

UNAUDITED RESULTS OF THE GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 - Information required for announcements of half-yearly and full year results

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 S\$'000	2019 S\$'000	Change %
Revenue		612,378	913,287	(33)
Cost of sales		(546,227)	(836,717)	(35)
Gross profit		66,151	76,570	(14)
Other income	A	10,006	2,842	252
Expenses				
Distribution expenses		(5,545)	(5,934)	(7)
Administrative expenses		(10,075)	(12,967)	(22)
Finance costs		(6,768)	(9,575)	(29)
Other operating expenses		(13,148)	(9,114)	44
Reversal/(provision) of impairment loss on financial assets		461	(2,538)	n.m.
Share of results of joint venture		354	1,282	(72)
Share of results of associates		(14,446)	(2,131)	578
Profit before tax	B	26,990	38,435	(30)
Income tax expense		(6,638)	(6,873)	(3)
Profit for the year		20,352	31,562	(36)
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Net fair value loss on equity instruments at fair value through other comprehensive income		-	(25)	n.m.
Items that may be reclassified subsequently to profit or loss				
Net exchange (loss)/gain on net investment in foreign operations		(375)	250	n.m.
Foreign currency translation:				
Exchange differences on translation of foreign operations		309	(161)	n.m.
Other comprehensive income, net of tax		(66)	64	n.m.
Total comprehensive income for the year		20,286	31,626	(36)

n.m. denotes not meaningful

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED ENDED 30 SEPTEMBER 2020

Note A - Other income

	2020 S\$'000	2019 S\$'000	Change %
Interest income	1,391	1,040	34
Dividend income from investment securities	2	2	-
Bad debts recovered	-	40	n.m.
Government grant	5,306	199	2,566
Rental income	152	172	(12)
Sundry income	298	199	50
Sales commission	231	209	11
Foreign exchange gain, net ¹	1,694	-	n.m.
Fair value changes on derivatives, net ²	-	981	n.m.
Gain on disposal of property, plant and equipment	201	-	n.m.
Credit insurance claims for bad debts	731	-	n.m.
	<u>10,006</u>	<u>2,842</u>	<u>252</u>

Note B - Profit before tax is arrived at after charging/(crediting) the following:

	2020 S\$'000	2019 S\$'000	Change %
Depreciation of property, plant and equipment	18,964	15,938	19
Depreciation of investment properties	69	69	-
Interest expense	6,768	9,575	(29)
Rental expense	2,193	11,408	(81)
Foreign exchange (gain)/loss, net ¹	(1,694)	316	n.m.
Fair value changes on derivatives, net ²	848	(981)	n.m.
Reversal of provision for onerous contracts ³	(6,442)	(12,849)	(50)
(Reversal of)/allowance for inventory obsolescence	(329)	567	n.m.
(Reversal)/provision of impairment loss on financial assets			
- Trade receivables ⁴	(1,090)	2,538	n.m.
- Dividend receivable from joint venture	629	-	n.m.
Fair value changes on trade receivables ⁵	7,389	1,349	448
(Gain)/loss on disposal of property, plant and equipment	(201)	280	n.m.
Write-off of property, plant and equipment	1	304	(100)
Impairment loss on property, plant and equipment	-	1,816	n.m.

¹ The Group and the Company have transactional currency exposures arising from purchases which are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly US Dollar (USD), Malaysian Ringgit (MYR) and Euro (EUR).

² Derivatives include currency forward contracts used to hedge exposure to foreign currency exchange risk arising from purchases of steel which are mainly denominated in USD. As the Group did not adopt hedge accounting under SFRS(I) 9, fair value changes on derivatives are recognised immediately in the statement of comprehensive income.

³ Provision for onerous contracts are made for sales contracts under which the costs to meet the obligations are expected to exceed the sales value. These provisions are reversed when the contractual obligations are met or no longer exist or when the costs to meet the obligations no longer exceed the sales value.

⁴ Expected credit losses estimated for trade receivables carried at amortised cost.

