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
Repayable within one year	38,847	38,870	77,717	32,748	40,484	73,232
Repayable after one year	39,301	15,720	55,021	37,105	14,945	52,050
Total	78,148	54,590	132,738	69,853	55,429	125,282

Secured BorrowingsBank borrowings

As at 31 December 2020, the Group's bank borrowings amounted to S\$79.2 million (31 December 2019: S\$67.4 million), of which S\$36.7 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 31 December 2020, the Group's lease liabilities amounted to S\$53.5 million (31 December 2019: S\$57.9 million), of which S\$41.4 million (31 December 2019: S\$41.0 million) was secured by the Group's right-of-use assets with net carrying amount of S\$58.6 million as at 31 December 2020 (31 December 2019: S\$63.1 million).

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

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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	
	FY2020 Unaudited S\$'000	FY2019 Restated S\$'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(10,765)	3,682
Adjustments for:		
Depreciation of property, plant and equipment	8,089	6,077
Depreciation of right-of-use assets	12,053	13,519
Amortisation of intangible assets	16	16
Loss allowance on trade receivables and contract assets	5,663	253
Allowance for impairment of financial assets at FVOCI	264	-
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	(10)	(6)
Gain on disposal of property, plant and equipment and right-of-use assets	(156)	(51)
Loss/(Gain) on lease modification	78	(95)
Amortisation of gain on sale and leaseback transactions	(793)	(834)
Allowance for impairment of property, plant and equipment	-	52
Interest expenses	3,368	3,676
Interest income	(58)	(58)
Share of results of a joint venture	(915)	(985)
Fair value gain on financial assets at FVTPL	(179)	(163)
Loss on derivative financial instruments	29	-
Unrealised exchange differences, net	12	(5)
Operating cash flows before working capital changes	16,696	25,078
Working capital changes:		
Trade and other receivables	(2,202)	10,014
Prepayments	(3,447)	236
Contract assets, net	11,524	(13,242)
Inventories	7	(339)
Trade and other payables	9,747	1,320
Cash generated from operations	32,325	23,067
Interest received	3	5
Income tax paid	(251)	(2,592)
Net cash from operating activities	32,077	20,480
Cash flows from investing activities		
Purchase of property, plant and equipment	(763)	(4,885)
Addition of right-of-use assets	(766)	-
Additions to intangible assets	-	(12)
Interest received	55	82
Dividends received from joint venture	3,000	-
Proceeds from disposal of property, plant and equipment	577	469
Proceeds from redemption of financial assets at FVOCI	20	1,270
Net cash generated from/(used in) investing activities	2,123	(3,156)

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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	
	FY2020 Unaudited	FY2019 Restated
	S\$'000	S\$'000
Cash flows from financing activities		
Proceeds from trust receipts	58,058	71,783
Repayment of trust receipts	(51,856)	(78,339)
Proceeds from term loans	9,203	15,290
Repayment of term loans	(3,406)	(5,172)
Interest paid	(3,100)	(3,248)
Repayment of lease liabilities	(14,687)	(21,563)
Decrease in amounts due to related parties	-	(100)
Net cash used in financing activities	(5,788)	(21,349)
Net change in cash and cash equivalents	28,412	(4,025)
Cash and cash equivalents at beginning of the financial period	4,484	8,509
Cash and bank balances at end of the financial period	32,896	4,484

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 year, representing total comprehensive loss for the financial year	-	(447)	(447)
Balance as at 31 December 2020	38,676	4,596	43,272
(Audited)			
Balance as at 1 January 2019	38,676	5,361	44,037
Loss for the financial year, representing total comprehensive loss for the financial year	-	(318)	(318)
Balance as at 31 December 2019	38,676	5,043	43,719

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Consolidated Statement of Changes in equity

