



KING WAN CORPORATION LIMITED

Incorporated in Singapore (Company Registration No. 200001034R)

Second Half Year & Full Year Results – Financial Statement And Related Announcement

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

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

KING WAN CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	GROUP SECOND HALF YEAR ENDED 31 MARCH			GROUP FULL YEAR ENDED 31 MARCH		
		2020 S\$	2019 S\$	Increase/ (Decrease)	2020 S\$	2019 S\$	Increase/ (Decrease)
Revenue	1	37,729,426	41,080,307	-8%	71,061,287	79,321,218	-10%
Cost of sales		(32,523,819)	(37,587,237)	-13%	(63,120,995)	(71,016,730)	-11%
Gross profit	2	5,205,607	3,493,070	49%	7,940,292	8,304,488	-4%
Other operating income							
Dividend income		-	-	n.m	139	9,686	-99%
Net foreign exchange (loss) gain		(1,622)	(8,775)	-82%	3,938	6,458	-39%
Gain on disposal of property, plant and equipment	3	229	-	n.m	24,879	-	n.m
Change in fair value of held-for-trading investments		-	(11,480)	-100%	-	-	n.m
Change in fair value of insurance contract		10,886	1,826	496%	18,489	13,537	37%
Interest income	4	468,488	415,616	13%	973,641	857,114	14%
Management fee income		49,837	54,556	-9%	109,244	108,795	0%
Rental income	5	275,096	329,133	-16%	595,466	656,448	-9%
Fee income from financial guarantee to associates and joint venture	6	90,571	123,326	-27%	181,141	246,653	-27%
Grants from Job Support scheme		166,103	-	n.m	166,103	-	n.m
Sundry income		106,118	49,226	116%	123,441	123,021	0%
		1,165,706	953,428	22%	2,196,481	2,021,712	9%
Administrative expenses	7	(3,872,203)	(3,076,650)	26%	(6,805,894)	(6,358,617)	7%
Loss allowance for amounts due from associates	8	(581,300)	-	n.m	(581,300)	-	n.m
Share of profit of associates and joint venture	9	63,753	680,631	-91%	139,298	578,339	-76%
Other operating expenses		(66,054)	(48,889)	35%	(66,054)	(48,889)	35%
Finance costs	10	(785,889)	(608,642)	29%	(1,503,667)	(1,170,947)	28%
Profit before income tax		1,129,620	1,392,948	-19%	1,319,156	3,326,086	-60%
Income tax expense	11	(439,278)	(405,103)	8%	(586,153)	(952,613)	-38%
Profit for the period		690,342	987,845	-30%	733,003	2,373,473	-69%
Other comprehensive (loss) income :							
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Net fair value (loss) gain in equity securities carried at fair value through other comprehensive income ("FVTOCI")	12	(8,937,851)	1,606,477	-656%	(14,588,603)	(1,696,349)	760%
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		76,077	(628,357)	-112%	154,710	(319,251)	-148%
Other comprehensive (loss) income for the period		(8,861,774)	978,120	-1006%	(14,433,893)	(2,015,600)	616%
Total comprehensive (loss) income for the period		(8,171,432)	1,965,965	-516%	(13,700,890)	357,873	-3928%

Second Half Year (2H2019) and Full Year ended 31 March 2020 (FY2020)

Note 1 - The decrease in the Group's turnover was due to lower volume of Mechanical and Electrical (M&E) contracts in progress. Revenue for 2H2020 recorded S\$37.73 million, a 8% decrease compared to corresponding period last year (2H2019). Correspondingly, revenue for FY2020 recorded S\$71.06 million, a 10% decrease compared to last year (FY2019).

Note 2 - The increase in gross profit was due to dividend income received from investment in equity securities, as well as profits of certain projects with relatively higher margin being recognised in 2H2020. Gross profit margin for 2H2020 was 13.80%, which was higher than the 8.50% achieved in 2H2019. Gross profit for FY2020 was 11.17%, which was higher than 10.47% achieved in FY2019.

Note 3 - Net gain on disposal of property, plant and equipment was due to sale of certain older motor vehicles in FY2020 whereas it was a net loss accounted under 'administrative expenses' in FY2019 (refer to Note 7 below).

