



HIAP TONG CORPORATION LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200800657N)

UNAUDITED FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019

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

1(a)(i) Consolidated statement of comprehensive income, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Group | | |
|--|---|---|---------------|
| | 6 months ended 30.09.2019 S\$'000 | 6 months ended 30.09.2018 S\$'000 | Change % |
| Revenue | 29,334 | 25,254 | 16.2 |
| Cost of sales | (24,326) | (20,520) | 18.5 |
| Gross profit | 5,008 | 4,734 | 5.8 |
| Other income | 1,181 | 1,315 | (10.2) |
| Distribution expenses | (108) | (90) | 20.0 |
| Administrative expenses | (3,948) | (3,842) | 2.8 |
| Results from operating activities | 2,133 | 2,117 | 0.8 |
| Finance income | 5 | 112 | (95.5) |
| Finance costs | (1,179) | (952) | 23.8 |
| Net finance costs | (1,174) | (840) | 39.8 |
| Profit before income tax | 959 | 1,277 | (24.9) |
| Income tax expense | (207) | (457) | (54.7) |
| Profit for the period | 752 | 820 | (8.3) |
| Profit attributable to: | | | |
| Owners of the company | 752 | 842 | (10.7) |
| Non-controlling interest | - | (22) | NM |
| Profit for the period | 752 | 820 | (8.3) |

NM: Not Meaningful
*Amount less than S\$1,000

Consolidated Statement of Comprehensive Income

| | Group | | Change % |
|---|--|--|---------------|
| | 6 months ended 30.09.2019 S\$'000 | 6 months ended 30.09.2018 S\$'000 | |
| Profit for the period | 752 | 820 | (8.3) |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign currency translation differences for foreign operations | 4 | 24 | (83.3) |
| Other comprehensive income for the period, net of tax | 4 | 24 | (83.3) |
| Total comprehensive income for the period | 756 | 844 | (10.4) |
| Total comprehensive income attributable to: | | | |
| Owners of the company | 756 | 866 | (12.7) |
| Non-controlling interest | - | (22) | NM |
| Total comprehensive income for the period | 756 | 844 | (10.4) |

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

The following items have been charged or (credited) in arriving at profit for the period:

| | Group | | Change % |
|---|--|--|-------------|
| | 6 months ended 30.09.2019 S\$'000 | 6 months ended 30.09.2018 S\$'000 | |
| Interest expense | 1,131 | 585 | 93.3 |
| Depreciation of property, plant and equipment | 6,163 | 5,629 | 9.5 |
| Depreciation of right-of-use assets | 941 | - | NM |
| Net exchange loss | 32 | 338 | (90.5) |
| Gain on disposal of property, plant and equipment | (205) | (280) | (26.8) |

NM: Not Meaningful

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.

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30.09.2019 S\$'000 | 31.03.2019 S\$'000 | 30.09.2019 S\$'000 | 31.03.2019 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 121,212 | 122,225 | 14,741 | 15,296 |
| Investment property | 9,600 | 9,600 | 8,800 | 8,800 |
| Right-of-use assets | 17,557 | - | 16,521 | - |
| Other investment | 200 | - | - | - |
| Subsidiaries | - | - | 3,500 | 3,500 |
| | <u>148,569</u> | <u>131,825</u> | <u>43,562</u> | <u>27,596</u> |
| Current assets | | | | |
| Trade and other receivables | 18,286 | 16,900 | 4,176 | 5,131 |
| Cash and cash equivalents | 5,475 | 5,777 | 367 | 376 |
| | <u>23,761</u> | <u>22,677</u> | <u>4,543</u> | <u>5,507</u> |
| Total assets | <u>172,330</u> | <u>154,502</u> | <u>48,105</u> | <u>33,103</u> |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 24,450 | 24,450 | 24,450 | 24,450 |
| Merger reserve | (1,670) | (1,670) | - | - |
| Translation reserve | 14 | 10 | - | - |
| Retained earnings | 64,244 | 63,646 | 142 | 679 |
| | <u>87,038</u> | <u>86,436</u> | <u>24,592</u> | <u>25,129</u> |
| Non-controlling interests | <u>(147)</u> | <u>(147)</u> | <u>-</u> | <u>-</u> |
| Total equity | <u>86,891</u> | <u>86,289</u> | <u>24,592</u> | <u>25,129</u> |
| Non-current liabilities | | | | |
| Loans and borrowings | 25,845 | 30,538 | 2,630 | 3,650 |
| Lease liabilities | 16,318 | - | 15,887 | - |
| Deferred tax liabilities | 9,722 | 9,515 | - | - |
| Trade and other payables | 2,309 | 2,309 | - | - |
| | <u>54,194</u> | <u>42,362</u> | <u>18,517</u> | <u>3,650</u> |
| Current liabilities | | | | |
| Trade and other payables | 11,449 | 6,401 | 523 | 638 |
| Deferred revenue | - | 27 | - | - |
| Loans and borrowings | 18,347 | 19,423 | 3,627 | 3,686 |
| Lease liabilities | 1,449 | - | 846 | - |
| | <u>31,245</u> | <u>25,851</u> | <u>4,996</u> | <u>4,324</u> |
| Total liabilities | <u>85,439</u> | <u>68,213</u> | <u>23,513</u> | <u>7,974</u> |
| Total equity and liabilities | <u>172,330</u> | <u>154,502</u> | <u>48,105</u> | <u>33,103</u> |