Group	Attributable to owners of the company					Total equity
	Share capital	Accumulated profits	Other reserves	Equity attributable to owners of the parent	Non-controlling Interests	
(Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1.1.2020	38,676	50,730	(14,936)	74,470	(879)	73,591
- prior year adjustments	-	(367)	(1,926)	(2,293)	-	(2,293)
- as restated	38,676	50,363	(16,862)	72,177	(879)	71,298
Loss for the financial year	-	(11,769)	-	(11,769)	73	(11,696)
Other comprehensive income/(loss)						
- Loss on revaluation of property, plant and equipment	-	-	(70)	(70)	-	(70)
- Fair value changes on financial assets at FVOCI	-	-	(9)	(9)	-	(9)
- Reversal of fair value loss in fair value reserve upon redemption*	-	-	-	-	-	-
- Reclassification of fair value loss in FVOCI	-	-	114	114	-	114
	-	-	35	35	-	35
Total comprehensive (loss)/income for the financial year	-	(11,769)	35	(11,734)	73	(11,661)
Balance at 31 December 2020	38,676	38,594	(16,827)	60,443	(806)	59,637
(Restated)						
Balance as at 1.1.2019	38,676	46,777	(14,292)	71,161	(847)	70,314
- prior year adjustments	-	619	(2,035)	(1,416)	-	(1,416)
- as restated	38,676	47,396	(16,327)	69,745	(847)	68,898
Profit for the financial year	-	2,967	-	2,967	(32)	2,935
Other comprehensive income/(loss):						
- Loss on revaluation of property, plant and equipment	-	-	(532)	(532)	-	(532)
- Fair value changes on financial assets at FVOCI	-	-	(12)	(12)	-	(12)
- Reversal of fair value loss in fair value reserve upon redemption	-	-	9	9	-	9
	-	-	(535)	(535)	-	(535)
Total comprehensive income/(loss) for the financial year	-	2,967	(535)	2,432	(32)	2,400
Balance as at 31.12.2019	38,676	50,363	(16,862)	72,177	(879)	71,298

*: Less than one thousand Singapore dollars

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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 year 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 year 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 30 June 2020 to 31 December 2020.

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 December 2020 and 31 December 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year

	31.12.2020	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 year reported on.

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

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year 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 year as those of the audited financial statements for the financial year ended 31 December 2019 ("FY2019").

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 has adopted all the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") and SFRS(I) Interpretations 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 year.

The FY2019 comparatives have been restated to account for the adjustments relating to (i) recognition of deferred tax liabilities arising from revaluation of leasehold properties under property, plant and equipment; (ii) over-recognition of revenue; and (iii) under accrual of expenses. In addition, unbilled revenue and advance from customers are also reclassified from trade and other receivables and trade and other payables respectively to contract assets/liabilities.

The following tables set out the adjustments made to the FY2019's consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows:

	Group		
	FY2019		FY2019
	Previously reported S\$'000	Adjustment S\$'000	As restated S\$'000
Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2019			
Revenue	134,576	(951)	133,625
Cost of sales and services	(107,756)	(153)	(107,909)
Administrative expenses	(21,797)	(336)	(22,133)
Profit before income tax	5,122	(1,440)	3,682
Income tax expense	(1,201)	455	(746)
Profit for the financial year	3,921	(985)	2,936
Loss on revaluation of property, plant and equipment	(641)	109	(532)
Profit attributable to owners of parent	3,953	(985)	2,968
Total comprehensive income attributable to owners of parent	3,309	(876)	2,433

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	FY2019 Previously reported	Adjustment	FY2019 As restated
	S\$'000	S\$'000	S\$'000
Consolidated Statement of Financial Position at 31 December 2019			
Contract assets	77,852	8,737	86,589
Trade and other receivables	44,887	(10,879)	34,008
Contract liabilities	339	(191)	148
Trade and other payables	51,173	(511)	50,662
Current income tax payable	358	(245)	113
Deferred tax liabilities	5,966	1,098	7,064
Other reserves	(14,936)	(1,926)	(16,862)
Accumulated profits	50,730	(367)	50,363

