

**LEY CHOON GROUP HOLDINGS LTD**  
**(Company Registration No. 198700318G)**

**ANNOUNCEMENT OF CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST HALF YEAR ENDED 30 SEPTEMBER 2023**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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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## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		The Group		
		6 Months ended		
		30 Sep	30 Sep	
		2023	2022	Change
	Note	S\$'000	S\$'000	%
Revenue	4	62,818	61,265	2.5%
Cost of sales		(52,555)	(52,767)	-0.4%
<b>Gross profit</b>		<u>10,263</u>	<u>8,498</u>	20.8%
Other income		1,656	1,851	-10.5%
Selling and distribution expenses		(60)	(73)	-17.8%
Administrative expenses		(5,367)	(4,876)	10.1%
Impairment losses on trade receivables		(93)	-	n/m
Other operating expenses		(38)	(16)	137.5%
Finance costs		(732)	(708)	3.4%
<b>Profit before taxation</b>	6	<u>5,629</u>	<u>4,676</u>	20.4%
Taxation	7	(240)	-	n/m
<b>Profit for the period</b>		<u>5,389</u>	<u>4,676</u>	15.2%
<b>Other comprehensive income after tax:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences		84	(499)	n/m
<b>Other comprehensive income/(loss) for the period, net of tax of nil</b>		<u>84</u>	<u>(499)</u>	n/m
<b>Total comprehensive income for the period</b>		<u>5,473</u>	<u>4,177</u>	31.0%
<b>Profit attributable to:</b>				
Owners of the Company		5,389	4,676	15.2%
<b>Profit for the period</b>		<u>5,389</u>	<u>4,676</u>	15.2%
<b>Total comprehensive profit attributable to:</b>				
Owners of the Company		5,473	4,177	31.0%
<b>Total comprehensive income for the period</b>		<u>5,473</u>	<u>4,177</u>	31.0%
<b>Earnings per share attributed to owners of the Company (cents)</b>				
- basic and diluted		0.36	0.31	

## B. Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		30 Sep 2023	31 Mar 2023	30 Sep 2023	31 Mar 2023
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	9	17,518	19,188	-	-
Right-of-use assets		7,550	6,796	-	-
Subsidiaries		-	-	160,100	160,100
Deferred tax assets		437	437	-	-
Club membership		229	229	-	-
		<u>25,734</u>	<u>26,650</u>	<u>160,100</u>	<u>160,100</u>
<b>Current Assets</b>					
Inventories		7,530	7,712	-	-
Contract assets		31,497	30,807	-	-
Trade and other receivables		14,498	22,659	1,657	2,126
Prepayments		5,186	4,391	32	30
Other investments		16	16	-	-
Cash and bank balances		4,446	7,124	12	3
Fixed deposits		269	507	-	-
		<u>63,442</u>	<u>73,216</u>	<u>1,701</u>	<u>2,159</u>
<b>Total assets</b>		<u>89,176</u>	<u>99,866</u>	<u>161,801</u>	<u>162,259</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	11	97,889	97,889	164,108	164,108
Accumulated losses		(41,695)	(47,084)	(31,346)	(30,915)
Other reserves		(1,502)	(1,586)	28,774	28,774
<b>Total equity</b>		<u>54,692</u>	<u>49,219</u>	<u>161,536</u>	<u>161,967</u>
<b>Non-Current Liabilities</b>					
Lease liabilities		2,947	2,556	-	-
Deferred tax liabilities		4	4	-	-
		<u>2,951</u>	<u>2,560</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>					
Borrowings	10	9,992	19,858	-	-
Lease liabilities		2,832	2,912	-	-
Trade and other payables		18,414	25,262	265	292
Current tax payable		295	55	-	-
		<u>31,533</u>	<u>48,087</u>	<u>265</u>	<u>292</u>
<b>Total liabilities</b>		<u>34,484</u>	<u>50,647</u>	<u>265</u>	<u>292</u>
<b>Total equity and liabilities</b>		<u>89,176</u>	<u>99,866</u>	<u>161,801</u>	<u>162,259</u>