Note 4 - Higher interest income from loans to associates and joint venture was due to interests being accrued on a higher carrying amount of advances to associates and joint venture (net of allowances) in 2H2020 and FY2020.

Note 5 - Lower rental income was due to lower occupancy rate for workers' dormitory in 2H2020 and FY2020.

Note 6 - Lower fee income from financial guarantees was due to associates and joint venture utilising lesser bank borrowings in 2H2020 and FY2020.

Note 7 - Included in administration expenses are the following:

SECOND HALF YEAR ENDED					FULL YEAR ENDED			
		31.3.2020 S\$	31.3.2019 S\$	(Increase)/ Decrease S\$		31.3.2020 S\$	31.3.2019 S\$	(Increase)/ Decrease S\$
Loss allowance (Reversal) for trade receivables and contract assets	i	(967,593)	73,596	(1,041,189)		(965,405)	78,435	(1,043,840)
Change in fair value on held-for-trading investments		(46,024)	(18,063)	(27,961)		(84,795)	(6,583)	(78,212)
Loss on disposal of property, plant and equipment		-	(5,367)	5,367		-	(42,306)	42,306
Property tax		(71,694)	(65,000)	(6,694)		(142,600)	(130,000)	(12,600)
Reversal of allowance for inventory obsolescence		20,229	8,786	11,443		20,229	8,786	11,443
Directors' remuneration	ii	(366,322)	(539,193)	172,871		(806,262)	(1,088,576)	282,314
Directors' fees		(88,000)	(88,000)	-		(176,000)	(176,000)	-
Staff related expenses	ii	(1,062,976)	(1,101,581)	38,605		(2,013,579)	(2,316,018)	302,439
Depreciation of property, plant and equipment	iii	(195,822)	(444,966)	249,144		(623,490)	(900,183)	276,693
Depreciation of right-of-use assets	iv	(473,215)	-	(473,215)		(473,215)	-	(473,215)

i. Higher loss allowance was made for trade receivables and contract assets due to higher expected credit losses based on assessment.

ii. Lower directors' remuneration and staff related expenses were due to adjustment made to salaries and variable component.

iii. Lower depreciation in 2H2020 and FY2020 was mainly due to reclassification of property, plant and equipment previously held under finance lease to 'right-of-use assets' under SFRS(I) 16 *Leases* at date of initial application.

iv. Lower depreciation in 2H2020 and FY2020 was due to fewer property, plant and equipment subject to normal depreciation.

Note 8 - Loss allowance for amount due from associate was made in relation to the property development in the People's Republic of China.

Note 9 - Lower recognition of share of profit from its investment in Singapore residential development project.

Note 10 - Higher finance costs was mainly due to higher effective borrowing interest rate in 2H2020 and FY2020.

Note 11 - Higher effective tax rate in 2H2020 and FY2020 were mainly due to loss allowance for amount due from associate that was not tax deductible.

Note 12 - Net fair value loss in equity securities carried at FVTOCI in 2H2020 and FY2020 were due to lower closing market price of quoted equity securities at the end of the reporting period.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

KING WAN CORPORATION LIMITED (GROUP)
STATEMENT OF FINANCIAL POSITION

	As at 31.3.2020	As at 31.3.2019
	S\$	S\$
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	8,197,497	4,988,367
Trade receivables	5,322,211	7,810,449
Other receivables and prepayments	6,895,032	6,440,757
Held-for-trading investments	202,990	287,785
Inventories	950,664	960,306
Contract assets	23,963,575	24,404,329
Total current assets	45,531,969	44,891,993
Non-current assets		
Other receivables	43,957,942	40,116,636
Property, plant and equipment	2,091,671	4,230,008
Right-of-use assets	2,810,189	-
Investment in associates and joint venture	3,792,458	3,650,200
Investments	14,148,754	28,718,868
Deferred tax assets	221,783	290,641
Total non-current assets	67,022,797	77,006,353
Total assets	112,554,766	121,898,346
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities		
Bank borrowings	14,213,253	14,616,096
Contract liabilities	157,982	823,309
Trade payables	15,779,608	11,317,862
Bills payables	19,541,584	19,825,988
Lease liabilities	510,696	-
Other payables	1,868,709	1,960,133
Current portion of finance leases	-	273,743
Provision for liabilities	1,552,802	1,153,888
Income tax payable	765,321	836,057
Total current liabilities	54,389,955	50,807,076
Non-current liabilities		
Bank borrowings	500,000	750,000
Lease liabilities	1,606,300	-
Finance leases	-	581,869
Total non-current liabilities	2,106,300	1,331,869
Capital and reserves		
Share capital	46,813,734	46,813,734
Retained earnings	39,059,642	38,326,639
Foreign currency translation reserve	85,815	(68,895)
Investment revaluation reserve	(29,900,680)	(15,312,077)
Total equity	56,058,511	69,759,401
Total liabilities and equity	112,554,766	121,898,346