⁵ Trade receivables subject to provisional pricing carried at fair value through profit and loss.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30.9.2020 S\$'000	30.9.2019 S\$'000	30.9.2020 S\$'000	30.9.2019 S\$'000
Non-current assets				
Property, plant and equipment	154,755	134,110	58,186	52,793
Investment properties	2,333	2,402	-	-
Investment in subsidiaries	-	-	229,359	229,359
Interest in joint venture	7,870	7,220	6,076	6,076
Interest in associates	4,389	18,951	3,935	24,200
Investment securities	84	84	84	84
Other receivables	4,396	-	4,396	-
	173,827	162,767	302,036	312,512
Current assets				
Inventories	237,185	231,891	235,211	127,132
Trade and other receivables	89,824	195,315	66,318	120,572
Amount due from subsidiaries	-	-	7,551	6,226
Prepayments	7,037	7,902	6,530	7,397
Deposits	290	228	240	133
Derivatives	-	656	-	505
Asset held for sale	33,893	30,049	-	-
Cash and bank balances	77,892	65,778	67,204	24,656
	446,121	531,819	383,054	286,621
Total assets	619,948	694,586	685,090	599,133
Current liabilities				
Trade and other payables	27,918	67,164	21,069	57,611
Amount due to subsidiaries	-	-	89,074	965
Contract liabilities	21,410	4,023	15,079	534
Loans and borrowings	160,039	245,839	140,740	134,190
Loan from immediate holding company	20,000	23,100	20,000	23,100
Provisions	3,006	8,668	2,530	5,092
Derivatives	192	-	192	-
Current income tax liabilities	10,339	9,064	8,829	5,292
	242,904	357,858	297,513	226,784
Non-current liabilities				
Provisions	1,390	1,003	261	254
Loans and borrowings	99,225	60,658	81,102	60,113
Deferred tax liabilities	11,882	12,139	5,998	6,358
	112,497	73,800	87,361	66,725
Total liabilities	355,401	431,658	384,874	293,509
Net assets	264,547	262,928	300,216	305,624
Equity attributable to owners of the Company				
Share capital	125,001	125,001	125,001	125,001
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value reserve	(76)	(76)	(76)	(76)
Foreign currency translation reserve	(2,741)	(2,675)	-	-
Retained earnings	142,871	141,186	175,799	181,207
Total equity	264,547	262,928	300,216	305,624
Total equity and liabilities	619,948	694,586	685,090	599,133

AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand	30 September 2020		30 September 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	3,683	-	-
Obligations under hire purchase arrangement	540	-	1,393	-
Bills payable	-	110,845	-	238,704
Bank loans	6,682	38,289	5,742	-
Loan from immediate holding company	-	20,000	-	23,100
	7,222	172,817	7,135	261,804

Amount repayable after one year	30 September 2020		30 September 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	27,529	-	-
Obligations under hire purchase arrangement	-	-	545	-
Bank loans	66,696	5,000	60,113	-
	66,696	32,529	60,658	-

Details of any collateral

Obligations under hire purchase arrangement of S\$0.5 million are secured by certain motor vehicles (30 September 2019: motor vehicles and plant and machinery of S\$1.9 million). The carrying amount of motor vehicles and plant and machinery held under these obligations were S\$2.0 million (30 September 2019: S\$2.2 million) and S\$Nil (30 September 2019: S\$0.8 million) respectively.