## C. Condensed interim statements of changes in equity

<u>Group</u>	Share capital	Accumulated losses	Foreign currency translation reserve	Other reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 April 2022</b>	97,889	(56,323)	(1,060)	(49)	40,457
Profit for the period	-	4,676	-	-	4,676
- Currency translation differences	-	-	(499)	-	(499)
<b>Total comprehensive income/(loss) for the period</b>	-	4,676	(499)	-	4,177
<b>Balance as at 30 September 2022</b>	97,889	(51,647)	(1,559)	(49)	44,634
<b>Balance as at 1 April 2023</b>	97,889	(47,084)	(1,553)	(33)	49,219
Profit for the period	-	5,389	-	-	5,389
- Currency translation differences	-	-	84	-	84
<b>Total comprehensive income for the period</b>	-	5,389	84	-	5,473
<b>Balance as at 30 September 2023</b>	97,889	(41,695)	(1,469)	(33)	54,692

## C. Condensed interim statements of changes in equity (cont'd)

<u>Company</u>	Share capital	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 April 2022</b>	164,108	28,774	(142,902)	49,980
Loss for the period, representing total comprehensive loss for the period	-	-	(347)	(347)
<b>Balance as at 30 September 2022</b>	164,108	28,774	(143,249)	49,633
<b>Balance as at 1 April 2023</b>	164,108	28,774	(30,915)	161,967
Loss for the period, representing total comprehensive loss for the period	-	-	(431)	(431)
<b>Balance as at 30 September 2023</b>	164,108	28,774	(31,346)	161,536

## D. Condensed interim consolidated statement of cash flows

	<b>The Group</b>	
	<b>6 Months Period ended</b>	
	<b>30 Sep 2023</b>	<b>30 Sep 2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows from Operating Activities:</b>		
<b>Profit before taxation</b>	5,629	4,676
Adjustments for:		
Depreciation of property, plant and equipment	3,182	2,917
Depreciation of right-of-use assets	1,364	1,227
(Gain)/Loss on disposal of property, plant and equipment	(142)	5
Gain on lease modification	(1)	(5)
Fair value loss on other investments	-	1
Impairment losses on trade receivables	93	-
Interest income	(27)	(3)
Interest expense	732	708
Write-down on inventories	37	-
<b>Operating cash flows before working capital changes</b>	<u>10,867</u>	<u>9,526</u>
Changes in inventories	154	413
Changes in contract assets	(676)	(4,604)
Changes in trade and other receivables	8,086	(5,704)
Changes in prepayments	(789)	(89)
Changes in trade and other payables	<u>(6,823)</u>	<u>3,483</u>
<b>Cash generated from operations</b>	10,819	3,025
Income taxes (refunded)/paid	-	-
<b>Net cash generated from operating activities</b>	<u>10,819</u>	<u>3,025</u>
<b>Cash Flows from Investing Activities:</b>		
Interest received	27	3
Purchase of property, plant and equipment	(1,542)	(263)
Proceeds from disposal of property, plant and equipment	<u>251</u>	<u>30</u>
<b>Net cash used in investing activities</b>	<u>(1,264)</u>	<u>(230)</u>

## D. Condensed interim consolidated statement of cash flows (cont'd)

	<b>The Group</b>	
	<b>6 Months Period ended</b>	
	<b>30 Sep 2023</b>	<b>30 Sep 2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows from Financing Activities:</b>		
Interest paid	(732)	(708)
Repayment of loans from financial institutions	(9,865)	(2,465)
Repayment of lease liabilities	(1,875)	(1,600)
Fixed deposits pledged with banks	238	81
<b>Net cash used in financing activities</b>	<u>(12,234)</u>	<u>(4,692)</u>
<b>Net decrease in cash and cash equivalents</b>	(2,679)	(1,897)
<b>Cash and cash equivalents at beginning of period</b>	7,124	4,334
Exchange differences on translation of cash and cash equivalents	1	(35)
<b>Cash and cash equivalents at end of period</b>	<u>4,446</u>	<u>2,402</u>



## E. Notes to the condensed interim consolidated financial statements

### 1. Corporate information

Ley Choon Group Holdings Ltd (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist board of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as below:

- Underground utilities infrastructure construction and maintenance services, which include water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, fibre optic cables and sewer pipeline rehabilitation;
- Road and airfield pavement construction and maintenance services, which include the supplying and laying of graded stones, cement treated base and milling and laying of asphalt premix; and

Construction materials supply services, which include production of asphalt premix and recycled aggregates from construction and demolition waste.

### 2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

#### 2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### 2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as follows:

- Note 9 - Depreciation of property, plant and equipment and right-of-use assets

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the period ended 31 March 2023.

