YONGNAM HOLDINGS LIMITED

(Company Registration No. 199407612N)
(Incorporated in the Republic of Singapore on 19 October 1994)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

A CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Group		
	1H FY2021	1H FY2020	Fav / (Unfav)
	$'000	$'000	%
Revenue	58,568	59,884	(2.2)
Cost of sales	(61,625)	(69,750)	11.6
Gross loss	(3,057)	(9,866)	69.0
Other income	2,148	3,196	(32.8)
General and administrative expenses	(4,107)	(6,301)	34.8
Exceptional items (Note 1)	(3,837)	(2,039)	(88.2)
Interest income	-	8	(100.0)
Finance costs	(5,364)	(6,260)	14.3
Share of results of an associated company, net of tax	(32)	(375)	91.5
Loss before tax	(14,249)	(21,637)	34.1
Taxation	(49)	762	(106.4)
Loss after tax	(14,298)	(20,875)	31.5
Attributable to:			
Owners of the Company	(14,431)	(21,164)	31.8
Non-controlling interests	133	289	54.0
	(14,298)	(20,875)	31.5

<u>Note 1 : Exceptional item</u>

Loss on disposal of property, plant & equipment (Note 1(a))	3,107	2,039	(52.4)
One-off site preparation for yards	730	-	100.0
	3,837	2,039	(88.2)

Note 1 (a)

The Group has identified steel beams and columns of low utilisation and has no immediate use for upcoming projects. These group of steel beams and columns are surplus to the current project requirement, and are scrapped to better managed the Group's cash flow.

The accompanying explanatory notes in Section F form an integral part of the unaudited condensed interim consolidated financial statements

B CONDENSED INTERIM BALANCE SHEET

	Note	Group		Company	
		30/6/2021	31/12/2020	30/6/2021	31/12/2020
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	1	233,130	251,243	-	-
Right-of-use assets	1	40,982	44,459	-	-
Investment in subsidiaries		-	-	120,981	115,226
Investment securities		1,327	1,290	-	-
Prepayments		-	271	-	-
Restricted bank balances		2,877	3,267	-	-
Investment in associated company		52	84	-	-
		278,368	300,614	120,981	115,226
Current assets					
Inventories	2	16,624	19,765	-	-
Contract assets	3	47,769	36,568	-	-
Trade debtors	4	10,067	14,847	-	-
Other receivables and deposits		5,561	5,946	9	9
Prepayments		1,901	1,893	-	4
Cash and bank balances		3,722	5,500	13	20
		85,644	84,520	22	33
Current liabilities					
Contract liabilities	5	24,716	32,028	-	-
Trade creditors		53,535	50,407	-	-
Other creditors and accruals		13,721	13,428	765	771
Borrowings	6	32,893	93,378	-	-
Lease liabilities		11,538	12,590	-	-
Income tax payable		293	298	-	-
		136,696	202,129	765	771
Net current liabilities	7	(51,052)	(117,609)	(743)	(738)
Non-current liabilities					
Borrowings	6	71,091	13,842	-	-
Convertible bonds	6	12,200	11,875	12,200	11,875
Lease liabilities		40,567	44,655	-	-
Deferred tax liabilities		68	69	-	-
		123,926	70,441	12,200	11,875
Net assets		**103,390**	**112,564**	**108,038**	**102,613**
Equity					
Share capital		146,852	141,445	146,852	141,445
Reserves		(34,676)	(19,962)	(38,814)	(38,832)
		112,176	121,483	108,038	102,613
Non-controlling interest		(8,786)	(8,919)	-	-
		103,390	**112,564**	**108,038**	**102,613**

The accompanying explanatory notes in Section F form an integral part of the unaudited condensed interim consolidated financial statements

Note 1: Property, plant and equipment and Right-of-use assets

Property, plant and equipment mainly due to disposal of strutting assets and depreciation charges during the period. Right-of-use assets decreases due to depreciaton charges during the period.