KING WAN CORPORATION LIMITED (COMPANY)
STATEMENT OF FINANCIAL POSITION

	As at 31.3.2020	As at 31.3.2019
	S\$	S\$
ASSETS		
Current assets:		
Cash and cash equivalents	143,878	281,220
Other receivables and prepayments	43,776	9,583
Amount due from subsidiaries	10,062,633	6,994,592
Total current assets	10,250,287	7,285,395
Non-current assets:		
Investment in subsidiaries	31,699,413	31,699,413
Investment in associates and a joint venture	941,960	941,960
Investments	10,807,145	22,139,638
Property, plant and equipment	-	-
Total non-current assets	43,448,518	54,781,011
Total assets	53,698,805	62,066,406
LIABILITIES & EQUITY		
Current liabilities:		
Other payables	310,591	974,376
Amount due to a subsidiary	17,318,272	12,956,813
Income tax payable	1,856	2,044
Total current liabilities	17,630,719	13,933,233
Capital and reserves:		
Share capital	46,813,734	46,813,734
Retained earnings	12,481,337	13,213,931
Investment revaluation reserve	(23,226,985)	(11,894,492)
Total equity	36,068,086	48,133,173
Total liabilities and equity	53,698,805	62,066,406

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

Amount repayable in one year or less, or on demand

As at 31.3.2020		As at 31.3.2019	
Secured	Unsecured	Secured	Unsecured
\$265,193	\$33,754,837	\$273,743	\$34,442,084

Amount repayable after 1 year

As at 31.3.2020		As at 31.03.2019	
Secured	Unsecured	Secured	Unsecured
\$381,011	\$500,000	\$581,869	\$750,000

Details of any collateral

Secured liabilities refer to assets purchased under finance lease agreements. Unsecured liabilities refer to banking facilities guaranteed 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

