

LEY CHOON GROUP HOLDINGS LTD

(Company Registration No. 198700318G)

ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

Pursuant to Rule 705(2C) of the Listing Manual Section B: Rules of Catalist, the Singapore Exchange Regulation requires the Company to continue to announce its quarterly financial statements with effect from 7 February 2020.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and 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.

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LEY CHOON GROUP HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3, Q4), 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

	3 rd Quarter ended			9 Months		
	31 Dec	31 Dec		31 Dec	31 Dec	
	2019	2018	Change	2019	2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	23,628	26,248	(10.0)	71,239	75,073	(5.1)
Cost of sales	(20,958)	(24,420)	(14.2)	(64,492)	(68,546)	(5.9)
Gross profit	2,670	1,828	46.1	6,747	6,527	3.4
Other income	643	768	(16.3)	2,834	2,220	27.7
Selling and distribution expenses	(39)	(44)	(11.4)	(112)	(195)	(42.6)
Administrative expenses	(2,576)	(2,568)	0.3	(7,927)	(9,206)	(13.9)
Impairment losses on trade receivables reversed	375	252	48.8	647	266	143.2
Other operating expenses	(18)	(564)	(96.8)	(166)	(1,286)	(87.1)
Finance costs	(826)	(763)	8.3	(2,505)	(2,264)	10.6
Profit/(loss) before taxation	229	(1,091)	n/m	(482)	(3,938)	(87.8)
Taxation	(11)	177	n/m	(30)	177	n/m
Profit/(loss) for the period	218	(914)	n/m	(512)	(3,761)	(86.4)
Other comprehensive (loss)/income after tax:						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences	(80)	308	n/m	(688)	(547)	25.8
Other comprehensive (loss)/income for the period, net of tax of nil	(80)	308	n/m	(688)	(547)	25.8
Total comprehensive income/(loss) for the period	138	(606)	n/m	(1,200)	(4,308)	(72.1)

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 (cont'd)

	3rd Quarter ended			9 Months		
	31 Dec	31 Dec		Period ended	31 Dec	31 Dec
	2019	2018	Change	2019	2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit/(loss) attributable to:						
Owners of the Company	218	(914)	n/m	(512)	(3,761)	(86.4)
Profit/(loss) for the period	218	(914)	n/m	(512)	(3,761)	(86.4)
Total comprehensive income/(loss) attributable to:						
Owners of the Company	138	(606)	n/m	(1,200)	(4,308)	(72.1)
Total comprehensive income/(loss) for the period	138	(606)	n/m	(1,200)	(4,308)	(72.1)

n/m – not meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income

The statement of comprehensive income is arrived at after charging/(crediting) the following:

	3 rd Quarter ended			9 Months		
	31 Dec	31 Dec	Change	Period ended		
	2019	2018		31 Dec	31 Dec	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Impairment losses on trade receivables reversed	(375)	(252)	48.8	(647)	(266)	143.2
Amortisation of land use rights	16	17	(5.9)	49	51	(3.9)
Depreciation of property, plant and equipment	1,902	2,065	(7.9)	6,004	6,524	(8.0)
Depreciation of right-of-use assets	360	-	n/m	1,086	-	n/m
Foreign exchange (gain)/ loss, net	(114)	565	n/m	(413)	1,281	n/m
Change in fair value of financial assets at fair value through profit or loss	(5)	(1)	400.0	8	5	60.0
Interest income	1	-	n/m	(9)	(1)	800.0
Dividend income from other investments	-	-	n/m	(1)	(1)	-
(Gain)/loss on disposal of property, plant and equipment	(40)	(17)	135.3	(42)	24	n/m
Finance costs	826	763	8.3	2,505	2,264	10.6
Provision for fines and penalty reversed	(442)	-	n/m	(642)	-	n/m
Write-down on inventories	20	-	n/m	20	-	n/m
Operating lease expenses	190	679	(72.0)	569	1,534	(62.9)