Note 2: Inventories

Inventories decreased due to consumption of inventories to projects.

Note 3: Contract assets

Contract assets increased due to unbilled work done for on-going projects.

Note 4: Trade debtors

Trade debtor decreased due to collection of billings during the period.

Note 5: Contract liabilities

Contract liabilities decreased due to work done for on-going projects.

Note 6: Net Borrowings and convertible bonds

Net borrowing decreased marginally due to payment of bank borrowings during the period. The Group also successfully obtained commitment from lender to restructure its transferrable term loan which was originally due for full repayment by 31 January 2022. The restructuring has resulted in the loan's final maturity date extended to 30 July 2023 and the Group's committed monthly repayment amount significantly reduced.

The Group announced on 4 June 2021 that it had successfully secured commitments from all holders of the $12,500,000 convertible bonds that matured on 4 June 2021. Under the arrangement with the convertible bond holders, the Group need not make repayment of the $12,500,000 convertible bonds on 4 June 2021 but instead commits to repay $3,000,000 of this balance over 10 equal monthly tranches from June 2021 to March 2022. In respect of the remaining balance, the Group will enter separate bond subscription agreements with each existing bond holder for the subscription and issue of $9,500,000 in aggregate principal amount of new 7% redeemable convertible bonds that will be issued by the Company to the existing bond holders. The new redeemable convertible bonds will mature a year after its date of issuance.

Note 7: Net Current Liabilities

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its projects as the construction industry recovers from Covid-19 disruption. The Group has assessed and concluded its ability to continue as a going concern after taking into account the expected cash flows from its secured project order book as at 30 June 2021 and anticipation that business activities will continue to progressively pick up pace since resumption of construction activities in later half of 2021.

C CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	1H FY2021	1H FY2020
	$'000	$'000
Operating activities		
Loss before tax	(14,249)	(21,637)
Add/(less):		
Depreciation	14,479	15,885
Strut consumption allowance	2,994	2,549
Interest income	-	(8)
Interest expense	5,364	6,260
Provision/(Write back) for onerous contracts	442	(29)
Loss/(Gain) on disposal of property, plant & equipment	3,362	(688)
Share of results of an associated company	32	375
Effects of changes in foreign exchange	(164)	(289)
Operating cash flows before changes in working capital	12,260	2,418
Decrease in inventories	3,144	4,381
(Increase)/Decrease in trade, other receivables and contract assets	(3,229)	24,365
(Decrease)/Increase in trade, other creditors and contract liabilities	(4,422)	3,054
Cash flows generated from operations	7,753	34,218
Income tax paid	(53)	(423)
Interest received	-	8
Interest paid	(5,039)	(5,556)
Net cash flows from operating activities	2,661	28,247
Investing activities		
Purchase of property, plant & equipment	(10,871)	(13,304)
Proceeds from disposal of property, plant & equipment	10,150	3,793
Investment in shares	-	(1,593)
Net cash flows used in investing activities	(721)	(11,104)
Financing activities		
Proceeds from issuance of shares	5,407	-
Proceeds from borrowings	1,565	3,438
Repayment of borrowings	(4,897)	(15,012)
Decrease in restricted bank balances	390	-
Lease payments	(6,214)	(5,180)
Net cash flows used in financing activities	(3,749)	(16,754)
Net (decrease)/ increase in cash and cash equivalents	(1,809)	389
Effect of exchange rate changes on cash and cash equivalents	31	76
Cash and bank balances at beginning of year	5,500	9,117
Cash and bank balances at end of year	3,722	9,582

The accompanying explanatory notes in Section F form an integral part of the unaudited condensed interim consolidated financial statements

D CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	1H FY2021	1H FY2020	Fav/(Unfav)
	$'000	$'000	%
Loss after tax	(14,298)	(12,960)	(10.3)
Foreign currency translation	(320)	(330)	3.0
Total comprehensive loss	(14,618)	(13,290)	(10.0)
Attributable to:			
Owners of the Company	(14,751)	(13,579)	(8.6)
Non-controlling interests	133	289	54.0
	(14,618)	(13,290)	(10.0)

nm - not meaningful

E CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital $'000	Capital reserves $'000	Share option reserves $'000	Foreign currency translation reserves $'000	Fair value reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
GROUP								
Balance at 1 January 2021	141,445	6,837	12,800	(6,553)	(303)	(32,742)	(8,920)	112,564
Issue of shares	5,407	-	-	-	-	-	-	5,407
Total comprehensive income/ (loss) for the year	-	-	-	(320)	37	(14,431)	133	(14,581)
Balance at 30 June 2021	146,852	6,837	12,800	(6,873)	(266)	(47,173)	(8,787)	103,390
Balance at 1 January 2020	141,445	6,837	12,800	(6,492)	-	45,261	(9,097)	190,754
Total comprehensive loss for the year	-	-	-	429	-	(21,164)	289	(20,446)
Balance at 30 June 2020	141,445	6,837	12,800	(6,063)	-	24,097	(8,808)	170,308
COMPANY								
Balance at 1 January 2021	141,445	-	12,800	-	-	(51,632)	-	102,613
Issue of shares	5,407	-	-	-	-	-	-	5,407
Total comprehensive income/ (loss) for the year	-	-	-	-	-	18	-	18
Balance at 30 June 2021	146,852	-	12,800	-	-	(51,614)	-	108,038
Balance at 1 January 2020	141,445	-	12,800	-	-	13,042	-	167,287
Total comprehensive loss for the year	-	-	-	-	-	14	-	14
Balance at 30 June 2020	141,445	-	12,800	-	-	13,056	-	167,301

F NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting. 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 since the last annual financial statements for the year ended 31 December 2020.

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 1.1

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

1.1 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial period.

1.2 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 December 2020.

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.

The following are the critical accounting estimates in applying the Group's accounting policies in the financial statements for the half year ended 30 June 2021:

1.2 (a) *Revenue recognition on construction contracts*

For construction contracts where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction contracts to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the construction contracts. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction contracts.

Significant assumptions are required to estimate the total construction and other related costs and the recoverable variation works that affect the progress of construction contracts. In making these estimates, management has relied on past experience and knowledge of the project directors and managers. Management takes into consideration the historical trends of the amounts incurred in its other construction contracts of similar nature.

Contract revenue and contract costs recognised for the financial period ended 30 June 2021 are disclosed in the condensed interim consolidated income statement.

1.2 (b) *Impairment assessment on non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is determined based on value-in use calculations. The value-in-use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used to present value the expected future cash flows. The Group also performed sensitivity analysis on the key assumptions, including discount rate, expected future cash inflows and projected revenue growth rate, to determine that reasonably possible change to the assumptions would not result in a material difference to the outcome of the impairment test.

Steel beams and columns
For the purpose of this condensed interim financial statements for the half year ended 30 June 2021, management has reviewed and considered the cash flows projections for the CGU. As there were no impairment indicators at 30 June 2021, no impairment testing was performed.

2 Loss before tax

The following items have been included in arriving at loss before tax:

	1H FY2021	1H FY2020
	$'000	$'000
Loss/(Gain) on disposal of property, plant & equipment	3,362	(688)
Depreciation	14,479	15,885
Strut consumption allowance	2,994	2,549
Provision/(Write back) for onerous contracts	442	(29)

3 Segment and revenue information

The primary format, by geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing, if any, is determined on an arm's length basis.