KING WAN CORPORATION LIMITED
STATEMENT OF CASH FLOWS

Note	GROUP SECOND HALF YEAR ENDED		GROUP FULL YEAR ENDED	
	31.3.2020 S\$	31.3.2019 S\$	31.3.2020 S\$	31.3.2019 S\$
Operating Activities				
Profit before income tax	1,129,620	1,392,948	1,319,156	3,326,086
Adjustments for				
Depreciation of property, plant and equipment	195,948	444,966	623,490	900,183
Depreciation of right-of-use assets	473,215	-	473,215	-
(Gain) Loss on disposal of property, plant and equipment	(229)	5,367	(24,879)	42,306
Loss allowance (Reversal) for trade receivables and contract assets	967,593	(73,596)	965,405	(78,435)
Reversal of allowance for inventory obsolescence	(20,229)	(8,786)	(20,229)	(8,786)
Change in fair value of held-for-trading investments	46,024	18,063	84,795	6,583
Change in fair value of insurance contract	(10,886)	(1,826)	(18,489)	(13,537)
Dividend income from held-for-trading investments	-	-	(139)	(9,686)
Dividend income from investment in equity securities carried at FVTOCI	(741,451)	(718,041)	(741,451)	(1,425,789)
Interest income	(468,488)	(415,616)	(973,641)	(857,114)
Interest expense	865,746	608,642	1,583,524	1,170,947
Loss allowance for amounts due from associates	581,300	-	581,300	-
Share of profit of associates and joint venture	(63,753)	(680,631)	(139,298)	(578,339)
Provision for liabilities	595,388	121,603	633,038	121,603
Fee income from financial guarantee to associates and joint venture	(90,571)	(123,326)	(181,141)	(246,653)
Operating cash flows before movements in working capital	3,459,227	569,767	4,164,656	2,349,369
Trade receivables	2,618,647	1,576,842	953,433	2,046,173
Other receivables and prepayments	(298,626)	(216,575)	(385,769)	(206,333)
Contract assets	703,391	(5,060,156)	1,010,154	(2,858,679)
Contract liabilities	(359,706)	(868,121)	(665,327)	(2,978,245)
Inventories	(151,104)	(96,494)	29,871	4,237
Trade payables and bill payables	2,766,249	3,233,744	4,177,342	2,521,467
Other payables	(745,509)	(1,020,248)	89,717	217,812
Provision for liabilities	398,861	(41,255)	(234,124)	(198,868)
Cash generated from (used in) operations	8,391,430	(1,922,496)	9,139,953	896,933
Income tax paid	(184,580)	(740,530)	(588,031)	(1,369,426)
Interest paid	(865,746)	(608,642)	(1,583,524)	(1,170,947)
Net cash from (used in) operating activities	7,341,104	(3,271,668)	6,968,398	(1,643,440)
INVESTING ACTIVITIES				
Interest received	3,783	8,572	10,123	17,423
Advances to associates and joint venture	(1,910,000)	(1,100,000)	(3,375,000)	(3,520,000)
Repayments from an associate	-	5,900,000	-	5,900,000
Dividends received from held-for-trading investments	-	-	139	9,686
Dividends received from investment in equity securities	741,451	718,041	741,451	1,425,789
Purchase of property, plant and equipment	(14,874)	(64,217)	(50,410)	(117,292)
Purchase of right-of-use assets	(7,106)	-	(7,106)	-
Proceeds from disposal of property, plant and equipment	1,599	2,370	79,476	4,664
Net cash (used in) from investing activities	(1,185,147)	5,464,766	(2,601,327)	3,720,270
FINANCING ACTIVITIES				
Repayment of lease liabilities	(367,789)	(130,803)	(504,254)	(279,143)
Proceeds from bank borrowings	763,253	-	2,513,253	2,300,000
Repayments of bank borrowings	(1,146,176)	(2,320,654)	(3,166,096)	(7,633,048)
Net cash used in financing activities	(750,712)	(2,451,457)	(1,157,097)	(5,612,191)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,405,245	(258,359)	3,209,974	(3,535,361)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,791,131	5,246,707	4,988,367	8,524,522
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON BALANCES HELD IN FOREIGN CURRENCIES	1,121	19	(844)	(794)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,197,497	4,988,367	8,197,497	4,988,367

Note a

	GROUP SECOND HALF YEAR ENDED		GROUP FULL YEAR ENDED	
	31.3.2020 S\$	31.3.2019 S\$	31.3.2020 S\$	31.3.2019 S\$
Purchase of right-of-use assets	-	-	79,068	-
Less : Assets purchased under finance leases arrangement	-	-	(71,962)	-
Net	-	-	7,106	-

Note b

Cash and cash equivalents consist of cash, bank balances and fixed deposits, less bank overdrafts as follows:

	GROUP As at	
	31.3.2020 S\$	31.3.2019 S\$
Cash and bank balances	8,197,497	4,988,367
Bank overdrafts	(1,263,253)	-
Net	6,934,244	4,988,367

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

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Retained earnings	Foreign currency translation reserve	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$	S\$
Balance as at 1 April 2018	46,813,734	35,953,166	250,356	(13,615,728)	69,401,528
Total comprehensive loss for the year:					
Profit for the year	-	2,373,473	-	-	2,373,473
Other comprehensive loss for the year	-	-	(319,251)	(1,696,349)	(2,015,600)
Balance as at 31 March 2019	46,813,734	38,326,639	(68,895)	(15,312,077)	69,759,401
Balance as at 1 April 2019	46,813,734	38,326,639	(68,895)	(15,312,077)	69,759,401
Total comprehensive income for the year:					
Profit for the year	-	733,003	-	-	733,003
Other comprehensive loss for the year	-	-	154,710	(14,588,603)	(14,433,893)
Balance as at 31 March 2020	46,813,734	39,059,642	85,815	(29,900,680)	56,058,511