Consolidated Statement of Financial Position at 1 January 2019			
Deferred tax liabilities	5,545	1,416	6,961
Other reserves	(14,292)	(2,035)	(16,327)
Accumulated profits	46,777	619	47,396

**Consolidated Statement of Cash Flows
for the financial year ended 31 December 2019**

Cash flows from operating activities			
Profit before tax	5,122	(1,440)	3,682
Operating cash flows before working capital changes	26,518	(1,440)	25,078
Trade and other receivables	(865)	10,879	10,014
Contract assets, net	(4,314)	(8,928)	(13,242)
Trade and other payables	1,831	(511)	1,320

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	
	FY2020 Unaudited	FY2019 Restated
(Loss)/Profit attributable to owners of the Company (S\$'000)	(11,769)	2,968
Weighted average number of ordinary shares	151,384,600	151,384,600
Basic and diluted EPS (Singapore cents)	(7.77)	1.96

- (a) Basic earnings per share ("**EPS**") is calculated by dividing the net (loss)/profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.
- (b) The basic and diluted EPS are the same as there were no potential dilutive ordinary shares in issue as at 31 December 2020 and 31 December 2019.

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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	
	31.12.2020 Unaudited	31.12.2019 Restated	31.12.2020 Unaudited	31.12.2019 Audited
Net asset value per ordinary share (Singapore cents)	39.9	47.7	28.6	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 year ended 31 December 2020 ("FY2020") vs. for year ended 31 December 2019 ("FY2019")

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 FY2020 has been adversely affected.

The Group's revenue decreased by S\$17.6 million or 13.2% from S\$133.6 million in FY2019 to S\$116.0 million in FY2020 mainly due to significant lower level of business activities in all of our business segments during the Circuit Breaker and the project restart requirement by the Building and Construction Authority. Cost of sales and services increased by approximately S\$4.2 million or 3.9% from S\$107.9 million in FY2019 to S\$112.1 million in FY2020 mainly due to higher subcontract costs for our projects, higher direct material cost incurred during the year, partially offset by lower repair and maintenance cost and lower direct labour cost during the year. The Group recorded a gross profit of S\$3.8 million in FY2020 as compared to a gross profit of S\$25.7 million mainly due to lower revenue.

Depreciation expenses increased by approximately S\$0.5 million or 2.6% from S\$19.6 million in FY2019 to S\$20.1 million in FY2020. The increase was mainly due to full year depreciation in FY2020 as compared to partial year depreciation for plant and equipment as well as Right-of-use assets ("ROU") purchased in FY2019.

Other income increased by approximately S\$6.2 million or 155.6% from S\$3.9 million in FY2019 to S\$10.1 million in FY2020. 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 as well as the Construction Restart Booster which support firms and workers for the construction sector to restart.

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Administrative expenses decreased by S\$6.6 million or 30.1% from S\$22.1 million in FY2019 to S\$15.5 million in FY2020. 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 as well as cost reduction measures implemented during the year.

Other expenses in FY2020 amounted to S\$0.8 million which was comparable to S\$0.7 million recorded in FY2019.

Loss allowance on trade receivables and contract assets in FY2020 amounted to S\$5.7 million as compared to S\$0.3 million in FY2019. The increase was due to the provision of loss allowance on certain customers in view of the current economic slowdown.

Finance costs decreased by S\$0.3 million or 7.5% from S\$3.9 million in FY2019 to S\$ 3.6 million in FY2020 primarily due to lower interest rates in FY2020.

The Group recorded a profit of S\$0.9 million from the share of profit of a joint venture company in FY2020 which was comparable to the amount recorded in FY2019.

Overall, the Group recorded a loss before income tax and net loss attributable to owners of the parent in FY2020 of S\$10.8 million and S\$11.8 million respectively.