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

| As at 30.09.2019 | |
|-------------------------|------------------|
| Secured (1) | Unsecured |
| S\$'000 | S\$'000 |
| 15,347 | 3,000 |

| As at 31.03.2019 | |
|-------------------------|------------------|
| Secured (1) | Unsecured |
| S\$'000 | S\$'000 |
| 16,423 | 3,000 |

Amount repayable after one year

| As at 30.09.2019 | |
|-------------------------|------------------|
| Secured (1) | Unsecured |
| S\$'000 | S\$'000 |
| 25,845 | - |

| As at 31.03.2019 | |
|-------------------------|------------------|
| Secured (1) | Unsecured |
| S\$'000 | S\$'000 |
| 30,538 | - |

Details of any collateral

- 1) As at 30 September 2019, term loans payable of approximately S\$11.4 million (31.03.2019: S\$13.6 million) were secured by fixed charges over certain property, plant and equipment of the Group with a carrying amount of approximately S\$18.7 million (31.03.2019: S\$19.5 million) and corporate guarantees executed by the Company.
- 2) The remaining secured borrowings of approximately S\$29.7 million (31.03.2019: S\$33.3 million) relate to finance lease liabilities which are secured by one or more of the following:
 - a) Certain plant & machinery of the Group with carrying value of approximately S\$51.3 million (31.03.2019: S\$54.9 million)
 - b) Corporate guarantees executed by the Company and a subsidiary.

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

| | 6 months ended 30.09.2019 S\$'000 | 6 months ended 30.09.2018 S\$'000 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit for the period | 752 | 820 |
| Adjustments for: | | |
| Depreciation | 7,104 | 5,629 |
| Gain on disposal of property, plant and equipment | (205) | (280) |
| Interest expense | 1,131 | 585 |
| Net change in fair value of financial derivatives | - | 112 |
| Income tax expense | 207 | 457 |
| | <u>8,989</u> | <u>7,323</u> |
| Changes in working capital: | | |
| Trade and other receivables | (1,387) | (3,250) |
| Trade and other payables | 542 | 1,424 |
| | <u>8,144</u> | <u>5,497</u> |
| Net cash from operating activities | | |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (195) | (4,005) |
| Other investment | (200) | - |
| Proceeds from sale of property, plant and equipment | 205 | 440 |
| | <u>(190)</u> | <u>(3,565)</u> |
| Net cash used in investing activities | | |
| Cash flows from financing activities | | |
| Interest paid | (1,131) | (585) |
| Proceeds from loans and borrowings | 3,295 | 8,177 |
| Dividends paid | (154) | - |
| Repayment of principal amount of lease liabilities | (730) | - |
| Repayment of loans and borrowings | (4,290) | (4,122) |
| Repayment of finance lease liabilities | (5,253) | (4,840) |
| | <u>(8,263)</u> | <u>(1,370)</u> |
| Net cash used in financing activities | | |
| Net (decrease)/ increase in cash and cash equivalents | | |
| | (309) | 562 |
| Cash and cash equivalents at beginning of the period | 5,777 | 3,451 |
| Effect of exchange rate changes on balances held in foreign currencies | 7 | 157 |
| Cash and cash equivalents at end of the period | <u>5,475</u> | <u>4,170</u> |