COMPANY	Share capital	Retained earnings	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$
Balance as at 1 April 2018	46,813,734	13,794,677	(10,576,760)	50,031,651
Total comprehensive loss for the year:				
Loss for the year	-	(580,746)	-	(580,746)
Other comprehensive loss for the year	-	-	(1,317,732)	(1,317,732)
Balance as at 31 March 2019	46,813,734	13,213,931	(11,894,492)	48,133,173
Balance as at 1 April 2019	46,813,734	13,213,931	(11,894,492)	48,133,173
Total comprehensive loss for the year:				
Loss for the year	-	(732,594)	-	(732,594)
Other comprehensive loss for the year	-	-	(11,332,493)	(11,332,493)
Balance as at 31 March 2020	46,813,734	12,481,337	(23,226,985)	36,068,086

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.

There are no changes in the Company's share capital since the end of the previous period reported on. As at 31 March 2020, the Company does not have any outstanding convertibles or treasury shares (as at 31 March 2019 : Nil).

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 total number of issued shares as at 31 March 2020 is 349,176,870 (as at 31 March 2019 : 349,176,870).

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.

As at 31 March 2020, the Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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 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 item 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as those applied in the preparation of the audited financial statements for the financial year ended 31 March 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted SFRS(I) 16 *Leases* with effect from 1 April 2019. The Group has applied the modified retrospective approach and has not restated the comparative for the 2019 reporting period as permitted under the specific transition provision in the standard. On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities of S\$1.69 million on 1 April 2019.

During the year, property, plant and equipment previously held under finance lease applying SFRS(I) 1-17, which amounted to S\$1.50 million, have been reclassified to 'right-of-use assets' under SFRS(I) 16 at date of initial application.

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 April 2019.

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

	Group		Group	
	Second Half Year ended		Full Year ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
(i) Basic earnings per share (in cents)	0.20	0.28	0.21	0.68
Weighted Average Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870
(ii) Diluted earnings per share (in cents)	0.20	0.28	0.21	0.68
Weighted Average Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital 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	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
Net Asset Value Per Ordinary Share (in cents)	16.05	19.98	10.33	13.78
Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870

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 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. It must also discuss 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

Second Half Year ended 31 March 2020 (2H2020)

The Group's revenue for 2H2020 recorded S\$37.73 million, a 8% decrease compared to 2H2019. There was comparatively lower volume of ongoing Mechanical and Electrical (M&E) contracts during the current period for revenue recognition. This was partially offset by the dividend income received from investment in equity securities amounting to S\$0.74 million.

Gross profit margin for 2H2020 was 13.80%, which was higher than the 8.50% achieved in 2H2019. The increase in gross profit was due to dividend income received from investment in equity securities, as well as profits of certain projects with relatively higher margin being recognised in 2H2020.

The Group's net profit after income tax for 2H2020 was S\$0.69 million, compared to S\$0.99 million in 2H2019. This was mainly due to loss allowance made for amount due from associate in relation to the property development in the People's Republic of China, increase in loss allowance for trade receivables and contract assets, and higher finance costs. This was partially offset by dividend income received from investment in equity securities, grants received from Job Support scheme, lower staff costs and higher gross profit achieved in the current period.

Full Year ended 31 March 2020 (FY2020)

The Group's revenue for FY2020 recorded S\$71.06 million, a 10% decrease compared to FY2019. There was comparatively lower volume of ongoing Mechanical and Electrical (M&E) contracts during the current year for revenue recognition.

Gross profit for FY2020 was 11.17%, which was higher than 10.47% achieved in FY2019. The increase in gross profit was due to dividend income received from investment in equity securities.

The Group's net profit after income tax for FY2020 was S\$0.73 million, compared to S\$2.37 million in FY2019. This was mainly due to lower gross profit achieved and loss allowance made for amount due from associate in relation to the property development in the People's Republic of China.

EARNINGS PER SHARE (EPS) AND NET ASSET VALUE PER SHARE (NAV)

EPS for 2H2020 was 0.20 cents, higher compared to 0.28 cents in 2H2019. EPS for FY2020 was 0.21 cents, lower compared to 0.68 cents in FY2019.

NAV for the Group stood at 16.05 cents per share at 31 March 2020, a decrease from 19.98 cents per share at 31 March 2019. This decrease was due to net fair value loss on investment in equity securities carried at FVTOCI, which was partially offset by the net profit achieved during the current year.