n/m – 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	
	As at 31 Dec 2019 S\$'000	As at 31 Mar 2019 S\$'000	As at 31 Dec 2019 S\$'000	As at 31 Mar 2019 S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	44,309	46,981	-	-
Land use rights	2,762	2,930	-	-
Right-of-use assets	3,256	-	-	-
Subsidiaries	-	-	78,734	78,734
Club membership	229	229	-	-
Deferred tax assets	-	-	-	-
	<u>50,556</u>	<u>50,140</u>	<u>78,734</u>	<u>78,734</u>
Current Assets				
Inventories	7,645	6,882	-	-
Contract assets	37,110	35,147	-	-
Trade and other receivables	17,864	15,836	3,741	4,118
Prepayments	3,120	3,669	6	15
Other investments	41	49	-	-
Cash and bank balances	1,874	3,568	3	5
Fixed deposits	1,594	1,601	-	-
	<u>69,248</u>	<u>66,752</u>	<u>3,750</u>	<u>4,138</u>
Total assets	<u>119,804</u>	<u>116,892</u>	<u>82,484</u>	<u>82,872</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	79,807	79,807	146,026	146,026
Accumulated losses	(57,874)	(57,214)	(113,706)	(112,348)
Other reserves	(81)	607	(884)	(884)
Total equity	<u>21,852</u>	<u>23,200</u>	<u>31,436</u>	<u>32,794</u>
Non-Current Liabilities				
Borrowings	49,396	50,467	15,821	15,731
Lease liabilities	2,821	112	-	-
Deferred tax liabilities	35	35	-	-
	<u>52,252</u>	<u>50,614</u>	<u>15,821</u>	<u>15,731</u>
Current Liabilities				
Borrowings	6,582	6,710	-	-
Lease liabilities	2,777	759	-	-
Trade and other payables	34,459	33,083	35,227	34,347
Current tax payable	83	85	-	-
Provisions	1,799	2,441	-	-
	<u>45,700</u>	<u>43,078</u>	<u>35,227</u>	<u>34,347</u>
Total liabilities	<u>97,952</u>	<u>93,692</u>	<u>51,048</u>	<u>50,078</u>
Total equity and liabilities	<u>119,804</u>	<u>116,892</u>	<u>82,484</u>	<u>82,872</u>

1(b)(ii) Aggregate amount of the Group's borrowing and debt securities

(a) Amount repayable in one year or less, or on demand

	Group	
	As at	As at
	31 Dec 2019	31 Mar 2019
	S\$'000	S\$'000
<u>Secured</u>		
Bank loans	6,582	6,710
Total	<u>6,582</u>	<u>6,710</u>

(b) Amount repayable after one year

	As at	As at
	31 Dec 2019	31 Mar 2019
	S\$'000	S\$'000
<u>Secured</u>		
Bank loans	33,575	34,736
Convertible bond (Murabaha Facility)	15,821	15,731
Total	<u>49,396</u>	<u>50,467</u>

(c) Details of any collateral

Bank overdrafts, bills payable and bank loans are secured by the following:

- (i) legal mortgage over the Group's leasehold properties;
- (ii) charge over certain of the Group's plant and equipment;
- (iii) charge over shares in the Company's subsidiaries;
- (iv) charge over certain of the Group's bank accounts;
- (v) fixed deposits of the Group;
- (vi) floating charge over all other assets; and/or
- (vii) corporate guarantees by the Company.

