



**SOILBUILD CONSTRUCTION GROUP LTD.**  
(Co Reg No. 201301440Z)

**UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

<u>Item No</u>	<u>Description</u>	<u>No.</u>
1(a)	Consolidated Statement of Comprehensive Income	2
1(b)(i)	Statements of Financial Position	4
1(b)(ii)	Group's Borrowings and Debt Securities	5
1(c)	Consolidated Statement of Cash Flows	6
1(d)(i)	Statements of Changes in Equity	8
1(d)(ii)	Changes in Company's Issued Share Capital	9
1(d)(iii)	Total Number of Issued Shares	9
1(d)(iv)	Treasury Shares	9
2	Audit	9
3	Auditors' Report	9
4	Accounting Policies	9
5	Changes in the Accounting Policies	9
6	Earnings Per Ordinary Share	10
7	Net Asset Value Per Ordinary Share	10
8	Review of Group Performance	11
9	Variance from Prospects Statement	12
10	Prospects	12
11 - 12	Dividends	12
13	Interested Persons Transactions	13
14	Use of Proceeds from Preferential Offering of Rights Shares	13
15	Undertakings from all its directors and executive officers under Rule 720(1)	13
16	Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST	13

**UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Half Year Ended		Change
	30 June		
	2020	2019	
	S\$'000	S\$'000	%
<b>Revenue</b>	69,200	109,865	(37.0)
Cost of sales	(84,360)	(104,082)	(18.9)
<b>Gross (loss)/profit</b>	<b>(15,160)</b>	<b>5,783</b>	NM
<b>Gross (loss)/profit margin</b>	<b>-21.9%</b>	<b>5.3%</b>	
Other income	5,163	1,638	215.2
Other losses, net	(750)	(220)	240.9
<b>Expenses</b>			
Administrative	(3,514)	(4,444)	(20.9)
Marketing	(4)	(13)	(69.2)
Finance	(946)	(891)	6.2
Others	(2,713)	(2,726)	(0.5)
Share of (loss)/ profit of joint ventures	(6)	3	NM
<b>Loss before income tax</b>	<b>(17,930)</b>	<b>(870)</b>	1,961.1
Income tax expense	(7)	(955)	(99.3)
<b>Net loss</b>	<b>(17,937)</b>	<b>(1,825)</b>	882.9
<b>Other comprehensive loss:</b>			
Items that may be classified subsequently to profit or loss:			
Currency translation differences arising from consolidation	417	(138)	NM
<b>Total comprehensive loss</b>	<b>(17,520)</b>	<b>(1,963)</b>	792.5
<b>Loss attributable to:</b>			
Equity holders of the Company	<b>(17,937)</b>	<b>(1,825)</b>	882.9
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company	<b>(17,520)</b>	<b>(1,963)</b>	792.5

NM : Not meaningful

**UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**Notes to the consolidated statement of comprehensive income**

	Half Year Ended	
	30 June	
	2020	2019
	S\$'000	S\$'000
<b>(I) Other income</b>		
Interest income	6	13
Service income	220	184
Rental income	1,913	1,286
Government grants (including Job Support Scheme and levy rebates)	2,951	27
Others	73	128
	<b>5,163</b>	<b>1,638</b>
<b>(II) Other losses, net</b>		
Gain/(loss) on disposal of property, plant and equipment, net	26	(1)
Fair value loss on derivative financial instrument	(710)	-
Foreign exchange losses	(66)	(219)
	<b>(750)</b>	<b>(220)</b>
<b>(III) Loss before income tax is arrived at after (charging)/crediting:</b>		
Amortisation of intangible assets	(111)	(64)
Depreciation of property, plant and equipment	(4,523)	(2,733)
Amortisation of land lease prepayments	-	(631)
Depreciation of right of use, land lease	-	(114)
Property, plant and equipment written off	-	(32)
Gain/(loss) on disposal of property, plant and equipment, net	26	(1)
<b>(IV) Income tax expense</b>		
Tax expense attributable to loss is made up of:		
Loss from current financial period:		
- current income tax	17	(955)
- deferred income tax	-	-
	<b>17</b>	<b>(955)</b>
Under provision in prior financial period:		
- current income tax	(24)	-
- deferred income tax	-	-
	<b>(7)</b>	<b>(955)</b>

UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2020 S\$'000	31/12/2019 S\$'000	30/06/2020 S\$'000	31/12/2019 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	20,358	24,154	2,670	6,928
Trade and other receivables	65,202	95,400	2,204	2,114
Other current assets	3,704	2,567	1	5
Inventories	3,810	1,827	-	-
	<b>93,074</b>	<b>123,948</b>	<b>4,875</b>	<b>9,047</b>
<b>Non-current assets</b>				
Trade and other receivables	9,945	10,312	26,457	27,231
Investments in subsidiaries	-	-	68,470	68,470
Investments in joint ventures	34	40	-	-
Property, plant and equipment	136,978	133,210	-	-
Intangible assets	434	518	-	-
Deferred income tax assets	1,118	1,106	-	-
	<b>148,509</b>	<b>145,186</b>	<b>94,927</b>	<b>95,701</b>
<b>Total assets</b>	<b>241,583</b>	<b>269,134</b>	<b>99,802</b>	<b>104,748</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	85,654	104,091	17,227	24,919
Borrowings	28,235	28,735	-	-
Current income tax liabilities	887	1,006	33	33
Provision for other liabilities	3,641	1,206	-	-
	<b>118,417</b>	<b>135,038</b>	<b>17,260</b>	<b>24,952</b>
<b>Non-current liabilities</b>				
Trade and other payables	3,880	7,111	-	-
Borrowings	54,000	44,888	3,000	-
Derivative financial instruments	1,059	350	-	-
	<b>58,939</b>	<b>52,349</b>	<b>3,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>177,356</b>	<b>187,387</b>	<b>20,260</b>	<b>24,952</b>
<b>NET ASSETS</b>	<b>64,227</b>	<b>81,747</b>	<b>79,542</b>	<b>79,796</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	71,553	71,553	71,553	71,553
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	256	(161)	-	-
Warrant reserve	8,128	8,128	8,128	8,128
(Accumulated losses)/retained profits	(14,640)	3,297	(139)	115
	<b>64,227</b>	<b>81,747</b>	<b>79,542</b>	<b>79,796</b>
Non-controlling interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>64,227</b>	<b>81,747</b>	<b>79,542</b>	<b>79,796</b>

**SOILBUILD CONSTRUCTION GROUP LTD.**

**UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**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.**

Total assets decreased by S\$27.6 million from S\$269.1 million as at 31 December 2019 to S\$241.5 million as at 30 June 2020, mainly due to the decrease in both current and non-current trade and other receivables of \$30.6 million and the decrease in cash and cash equivalents of S\$3.8 million. These were partially offset by the increase in property, plant and equipment of S\$3.8 million.

The decrease in current and non-current trade and other receivables were due to decrease in progress billings receivables from customers while the decrease in cash and cash equivalents of S\$3.8 million was explained in the Consolidated Statement of Cash Flow.

The increase in property, plant and equipment of S\$3.8 million were mainly due to (i) capitalisation of the construction cost incurred for the Group's factories located at Pontian, Johor, Malaysia, amounting S\$5.2 million and (ii) purchased of construction equipment of S\$3 million, partially offset by amortisation and depreciation of S\$4.5 million.

Total liabilities decreased by S\$10.0 million from S\$187.4 million as at 31 December 2019 to S\$177.4 million as at 30 June 2020, mainly due to the decrease in both current and non-current trade and other payables of S\$21.7 million, which were partially offset by the increase in borrowings of S\$8.6 million. The decrease of current and non-current trade and other payables were due to payment to suppliers and subcontractors while the increase in borrowings were due to drawdown of new bank loans to finance the operation of the Group.

As at 30 June 2020, the Group's current liabilities, amounting to S\$118.4 million, exceeded its current assets, amounting to S\$93.1 million by S\$25.3 million. The negative working capital position was mainly due to the timing difference arising from the significant capital investment by the Group in recent years (i.e. investment in the Group's Integrated Construction and Precast Hub (ICPH) project, 2 factories in Tuas South Link, as well as the acquisition of manufacturing plants in Malaysia). To sustain the current financial challenges, the Group will continue to seek continual support from its banks as well as exploring additional funding arrangement to fund these investments and to meet working capital requirement and to strengthen the Group's financial standing.

The Group is confident that it will have sufficient working capital to tide it over the current challenges.