### **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

The Group is organised into the following main business segments:

Segment 1: Pipes and roads;

Segment 2: Construction materials; and Others

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

#### 4.1. Reportable segments

The Group	Continuing operations						Discontinued operation				Total	
	Pipes and roads		Construction materials		Others		Construction materials		Others		30 Sep 23	30 Sep 22
	30 Sep 23	30 Sep 22	30 Sep 23	30 Sep 22	30 Sep 23	30 Sep 22	30 Sep 23	30 Sep 22	30 Sep 23	30 Sep 22		
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
External revenue	61,832	60,126	986	1,139	-	-	-	-	-	-	62,818	61,265
Inter-segment revenue	32,580	14,242	7,815	3,293	-	-	-	-	-	-	40,395	17,535
<b>Total revenue</b>	<b>94,412</b>	<b>74,368</b>	<b>8,801</b>	<b>4,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,213</b>	<b>78,800</b>
Interest income	-	-	-	-	27	3	-	-	-	-	27	3
Interest expense	(174)	(114)	-	-	(558)	(594)	-	-	-	-	(732)	(708)
Depreciation of property, plant and equipment	(1,596)	(1,652)	(449)	(155)	(1,137)	(1,110)	-	-	-	-	(3,182)	(2,917)
Depreciation of right-of-use assets	(1,050)	(913)	(180)	(180)	(134)	(134)	-	-	-	-	(1,364)	(1,227)
Reportable segment profit/(loss) before tax	9,751	8,255	147	40	(4,269)	(3,619)	-	-	-	-	5,629	4,676
Reportable segment assets	63,532	67,712	3,133	3,944	22,511	22,843	-	5,526	-	-	89,176	100,025
Capital expenditure	1,209	124	43	-	81	109	-	-	-	-	1,333	233
Reportable segment liabilities	16,902	20,348	1,690	1,312	15,892	31,388	-	2,343	-	-	34,484	55,391

## 4.2. Disaggregation of Revenue

The Group	6 Months Period ended 30 September 2023		
	Pipes and Roads	Construction materials	TOTAL
	S\$'000	S\$'000	S\$'000
Revenue from contracts with customers			
- Rendering of services	61,585	-	61,585
- Sale of construction materials	-	1,117	1,117
	<u>61,585</u>	<u>1,117</u>	<u>62,702</u>
Rental of motor vehicles and machinery	116	-	116
	<u>61,701</u>	<u>1,117</u>	<u>62,818</u>
Timing of transfer of goods and services			
- Over time	26,820	-	26,820
- At a point in time	34,765	1,117	35,882
	<u>61,585</u>	<u>1,117</u>	<u>62,702</u>
Geographical information			
Singapore	61,676	1,117	62,793
Sri Lanka	25	-	25
	<u>61,701</u>	<u>1,117</u>	<u>62,818</u>

The Group	6 Months Period ended 30 September 2022		
	Pipes and Roads	Construction materials	TOTAL
	S\$'000	S\$'000	S\$'000
Revenue from contracts with customers			
- Rendering of services	59,214	-	59,214
- Sale of construction materials	-	1,139	1,139
	<u>59,214</u>	<u>1,139</u>	<u>60,353</u>
Rental of motor vehicles and machinery	912	-	912
	<u>60,126</u>	<u>1,139</u>	<u>61,265</u>
Timing of transfer of goods and services			
- Over time	24,482	-	24,482
- At a point in time	34,732	1,139	35,871
	<u>59,214</u>	<u>1,139</u>	<u>60,353</u>
Geographical information			
Singapore	57,904	1,139	59,043
Sri Lanka	2,222	-	2,222
	<u>60,126</u>	<u>1,139</u>	<u>61,265</u>

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2023 and 31 March 2023:

	The Group		The Company	
	30 Sep 2023 \$'000	31 Mar 2023 \$'000	30 Sep 2023 \$'000	31 Mar 2023 \$'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss (FVTPL)	16	16	-	-
Cash and cash equivalents and trade and other receivables (Amortised cost)	19,213	30,290	1,669	2,129
	<u>19,229</u>	<u>30,306</u>	<u>1,669</u>	<u>2,129</u>
<u>Financial liabilities</u>				
Trade and other payables, borrowings and lease liabilities (Amortised cost)	34,185	50,588	265	292