STATEMENT OF FINANCIAL POSITION

The Group's equity base stood at S\$56.06 million as at 31 March 2020, a decrease from S\$69.76 million as at 31 March 2019.

Total current assets amounted to S\$45.53 million as at 31 March 2020, higher than the S\$44.89 million as at 31 March 2019. This was mainly due to the increase in cash and cash equivalents which was partially offset by decrease in trade receivables as a result of subsequent collection.

Non-current assets decreased to S\$67.02 million as at 31 March 2020 from S\$77.00 million as at 31 March 2019. The decrease was mainly due to net fair value loss on investment in equity securities carried at FVTOCI, which was partially offset by net advances of loans to associates and joint venture, as well as accrual of interest income on these loans during the year.

Current liabilities increased to S\$54.39 million as at 31 March 2020 from S\$50.81 million as at 31 March 2019 was mainly due to increase in trade payables, which was partially offset by repayment of bank borrowings and bills payables during the year.

Non-current liabilities increased to S\$2.11 million as at 31 March 2020 from S\$1.33 million as at 31 March 2019 was due to remaining lease payments on rental of land spaces discounted using the Group's incremental borrowing rate being recognised as lease liabilities and amortised over the lease term. This was partially offset by repayments of term loans during the year.

The debt-equity ratio increased to 0.61 as at 31 March 2020 as compared to 0.52 as at 31 March 2019 was due to lower equity base as a result of net fair value loss on investment in equity securities carried at FVTOCI.

STATEMENT OF CASH FLOWS

Second Half Year (2H2020) and Full Year ended 31 March 2020 (FY2020)

Net cash from operating activities amounted to S\$7.34 million in 2H2020 (FY2020 : S\$6.97 million), compared to an outflow of S\$3.27 million in 2H2019 (FY2019 : S\$1.64 million). The inflow in FY2020 was mainly due to lesser net payout for construction works during the year.

Net cash used in investing activities amounted to S\$1.19 million in 2H2020 (FY2020 : S\$2.60 million), compared to an inflow of S\$5.46 million in 2H2019 (FY2019 : S\$3.72 million). The outflow in FY2020 was mainly due to net advances of loans to associates and joint venture of the Group, which was partially offset by dividends received from investment in equity securities during the year.

Net cash used in financing activities amounted to S\$0.75 million in 2H2020 (FY2020 : S\$1.16 million), compared to S\$2.45 million in 2H2019 (FY2019 : S\$5.61 million). The outflow in FY2020 was due to net repayment of bank borrowings and lease liabilities during the year.

As a result of the aforementioned, cash and cash equivalents (net of bank overdrafts) stood at S\$6.93 million as at 31 March 2020.

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

No forecast had been issued.

10. A commentary at the date of the announcement of the 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 Singapore construction sector has been adversely affected since the onset of COVID-19 situation early this year. Following the progressive easing of restrictions and as economies reopen, the Mechanical and Electrical (M&E) business segment is expected to remain challenging in the next 12 months and face pressures from rising cost and uncertainties over economic recovery. Based on order books secured, the M&E business will remain the core business for the Group and continue to generate an income stream that is sustainable.

As at the date of this Announcement, the Group has approximately S\$189.6 million worth of M&E engineering contracts on hand. The Group will continue to be vigilant and maintain sufficient liquidity to meet its obligations.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

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

No dividend has been declared as cash is prioritised for use in the Group's operations in the current economic climate.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("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 Company does not have any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirms compliance with Rule 720(1).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical 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