Bank loans of S\$73.4 million as at 30 September 2020 (30 September 2019: S\$65.9 million) were secured by mortgages over certain leasehold properties and asset held for sale of the Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2020	2019
	S\$'000	S\$'000
Operating activities		
Profit before tax	26,990	38,435
Adjustments for:		
Share of results of joint venture	(354)	(1,282)
Share of results of associates	14,446	2,131
Depreciation of investment properties	69	69
Depreciation of property, plant and equipment	18,964	15,938
Write-off of property, plant and equipment	1	304
Impairment loss on property, plant and equipment	-	1,816
(Reversal of)/allowance for inventory obsolescence	(329)	567
(Reversal)/provision of impairment loss on financial assets	(461)	2,538
Fair value changes on trade receivables	7,389	1,349
Fair value changes on derivatives, net	848	(981)
(Gain)/loss on disposal of property, plant and equipment	(201)	280
Bad debts recovered	-	(40)
Reversal of provision for onerous contracts	(6,442)	(12,849)
Provision of retirement benefits	7	10
Unrealised exchange differences	225	106
Interest expense	6,768	9,575
Interest income	(1,391)	(1,040)
Dividend income from investment securities	(2)	(2)
Operating cash flow before working capital changes	66,527	56,924
Changes in working capital		
Trade and other receivables	95,229	(15,710)
Inventories	(4,965)	37,791
Prepayments and deposits	803	(3,304)
Development costs for asset held for sale	(3,844)	(3,338)
Trade and other payables and contract liabilities	(26,027)	9,634
Cash flows generated from operations	127,723	81,997
Income taxes paid	(5,620)	(2,704)
Net cash flows generated from operating activities	122,103	79,293
Investing activities		
Purchase of property, plant and equipment	(2,541)	(2,298)
Proceeds from disposal of property, plant and equipment	804	160
Interest received	329	198
Dividend income from investment securities	2	2
Dividend income from an associate	-	1,050
Long term loan to an associate company	-	(10,425)
Net cash flows used in investing activities	(1,406)	(11,313)
Financing activities		
Repayment of principal obligations under lease liabilities	(5,346)	-
Repayment of principal obligations under hire purchase arrangement	(1,398)	(3,093)
Repayment of bills payable, net	(127,859)	(15,057)
Proceeds from bank loans	61,873	67,290
Repayment of bank loans	(11,277)	(80,746)
Repayment of loan from immediate holding company	(3,100)	-
Dividends paid	(18,667)	(2,333)
Interest paid	(6,054)	(9,410)
Net cash flows used in financing activities	(111,828)	(43,349)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	2020	2019
	S\$'000	S\$'000
Net increase in cash and cash equivalents	8,869	24,631
Cash and cash equivalents at beginning of year	65,778	41,080
Effects of exchange rate changes on cash and cash equivalents	(209)	67
Cash and cash equivalents at end of year	74,438	65,778

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 September:

	2020	2019
	S\$'000	S\$'000
Cash and bank balances	77,892	65,778
Less: Restricted cash	(3,454)	-
Cash and cash equivalents at end of year	74,438	65,778

STATEMENT OF CHANGES IN EQUITY – GROUP

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance as at 1 October 2018	125,001	(1,105)	(2,218)	115,358	237,036
Effect of the adoption of SFRS(I)	-	-	-	(3,401)	(3,401)
Balance as at 1 October 2018 - SFRS(I) framework	125,001	(1,105)	(2,218)	111,957	233,635
Profit for the year	-	-	-	31,562	31,562
Other comprehensive income for the year	-	-	64	-	64
Total comprehensive income for the year	-	-	64	31,562	31,626
Cash dividends on ordinary shares	-	-	-	(2,333)	(2,333)
Total contributions by and distributions to owners	-	-	-	(2,333)	(2,333)
Balance as at 30 September 2019	125,001	(1,105)	(2,154)	141,186	262,928
Balance as at 1 October 2019	125,001	(1,105)	(2,154)	141,186	262,928
Profit for the year	-	-	-	20,352	20,352
Other comprehensive income for the year	-	-	(66)	-	(66)
Total comprehensive income for the year	-	-	(66)	20,352	20,286
Cash dividends on ordinary shares	-	-	-	(18,667)	(18,667)
Total contributions by and distributions to owners	-	-	-	(18,667)	(18,667)
Balance as at 30 September 2020	125,001	(1,105)	(2,220)	142,871	264,547

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance as at 1 October 2018	125,001	(1,105)	546	123,928	248,370
Effect of the adoption of SFRS(I)	-	-	-	(1,455)	(1,455)
Balance as at 1 October 2018 - SFRS(I) framework	125,001	(1,105)	546	122,473	246,915
Profit for the year	-	-	-	61,067	61,067
Other comprehensive income for the year	-	-	(25)	-	(25)
Total comprehensive income for the year	-	-	(25)	61,067	61,042
Cash dividends on ordinary shares	-	-	-	(2,333)	(2,333)
Total contributions by and distributions to owners	-	-	-	(2,333)	(2,333)
Balance as at 30 September 2019	125,001	(1,105)	521	181,207	305,624
Balance as at 1 October 2019	125,001	(1,105)	521	181,207	305,624
Profit for the year	-	-	-	13,259	13,259
Total comprehensive income for the year	-	-	-	13,259	13,259
Cash dividends on ordinary shares	-	-	-	(18,667)	(18,667)
Total contributions by and distributions to owners	-	-	-	(18,667)	(18,667)
Balance as at 30 September 2020	125,001	(1,105)	521	175,799	300,216