### 5.1 Fair value measurement

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and bank balances and fixed deposits, borrowings (which are short-term or repayable on demand), and trade and other payables, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

## 6. Profit before taxation

### 6.1. Significant items

	6 months ended		
	30-Sep-23	30-Sep-22	Change
	S\$'000	S\$'000	%
<b>The Group</b>			
Change in fair value of financial assets at fair value through profit or loss	-	1	n/m
Depreciation of property, plant and equipment	3,182	2,917	9.1%
Depreciation of right-of-use assets	1,364	1,227	11.2%
Finance costs	732	708	3.4%
Foreign exchange gain	(697)	(815)	-14.5%
Impairment losses on trade receivables	93	-	n/m
Interest income	(27)	(3)	800.0%
(Gain)/Loss on disposal of property, plant and equipment	(142)	5	n/m
Operating lease expenses	421	33	1175.8%
Write-down on inventories	37	-	n/m

### 6.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

## 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 Months ended	
	30 Sep 2023	30 Sep 2022
	S\$'000	S\$'000
Current income tax expense	240	-
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
	<u>240</u>	<u>-</u>

## 8. Net Asset Value

	Group		Company	
	As at 30 Sep 2023	As at 31 Mar 2023	As at 30 Sep 2023	As at 31 Mar 2023
Net asset value (NAV in cents)				
NAV per ordinary share	3.63	3.27	10.73	10.76
Number of shares	1,505,767,572	1,505,767,572	1,505,767,572	1,505,767,572

## 9. Property, plant and equipment

During the six months ended 30 September 2023, the Group acquired assets amounting to S\$1,333,000 (30 September 2022: S\$233,000) and disposed of assets amounting to S\$109,000 (30 September 2022: S\$35,000).

## 10. Borrowings

	The Group and the Company	
	30 Sep 2023 S\$'000	31 Mar 2023 S\$'000
<b>Amount repayable within one year or on demand</b>		
Secured	9,992	19,858
Unsecured	-	-
	<hr/>	<hr/>
	9,992	19,858
	<hr/>	<hr/>
<b>Amount repayable after one year</b>		
Secured	-	-
Unsecured	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

The bank borrowings and credit facilities of the Group are secured by the following:

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

## 11. Share capital

	The Group		The Company	
	As at 30 Sep 2023 S\$'000	As at 31 Mar 2023 S\$'000	As at 30 Sep 2023 S\$'000	As at 31 Mar 2023 S\$'000
<u>Issued and fully paid, with no par value</u> At beginning and end of interim period	97,889	97,889	164,108	164,108
<b>The Group and the Company</b>			<b>30 Sep 2023</b>	<b>31 Mar 2023</b>
<u>Number of ordinary shares</u> At beginning and end of interim period			1,505,767,572	1,505,767,572

The Company did not hold any treasury shares as at 30 September 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2023 and 31 March 2023.



## **Other Information Required by Appendix 7C of the Catalist Rules**

## OTHER INFORMATION

### 1. Review

The condensed consolidated statement of financial position of Ley Choon Group Holdings Limited and its subsidiaries as at 30 September 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the first half year ended 30 September 2023 and certain explanatory notes have not been audited or reviewed.

#### 1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

### 2. Review of performance of the Group

The financial statements referred above were not reviewed or audited.

#### 3. 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.

#### 4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

As per the press release by the Ministry of Trade and Industry ("MTI") on 13 October 2023<sup>1</sup>, the construction sector grew by 6.0 per cent year-on-year in the third quarter, extending the 7.7 per cent growth in the preceding quarter. Growth was supported by expansions in both public and private sector construction output.

As per the announcement released by The Building and Construction Authority ("BCA") on 12 January 2023<sup>2</sup>, the business outlook for construction industry is expected to be strong, particularly in public sector and infrastructure construction space. The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion.

The Group has been bidding for the projects prudently and will continue to do so in underground infrastructure utilities construction leveraging its strong track record and expertise. Despite the unpredictable business environment due to inflationary pressures, high interest rates, higher

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<sup>1</sup> [https://www.mti.gov.sg/Newsroom/Press-Releases/2023/10/Singapore-GDP-Expanded-by-0\\_7-Per-Cent-in-the-Third-Quarter-of-2023](https://www.mti.gov.sg/Newsroom/Press-Releases/2023/10/Singapore-GDP-Expanded-by-0_7-Per-Cent-in-the-Third-Quarter-of-2023)

<sup>2</sup> <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023>

manpower costs and ongoing geopolitical tensions between the countries, the Group remains positive and focus on the improvement of the operational efficiency and execution of the projects as scheduled. The Group will continue to be vigilant in managing the operating costs, cashflow and the potential business risks.