Statement of financial position of the Group as at 31 December 2020

Non-current Assets

As at 31 December 2020, the Group had a total of S\$38.0 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\$10.2 million, depreciation charge of S\$8.1 million and a net reclassification of S\$3.6 million from PPE to ROU assets upon obtaining financing through leases.

As at 31 December 2020, the Group had a total S\$69.8 million ROU assets as compared to S\$80.0 million as at 31 December 2019. The decreased was mainly due to the net effect of depreciation charge of approximately S\$12.1 million, reduction of carrying amounts of ROU assets of approximately S\$3.1 million resulted from lease modifications, additions of ROU assets of approximately S\$1.6 million and net reclassification of S\$3.6 million from PPE to ROU assets upon obtaining financing through leases.

As at 31 December 2020, the Group's financial assets at FVTPL amounted to S\$5.4 million as compared to S\$5.3 million as at 31 December 2019. The increase was the net effect of increased fair value of these financial assets and the unrealised exchange loss during the financial year.

As at 31 December 2020, the Group's investment in a joint venture reduced to S\$0.7 million as compared to S\$2.8 million as at 31 December 2019 due to the net effect of share of profit of the joint venture and dividends received in FY2020.

Current assets

Contract assets decreased by approximately S\$14.1 million to S\$72.5 million as at 31 December 2020 from S\$86.6 million as at 31 December 2019 in tandem with the decreased revenue in FY2020.

Trade and other receivables increased by approximately S\$11.7 million to S\$45.7 million as at 31 December 2020 from S\$34.0 million as at 31 December 2019 was mainly due to the retention sum for work done in FY2020.

As at 31 December 2020, the Group's inventory amounted to S\$1.3 million which was comparable to the amount recorded as at 31 December 2019.

Financial assets at FVOCI decreased by approximately S\$0.2 million to S\$0.8 million as at 31 December 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 FY2020.

Prepayment increased by approximately S\$3.5 million to S\$4.6 million as at 31 December 2020 from S\$1.1 million as at 31 December 2019 due to the prepayment made for purchasing of material as well as for insurances renewed during the period.

Cash and cash equivalents increased by approximately S\$28.4 million to S\$32.9 million as at 31 December 2020 when compared to S\$4.5 million as at 31 December 2019. The increase was mainly due to drawdown of additional bank borrowings, dividends received from a joint venture and advance payment received for ongoing public sector construction contracts affected by the suspension of activities at workplaces due to COVID-19.

As at 31 December 2020, the Group recorded an income tax recoverable of approximately S\$0.1 million as compared to income tax payable of approximately S\$0.1 million was mainly due the tax effect of the restatement of FY2019's comparatives.

Current liabilities

Contract liabilities increased from S\$0.1 million as at 31 December 2019 to S\$11.3 million as at 31 December 2020, mainly due to advance billings made for certain projects as at 31 December 2020.

Trade and other payable increased by approximately \$8.1 million to S\$58.8 million as at 31 December 2020 from S\$50.7 million as at 31 December 2019 mainly due to increased trade payables as a result of higher level of business activities during the last quarter of 2020.

Lease liabilities payable within one year amounted to S\$14.1 million as at 31 December 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 hire purchase and re-measurement of lease liabilities upon lease modifications.

Short-term bank borrowings increased by approximately S\$7.8 million to S\$63.6 million as at 31 December 2020 from S\$55.8 million as at 31 December 2019, mainly due to additional drawdown of banking facilities in FY2020 for working capital purpose and more trade facilities utilised as a result of higher level of business activities during the last quarter of 2020.

Deferred income to be recognised within 12 months increased by approximately S\$0.2 million as at 31 December 2020 from S\$ 0.8 million to S\$1.0 million as at 31 December 2020 mainly due to the deferred income to be received for the Government's Jobs Support Scheme.

Non-current liabilities

Total non-current liabilities increased by S\$3.2 million to S\$63.3 million as at 31 December 2020 from S\$60.1 million as at 31 December 2019, mainly due to drawdown of additional bank borrowings, recognition of deferred tax liabilities during the year partially offset by reduced lease liabilities resulted from lease modifications during the year.