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

Group

| | Share capital | Merger reserve | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interest | Total equity |
|--|---------------|----------------|--------------------------------------|-------------------|---------------|--------------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| At 1 April 2019 | 24,450 | (1,670) | 10 | 63,646 | 86,436 | (147) | 86,289 |
| Total Comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | 752 | 752 | - | 752 |
| Other comprehensive income | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | 4 | - | 4 | - | 4 |
| Total comprehensive income for the period | - | - | 4 | 752 | 756 | - | 756 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Dividends | - | - | - | (154) | (154) | - | (154) |
| At 30 September 2019 | <u>24,450</u> | <u>(1,670)</u> | <u>14</u> | <u>64,244</u> | <u>87,038</u> | <u>(147)</u> | <u>86,891</u> |

Group

| | Share capital | Merger reserve | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interest | Total equity |
|--|----------------------|-----------------------|---|--------------------------|----------------|---------------------------------|---------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| At 1 April 2018 | 24,450 | (1,670) | - | 61,399 | 84,179 | (126) | 84,053 |
| Additional impairment allowance on trade and other receivables on adoption of SFRS(I) 9 (NOTE 5) | - | - | - | (160) | (160) | - | (160) |
| At 1 April 2018 restated | 24,450 | (1,670) | - | 61,239 | 84,019 | (126) | 83,893 |
| Total Comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | 842 | 842 | (22) | 820 |
| Other comprehensive income | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | 24 | - | 24 | - | 24 |
| Total comprehensive income for the period | - | - | 24 | 842 | 866 | (22) | 844 |
| At 30 September 2018 | 24,450 | (1,670) | 24 | 62,081 | 84,885 | (148) | 84,737 |

| Company | Share capital S\$'000 | Retained Earnings S\$'000 | Total attributable to equity holders of the Company S\$'000 |
|--|-----------------------------|---------------------------------|---|
| At 1 April 2019 | 24,450 | 679 | 25,129 |
| Total comprehensive income for the period | | | |
| Loss for the period | - | (383) | (383) |
| Total comprehensive income for the period | - | (383) | (383) |
| Transactions with owners, recognised directly in equity | | | |
| Contributions by and distributions to owners | | | |
| Dividends | - | (154) | (154) |
| At 30 September 2019 | <u>24,450</u> | <u>142</u> | <u>24,592</u> |
| At 1 April 2018 | 24,450 | (979) | 23,471 |
| Total Comprehensive income for the period | | | |
| Loss for the period | - | (787) | (787) |
| Total comprehensive income for the period | - | (787) | (787) |
| At 30 September 2018 | <u>24,450</u> | <u>(1,766)</u> | <u>22,684</u> |

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital for the six-month period ended 30 September 2019 since 31 March 2019.

As at 30 September 2018 and 30 September 2019, the Company did not have any outstanding options or convertibles.

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.

| | 30.09.2019 No. of shares | 31.03.2019 No. of shares |
|--|---|---|
| Total number of issued shares (excluding treasury shares) of the Company | 308,065,282 | 308,065,282 |

The Company had no treasury shares as at 30 September 2019 and 31 March 2019.

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.

Not applicable as the Company does not have any treasury shares.

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

Not applicable as the Company does not have any subsidiary holdings.

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 by the Company's independent auditors.

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 in the financial statements for the current reporting period as those 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

SFRS(I) 16

In the adoption of SFRS(I) 16 for the Group financial results beginning on 1 April 2019, the Group has used modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be no adjustment to the opening balance of accumulated profits at 1 April 2019, with no restatement comparative amounts for the year prior to the first adoption.