To-date, the Group's unfulfilled order book stands at a healthy level of approximately S\$265.2 million

## **5. Dividend Information**

### **5a. Current Financial Period Reported on**

**Any dividend recommended for the current financial period reported on?**

No.

### **5b. Corresponding Period of the Immediate Preceding Financial Year**

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

No.

### **5c. Date Payable**

Not Applicable.

### **5d. Books Closure Date**

Not Applicable.

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

No dividend has been declared by the Group due to the terms in the Debt Restructuring Agreement signed with all the lenders (vide our announcements dated 26 September 2016 and 18 August 2021).

## **7. Interested person transactions**

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

## **8. Review of performance of the Group**

### **Comprehensive income statement for the first half year ended 30 September 2023**

#### Revenue

Revenue increased by approximately S\$1.6 million or 2.5% to S\$62.8 million for the first half year ended 30 September 2023 ("1HFY24") compared to the corresponding period ended 30 September 2022 ("1HFY23") of S\$61.3 million. The increase in revenue is largely attributed to the higher construction activities in road works, cable and gas pipe laying projects. However, the increase in revenue was partially offset by the decrease in revenue from airport and certain small/big diameter pipe laying projects which are nearing completion.

### Gross profit

Gross profit was S\$10.3 million with a gross profit margin of 16.3% for 1HFY24 compared to gross profit of S\$8.5 million with a gross profit margin of 13.9% for 1HFY23. The increase in gross profit was mainly attributable to the increase in revenue as explained above as well as the favorable projects mix during the period.

### Other income

Other income for 1HFY24 decreased by approximately S\$0.2 million or 10.5% to S\$1.7 million compared to 1HFY23 of S\$1.9 million due mainly to lower grants and disbursements package received from the Singapore Government to support businesses affected by COVID-19.

### Selling and distribution expenses

Selling and distribution expenses for 1HFY24 decreased by 17.8% to S\$0.06 million compared to 1HFY23 due mainly to lower travel-related expenses incurred during the period.

### Administrative expenses

Administrative expenses for 1HFY24 increased by approximately S\$0.5 million or 10.1% to S\$5.4 million compared to 1HFY23 of S\$4.9 million due mainly to increase in administrative staff related expenses, professional fees and certain office expenses during the period.

### Impairment losses on trade receivables

The impairment losses on trade receivables for 1HFY24 was due mainly to provision for bad debts related to a customer under the construction materials business segment who is under compulsory liquidation.

### Other operating expenses

Other operating expenses for 1HFY24 increased by approximately S\$0.02 million or 137.5% to \$0.04 million compared to 1HFY23 due mainly to the write down of inventories during the period.

### Finance cost

Finance costs for 1HFY24 increased by approximately S\$0.02 million or 3.4% to S\$0.7 million compared to 1HFY23 due mainly to the increase in interest rates despite the decrease in borrowings during the period.

### Net profit

The Group reported a net profit after tax of S\$5.4 million for 1HFY24 compared to 1HFY23 of S\$4.7 million due to the various reasons as explained above.

## **Consolidated statements of financial position**

### Non-current assets

The Group's non-current assets decreased by S\$1 million from S\$26.7 million as at 31 March 2023 to S\$25.7 million as at 30 September 2023, attributable mainly to:

- (a) decrease in property, plant and equipment by S\$1.7 million to S\$17.5 million as at 30 September 2023 compared to S\$19.2 million as at 31 March 2023, mainly attributable to the depreciation of S\$3.2 million which was partially off-set by addition of plant and machinery

amounting to S\$1.3 million and transfer of right-of-use assets to property, plant and equipment amounting to S\$0.3 million; and

- (b) increase in right-of-use assets by S\$0.7 million to S\$7.5 million as at 30 September 2023 compared to S\$6.8 million as at 31 March 2023, due to additions of right-of-use assets amounting to S\$2.4 million which was partially offset by amortization of S\$1.4 million and transfer of right-of-use assets to property, plant and equipment amounting to S\$0.3 million.