Working Capital

The Group posted a positive working capital of approximately S\$8.9 million as at 31 December 2020.

Statement of Cash flows of the Group for FY2020

As at 31 December 2020, the Group recorded cash and cash equivalents of S\$32.9 million as compared to S\$4.5 million as at 31 December 2019.

Net cash flows generated from operating activities in FY2020, after meeting working capital requirements and net of tax paid, were S\$32.1 million. Net working capital inflow of S\$15.6 million was the net effect of decrease in net contract assets of S\$11.5 million, increase in trade and other payables of S\$9.7 million, increase in trade and other receivables of S\$2.2 million and prepayments of S\$3.4 million.

Net cash from investing activities in FY2020, amounted to S\$2.1 million, mainly due to dividends of S\$3.0 million received from a joint venture, partially offset by purchase of additional PPE and ROU assets of S\$1.5 million during FY2020.

Net cash used in financing activities in FY2020 amounted to S\$5.8 million, was the net effect of repayment of lease liabilities of S\$14.7 million, interest payment of S\$3.1 million and net drawdown of bank loans and trust receipts of S\$12.0 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. 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.

In view of the challenging economic outlook, the Group will remain operationally and financially prudent to conserve resources. The Group will continue to leverage on our strength in civil works

to seek opportunities in public infrastructure projects. Currently, the Group's order book for on-going projects is approximately \$690 million which is expected to be completed in the next 5 years.

Reference to the announcement made by the Company on 19 February 2021 in relation to, inter alia, the Company's response to news articles which reported that plots of land earmarked for the development of the Agri-Food Innovation Park in Kranji had been "erroneously" cleared before the conclusion of the baseline study and environmental monitoring plan for those plots of land. As investigations are on-going, the Group is currently unable to assess whether the above matters would have a material impact on the consolidated net tangible assets per share and the earnings per share of the Group for the current financial year ending 31 December 2021. The Group will update Shareholders accordingly once it can be ascertained.

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 FY2020.

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

Not applicable.

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

No dividend has been declared or recommended for FY2019.

(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 FY2020.

(d) The date the dividend is payable.

Not applicable as no dividend has been declared or recommended for FY2020.

(e) Book closure date

Not applicable as no dividend has been declared or recommended for FY2020.

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 FY2020. Having regard to the loss for FY2020 and given the current uncertain economic climate, the Board of Directors deems it appropriate to conserve adequate resources for the Group's business activities.

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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.

Other than the IPTs disclosed in paragraph (c)(i) of page 156 of the offer document dated 1 December 2014, the update announcement in relation to the IPTs released on 8 November 2019 and IPTs as set out in the below table, there were no additional IPTs of S\$100,000 and above during the financial year under review.

Name of Interested Person (“IP”)	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
NHL Holding Pte Ltd (“NHL”) – Lease of construction equipment and vehicles from NHL	#	S\$000 2,249	S\$000 Not applicable
NB Auto Pte Ltd (“NB Auto”) – Lease of commercial vehicles from NB Auto	#	104	Not applicable

These IPs are regarded as associates of the Company’s controlling shareholder under Chapter 9 of the Catalist Rules on interested person transactions.