SHARE CAPITAL AND TREASURY SHARES

	Number of issued share capital (excluding treasury shares)	Treasury shares
As at 30 September 2020 and 30 September 2019	233,335,089	1,626,600

Percentage of number of treasury shares against the total number of issued share capital excluding treasury shares was 0.70%.

There were no sale, transfer, disposal, cancellation and/or use of treasury shares during the current financial year.

- 2 - Whether the figures have been audited or reviewed and in accordance with which standard (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 paragraph 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial period and the most recently audited annual financial statements for the financial year ended 30 September 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.

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Upon adoption of SFRS(I) 16, the Group and the Company recognised an equal amount of right-of-use assets and leases liabilities of S\$36.0 million and S\$13.2 million respectively for its leases previously classified as operating leases (excluding low-value and short-term leases).

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

EARNINGS PER ORDINARY SHARE (CENTS)

The Group	2020	2019
- Basic	8.72	13.53
- Diluted	8.72	13.53
Weighted average number of shares for basic earnings per share	233,335,089	233,335,089
Weighted average number of shares for diluted earnings per share	233,335,089	233,335,089

- 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 period reported on and (b) immediately preceding financial year.

NET ASSET VALUE PER ORDINARY SHARE (CENTS)

	2020	2019
The Group	113.38	112.68
The Company	128.66	130.98

Net asset value per ordinary share was calculated based on 233,335,089 shares as at 30 September 2020 and 30 September 2019.

- 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.

PERFORMANCE REVIEW OF THE GROUP

STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group's revenue for the full year ended 30 September 2020 ("FY2020") fell by 33% to S\$612.4 million, from S\$913.3 million for the year ended 30 September 2019 ("FY2019"). Sales revenue dropped significantly due to the compulsory curtailment of our manufacturing operations arising from the Singapore government's Circuit Breaker ("CB") measures that started in early April 2020 to deal with the Covid-19 pandemic. Although sales volume has picked up steadily since the easing of CB measures, the Group has yet to return to pre-Covid-19 volumes.

Gross profit margin and gross profit

The Group's gross profit margin increased to 10.8% in FY2020 from 8.4% in FY2019, mainly due to lower costs from bulk raw material purchases.

Gross profit for the Group decreased 13.6% to S\$66.2 million in FY2020 from S\$76.6 million in FY2019. This was largely due to loss in sales volume arising from drastic drop in construction activities during the Covid-19 pandemic.

Other income

Compared to FY2019, other income in FY2020 increased by S\$7.1 million to S\$10.0 million. Included in FY2020 are government grants of S\$5.3 million, largely from Covid-19 support measures, as well as net foreign exchange gain of S\$1.7 million and an interest income of S\$1.4 million.

Distribution and administrative expenses

In FY2020, as compared with the preceding financial year, distribution and administrative expenses decreased by 7% and 22% to S\$5.5 million and S\$10.1 million respectively. The decrease in these expenses was due to the reduction of the Group's sales and manufacturing activities in FY2020.

Finance costs

Finance costs for FY2020 decreased by 29% to S\$6.8 million from S\$9.6 million in FY2019. This decrease was mainly attributable to falling interest rates as well as a lower level of borrowings. The bank borrowings associated with the acquisition of Lee Metal Group, which bore higher interest rates, were repaid in the second quarter of 2019.

PERFORMANCE REVIEW OF THE GROUP (cont'd)

STATEMENT OF COMPREHENSIVE INCOME (cont'd)

Other operating expenses

Other operating expenses for FY2020 increased by 44% to S\$13.1 million from S\$9.1 million in FY2019. The fair value changes on trade receivables that were subjected to provisional pricing of S\$7.4 million in FY2020 was higher by S\$6.0 million compared to FY2019, was partially offset by lower other operating expenses in line with reduced sales volume.