The Group mainly operates in two geographical areas, namely Singapore and Rest of Asia Pacific. The Singapore geographical segment operates in all four of the Group's business segments, whilst the Rest of Asia Pacific geographical segment operates in the specialist civil engineering, structural steelworks and design and build business segments. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Singapore	Rest of Asia Pacific	Eliminations	Group
	$'000	$'000	$'000	$'000
6 months ended 30 June 2021				
Revenue				
External customers	47,027	11,541	-	58,568
Inter-segment revenue	692	2,088	(2,780)	-
Total revenue	47,719	13,629	(2,780)	58,568
Depreciation	11,245	3,234	-	14,479
Result				
Segment result	(4,743)	(5,018)	908	(8,853)
Share of results of associated companies				(32)
Finance income				-
Finance cost				(5,364)
Loss before tax				(14,249)
Tax				(49)
Loss after tax				(14,298)
Non-current assets	174,222	104,146	-	278,368

	Singapore	Rest of Asia Pacific	Eliminations	Group
	$'000	$'000	$'000	$'000
6 months ended 30 June 2020				
Revenue				
External customers	38,903	20,981	-	59,884
Inter-segment revenue	1,584	4,307	(5,891)	-
Total revenue	40,487	25,288	(5,891)	59,884
Depreciation	12,293	3,592	-	15,885
Result				
Segment result	(10,214)	(4,064)	(732)	(15,010)
Share of results of associated companies				(375)
Finance income				8
Finance cost				(6,260)
Loss before tax				(21,637)
Tax				762
Loss after tax				(20,875)
Non-current assets	200,542	111,431	-	311,973

Revenue by Business Segments	1H FY2021	1H FY2020
	$'000	$'000
Structural steelworks	22,759	27,997
Specialist civil engineering	36,442	29,667
Mechanical engineering	-	16
Design and Build	(633)	1,200
Others	-	1,004
	58,568	59,884

4 Earning per share

Earnings per share for the year based on net profit attributable to shareholders:-

	Group	
	1H FY2021	1H FY2020
(i) Based on weighted average number of shares in issue (cents)	(2.63)	(4.05)
(ii) On a fully diluted basis (cents) #	(2.63)	(4.05)
(i) Weighted average number of shares in issue	548,123,179	522,602,931
(ii) Weighted average number of shares for diluted earnings	548,123,179	522,602,931

- Based on the weighted average number of units during the period, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to ordinary shares.

5 Net asset value per share

	Group (cents)		Company (cents)	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Net asset value per share	18.17	23.25	17.50	19.63

6 Property, plant and equipments

Group	Freehold land	Leasehold property	Plant and machinery	Motor vehicles	Office equipment and furniture	Steel beams and columns	Cranes	Total
As at 31 December 2020								
Cost	30,079	56,496	35,361	6,015	7,430	310,712	41,935	488,028
Accumulated amortisation and impairment	-	(34,714)	(28,399)	(5,077)	(7,061)	(125,755)	(35,779)	(236,785)
Net Book value	30,079	21,782	6,962	938	369	184,957	6,156	251,243
Half year ended 30 June 2021								
Opening net book value	30,079	21,782	6,962	938	369	184,957	6,156	251,243
Addition	-	-	157	-	139	10,575	-	10,871
Disposal/Write off	-	-	-	(6)	(59)	(15,858)	(52)	(15,975)
Depreciation	-	(1,491)	(761)	(193)	(139)	(6,333)	(1,012)	(9,929)
Strut consumption allowance	-	-	-	-	-	(2,994)	-	(2,994)
Exchange differences	(385)	(2)	(4)	1	-	307	(3)	(86)
Closing net book value	29,694	20,289	6,354	740	310	170,654	5,089	233,130
As at 30 June 2021								
Cost	29,694	56,477	35,299	5,677	7,409	289,371	41,306	465,233
Accumulated amortisation and impairment	-	(36,188)	(28,945)	(4,937)	(7,099)	(118,717)	(36,217)	(232,103)
Net Book value	29,694	20,289	6,354	740	310	170,654	5,089	233,130

7 Borrowings

	As at 30/6/2021		As at 31/12/2020	
	$'000		$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	31,851	13,242	104,836	417
Amount repayable after one year	67,133	3,958	9,259	4,583

G Other Information Required by Listing Rule Appendix 7

1 REVIEW

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2021 and the related condensed consolidated income statement and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year period then ended and certain explanatory notes have not been audited or reviewed.