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

	9 Months Period ended	
	31 Dec 2019	31 Dec 2018
	S\$'000	S\$'000
Cash Flows from Operating Activities:		
Loss before taxation	(482)	(3,938)
Adjustments for:		
Amortisation of land use rights	49	51
Depreciation of property, plant and equipment	6,004	6,524
Depreciation of right-of-use assets	1,086	-
Provision for fines and penalty reversed	(642)	-
Impairment losses on trade receivables reversed	(647)	(266)
Write-down on inventories	20	-
(Gain)/loss on disposal of property, plant and equipment	(42)	24
Fair value loss on other investments	8	5
Dividend income from other investments	(1)	(1)
Interest income	(9)	(1)
Finance costs	2,505	2,264
Operating cash flows before working capital changes	7,849	4,662
Changes in inventories	(793)	(599)
Changes in contract assets	(2,111)	(3,535)
Changes in trade and other receivables	(2,691)	(2,083)
Changes in prepayments	549	-
Changes in trade and other payables	2,460	3,708
Cash generated from operations	5,263	2,153
Income taxes paid/(refunded)	(39)	164
Net cash generated from operating activities	5,224	2,317
Cash Flows from Investing Activities:		
Interest received	9	1
Purchase of property, plant and equipment	(1,380)	(223)
Dividend received from other investments	1	1
Proceeds from disposal of property, plant and equipment	172	441
Net cash (used in)/generated from investing activities	(1,198)	220

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

	9 Months Period ended	
	31 Dec 2019	31 Dec 2018
	S\$'000	S\$'000
Cash Flows from Financing Activities:		
Interest paid	(2,245)	(1,928)
Proceeds from loans from financial institutions	-	1,240
Repayment of loans from financial institutions	(1,295)	(1,784)
Repayment of finance lease liabilities	(1,117)	(584)
Repayment of lease liabilities	(1,058)	-
Fixed deposits pledged with banks	6	569
Net cash used in financing activities	(5,709)	(2,487)
Net decrease in cash and cash equivalents	(1,683)	50
Cash and cash equivalents at beginning of period	3,568	4,665
Exchange differences on translation of cash and cash equivalents	(11)	(45)
Cash and cash equivalents at end of period	1,874	4,670

1(d)(i) A statement 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

Group	Share capital	Accumulated losses	Equity component of convertible bonds	Foreign currency translation reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2018	79,807	(46,475)	243	833	34,408
Loss for the period	-	(3,761)	-	-	(3,761)
Other comprehensive income for the period					
- Currency translation differences	-	-	-	(547)	(547)
Total comprehensive loss for the period	-	(3,761)	-	(547)	(4,308)
Balance at 31 December 2018	79,807	(50,236)	243	286	30,100
Balance at 1 April 2019	79,807	(57,214)	243	364	23,200
Adjustment on initial application of SFRS (I) 16 (net of tax)	-	(148)	-	-	(148)
Adjusted balance at 1 April 2019	79,807	(57,362)	243	364	23,052
Loss for the period	-	(512)	-	-	(512)
Other comprehensive loss for the period					
- Currency translation differences	-	-	-	(688)	(688)
Total comprehensive loss for the period	-	(512)	-	(688)	(1,200)
Balance at 31 December 2019	79,807	(57,874)	243	(324)	21,852

1(d)(i) A statement showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

<u>Company</u>	Share capital	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2018	146,026	(884)	(101,225)	43,917
Loss for the period/Total comprehensive loss for the period	-	-	(1,442)	(1,442)
Balance at 31 December 2018	146,026	(884)	(102,667)	42,475
Balance at 1 April 2019	146,026	(884)	(112,348)	32,794
Loss for the period/Total comprehensive loss for the period	-	-	(1,358)	(1,358)
Balance at 31 December 2019	146,026	(884)	(113,706)	31,436

- 1(d)(ii)Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State 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 and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period. 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 as well as Group's share capital since the end of the previous period reported on.

As at 31 December 2019 (and 31 March 2019), the Company's issued and paid-up share capital was S\$146,026,238 (and S\$146,026,238).

There were no treasury shares held by the Company as at 31 December 2019 (and 31 December 2018).

There were no subsidiary shareholdings as at 31 December 2019 (and 31 December 2018).

- 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.**

Actual	31 December 2019	31 March 2019
Total number of issued shares excluding treasury shares	1,184,813,992	1,184,813,992

- 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.