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

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14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segment	Civil engineering service	Inland logistics support	Sale of construction materials	Unallocated	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FY2020 (Unaudited)						
<u>Revenue</u>						
External revenue	105,071	9,264	1,623	-	-	115,958
Inter-segment revenue	6,348	1,263	113	-	(7,724)	-
	<u>111,419</u>	<u>10,527</u>	<u>1,736</u>	<u>-</u>	<u>(7,724)</u>	<u>115,958</u>
<u>Segment results</u>						
Share on results in a joint venture	(3,061)	1,812	(305)	(1,434)	(5,382)	(8,370)
Interest income	915	-	-	-	-	915
Interest expenses						58
Loss before income tax						(3,368)
Income tax expense						(10,765)
Loss for the financial year						(931)
						<u>(11,696)</u>
<u>Non-cash items</u>						
Amortisation of gain on sale and leaseback transactions	793	-	-	-	-	793
Depreciation of property, plant and equipment	(6,327)	(1,095)	(180)	(604)	117	(8,089)
Depreciation of right-of-use assets	(11,698)	(68)	(21)	(266)	-	(12,053)
Amortisation of intangible assets	-	-	-	(16)	-	(16)
Allowance for impairment of financial assets at FVOCI	-	-	-	(264)	-	(264)
Fair value gain of financial assets at FVTPL	-	-	-	179	-	179
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	-	-	-	10	-	10
Loss allowance on trade receivables and contract assets	(5,611)	(23)	(29)	-	-	(5,663)
FY2019 (Restated)						
<u>Revenue</u>						
External revenue	118,056	12,139	3,430	-	-	133,625
Inter-segment revenue	9,876	832	856	-	(11,564)	-
	<u>127,932</u>	<u>12,971</u>	<u>4,286</u>	<u>-</u>	<u>(11,564)</u>	<u>133,625</u>
<u>Segment results</u>						
Share on results in a joint venture	23,266	1,754	383	(19,205)	117	6,315
Interest income	985					985
Interest expenses						58
Profit before income tax						(3,676)
Income tax expense						3,682
Profit for the financial year						(746)
						<u>2,936</u>
<u>Non-cash items</u>						
Amortisation of gain on sale and leaseback transactions	834	-	-	-	-	834
Depreciation of property, plant and equipment	(4,327)	(823)	(269)	(775)	117	(6,077)
Depreciation of right-of-use assets	(13,035)	(216)	-	(268)	-	(13,519)
Amortisation of intangible assets	-	-	-	(16)	-	(16)
Fair value gain of financial assets at FVTPL	-	-	-	163	-	163
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	-	-	-	6	-	6
Allowance for impairment of plant and equipment	(129)	77	-	-	-	(52)
Loss allowance on trade receivables and contract assets	(195)	(26)	(32)	-	-	(253)

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Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 31 December 2020

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to Paragraph 8 above for details.

- 16. Breakdown of Group's revenue and profit/ (loss) after tax for first half year and second half year**

	FY2020 (Unaudited)	FY2019 (Restated)	Increase/ (Decrease)
	\$'000	\$'000	%
(a) Sales reported for first half year	24,063	61,321	(61)
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(18,043)	3,116	nm
(c) Sales reported for second half year	91,895	72,304	27
(d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	6,347	(180)	nm

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable as no dividend has been declared or recommended for FY2020.

- 18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10)**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ng Kian Haw Douglas	30	Son of Mr Ng Hai Liong	Business Manager/ 2019	No Change
Ng Swee Seng	49	Nephew of Mr Ng Hai Liong	Site Manager/ 2017	No Change
Ng Say Beng Charlie	54	Nephew of Mr Ng Hai Liong	Site Manager/ 2011	No Change

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

Company had on, 14 October 2020, incorporated a wholly-owned subsidiary known as "Changi East Dorm Private Limited" ("CED") in Singapore, with an issued and paid-up capital of S\$2 comprising 2 ordinary shares. CED will be principally engaged in the business of operating dormitories.

Company had on, 18 October 2020, through CED, incorporated a joint venture company, Changi East Dorm Dwall Private Limited ("CED Dwall") with an issued and paid-up capital of S\$100 comprising 100 ordinary shares. CED holds 51% of the shareholding interest in CED Dwall while D Wall Pte. Ltd. hold the remaining 49% of the shareholding interest in the CED Dwall. CED Dwall will be primarily engaged in the business of dormitory operation.

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Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 31 December 2020

The incorporation of CED and CED Dwall were funded by internal resources.

Save as above, during FY2020, the Company did not incorporate or 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.

20. 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
1 March 2021