Reversal/(provision) of impairment loss on financial assets

The Group recognised a reversal of allowance for impairment loss on trade receivables of S\$1.1 million, partially offset by the impairment loss on dividend receivable from its joint venture of S\$0.6 million.

Share of results of joint venture

The Group's share of profit from its 50/50 joint venture investment in China decreased by 72% to S\$0.4 million in FY2020 from S\$1.3 million in FY2019. Lower profits were attributable to an increase in the impairment loss on trade receivables.

Share of results of associates

Share of losses of associates on the Group's interest in Pristine Islands Investment Pte Ltd, an investment holding company with a 100% interest in a subsidiary that operates and manages an airport, hotel and resort in the Maldives, increased to S\$14.4 million in FY2020 from S\$2.1 million in FY2019.

This was mainly due to higher losses associated with the drop in hotel and resort occupancy rates in the Maldives due to travel restrictions arising from the global Covid-19 pandemic coupled with an impairment loss amounting to S\$6.8 million.

STATEMENT OF FINANCIAL POSITION

As at 30 September 2020, the Group's balance sheet remained strong with net assets of S\$264.5 million and net asset value per ordinary share of 113.38 Singapore cents.

The Group's property, plant and equipment increased by S\$20.6 million; this was mainly due to the recognition of S\$36.0 million right-of-use assets on the balance sheet following the adoption of SFRS(I) 16 on 1 October 2019.

The Group's trade and other receivables decreased by S\$101.1 million due to significantly lower sales in FY2020 as compared to FY2019.

The Group's asset held for sale increased by S\$3.8 million due to development costs incurred for a detached house along Nassim Road, Singapore.

The Group's trade and other payables decreased by S\$39.2 million, mainly due to a reduction in goods-in-transit.

The Group's contract liabilities increased by S\$17.4 million due to an increase in advance payments received.

The Group's loans and borrowings decreased by S\$47.2 million, mainly due to the repayment of bills payable, partially offset by proceeds from bank loans.

Due to partial repayment in 2Q2020, loan from immediate holding company decreased by S\$3.1 million.

The Group's provisions decreased by S\$5.3 million, mainly due to the reversal of provision for onerous contracts, partially offset by provision for restoration costs.

PERFORMANCE REVIEW OF THE GROUP (cont'd)

STATEMENT OF CASH FLOW

Net cash flows generated from operating activities of S\$122.1 million for full year ended 30 September 2020, coupled with cash and bank balances on hand of S\$65.8 million at the beginning of the financial year, were mainly used in repayment of bills payables, bank loans and lease liabilities, as well as dividend payments. Restricted cash refers to the deposit received in respect of sale of a detached house, held by the appointed solicitor in escrow.

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

The Group's results for financial year ended 30 September 2020 is in line with the commentary in paragraph 10 of the previous results announcement.

- 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.

COMMENTARY

SINGAPORE

Based on numbers released by the Ministry of Trade and Industry ("MTI") on 23 November 2020, Singapore's economy expanded by 9.2% on a quarter-on-quarter seasonally-adjusted basis in the third quarter of 2020, recovering from the 13.2% contraction in the preceding quarter, as the Singapore economy started to reopen in phases after the 56-day Circuit Breaker ended on 1 June 2020. Nevertheless, the economy continued to contract substantially, by 5.8%, extending the year-on-year decline of 13.3% in the second quarter of 2020.¹

Construction has been one of the hardest hit sectors during this period, shrinking 59.9% and 46.6% on a year-on-year basis in the second and third quarters of 2020 respectively. Although the Circuit Breaker had ended on 1 June 2020, only about 5% of workers living in dormitories in Singapore were cleared to start work by the end of June 2020.² It was only in early August 2020 that all workers³ living in dormitories had either recovered or been tested to be free from the Covid-19 virus, and were eligible to resume work.⁴

On 17 September 2020, the Building and Construction Authority ("BCA") revised its projected construction demand for 2020 from the earlier forecast of S\$28 billion - S\$33 billion released in January 2020 to S\$18 billion - S\$23 billion. BCA said that, "The downward revision is due to a drop in private sector construction demand, and postponements in the award of some public sector projects from 2020 to 2021, as contractors and suppliers have asked for more time to assess the impact of Covid-19 on resource management and project implementation timelines." According to the BCA, construction demand is expected to recover to some extent from 2021, and this will be supported by public residential developments and upgrading works, developments at the Jurong Lake District, construction of new healthcare facilities and various infrastructure projects such as the construction of the Cross Island MRT Line.⁵