Primary reporting format - Business Segment - 2020

	Plumbing and sanitary	Electrical	Toilet Rental	Investment Holdings	Others	Elimination	Consolidated Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Revenue							
External sales	35,278,649	32,634,791	2,415,573	741,450	-	(9,176)	71,061,287
Results							
Segment result	3,989,653	(1,416,790)	(588,246)	299,448	-	60,462	2,344,527
Unallocated expenses							(1,637,738)
Net other operating income							2,116,034
Finance costs							(1,503,667)
Profit before income tax							1,319,156
Income tax expense							(586,153)
Profit for the year							733,003
Other Information							
Additions to non-current assets	-	-	-	-	140,869	-	140,869
Fee income from financial guarantee to associates and joint venture	-	-	-	-	186,360	(5,219)	181,141
Depreciation of property, plant and equipment, and right-of-use assets	13,767	13,767	243,013	-	826,158	-	1,096,705
Allowance for amounts due from associates	-	-	-	581,300	-	-	581,300
Loss allowance for trade receivables and contract assets	(705,651)	1,668,765	2,291	-	-	-	965,405
Assets							
Segment assets	21,071,591	8,173,963	2,074,467	68,795,725	-	(1,076)	100,114,670
Unallocated assets							12,440,096
Consolidated total assets							112,554,766
Liabilities							
Segment liabilities	19,279,465	17,523,330	2,406,875	-	-	(2,433,303)	36,776,367
Unallocated liabilities							19,719,888
Consolidated total liabilities							56,496,255

Primary reporting format - Business Segment - 2019

	Plumbing and sanitary	Electrical	Toilet Rental	Investment Holdings	Others	Elimination	Consolidated Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Revenue							
External sales	46,467,097	28,822,753	2,620,209	1,425,789	-	(14,630)	79,321,218
Results							
Segment result	3,702,340	(414,422)	(820,144)	2,004,128	-	(23,178)	4,448,724
Unallocated expenses							(1,952,534)
Net other operating income							2,000,843
Finance costs							(1,170,947)
Profit before income tax							3,326,086
Income tax expense							(952,613)
Profit for the year							2,373,473
Other Information							
Additions to non-current assets	496	495	32,423	-	139,878	-	173,292
Fee income from financial guarantee to associates and joint venture	-	-	-	-	254,804	(8,151)	246,653
Depreciation of property, plant and equipment	15,503	15,503	254,539	-	614,721	-	900,266
Loss allowance for trade receivables and contract assets	251,534	(171,555)	(1,544)	-	-	-	78,435
Assets							
Segment assets	23,569,109	9,160,207	2,240,327	77,730,958	-	(1,076)	112,699,525
Unallocated assets							9,198,821
Consolidated total assets							121,898,346
Liabilities							
Segment liabilities	18,390,147	15,076,557	2,954,644	-	-	(2,065,361)	34,355,987
Unallocated liabilities							17,782,958
Consolidated total liabilities							52,138,945

SEGMENTAL REPORTING

Secondary reporting format – Geographical Segments

	Revenue		Non-current assets	
	2020	2019	31.3.2020	31.3.2019
	S\$	S\$	S\$	S\$
Singapore	71,061,287	79,321,218	52,772,079	48,167,034

Non-current assets above excludes investments held in Thailand.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Item 8.

17. A breakdown of sales

	Group		Increase/ (Decrease)
	2020	2019	
	S\$	S\$	
Sales reported for first half year	33,331,861	38,240,911	-13%
Operating profit after tax for the first half year	42,661	1,385,628	-97%
Sales reported for second half year	37,729,426	41,080,307	-8%
Operating profit after tax for the second half year	690,342	987,845	-30%

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

Not applicable.

19. 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(13) in the format below. If there are no such persons, the Issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director 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
Chua Kim Hua	80	a) Brother of Chua Hai Kuey b) Father of Chua Eng Eng	Executive Chairman - February 2000	No change
Chua Hai Kuey	69	a) Brother of Chua Kim Hua b) Uncle of Chua Eng Eng	Executive Director - February 2000	No change
Chua Eng Eng	50	a) Daughter of Chua Kim Hua b) Niece of Chua Hai Kuey	Executive Director - November 2000 Managing Director - August 2002	No change
Chua Ling Kang	57	a) Nephew of Chua Kim Hua and Chua Hai Kuey b) Cousin of Chua Eng Eng	Senior Project Manager - 1995	No change
Chua Yean Cheng	49	a) Daughter of Chua Kim Hua b) Niece of Chua Hai Kuey c) Sister of Chua Eng Eng	Human Resource and Admin Manager - July 2011	No change
Marc Chua Jun Kai	33	a) Son of Chua Kim Hua b) Nephew of Chua Hai Kuey c) Brother of Chua Eng Eng	Manager - January 2020	No change

Catherine Lim Siok Ching
Company Secretary

30 July 2020