2 SHARE CAPITAL

There was a total of 94,739,836 new shares issued during the period from 1 January 2021 to 30 June 2021 arising from 75,003,000 share placement exercise which was completed on 7 May 2021 and issuance of 19,736,836 shares to existing convertible bond holders on 22 June 2021, under the facilitation payment agreements.

The redeemable convertible bonds of the Company which were issued on 4 June 2019 (the “Existing Bonds”) matured on 4 June 2021.

As announced by the Company on 4 June 2021, the Company has on 3 June 2021 inter alia entered into a separate bond subscription agreement with each holder of the Existing Bonds (“Existing Bondholder”) in relation to the subscription and issue of $9.5 million in aggregate principal amount of new seven (7) per cent. redeemable convertible bonds (the “2021 Bonds”) to be issued by the Company to the Existing Bondholders (in proportion to the Existing Bonds held by them). Specific approval of the Shareholders will be sought for the allotment and issue of, inter alia, the 2021 Bonds. The 2021 Bonds will mature one (1) year from the date of issue of the 2021 Bonds.

As at 30 June 2021, there were no unissued ordinary shares (31 December 2020: 69,832,402) which may be issued on conversion of convertible bonds of the Company.

As at 30 June 2021, the total number of issued shares was 617,342,767 (31 December 2020: 522,602,931).

3 AUDIT

These figures have not been audited or reviewed by the auditors.

4 REVIEW OF THE PERFORMANCE OF THE GROUP

Singapore's construction sector continued to be severely impacted by the COVID-19 disruptions due to various safety measures at project sites and manpower shortages. While overall construction activities saw a pick-up in 1HFY2021 compared to the same period last year, the tight labour situation resulted in disruption and slower progress to the Group's existing project sites. The Group's revenue decreased by 2.2% to $58.6 million in 1HFY2021, compared to $59.9 million in the previous corresponding period. The marginal decline was due to a relatively stronger first quarter in FY2020 before construction activities in Singapore were halted during the Circuit Breaker period starting April 2020. In addition, there were contributions from overseas markets in Hong Kong and India in 1HFY2020.

On a segmental basis, revenue contribution from Structural Steelwork decreased 18.7%, from $28.0 million in 1HFY2020 to $22.8 million in 1HFY2021, due mainly to the substantial completion of JTC Logistics Hub and JTC North Coast Development at the end of FY2020. Surbana Jurong Campus, N105 Temporary Pedestrian Overhead Bridge, IOI Building Development, India Bangalore Airport and remaining works at JTC Logistic Hub were key contributors to Structural Steelwork's revenue in the period under review.

Conversely, revenue from Specialist Civil Engineering projects increased by 22.8% from $29.7 million in 1HFY2020 to $36.4 million in 1HFY2021, due mainly to a higher level of activities from Changi T5 ARC, N111-Temporary Decking and Hong Kong projects. The contributions for the review period came from Thomson-East Coast Line and Circle Line MRT projects, the Changi Terminal 5 project and infrastructural projects in Australia and Hong Kong.

Despite the lower revenue, the Group reported a lower gross loss of $3.1 million in 1HFY2021, compared to a gross loss of $9.9 million in 1HFY2020. Unallocated overheads declined in 1HFY2021 as compared to 1HFY2020 due to management's continued efforts to reduce overall overheads as well as higher levels of strutting activities in Singapore and Hong Kong which helped to increase absorption of strutting and logistic overheads to projects. Despite the improvement in unallocated overheads, the Group's gross margin continued to be depressed by the lower than optimal level of fabrication activities in Singapore and Malaysia, resulting in significant production overhead costs not being fully allocated to projects. High production unallocated overhead costs were also due to the various rounds of implementation of movement control order ("MCO") in Malaysia recently, which severely affected the production activities in our Malaysia factory with low fabrication outputs. Slower progress at the project sites has also contributed to the lower fabrication activities in the Singapore factory.