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

	As at 30 June 2020 S\$'000	As at 31 December 2019 S\$'000
<b>Amount repayable in one year or less, or on demand</b>		
- Secured	3,087	4,740
- Unsecured	25,148	23,995
<b>Amount repayable after one year</b>		
- Secured	50,619	44,463
- Unsecured	3,381	425

The Group's total borrowings of S\$82.2 million comprise (i) a term loan of S\$47.6 million, (ii) a commercial property loan of S\$6.1 million, (iii) a temporary bridging loan of S\$3 million, (iv) short term bank loans of S\$24.9 million and (v) lease liabilities of S\$0.6 million for the purposes as more explained in the above.

**Details of any collaterals**

The Group's term loan amounting to S\$47.6 million as at 30 June 2020 is secured by a first legal mortgage executed over the Group's ICPH.

The Group's commercial property loan to S\$6.1 million as at 30 June 2020 is secured by a first legal mortgage executed over the Group's 2 factories in Tuas South Link.

**SOILBUILD CONSTRUCTION GROUP LTD.**

**UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Half Year Ended 30 June	
	2020 S\$'000	2019 S\$'000
<b>Cash flows from operating activities</b>		
Net loss	(17,937)	(1,825)
Adjustments for:		
- Amortisation of intangible assets	111	64
- Depreciation of property, plant and equipment	4,523	2,733
- Depreciation of right of use, land lease	-	114
- Amortisation of land lease prepayment	-	631
- Interest income	(6)	(13)
- Interest expense	946	891
- Income tax expense	7	955
- (Gain)/loss on disposal of property, plant and equipment	(26)	1
- Property, plant and equipment written off	-	32
- Fair value loss on derivative financial instruments	709	-
- Share of loss/(profit) of joint ventures	6	(3)
<b>Operating cash flows before working capital changes</b>	<b>(11,667)</b>	<b>3,580</b>
Changes in working capital:		
- Trade and other receivables	30,565	(13,663)
- Other current assets	(1,137)	(829)
- Inventories	(1,983)	(498)
- Trade and other payables	(21,854)	3,627
- Provision for other liabilities	2,435	103
<b>Cash used in operations</b>	<b>(3,641)</b>	<b>(7,680)</b>
Income tax paid	-	(270)
<b>Net cash used in operating activities</b>	<b>(3,641)</b>	<b>(7,950)</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(8,307)	(4,236)
Additions of intangible assets	(27)	(95)
Proceeds from disposal of property, plant and equipment	27	167
Distribution received from a joint venture	-	6
Interest received	6	13
<b>Net cash used in investing activities</b>	<b>(8,301)</b>	<b>(4,145)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank loans	24,483	15,587
Repayment of bank loans	(15,812)	(1,352)
Principal repayment of lease liabilities	(158)	(114)
Interest paid	(905)	(830)
<b>Net cash provided by financing activities</b>	<b>7,608</b>	<b>13,291</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,334)</b>	<b>1,196</b>
Cash and cash equivalents at beginning of financial period	24,154	15,252
Effects of currency translation on cash and cash equivalents	538	(136)
<b>Cash and cash equivalents at end of financial period</b>	<b>20,358</b>	<b>16,312</b>
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank and on hand	<b>20,358</b>	<b>16,312</b>

**Operating Activities**

For the half year ended 30 June 2020 ("1HFY2020"), the net cash outflow from operating activities amounting S\$3.6 million as compared to net cash outflow of S\$8.0 million in the comparative period. The cash outflow from operating activities in 1HFY2020 was mainly attributable to the operating loss of the Group and the payment to suppliers and subcontractors, partially offset by collections from customers during the period.

**Investing Activities**

For 1HFY2020, the cash outflow from investing activities amounting S\$8.3 million as compared to S\$4.1 million in the comparative period. The cash outflow in 1HFY2020 was mainly attributable to the construction cost incurred for the Group's expansion of its factory in Pontian, Johor, Malaysia capitalised as well as purchase of construction equipment during the period.

**Financing Activities**

For 1HFY2020, the cash inflow from financing activities of S\$7.6 million as compared to cash inflow of S\$13.3 million in the comparative period. The cash inflow in 1HFY2020 was mainly attributable to proceeds from bank loans which were drawdown to finance the working capital for the Group's operation.