- 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.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standards or practice.**

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in Note 5, there were no significant changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited annual financial statements for the year ended 31 March 2019.

5. If there are any changes in the accounting policies and method 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 SFRS(I) 16 *Leases* on 1 April 2019, using the modified retrospective approach with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 April 2019. There is no restatement of comparative information.

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The Group has office and factory premises under operating leases, which are recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. As at 1 April 2019, ROU assets have increased by S\$4.4 million and lease liabilities have increased by S\$4.5 million, with an adjustment of S\$0.1 million to the opening balance of accumulated losses.

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

As at 31 December 2019, the convertible bonds are excluded from the calculation of diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive.

	3rd Quarter ended		9 Months	
	Period ended		Period ended	
	31 Dec	31 Dec	31 Dec	31 Dec
Earnings per share (EPS in cents)	2019	2018	2019	2018
EPS based on weighted average number of ordinary shares on issue (cents)	0.02	(0.08)	(0.04)	(0.32)
EPS based on a fully diluted basis (cents)	0.02	(0.08)	(0.04)	(0.32)
Weighted average number of shares	1,184,813,992	1,184,813,992	1,184,813,992	1,184,813,992

7. Net assets 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	
	As at	As at	As at	As at
	31 Dec	31 Mar	31 Dec	31 Mar
Net asset value (NAV in cents)	2019	2019	2019	2019
NAV per ordinary share	1.84	1.96	2.65	2.77
Number of shares	1,184,813,992	1,184,813,992	1,184,813,992	1,184,813,992

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.**

Comprehensive income statement

Third quarter review – Q3FY20 vs Q3FY19

Revenue

Revenue decreased by approximately S\$2.6 million or 10.0% to S\$23.6 million for the third quarter ended 31 December 2019 ("**Q3FY20**") compared to the corresponding quarter ended 31 December 2018 ("**Q3FY19**") of S\$26.2 million. This was due mainly to the decrease in revenue from premix sales by S\$2.5 million during the period.

Gross profit

Gross profit was S\$2.7 million with a gross profit margin of 11.3% for Q3FY20 compared to S\$1.8 million with a gross profit margin of 7.0% for Q3FY19. The increases in gross profit and gross profit margin were mainly attributable to the decrease in material cost as a result of less consumption of materials for certain ongoing project mix.

Other income

Other income for Q3FY20 decreased by approximately S\$0.1 million or 16.3% to S\$0.6 million compared to Q3FY19 due mainly to the decrease in rental income, partially offset by the increase in foreign exchange gain during the period.

Selling and distribution expenses

Selling and distribution expenses for Q3FY20 decreased marginally by 11.4% to S\$0.04 million compared to Q3FY19 due mainly to lower business expenses incurred during the period.

Administrative expenses

Administrative expenses for Q3FY20 increased marginally by 0.3% to S\$2.6 million compared to Q3FY19 due mainly to the increase in professional fee, partially offset by the decrease in office and staff expenses during the period.

Impairment losses on trade receivables reversed

Impairment losses on trade receivables reversed for Q3FY20 increased by approximately S\$0.1 million due mainly to some bad debt recovered.

Other operating expenses

Other operating expenses for Q3FY20 decreased by approximately S\$0.5 million or 96.8% to S\$0.02 million compared to Q3FY19 due mainly to absence of foreign exchange losses during the period.

Finance costs

Finance costs for Q3FY20 increased by approximately S\$0.06 million or 8.3% to S\$0.8 million compared to Q3FY19 due mainly to the increase in interest rates during the period.

Net profit after tax

The Group reported a net profit after tax of S\$0.2 million for Q3FY20 due to the various reasons as explained above.

Nine months review – 9MFY20 vs 9MFY19

Revenue

Revenue decreased by approximately S\$3.8 million or 5.1% to S\$71.2 million for the nine months ended 31 December 2019 ("9MFY20") compared to the corresponding period ended 31 December 2018 ("9MFY19") of S\$75.1 million. The decrease was due mainly to the decrease in revenue from big diameter pipe projects and sewer rehabilitation project by S\$11.0 million and S\$3.2 million respectively, partially offset by the increase in revenue from airport projects and small pipe projects by S\$5.8 million and S\$4.5 million respectively.