Other income decreased from $3.2 million to $2.1 million mainly due to a grant from BCA in relation to the purchase of robotic automated machine received in 1HFY2020, as well as lower government job support grant and foreign work levies rebate in 1HFY2021. General and administrative expenses decreased 34.8% from $6.3 million in 1HFY2020 to $4.1 million in 1HFY2021, mainly due to lower staff expenses. There were exceptional items of $3.8 million in 1HFY2021 ($2.0 million in 1H FY2020) due to scrap of surplus steel beams and columns of low utilization, as well as one-off site preparation cost of yards of $0.7million. Finance costs decreased from $6.3 million to $5.4 million, due to lower bank charges and borrowing interest expense resulting from lower interest rates as compared to the corresponding previous period.

As a result, the Group reported a net loss of $14.3 million in 1HFY2021, compared to a net loss of $20.9 million in 1HFY2020. Excluding exceptional item of $3.8 million, the Group's net loss would be lower at $10.5 million in 1HFY2021, compared to $18.8 million in 1HFY2020. Net asset value per share decreased from 23.25 Singapore cents as at 31 December 2020 to 18.17 Singapore cents as at 30 June 2021.

The Group's net gearing is higher at 1.06 times as at 30 June 2021, compared to 0.98 times as at 31 December 2020.

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

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

6 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 event that may effect the group in the next reporting period and the next 12 months

Manpower shortages will continue to affect Singapore's construction industry in the near term. The Singapore government had banned arrivals from India and Bangladesh in May 2021. While border restrictions will be relaxed from August 10, the Ministry of Manpower had indicated that new entry applications from higher risk countries/regions for S-Pass and work permit holders from the Construction sector, amongst others, will only be accepted at a later date. In the mid-to-longer term, Singapore's growing vaccination rates and steady public sector construction developments is expected to pave the way towards the recovery of the construction sector and the overall economy.

As at 30 June 2021, the Group's order book stood at $504.7 million, compared to $543.0 million as at 31 December 2020. The Group is currently actively pursuing a number of upcoming mega public sector infrastructure projects in Singapore including various major contracts for the North-South Corridor, Jurong Region MRT Line, Cross Island Line and commercial projects, including the Marina Bay Sands expansion.

The total value of the infrastructure and commercial projects across the geographical regions of Singapore and Hong Kong, that the Group is currently in active pursuit of, stands at approximately $1.2 billion.

Over the next few years, Singapore is expected to focus on major infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and construction of Changi Airport Terminal 5, which will continue to support the construction activity in Singapore.

Amidst the uncertain economic outlook exacerbated by the COVID-19 outbreak in Singapore and regionally, the Group has stepped up on its precautionary measures and will monitor the macroeconomic environment closely. The Group will continue to actively explore business opportunities in Singapore and selectively bid for targeted contracts in the region.

7 DIVIDEND

(a) Current financial period reported on

None

(b) Corresponding period of the immediately preceding financial year

None

(c) If no dividend has been declared / recommended, a statement to the effect and the reason

No dividend is recommended for period ended 30 June 2021 as the Board of Directors deems it appropriate to conserve funds for the Group's business activities and working capital requirement.

8 Interested Person Transactions

The Group has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1)(a)ii.

9 Use of Share Placement Proceeds

The Group had fully utilised the net proceeds of $5.37 million raised from Share Placement as follows:

	$'000
Payment of operating expenses	3,330
Subcontractor and trade payables	2,040
Total Amount Utilised	5,370

The above utilisations are in accordance with the intended use of proceeds of the Share Placement, as stated by the Company in the Share Placement Announcement dated 13 April 2021.

10 Negative assurance

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the 6 months ended 30 June 2021 to be false or misleading, in any material aspect.

11 Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 13 August 2021