SOILBUILD CONSTRUCTION GROUP LTD.

UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

- 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.

STATEMENTS OF CHANGES IN EQUITY	Attributable to equity holders of the Company						
	Share Capital S\$'000	Warrant Reserve S\$'000	Capital Reserve S\$'000	Currency Translation Reserve S\$'000	Performance Share Plan Reserve S\$'000	(Accumulated Losses)/ Retained Profits S\$'000	Total Equity S\$'000
<b>Group</b>							
<b>Balance as at 1 January 2020</b>	71,553	8,128	(1,070)	(161)	-	3,297	81,747
Loss for the period	-	-	-	-	-	(17,937)	(17,937)
Other comprehensive income for the period	-	-	-	417	-	-	417
<b>Total comprehensive loss for the period</b>	-	-	-	417	-	(17,937)	(17,520)
<b>Balance as at 30 June 2020</b>	71,553	8,128	(1,070)	256	-	(14,640)	64,227
<b>Balance as at 1 January 2019</b>	59,597	8,128	(1,070)	(149)	-	12,437	78,943
Loss for the period	-	-	-	-	-	(1,825)	(1,825)
Other comprehensive loss for the period	-	-	-	(138)	-	-	(138)
<b>Total comprehensive loss for the period</b>	-	-	-	(138)	-	(1,825)	(1,963)
<b>Balance as at 30 June 2019</b>	59,597	8,128	(1,070)	(287)	-	10,612	76,980
	Attributable to equity holders of the Company						
<b>Company</b>	Share Capital S\$'000	Warrant Reserve S\$'000	Performance Share Plan Reserve S\$'000	(Accumulated Losses)/ Retained Profits S\$'000	Total Equity S\$'000		
<b>Balance as at 1 January 2020</b>	71,553	8,128	-	115	79,796		
Loss for the period	-	-	-	(254)	(254)		
Other comprehensive income for the period	-	-	-	-	-		
<b>Total comprehensive loss for the period</b>	-	-	-	(254)	(254)		
<b>Balance as at 30 June 2020</b>	71,553	8,128	-	(139)	79,542		
<b>Balance as at 1 January 2019</b>	59,597	8,128	-	562	68,287		
Profit for the period	-	-	-	110	110		
Other comprehensive income for the period	-	-	-	-	-		
<b>Total comprehensive income for the period</b>	-	-	-	110	110		
<b>Balance as at 30 June 2019</b>	59,597	8,128	-	672	68,397		



UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

**1(d)(ii) Details of any changes in the company's share capital arising from rights 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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 year.**

During the half year ended 30 June 2020 ("1HFY2020"), there are no issuance of new ordinary shares and no warrants being exercised. The total outstanding issued ordinary shares and warrants as at 30 June 2020 are as follows:

Issued Ordinary Shares

The movement of issued ordinary shares of the Company during the period under review was as follows:

	<u>No. of Shares issued</u>
<b>As at 1 January 2020</b>	<b>841,235,625</b>
Add : Allotment and issuance of new ordinary shares	-
<b>As at 30 June 2020</b>	<b>841,235,625</b>

Warrants

The movement of the outstanding warrants during the period under review was as follows:

	No. of Warrants		
	<u>2016 Warrants</u>	<u>2019 Warrants</u>	<u>Total</u>
<b>As at 1 January 2020</b>	<b>168,847,995</b>	<b>168,247,125</b>	<b>337,095,120</b>
Add : Allotment issuance of warrants	-	-	-
<b>As at 30 June 2020</b>	<b>168,847,995</b>	<b>168,247,125</b>	<b>337,095,120</b>

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2020.

**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.**

The number of issued shares of the Company as at 30 June 2020 comprised 841,235,625 ordinary shares (31 December 2019: 841,235,625 ordinary shares).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no treasury shares as at 30 June 2020.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the financial year ended 31 December 2019 except in the current financial year, the Group and the Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2020. The adoption of these new and revised standards did not have any effect on the financial performance or position of the Group and the Company.

**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.**

Please refer to item 4 above.

UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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 dividend :-

- (a) Based on the weighted average number of ordinary shares in issue; and  
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

Earnings per share (EPS)	Group	
	Half Year Ended 30 June	
	2020	2019
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	(2.13)	(0.27)
- Weighted average number of ordinary shares ('000)	841,236	672,989
(b) On a fully diluted basis (cents per share)	(2.13)	(0.27)
- Adjusted weighted average number of ordinary shares ('000)	841,236	672,989

- (a) Basic EPS is calculated based on the net profit/(loss) attributable to equity holders of the Company set out in 1(a) above divided by the weighted average number of ordinary shares in issue during the financial period.
- (b) For the purposes of calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the dilutive effect arising from the share awards granted pursuant to the Soilbuild Construction Performance Share Plan and the warrants issued pursuant to the preferential offering, where shares would have been issued at a price lower than market value.

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) preceding financial year.

	Group		Company	
	30/6/2020	30/12/2019	30/6/2020	30/12/2019
Net asset value per ordinary share is computed based on the total number of issued shares as at the end of the respective financial period/year				
Net asset value per ordinary share (cents)	7.63	9.72	9.46	9.49
Total number of shares in issue	841,235,625	841,235,625	841,235,625	841,235,625

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, cost, 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.

**1HFY2020 vs 1HFY2019**

For 1HFY2020, the Group reported a net loss of approximately S\$17.9 million compared to net loss of approximately S\$1.8 million reported in the comparative period.

**Revenue & Gross Profit**

For the period under review, the Group's revenue decreased by 37.0% from S\$109.9 million in 1HFY2019 to S\$69.2 million in 1HFY2020. The decrease in revenue is attributable to decrease in construction activities during 1HFY2020, in particular, since the commencement of the Singapore Covid-19 Circuit Breaker period ("CB") on 7 April 2020, where the Group suspended all its construction and precast activities in Singapore, hence minimal revenue recognised since then.

The Group's revenue in 1HFY2020 was mainly contributed by the following projects:

- Yishun HDB N4C18 project (public housing development at Yishun);
- Taiseng project (construction of a multi-user general industrial factory development at Tai Seng Avenue);
- 68 Residence project (construction and completion of a 26 1/2 storey serviced apartment / condominium in Yangon);
- Rosehill Residence project (erection of a 24-storey residential development in Yangon);
- Bedok Food City project (construction of a high rise multi-user food factory at Bedok North Avenue 4).
- Tuas Bay Close project (construction of a multi-user general industrial development at Tuas Bay Close);
- Tuas Bay Drive project (construction of a multi-user general industrial development at Tuas Bay Drive); and
- Corporation Drive project (construction of a multi-user general industrial factory development at Jurong West Planning).

The Group reported a gross loss of S\$15.2 million in 1HFY2020 compared to gross profit of S\$5.8 million in 1HFY2019. The gross loss margin for 1HFY2020 was deficit of 21.9% compared to gross profit margin for 1HFY2019 of 5.3%.

The gross loss for 1HFY2020 was mainly due to (i) operating losses arising from the suspension of activities at sites/factories due to Covid-19 pandemic, (ii) provision for losses from certain projects in Singapore due to extended construction period where the Group may not be entitled to prolongation cost and (iii) additional construction cost for certain projects.

**Other Income**

Other income increased by approximately S\$3.5 million mainly due to (i) government grants such as job support scheme and levy rebates provided by the Singapore Government, (ii) increase in rental income during 1HFY2020.

**Other Losses**

Other losses (net) of approximately S\$750,000 in 1HFY2020 was mainly attributable to fair value loss on derivative financial instrument of approximately S\$710,000, as well as foreign exchange loss amounting S\$66,000.

**Administrative Expenses**

Administrative expenses decreased from S\$4.4 million in 1HFY2019 to S\$3.5 million in 1HFY2020 mainly due in the (i) decrease in various administrative expenses including directors' and staff remuneration as a result of payroll adjustment implemented during the period under review, and (ii) reduction in property tax expenses.

**Finance Expenses**

The increase in finance expenses in 1HFY2020 was mainly due to increase in bank borrowings during the period under review.

**Other Operating Expenses**

The other operating expenses of S\$2.7 million in 1HFY2020 is approximately the same as S\$2.7 million in 1HFY2019.

**Share of Profit of Joint Ventures**

The Group recognised approximately S\$6,000 in the share of loss of its joint ventures in 1HFY2020 as compared to a gain of approximately S\$3,000 in the comparative period.