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

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 | |
|--|------------------------------|------------------------------|
| | 6 months ended 30.09.2019 | 6 months ended 30.09.2018 |
| | (cents) | (cents) |
| Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents): | | |
| (a) Based on weighted average number of ordinary shares in issue | 0.24 | 0.27 |
| (b) On a fully diluted basis | 0.24 | 0.27 |

Basic earnings per share and fully diluted earnings per share for the six-month period ended 30 September 2019 were computed based on net profit attributable to shareholders of S\$752,041 (30 September 2018: S\$842,210) and weighted average number of shares of 308,065,282 (30 September 2018: 308,065,282) respectively.

7. Net asset value (for the issuer and group) per ordinary share based on the number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30.09.2019 (cents) | 31.03.2019 (cents) | 30.09.2019 (cents) | 31.03.2019 (cents) |
| Net asset value per ordinary share based on issued share capital at the end of the period | 28.25 | 28.06 | 7.98 | 8.16 |

As at 30 September 2019, the number of issued ordinary shares is 308,065,282 (31 March 2019: 308,065,282).

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

Review of Group Performance

Revenue

Revenue increased by approximately S\$4.0 million or 16.2% from approximately S\$25.3 million for the six months ended 30 September 2018 (“HY2019”) to approximately S\$29.3 million for the six months ended 30 September 2019 (“HY2020”). The increase was mainly attributed to an increase in both Port Services revenue and leasing revenue.

Leasing business

Leasing income increased by S\$1.2 million or 6.3% from S\$18.9 million in HY2019 to S\$20.1 million in HY2020. The increase was mainly due to higher demand and higher utilisation rates of the cranes during the period.

Port Services business

Port Services income increased by S\$2.8 million or 43.8% from S\$6.4 million in HY2019 to S\$9.2 million in HY2020. The increase was mainly due to higher number of cranes servicing PSA at the port.

Trading business

There was no trading income for the period.

Cost of sales and gross profit

Cost of sales increased by S\$3.8 million or 18.5% from S\$20.5 million for HY2019 to S\$24.3 million for HY2020, mainly due to higher salary-related costs of S\$2.5 million and depreciation of S\$1.3 million of which S\$0.9 million relates to the adoption of SFRS(I)16 on 1 April 2019.

Gross profit increased by S\$0.4 million or 7.1% from S\$4.7 million (representing a gross margin of 18.7%) for HY2019 to S\$5.1 million (representing a gross margin of 17.3%) for HY2020. The increase in gross profit was mainly due to the increase in revenue and cost of sales as explained above.

Other income

Other income decreased by S\$0.1 million or 10.2% from S\$1.3 million for HY2019 to S\$1.2 million for HY2020, mainly due to a decrease in gain from disposal of equipment.

Distribution expenses

Distribution expenses of S\$108,000 for HY2020 is comparable to HY2019.

Administrative expenses

Administrative expenses increased by S\$0.1 million or 2.8% from S\$3.8 million for HY2019 to S\$3.9 million for HY2020. The increase was mainly due to higher salary related costs of S\$0.1 million.

Net Finance costs

Net finance costs increased by S\$0.4 million or 39.8% from S\$0.8 million for HY2019 to S\$1.2 million for HY2020. The increase was mainly due to an increase in interest expense of S\$0.6 million of which about S\$0.3 million relates to the adoption of SFRS(I)16 on 1 April 2019. This was partly offset by a decrease in exchange loss of S\$0.3 million.

Income tax

Income tax expense decreased by S\$0.3 million or 54.7% from S\$0.5 million for HY2019 to S\$0.2 million for HY2020 mainly due to lower taxable income from the leasing segment in Singapore.

Profit for the period

Net profit for HY2020 decreased by S\$68,000 or 8.3% from S\$820,000 for HY2019 to S\$752,000 for HY2020 due to the reasons explained above.

Review of Financial Position

Non-Current Assets

The Group's non-current assets as at 30 September 2019 amounted to S\$148.6 million or 86.2% of total assets of S\$172.3 million. The increase in non-current assets of S\$16.7 million or 12.7% compared to as at 31 March 2019 was due to an increase in right-of-use assets of S\$17.6 million arising from the adoption of SFRS(I)16 on 1 April 2019 and an investment of convertible notes of S\$0.2 million during the period.

Following the adoption of SFRS(I) 16 as enumerated in section 5 above, right-of-use assets were being recognised in balance sheet for the financial periods beginning on or after 1 April 2019 for the first time, without restatement of comparative amounts for the period prior to first adoption.