For BRC, while most of our workers have been cleared to start work from early July 2020, our activity levels have only picked up gradually over the last few months in tandem with the progressive restart of the construction sector. And although our activities have reached economically-viable levels from the second half of August 2020 onwards, we continue to foresee that, as long as a more permanent solution is not found for this Covid-19 disease, general economic activity is likely to remain subdued, and work productivity at large to decline significantly.

¹ https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2020/Economic-Survey-of-Singapore-Third-Quarter-2020/PR_3Q20.pdf

² <https://www.straitstimes.com/singapore/136b-package-rolled-out-to-help-construction-firms-resume-work-safely>

³ Excluding 22,500 workers under quarantine in Centralised Government Quarantine Facilities and 17 standalone blocks in 6 Purpose-Built Dormitories.

⁴ <https://www.gov.sg/article/all-dormitories-cleared-of-covid-19-mom>

⁵ <https://www1.bca.gov.sg/docs/default-source/docs-corp-news-and-publications/media-releases/revise-construction-demand-2020.pdf>

COMMENTARY (cont'd)**SINGAPORE (cont'd)**

For the construction sector (including its supply chain), this may come in the form of periodic disruption to work due to the results of swab testing for Covid-19, inherently lower efficiency and productivity from having to work under Covid-Safe measures, and heightened costs all around as a result. In particular, the fulfilment of balance works and supplies in existing contracts that were awarded during pre-Covid-19 times is expected to result in some of these contracts becoming unprofitable. Hence, we continue to be cognisant of higher credit risks throughout the industry going forward.

Going forward, supported by strong financials and fundamentals and led by a committed team of experienced professionals, the Group is confident of navigating safely through the uncertain times that are still ahead of us.

As at 30 September 2020, our sales order book stood at approximately S\$1 billion. The duration of projects in our sales order book range up to 5 years and may be subject to further changes.

MALDIVES

With 38.9% of its GDP derived from tourism, the Maldives has been hard-hit by the global Covid-19 pandemic, which has put the brakes on international travel for most of 2020.⁶ While the Maldives had reopened its borders to tourists from 15 July 2020, visitations remained low as many countries continue to deal with new waves of Covid-19 outbreaks. From January to mid-November 2020, tourist arrivals in Maldives numbered only about 460,000, which was a far cry from the almost 1.7 million tourists who visited the country in 2019.⁷ Having said that, there are signs of an uptick in tourist arrivals since the country reopened its borders, from 7,628 in August, to 9,538 in September, and 21,515 arrivals in October. In the first half of November, 16,159 tourists visited the Maldives.⁸

Notwithstanding the above-mentioned, the pace of recovery is unclear going forward. Depending on how quickly tourism returns to the Maldives, this may or may not adversely affect the performance of the airport, hotel and resort owned by Pristine Islands Investment Pte Ltd, which the Group has a 17% stake in, in the next 12 months, thereby negatively impacting the value of this investment.

11 - Dividend

a) Current Financial Period reported on

2020

Name of dividend	Final tax exempt (one-tier)	Special tax exempt (one-tier)
Dividend type	Cash	Cash
Dividend rate (per ordinary share)	2 cents	4 cents
Books closure date	To be announced later	To be announced later
Payment date	To be announced later	To be announced later

b) Corresponding period of the immediately preceding financial year

2019

Name of dividend	Final tax exempt (one-tier)	Special tax exempt (one-tier)
Dividend type	Cash	Cash
Dividend rate (per ordinary share)	5 cents	3 cents
Books closure date	18 March 2020	18 March 2020
Payment date	26 March 2020	26 March 2020

⁶ <https://www.borgenmagazine.com/covid-19-in-the-maldives/>

⁷ <https://www.ttgasia.com/2020/10/19/hopes-persist-even-as-maldives-tourism-sees-slow-rebound/>

⁸ <https://immigration.gov.mv/statistics/>

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

Not applicable.