**Income tax expenses**

The Group recognised income tax expenses of approximately S\$7,000 in 1HFY2020 mainly due to net profit before tax reported by the Group's subsidiaries in Myanmar.

**Net (loss)/profit after tax**

With the impact of the above, the Group reported a net loss after tax of approximately S\$17.9 million in 1HFY2020.

9

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

Saved for the explanation in paragraph 8, there is no other material deviations in the actual results for the 1HFY2020 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial year ended 31 December 2019.

**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.**

Based on the press release released by the Ministry of Trade and Industry Singapore on 14 July 2020, the Singapore economy contracted by 12.6% on a year-on-year ("yoy") basis in the second quarter of 2020 due to the Singapore Circuit Breaker ("CB") measures on 7 April 2020 to contain the spread of COVID-19. The construction sector contracted by 54.7% (on a yoy basis) in the second quarter, a significant deterioration from the 1.1% decline in the previous quarter.

As announced on 23 June 2020, the Group's activities in Singapore have been suspended since the CB. As at the date of this announcement, although the Group was granted approval by the relevant authorities to resume its activities at its construction sites and factories, the pace of resumption of works remained slow due to additional/stringent safety and health requirement on manpower, these include swab tests to be conducted on the workforce at sites, clearance at dormitories to be secured prior to granting of permit to allow the manpower to report to works. The Group will continue to implement additional safety measures and policies so that it could resume all activities in Singapore. The Group expects that construction progress and cost for all its projects would be affected in near terms. We will take all necessary steps to monitor the Group's exposure in these respects.

The Group's activities in Malaysia and Myanmar, however, are at a more advance stage of work resumption as at the date of this announcement. The Group will continue to fulfil all standard operating procedures (SOPs), so that it could go back to pre-Covid-19 construction and production efficiency and capacity.

Despite challenging operating environment, Group's construction division secured two construction contracts worth approximately S\$124.1 million in 1HFY2020. However, the execution of construction works for these new projects are subject to the implementation and compliance of additional safety measures and policies as mentioned in the paragraph above.

The Group's order book as at 30 June 2020 amounted to S\$585.8 million, which comprise S\$533.0 million (of which, S\$472.8 million from local projects, S\$60.2 million from Myanmar projects) of construction projects, and S\$52.8 million of precast and prefabrication supply contracts.

**11 Dividend**

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

Any dividend declared for the current financial period reported on?

No.

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

No dividend was declared and paid in the corresponding period.

**(c) The date the dividend is payable**

Not applicable as there is no dividend declared.

**(d) Books closure date**

Not applicable

**12 If no dividend has been declared/recommendeded, a statement to that effect.**

There is no dividend recommended for the period ended 30 June 2020 as the Group reported net loss.

UNAUDITED FIRST HALF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

**13 Interested Persons Transactions**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
<b><u>Transactions during 1HFY2020</u></b>		
<u>Soilbuild Group Holdings Ltd. &amp; its subsidiaries</u>		
Office rental	-	122
Award of construction contract	-	48,295
<u>Soilbuild Business Space REIT</u>		
Award of construction contract	-	75,825

**14 Use of Proceeds from Preferential Offering of Rights Shares**

Pursuant to the preferential offering of Rights Shares on 29 July 2019, the Company received net proceeds from the issue of the shares of approximately S\$12.0 million after deducting the actual issue expenses of S\$0.3 million, as set out below. The utilisation of the proceeds as at the date of this announcement is as follows:

Use of proceeds from the preferential offering of Rights Shares	Amount Allocated S\$'000	Amount Used As At 30 June 2020 S\$'000	Amount Unused As At 30 June 2020 S\$'000
- To fund the expansion of the Pontian Factory	10,000	7,625	2,375
- To fund the acquisition of plant and machinery by the Group's Precast Concrete group of companies	1,956	1,717	239
	11,956	9,342	2,614

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed. Pending the utilisation of the net proceeds as stated above, the unutilised amount may be placed in short-term deposits with banks and financial institutions or invested in money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interest of the Group.

**15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

**16 Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST**

On behalf of the Board of Directors of the Company, we, the undersigned, 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 first half financial statements for the period ended 30 June 2020 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

**Lim Chap Huat**  
Executive Chairman

**Lim Cheng Hwa**  
Non-Executive Director

11 August 2020