#### Current assets

The Group's current assets decreased by S\$9.8 million from S\$73.2 million as at 31 March 2023 to S\$63.4 million as at 30 September 2023, attributable mainly to:

- (a) decrease in trade and other receivables by S\$8.2 million to S\$14.5 million as at 30 September 2023 compared to S\$22.7 million as at 31 March 2023 due mainly to increase in collections from customers;
- (b) decrease in cash and bank balances by S\$2.7 million to S\$4.4 million as at 30 September 2023 compared to S\$7.1 million as at 31 March 2023 due mainly to the payment of trade and other payables and repayment of borrowings;
- (c) decrease in fixed deposit by S\$0.2 million to S\$0.3 million as at 30 September 2023 compared to S\$0.5 million as at 31 March 2023 due mainly to decrease in cash collaterals related to certain performance bonds discharged by the client; and
- (d) decrease in inventories by S\$0.2 million to S\$7.5 million as at 30 September 2023 compared to S\$7.7 million as at 31 March 2023 due mainly to more usage of materials for the projects,

which were partially offsets by:

- (a) increase in prepayment by S\$0.8 million to S\$5.2 million as at 30 September 2023 compared to S\$4.4 million as at 31 March 2023 due mainly to advance payment of material purchase for projects; and
- (b) increase in contract assets by S\$0.7 million to S\$31.5 million as at 30 September 2023 compared to S\$30.8 million as at 31 March 2023 due mainly to increase in revenue from ongoing projects as a result of higher operational activities as explained above.

#### Current liabilities

The Group's current liabilities decreased by S\$16.6 million from S\$48.1 million as at 31 March 2023 to S\$31.5 million as at 30 September 2023 due mainly to:

- (a) decrease in borrowings by S\$9.9 million due to repayment of borrowings;
- (b) decrease in trade and other payable by S\$6.8 million to S\$18.4 million as at 30 September 2023 compared to S\$25.2 million as at 31 March 2023 due mainly to increase in payments made to the creditors; and
- (c) decrease in lease liabilities by S\$0.1 million due mainly to repayment of lease,

which were partially offset by an increase in current income tax liabilities by S\$0.2 million due to provision of corporate tax.

### Non-current liabilities

The Group's non-current liabilities increased by S\$0.4 million arising from the purchase of motor vehicles, plant and machineries to support the projects during the period.

### **Consolidated statement of cash flow**

The Group's cash and cash equivalents stood at S\$4.4 million as at 30 September 2023, as compared to S\$7.1 million as at 31 March 2023.

#### Net cash generated from operating activities

Net cash generated from operating activities was S\$10.8 million, comprising operating cash flows before working capital changes of S\$10.9 million and net working capital outflow of S\$0.1 million.

The net working capital outflow of S\$0.1 million was due mainly to the following:

- (a) decrease in trade and other payables of approximately S\$6.8 million due to increase in payments made to the creditors;
- (b) increase in prepayment approximately S\$0.8 million due to the advance payment made for materials purchased for projects; and
- (c) increase in contract assets of approximately S\$0.7 million due to the increase in revenue from ongoing projects as result of higher operational activities as explained above,

which were partially offset by:

- (a) decrease in trade and other receivables of approximately S\$8.1 million due to increase in collections from customers; and
- (b) decrease in inventories of approximately S\$0.2 million due to more usage of materials for the projects.

#### Net cash used in investing activities

Net cash used in investing activities of approximately S\$1.3 million was due mainly to purchase of property, plant and equipment which were partially offset by proceeds from disposal of property, plant and equipment.

#### Net cash used in financing activities

Net cash used in financing activities of approximately S\$12.2 million was due mainly to repayment of borrowings, lease liabilities and interest payments.

## **9. Disclosure on Acquisitions and Realisations of Shares pursuant to Rule 706A of the Catalist Rules**

During 1HFY2024, there were no acquisitions or realisations of shares resulting in a company becoming or ceasing to be a subsidiary or associated company of the Company, or resulting in the Company increasing or reducing its shareholding percentage in a subsidiary or associated company.

**10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

**11. Negative Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules**

Having considered, including but not limited to, the following:

- whether the financial statements provide a balanced and fair view of any material factors that have affected the Company's business conditions and financial position; and
- all material information has been assessed to ensure reliability of the financial statements.

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the first half yearly financial results for the period ended 30 September 2023 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Toh Choo Huat  
Executive Chairman and Chief Executive Officer

Ling Chung Yee  
Lead Independent Director

10 November 2023