Gross profit

Gross profit was S\$6.7 million with a gross profit margin of 9.5% for 9MFY20 compared to S\$6.5 million with a gross profit margin of 8.7% for 9MFY19. The increases in gross profit and gross profit margin were mainly attributable to the decrease in material cost as a result of less consumption of materials for certain ongoing project mix.

Other income

Other income for 9MFY20 increased by approximately S\$0.6 million or 27.7% to S\$2.8 million compared to 9MFY19 due mainly to the recognition of deferred government grant from a subsidiary in China during the period.

Selling and distribution expenses

Selling and distribution expenses for 9MFY20 decreased by approximately S\$0.08 million or 42.6% to S\$0.11 million compared to 9MFY19 due mainly to lower commission and business expenses incurred during the period.

Administrative expenses

Administrative expenses for 9MFY20 decreased by approximately S\$1.3 million or 13.9% to S\$7.9 million compared to 9MFY19 due mainly to the decrease in professional fees expenses by S\$0.6 million and administrative staff cost by S\$0.6 million during the period.

Impairment losses on trade receivables reversed

Impairment losses on trade receivables reversed for 9MFY20 increased by approximately S\$0.4 million due mainly to some bad debt recovered.

Other operating expenses

Other operating expenses for 9MFY20 decreased by approximately S\$1.1 million or 87.1% to S\$0.2 million compared to 9MFY19 due mainly to absence of foreign exchange losses during the period.

Finance costs

Finance costs for 9MFY20 increased by approximately S\$0.2 million or 10.6% to S\$2.5 million compared to 9MFY19 due mainly to the increase in interest expenses as a result of higher SIBOR.

Net loss after tax

The Group reported a net loss after tax of S\$0.5 million for 9MFY20 due to the various reasons as explained above.

Consolidated statements of financial position

Non-current assets

The Group's non-current assets increased by S\$0.4 million from S\$50.1 million as at 31 March 2019 to S\$50.5 million as at 31 December 2019, attributable mainly to the following:

- (a) decrease in property, plant and equipment by S\$2.7 million to S\$44.3 million as at 31 December 2019 compared to S\$47.0 million as at 31 March 2019 due mainly to depreciation of S\$6.0 million, proceeds from disposal of property, plant and equipment of S\$0.2 million and exchange differences on translation of S\$0.3 million, partially offset by additions of plant and machinery amounting to S\$3.8 million during the period; partially offset by
- (b) increase in right-of-use assets by S\$3.2 million relating to the adoption of SFRS(I) 16.

Current assets

The Group's current assets increased by S\$2.5 million from S\$66.7 million as at 31 March 2019 to S\$69.2 million as at 31 December 2019, attributable mainly to the following:

- (a) increase in trade and other receivables by S\$2.1 million to S\$17.9 million as at 31 December 2019 compared to S\$15.8 million as at 31 March 2019 due mainly to the decrease in collections from customers;
- (b) increase in contract assets by S\$2.0 million to S\$37.1 million as at 31 December 2019 compared to S\$35.1 million as at 31 March 2019 due mainly to the decrease in billings for projects which have been substantially completed;

- (c) increase in inventories by S\$0.7 million to S\$7.6 million as at 31 December 2019 compared to S\$6.9 million as at 31 March 2019 due mainly to the increase in purchases of materials for projects;

which have been partially offset by the following:

- (d) decrease in cash and cash equivalents by S\$1.7 million to S\$3.5 million as at 31 December 2019 compared to S\$5.2 million as at 31 March 2019 due mainly to the decrease in collections from customers and repayment of borrowings;
- (e) decrease in prepayment by S\$0.5 million to S\$3.1 million as at 31 December 2019 compared to S\$3.6 million as at 31 March 2019 due mainly to reclassification to fixed assets during the period.