13 - Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

BUSINESS SEGMENTS

Year ended 30 September 2020	Fabrication and manufacturing S\$'000	Others S\$'000	Adjustments and eliminations S\$'000	Consolidated S\$'000
Revenue:				
External customers	612,378	-	-	612,378
Inter-segment	-	-	-	-
Total revenue	612,378	-	-	612,378
Results:				
Interest income	1,388	3	-	1,391
Interest expense	(6,768)	-	-	(6,768)
Dividend income	2	-	-	2
Depreciation expense	(17,813)	(1,220)	-	(19,033)
Share of results of joint venture	354	-	-	354
Share of results of associates	-	(14,446)	-	(14,446)
Other non-cash expense	(158)	-	-	(158)
Income tax expense	(6,395)	(243)	-	(6,638)
Segment profit/(loss)	33,469	(13,117)	-	20,352
Assets:				
Segment assets	558,262	61,718	(32)	619,948
Addition to property, plant and equipment	1,885	656	-	2,541
Interest in joint venture	7,870	-	-	7,870
Interest in associates	-	4,389	-	4,389
Liabilities:				
Segment liabilities	(344,989)	(10,444)	32	(355,401)

BUSINESS SEGMENTS (cont'd)

Year ended 30 September 2019	Fabrication and manufacturing S\$'000	Others S\$'000	Adjustments and eliminations S\$'000	Consolidated S\$'000
Revenue:				
External customers	913,287	-	-	913,287
Inter-segment	-	-	-	-
Total revenue	913,287	-	-	913,287
Results:				
Interest income	1,042	314	(316)	1,040
Interest expense	(9,891)	-	316	(9,575)
Dividend income	2	-	-	2
Depreciation expense	(14,979)	(1,028)	-	(16,007)
Share of results of joint venture	1,282	-	-	1,282
Share of results of associates	-	(2,131)	-	(2,131)
Other non-cash income	6,275	-	-	6,275
Income tax expense	(6,856)	(17)	-	(6,873)
Segment profit/(loss)	32,130	(568)	-	31,562
Assets:				
Segment assets	604,073	90,545	(32)	694,586
Addition to property, plant and equipment	1,642	656	-	2,298
Interest in joint venture	7,220	-	-	7,220
Interest in associates	-	18,951	-	18,951
Liabilities:				
Segment liabilities	(426,013)	(5,677)	32	(431,658)

GEOGRAPHICAL SEGMENTS

	Revenues		Non-current assets	
	2020 S\$'000	2019 S\$'000	30.9.2020 S\$'000	30.9.2019 S\$'000
Singapore	579,371	888,037	152,311	142,458
China	-	-	7,870	7,220
Malaysia	33,007	25,250	13,646	13,089
	612,378	913,287	173,827	162,767

14 - Breakdown of sales

	2020 S\$'000	2019 S\$'000	Change %
Sales reported for the first half year	458,563	469,070	(2)
Profit after tax reported for first half year	22,661	11,515	97
Sales reported for remaining period	153,815	444,217	(65)
Profit after tax reported for remaining period	(2,309)	20,047	n.m.

15 - Breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	2020* S\$'000	2019 S\$'000
Final dividend	4,667	11,667
Special dividend	9,333	7,000
Total annual dividend	14,000	18,667

* Total annual dividend proposed for financial year ended 30 September 2020 will be subject to shareholder's approval at the forthcoming Annual General Meeting. The dividends are computed based on 233,335,089 shares excluding treasury shares as at 30 September 2020.

16 - Interested person transactions

Aggregate value of all interested person transactions during the financial year (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)

Name of interested person and nature of transaction	2020 S\$'000	2019 S\$'000
Estee Enterprise Pte Ltd - Loan facility interest	958	1,523
Shanghai Emetal Hong Energy Co., Ltd - Steel hedging paid/payable	-	4,075
- Steel hedging received/receivable	748	1,177
- Sales commission income	-	156

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

- 17 - 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

Not applicable.

- 18 - Confirmation that the issuer has procured undertakings for all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Group confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the listing manual.

On behalf of the Board of Directors

Xu Jiguo
Executive Director

Seah Kiin Peng
Executive Director

Singapore
28 November 2020