Current Assets

As at 30 September 2019, the Group's current assets amounted to S\$23.7 million or 13.8% of total assets of S\$172.3 million.

The increase in current assets of S\$1.1 million or 4.8% compared to as at 31 March 2019 was mainly due to an increase in trade and other receivables of S\$1.4 million which is in line with the increase in revenue. This was partly offset by a decrease in cash and cash equivalents of S\$0.3 million.

Non-Current Liabilities

As at 30 September 2019, the Group's non-current liabilities amounted to S\$54.2 million or 63.4% of total liabilities of S\$85.4 million. The increase in non-current liabilities of S\$11.8 million or 27.9% compared to as at 31 March 2019 was mainly due to an increase in lease liabilities of S\$16.3 million arising from the adoption of SFRS(I)16 on 1 April 2019 and deferred tax liabilities of S\$0.2 million. This was partly offset by a decrease in loans and borrowings of S\$4.7 million.

Following the adoption of SFRS(I) 16 as enumerated in section 5 above, lease liabilities were being recognised in balance sheet for the financial periods beginning on or after 1 April 2019 for the first time, without restatement of comparative amounts for the period prior to first adoption.

Current Liabilities

As at 30 September 2019, the Group's current liabilities amounted to S\$31.2 million or 36.6% of total liabilities of S\$85.4 million. The increase in current liabilities of S\$5.4 million or 20.9% compared to as at 31 March 2019 was due to an increase in trade and other payables of S\$5.0 million due to purchase of crane and increase in lease liabilities of S\$1.4 million arising from the adoption of SFRS(I)16 on 1 April 2019. This was partly offset by a decrease in loans and borrowings of S\$1.0 million.

The Group's net current liabilities increased from S\$3.2 million as at 31 March 2019 to S\$7.5 million as at 30 September 2019.

Review of Cash flow Statement

The Group's net cash from operating activities for HY2020 increased by S\$2.6 million as compared to HY2019 mainly due to higher operating profit before working capital changes of S\$1.7 million and lower net working capital outflow of S\$ 0.9 million.

The Group's net cash used in investing activities for HY2020 decreased by S\$3.4 million as compared to HY2019. This was mainly due to a decrease in acquisition of property, plant and equipment of S\$3.8 million. This was partly offset by an increase in other investment of S\$0.2 million and a decrease in proceeds from sale of property, plant and equipment of S\$0.2 million.

The Group's net cash used in financing activities for HY2020 increased by S\$6.9 million compared to HY2019. This was mainly due to a decrease in proceeds from loans and borrowings drawn down of S\$4.9 million, increase in dividend paid of S\$0.2 million, increase in interest paid of S\$0.5 million, increase in repayment of lease payment, finance lease, loans and borrowings of S\$1.3 million.

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

The financial results of the Group for HY2020 was principally in line with the commentary stated in paragraph 10 of the previous result announcement of the Group for the financial year ended 31 March 2019 dated 30 May 2019.

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 Group expects the Leasing business generally to remain competitive due to price competition and rising costs, especially in the Singapore market. The Group also expects overseas leasing business to show slight improvement in revenue, but remain cautiously optimistic about the longer term prospects of the overseas market.

As for the Port Services segment, although revenue is expected to continue to grow, US-China trade tension may have a negative impact on the trade flows coming through Singapore and consequently on our Port Services business.

The Group's trading business is expected to remain weak for the next twelve months.

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.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared as the Board wishes to review the full year financial performance of the Group before making any declaration or recommendation.

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

The Company does not have a general mandate from shareholders for interested person transactions.

14. Confirmation by Directors pursuant to Rule 705(5) of the Catalist Rules

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Group for the six-month financial period ended 30 September 2019 to be false or misleading in any material respect.

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

The Company hereby confirms that it has already procured undertakings from all its Directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Ong Lim Wan @ Ong Teck Meng
Executive Chairman and Chief Executive Officer

Ong Boon Tat
Executive Director

11 November 2019

This document has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact persons for the Sponsor are Mr Yee Chia Hsing, Head, Catalist, Investment Banking and Mr Ken Lee, Associate Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.