Current liabilities

The Group's current liabilities increased by S\$2.6 million from S\$43.1 million as at 31 March 2019 to S\$45.7 million as at 31 December 2019, due mainly to the increase in trade and other payables by S\$1.4 million as a result of the decrease in payments and increase in lease liabilities by S\$2.0 million arising from the adoption of SFRS(I) 16, partially offset by the decrease in borrowings by S\$0.1 million and decrease in provisions by S\$0.7 million.

Non-current liabilities

The Group's non-current liabilities increased by S\$1.6 million from S\$50.6 million as at 31 March 2019 to S\$52.2 million as at 31 December 2019 due mainly to the increase in lease liabilities by S\$2.7 million arising from the adoption of SFRS(I) 16, partially offset by the decrease in borrowings by S\$1.1 million.

Consolidated statement of cash flow

The Group's cash and cash equivalents stood at S\$1.9 million as at 31 December 2019, as compared to S\$4.7 million as at 31 December 2018.

Net cash generated from operating activities

Net cash generated from operating activities was S\$5.2 million, comprising operating cash flows before working capital changes of S\$7.8 million and net working capital outflow of S\$2.6 million.

The net working capital outflow of S\$2.6 million was due mainly to the following:

- (a) increase in trade and other payables of approximately S\$2.5 million due to the decrease in payments to creditors;
- (b) decrease in prepayments of approximately S\$0.5 million due to reclassification to fixed assets;

which have been partially offset by the following:

- (c) increase in trade and other receivables of approximately S\$2.7 million due to the decrease in collections from customers;

- (d) increase in contract assets of approximately S\$2.1 million due to the decrease in billings for projects which have been substantially completed;
- (e) increase in inventories of approximately S\$0.8 million due to the increase in purchases of materials for projects.

Net cash used in investing activities

Net cash used in investing activities of approximately S\$1.2 million was due mainly to purchase of property, plant and equipment.

Net cash used in financing activities

Net cash used in financing activities of approximately S\$5.7 million was due mainly to repayment of borrowings, lease liabilities, finance lease liabilities and interest payments.

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

No forecast or prospect statement has been previously disclosed. Furthermore, there is no deviation from paragraph 10 of the previous financial results announcement.

10. A commentary at the date of 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.

In recent news release from Building and Construction Authority ("BCA") on 8 January 2020, BCA projects the total construction demand to remain strong in 2020 with sustained public sector construction demand. The total construction demand is expected to range between S\$28 billion and S\$33 billion this year.

Public sector construction demand, which is expected to reach S\$17.5 billion and S\$20.5 billion this year, will make up about 60% of the projected demand for this year. Public sector construction demand is expected to be spurred by major infrastructure projects, which are larger and more complex in scale, such as the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line.

In view of the strong demand from public sector, the Group will continue its effort to bid for projects to sustain the order book. As of to date, the Group's unfulfilled order book stands at approximately S\$123.8 million.

With the Coronavirus outbreak, the Company has adopted the precautionary measures recommended by the Ministry of Health, and will also closely monitor its supply chain activities.

11. Dividends

(a) Current financial period

Any dividend declared for the current financial period reported on? No.

(b) Previous corresponding financial period

Any dividend declared for the previous corresponding financial period reported on? No.

(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.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared as the Group has reported a net loss.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested party transactions. The Group had no interested party transactions during the period.

14. Disclosure on the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

Not applicable.

15. Confirmation pursuant to Rule 705(5) of the listing manual

On behalf of the Board of Directors of the Company, we, Toh Choo Huat and Ling Chung Yee, being Directors of the Company, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the nine-month period ended 31 December 2019 to be false or misleading in any material aspect.

16. 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 in the format set out in Appendix 7H pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Toh Choo Huat

Executive Chairman and Chief Executive Officer

12 February 2020